

Take-Two Interactive Software, Inc.

Q3 EPS upside, and maintained FY25 guidance. GTA VI release in Fall 2025 should drive stock much higher. Raising P/T to \$270.

COMPANY UPDATE

Q3 EPS upside: Take-Two recently (on February 6) reported its fiscal Q3 2025 (ending December) results. Revenue was \$1,374 million (+3% y-o-y), compared to our estimates of \$2,017 million and consensus of \$1,390 million. Pro forma EPS was \$0.72, compared to our estimate of \$2.64 and consensus of \$0.58. Q3 guidance was for revenue of \$1,350 – 1,400 million, and for EPS of \$0.50 – 0.60.

Solid Q3 revenue: Revenue were led by new release *NBA 2K25* (7 million sold since its launch in Q2 FY25), *GTA Online* and *GTA V*; *RDR 2* and *Red Dead Online*; mobile games.

GTA and sports games continue to sell well: Take-Two's blockbuster game *GTA V* (released 9/2013, an amazing 12 years ago) has sold-in 210 million units to date and continues to sell really well. *Red Dead Redemption 2* (released 10/2018) has sold-in 70 million units so far. *GTA Online* and *Red Dead Online* also continues to perform very well.

Next GTA game in Fall 2025: In early 2022, the company confirmed that the next major release of GTA is in development. In December 2023, the company announced that *GTA VI* will be released in 2025. The company has not announced a specific release date yet, but stated it will be "Fall 2025".

Maintained FY25 guidance: Management maintained FY25 guidance for revenue of \$5.55 – 5.65 billion, and for EPS of \$2.35 – 2.60. Management provided initial Q4 guidance for revenue of \$1,484 – 1,584 million, and for EPS of \$0.83 – 1.05.

Adjusting FY25 estimates: We are lowering our FY25 estimates for revenue to \$5.68 billion, from \$7.00 billion, and for EPS to \$2.56 from \$6.00.

Initiating strong FY26 estimates: We are initiating our FY26 estimates for revenue of \$7.20 billion, and for EPS of \$6.75.

Longer term outlook positive: We believe that its solid game pipeline and solid momentum for most of its premium games will continue even with uncertain macroeconomics and near term challenges in mobile. We believe the next *GTA* game will be a major catalyst for the stock when it is released later this year.

Expect share price growth: With synergies (both revenue and cost savings) from its Zynga acquisition, strong long-term growth expected in digital, key games expected for over the next several years, and continued positive long term industry growth, we believe a favorable valuation is likely to drive growth in share price.

Current valuation attractive: Maintaining our BUY rating, but raising our 12-month price target to \$270 from \$172, which reflects a target P/E of 40x our FY26 EPS estimate of \$6.75, which is about inline with its near term growth rate. We believe this appropriately balances out the company's risks with its high growth prospects and large upside opportunities.

Rating: BUY

Ticker: TTWO

Price: \$211.98

Target: \$270
(from \$172)

Company Description

Based in New York, Take-Two Interactive Software is a global publisher of interactive entertainment software including the Grand Theft Auto games.

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$135.24–218.75
Shares Outstanding (million):	178
Market cap (\$million):	\$37,732
EV (\$million):	\$40,165
Debt (\$million):	\$3,658
Cash (\$million):	\$1,225
Avg. Daily Trading Vol. (\$million):	\$368
Float (million shares):	164
Short Interest (million shares):	8
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Jun	1,218A		1,254E	
Q2 Sep	1,475A		1,434E	
Q3 Dec	1,374A	2,017E	2,217E	
Q4 Mar	<u>1,610E</u>	<u>2,296E</u>	<u>2,296E</u>	
Total	5,677E	7,000E	7,200E	
EV/Rev	7.1x		5.6x	

Earnings per Share (pro forma)

	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)	<u>2026E</u> (Cur.)	<u>2026E</u> (Old)
Q1 Jun	0.05A		0.23E	
Q2 Sep	0.66A		1.13E	
Q3 Dec	0.72A	2.64E	3.39E	
Q4 Mar	<u>1.12E</u>	<u>1.72E</u>	<u>2.00E</u>	
Total	\$2.56E	\$6.00E	\$6.75E	
P/E	83x		31x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 11.

OVERVIEW

- Take-Two recently (on February 6) reported its fiscal Q3 2025 (ending December) results.
- Revenue was \$1,374 million (+3% y-o-y), compared to our estimates of \$2,017 million and consensus of \$1,390 million.
- Pro forma EPS was \$0.72, compared to our estimate of \$2.64 and consensus of \$0.58.
- Q3 guidance was for revenue of \$1,350 – 1,400 million, and for EPS of \$0.50 – 0.60.
- Management maintained FY25 guidance for revenue of \$5.55 – 5.65 billion, and for EPS of \$2.35 – 2.60.
- Management provided initial Q4 guidance for revenue of \$1,484 – 1,584 million, and for EPS of \$0.83 – 1.05.
- We are lowering our FY25 estimates for revenue to \$5.68 billion, from \$7.00 billion, and for EPS to \$2.56 from \$6.00.
- We are initiating our FY26 estimates for revenue of \$7.20 billion, and for EPS of \$6.75.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$947 million, compared with our estimate of \$1,240 million.
- Gross margin for the quarter was 69%, versus 66% last year and our estimate of 61%.
- Operating expenses were \$778 million, compared with our estimate of \$679 million.
- Operating income was \$169 million, compared with our estimate of \$561 million.
- Pro forma net income was \$129 million, compared with our estimate of \$459 million.

In January 2022, Take-Two announced that it will acquire Zynga for ~\$9.86 per share (\$3.50 in cash and ~\$6.36 in shares of Take-Two common stock) implying an enterprise value of \$12.7 billion. Zynga is a leading social and mobile game publisher with ~2,200 employees and over ~\$2 billion in annual revenue. The deal closed in May 2022 (Q1 FY23).

The company's balance sheet remains solid with \$1.2 billion in cash and \$3.7 billion in debt (~\$14/share in net debt), compared with \$1.2 billion in cash and \$3.7 billion in debt as of September.

Exhibit 1: Q3 FY25 Results vs. Guidance

Q3 FY2025 RESULTS SUMMARY: SELECT MANAGEMENT AND OPERATING RESULTS

SELECT FINANCIAL DATA (\$ in millions)

	Q3	
	ACTUAL	GUIDANCE
Net Bookings	\$1,373	\$1,350 TO \$1,400
Recurrent Consumer Spending Growth (RCS)	+9%	+9% YoY

- Q3 Net Bookings were within our guidance range, as outstanding performance in *NBA 2K* helped offset moderation in some of our mobile franchises
- RCS rose 9% for the period, which was in line with our guidance
 - *NBA 2K* grew over 30%, which greatly surpassed our expectations, led by new features and innovation in our game modes;
 - Mobile increased 6%, driven by the addition of *Match Factory* and strength in *Toon Blast*, *Toy Blast* and *Words with Friends*; however, this was below our guidance, primarily due to declines in our hyper-casual mobile portfolio and *Empires and Puzzles*; and
 - As anticipated, *Grand Theft Auto Online* declined
- Operating results were above our guidance range due to the outperformance of *NBA 2K* and a shift in timing of expenses into the fourth quarter

Source: Company report.

Exhibit 2: Take-Two's FY25 Guidance (as of February 6, 2025)
**FY 2025 GUIDANCE:
SELECT FINANCIAL DATA**

FISCAL YEAR 2025 GUIDANCE (\$ in millions, except EPS)		
	FY 2025 CURRENT GUIDANCE	FY 2025 PRIOR GUIDANCE
	(\$ IN MILLIONS)	(\$ IN MILLIONS)
Net Bookings	\$5,550 TO \$5,650	NO CHANGE
Recurrent Consumer Spending Growth (RCS)	+5% YOY	PREVIOUSLY: +4%
Non-GAAP Adjusted Unrestricted Operating Cash Flow	APPROXIMATELY (\$150)	NO CHANGE

	Fiscal Year Ending March 31, 2025				
	Outlook ⁽ⁱ⁾	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of acquired intangibles	Business reorganization and other ⁽ⁱⁱ⁾
GAAP					
Total net revenue	\$5,570 to \$5,670	\$(20)			
Cost of revenue	\$2,413 to \$2,348	\$10			
Operating expenses	\$3,772 to \$3,792		\$(17)	\$(67)	
Interest and other, net	\$107				\$(6)
(Loss) income before income taxes	\$(723) to \$(668)	\$(30)	\$335	\$747	
Net loss	\$(788) to \$(729)				\$(15)
Net loss per share	\$(4.50) to \$(4.17)				
Net cash provided by operating activities	approximately \$200				
Capital expenditures	approximately \$140				
Non-GAAP					
EBITDA	\$283 to \$317	\$(30)	\$335		\$155
Adjusted Unrestricted Operating Cash Flow	approximately \$150				
Operational metric					
Net Bookings	\$5,550 to \$5,650				

• Management reporting tax rate anticipated to be 18%
 • Share count used to calculate GAAP net loss per share is expected to be 175.0 million
 • Share count used to calculate management reporting diluted net income per share is expected to be 177.5 million

⁽ⁱ⁾ Other includes adjustments for (i) business acquisition expenses, (ii) the revaluation of the Turkish Lira against the U.S. Dollar, and (iii) fair value adjustments related to certain equity investments.

- We are reiterating our FY25 Net Bookings outlook range of \$5.55 to \$5.65 billion, which represents 5% growth over Fiscal 2024
- We are raising our RCS forecast to 5% growth, driven by the phenomenal performance in *NBA 2K*, which we now expect to grow low double digits for the Fiscal Year. Mobile is now expected to grow low single digits, as we are factoring in the current business trends. *Grand Theft Auto Online* is still expected to decline
- We forecast that Calendar Year 2025 will be an inflection point for Take-Two - from the groundbreaking release of *Grand Theft Auto VI* in the Fall, to the unmatched pipeline that 2K is set to deliver, including *Civilization VII* on February 11th, *Mafia: The Old Country* in the Summer, and *Borderlands 4*

**Q4 FY2025 GUIDANCE:
SELECT FINANCIAL DATA**

Q4 FISCAL 2025 GUIDANCE (\$ in millions, except EPS)		
	Q4 FY2025 GUIDANCE (\$ IN MILLIONS)	
Net Bookings	\$1,480 TO \$1,580	
Recurrent Consumer Spending Growth (RCS)	+3% YOY	

	Three Months Ending March 31, 2025				
	Outlook ⁽ⁱ⁾	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of acquired intangibles	Business acquisition
GAAP					
Total net revenue	\$1,519 to \$1,619	\$(35)			
Cost of revenue	\$621 to \$647	\$6			
Operating expenses	\$899 to \$919		\$(81)	\$(16)	
Interest and other, net	\$22				\$(2)
(Loss) income before income taxes	\$(23) to \$21	\$(41)	\$86	\$184	
Net (loss) income	\$(25) to \$22				\$3
Net (loss) income per share	\$(0.20) to \$0.13				
Non-GAAP					
EBITDA	\$223 to \$277	\$(41)	\$86		\$2
Operational metric					
Net Bookings	\$1,484 to \$1,584				

- Management reporting tax rate anticipated to be 18%
- Share count used to calculate GAAP net loss per share is expected to be 174.5 million
- Share count used to calculate GAAP and management reporting diluted net income per share is expected to be 179.1 million

- We expect to deliver Net Bookings of \$1.48 billion to \$1.58 billion
- Our release slate for the quarter includes *Sid Meier's Civilization VII*, *PGA TOUR 2K25*, and *WWE 2K25*
- We project RCS to increase by approximately 3%, which assumes a double-digit increase for *NBA 2K*, partly offset by declines in both mobile and *Grand Theft Auto Online*

Source: Company report.

Exhibit 3: Take-Two Game Development Pipeline (as of February 2025)

FY25-FY27 PIPELINE DETAILS

	FY 2025 - FY 2027*	TITLES OFFICIALLY ANNOUNCED TO-DATE
Immersive Core	22	<ul style="list-style-type: none"> • <i>Top Spin 2K25 (2K)</i> - Launched April 26, 2024 • <i>NBA 2K25 (2K)</i> - Launched September 6, 2024 • <i>Sid Meier's Civilization 7</i> - Launching February 11, 2025 • <i>PGA TOUR 2K25 (2K)</i> - Launching February 28, 2025 • <i>WWE 2K25 (2K)</i> - Launching March 14, 2025 • <i>Mafia: The Old Country (2K)</i> - Launching Summer of Calendar 2025 • <i>Grand Theft Auto VI</i> - Launching Fall of Calendar 2025 • <i>Borderlands 4 (2K)</i> - Launching Calendar 2025 • <i>Judas (Ghost Story Games)</i> - TBA • <i>Project ETHOS (31st Union)</i> - TBA
Mobile** (Currently scheduled for worldwide launch)	10	<ul style="list-style-type: none"> • <i>NFL 2K Playmakers (2K)</i> - Launched April 23, 2024 • <i>Star Wars Hunters (Zynga)</i> - Launched June 4, 2024 • <i>Game of Thrones: Legends (Zynga)</i> - Launched July 25, 2024 • <i>CSR 3 (Zynga)</i> - TBA
New Iterations of Previously Released Titles	5	<ul style="list-style-type: none"> • <i>Red Dead Redemption and Undead Nightmare for PC (Rockstar Games)</i> - Launched October 29, 2024

* FY25-27 release estimates provided as of May 16, 2024.

Source: Company report.

Exhibit 4: Announces Grand Theft Auto VI, Coming in 2025 (as of December 4, 2023)

Rockstar Games Announces Grand Theft Auto VI, Coming 2025

December 4, 2023 at 7:10 PM EST

Watch Trailer 1 Now

NEW YORK--(BUSINESS WIRE)--Dec. 4, 2023-- Rockstar Games®, a publishing label of Take-Two Interactive Software, Inc. (NASDAQ: TTWO), is proud to announce that **Grand Theft Auto VI** is coming to PlayStation® 5 computer entertainment systems and Xbox Series X|S games and entertainment systems in 2025.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20231204993583/en/>



"**Grand Theft Auto VI** continues our efforts to push the limits of what's possible in highly immersive, story-driven open-world experiences," said Sam Houser, Founder of Rockstar Games. "We're thrilled to be able to share this new vision with players everywhere."

Grand Theft Auto VI heads to the state of Leonida, home to the neon-soaked streets of Vice City and beyond in the biggest, most immersive evolution of the Grand Theft Auto series yet. Watch Trailer 1 now at <https://www.youtube.com/watch?v=QdBYZ2fkU-U>

Celebrating its 25th anniversary in December, Rockstar Games pioneered the open-world genre of video games with the launch of **Grand Theft Auto III** in 2001. With each successive blockbuster entry in the series including **Grand Theft: Vice City**, **Grand Theft Auto: San Andreas**, and **Grand Theft Auto IV**, **Grand Theft**

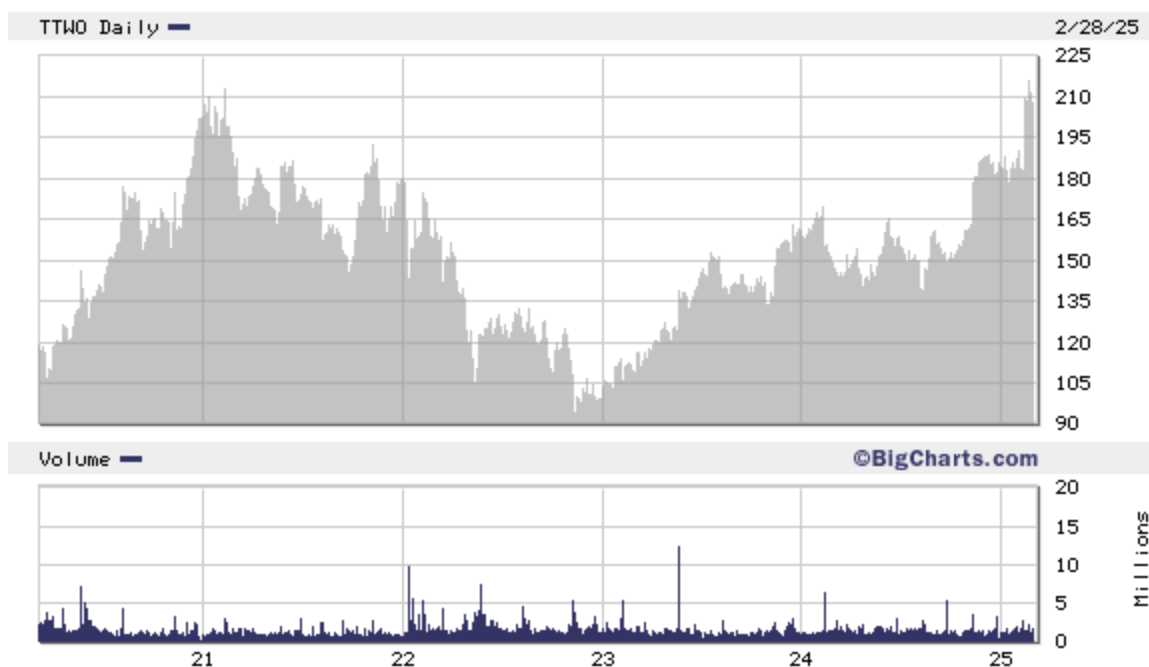
Grand Theft Auto VI coming 2025 to PlayStation 5 and Xbox Series X|S. (Graphic: Business Wire)

Auto has become one of the biggest selling, most critically acclaimed and influential properties in all of modern entertainment. The most recent iteration in the series, **Grand Theft Auto V**, has sold over 190 million units to date. Rockstar Games' blockbuster western series, **Red Dead Redemption** has sold over 81 million units worldwide to date, with its most recent release, **Red Dead Redemption 2**, breaking new ground in fidelity and immersion.

Grand Theft Auto VI is not yet rated. For more information, please visit <https://www.rockstargames.com/VI>

Source: Company report.

Exhibit 5: Take-Two Interactive Software Stock Price (Five Years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 6: Consensus Expectations (as of March 1, 2025)

	Revenue (millions)			EPS	
	2025E	2026E		2025E	2026E
Q1 Jun	\$1,218A	\$1,250E	Q1 Jun	\$0.05A	\$0.23E
Q2 Sep	\$1,475A		Q2 Sep	\$0.66A	
Q3 Dec	\$1,374A		Q3 Dec	\$0.72A	
Q4 Mar	\$1,545E		Q4 Mar	\$1.08E	
Total	\$5,613E	\$8,306E	Total	\$2.54E	\$7.57E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, LSEG, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Take-Two Interactive Software Inc.

Income Statement (\$ millions)	Jun-22	Sep-22	Dec-22	Mar-23	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025	Jun-25	Sep-25	Dec-25	Mar-26	2026
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E
Net Sales	1,003	1,505	1,383	1,394	5,284	1,202	1,445	1,338	1,349	5,333	1,218	1,475	1,374	1,610	5,677	1,254	1,434	2,217	2,296	7,200
Product costs	114	205	207	186	712	177	177	192	202	748	189	220	198	273	890	219	138	402	775	1,534
Royalties & Licenses	154	221	194	179	748	135	214	207	157	713	124	174	192	190	680	155	220	194	190	759
Software development costs	104	89	86	180	459	104	85	52	88	329	76	65	37	300	478	200	250	200	300	950
Total Cost of Sales	371	515	487	545	1,918	415	477	452	447	1,790	389	460	427	763	2,038	574	608	796	1,265	3,243
Gross Profits	632	990	896	848	3,365	786	968	886	902	3,543	829	1,016	947	847	3,639	679	826	1,421	1,030	3,957
Research and development costs	142	194	198	195	729	206	196	197	213	812	189	213	207	190	799	160	160	182	190	692
Selling and marketing	222	325	342	324	1,212	329	308	342	425	1,404	409	435	365	200	1,409	250	220	300	200	970
General and administrative	109	148	127	148	531	148	146	147	158	600	166	168	166	185	684	200	180	180	185	745
Depreciation and amortization	17	21	24	27	89	32	36	32	34	134	36	38	40	17	131	17	17	17	17	68
Stock options and others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring and other charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	490	687	690	694	2,561	715	687	718	830	2,949	799	854	778	592	3,023	627	577	679	592	2,475
Income (loss) from operations	142	302	205	155	804	72	282	168	72	594	30	162	169	255	616	52	249	742	438	1,482
Interest expense (income), net	19	34	28	33	114	16	26	19	14	75	20	20	12	12	63	2	2	2	2	8
Income (loss) before equity in loss of affiliate and income taxes	123	268	178	122	690	56	256	149	58	519	10	142	157	243	552	50	247	740	436	1,474
Equity in loss of affiliate and other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (loss) before income taxes	123	268	178	122	690	56	256	149	58	519	10	142	157	243	552	50	247	740	436	1,474
Provision (benefit) for income taxes	22	48	32	22	124	10	46	27	10	93	2	26	28	44	99	9	44	133	79	265
Net income (loss) before extraordinary items	101	220	146	100	566	46	210	122	48	425	8	116	129	199	453	41	202	607	358	1,208
Net income (loss)	101	220	146	100	566	46	210	122	48	425	8	116	129	199	453	41	202	607	358	1,208
EBITDA	52	65	148	87	352	65	73	147	106	390	66	200	209	272	747	69	266	759	455	1,550
Basic Shares	141	167	169	169	161	171	170	173	173	172	175	175	178	178	177	179	179	179	179	179
Diluted Shares	141	169	169	169	162	171	172	173	173	172	175	175	178	178	177	179	179	179	179	179
EPS Basic (pro forma)	\$ 0.71	\$ 1.32	\$ 0.86	\$ 0.59	\$ 3.51	\$ 0.27	\$ 1.23	\$ 0.71	\$ 0.28	\$ 2.48	\$ 0.05	\$ 0.66	\$ 0.72	\$ 1.12	\$ 2.56	\$ 0.23	\$ 1.13	\$ 3.39	\$ 2.00	\$ 6.75
EPS Diluted (pro forma)	\$ 0.71	\$ 1.30	\$ 0.86	\$ 0.59	\$ 3.50	\$ 0.27	\$ 1.22	\$ 0.71	\$ 0.28	\$ 2.47	\$ 0.05	\$ 0.66	\$ 0.72	\$ 1.12	\$ 2.56	\$ 0.23	\$ 1.13	\$ 3.39	\$ 2.00	\$ 6.75

Income Statement Ratios

Gross Margin	63%	66%	65%	61%	64%	65%	67%	66%	67%	66%	68%	69%	69%	53%	64%	54%	58%	64%	45%	55%
Research & Development	14%	13%	14%	14%	14%	17%	14%	15%	16%	15%	16%	14%	15%	12%	14%	13%	11%	8%	8%	10%
Selling and marketing	22%	22%	25%	23%	23%	27%	21%	26%	31%	26%	34%	30%	27%	12%	25%	20%	15%	14%	9%	13%
General and administrative	11%	10%	9%	11%	10%	12%	10%	11%	12%	11%	14%	11%	12%	11%	12%	16%	13%	8%	8%	10%
Operating Profit	14%	20%	15%	11%	15%	6%	20%	13%	5%	11%	2%	11%	12%	16%	11%	4%	17%	33%	19%	21%
Net Income	10%	15%	11%	7%	11%	4%	14%	9%	4%	8%	1%	8%	9%	12%	8%	3%	14%	27%	16%	17%

Y/Y % Change

Revenue	41%	53%	60%	65%	55%	20%	-4%	-3%	-3%	1%	1%	2%	3%	19%	6%	3%	-3%	61%	43%	27%
Gross Margin	53%	82%	68%	72%	70%	24%	-2%	-1%	6%	5%	5%	5%	7%	-6%	3%	-18%	-19%	50%	22%	9%
Research & Development	80%	123%	94%	104%	101%	45%	1%	0%	9%	11%	-8%	9%	5%	-11%	-2%	-15%	-25%	-12%	0%	-13%
Selling and marketing	136%	156%	169%	144%	152%	48%	-5%	0%	31%	16%	24%	41%	7%	-53%	0%	-39%	-49%	-18%	0%	-31%
General and administrative	28%	69%	26%	49%	43%	36%	-1%	16%	7%	13%	12%	15%	13%	17%	14%	21%	7%	9%	0%	9%
Operating Profit	-1%	33%	9%	3%	14%	-49%	-7%	-18%	-53%	-26%	-58%	-43%	1%	253%	4%	74%	54%	340%	72%	141%
Net Income	-15%	15%	-5%	-21%	-4%	-54%	-5%	-16%	-52%	-25%	-82%	-45%	5%	319%	6%	386%	74%	371%	79%	167%

Source: Company reports and Ascendant Capital Markets estimates

Take-Two Interactive Software Inc.

Balance Sheet (\$ millions)	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QE	1QE	2QE	3QE	4QE
ASSETS																
Cash	847	956	861	827	776	757	899	754	1,081	876	1,207	1,773	1,798	1,996	2,226	2,615
Short term investments	459	348	269	187	109	45	24	22	15	4	3	3	3	3	3	3
Restricted cash	535	592	332	308	381	424	185	252	306	358	15	15	15	15	15	15
A/R - net	634	831	711	763	622	815	666	680	594	859	662	537	557	478	985	765
Inventories												153	115	122	159	253
Software development	64	89	68	66	34	95	70	88	63	97	67	67	67	67	67	67
Prepaid royalties / licenses / COGS																
Prepaid expenses and other current assets	497	435	367	357	332	402	376	464	500	513	447	447	447	447	447	447
Investments																
Deferred tax asset																
Total Current Assets	3,036	3,251	2,607	2,508	2,255	2,537	2,219	2,260	2,559	2,706	2,401	2,995	3,003	3,128	3,903	4,165
Fixed assets, net	300	334	361	403	406	392	400	411	422	434	426	426	426	426	426	426
Prepaid Royalties / licenses																
Capitalized software development costs, net	828	908	1,036	1,072	1,189	1,271	1,444	1,447	1,606	1,731	1,905	1,905	1,905	1,905	1,905	1,905
Investments	109															
Intangibles	5,455	5,363	5,223	4,453	4,207	3,776	3,547	3,061	3,006	2,897	2,686	2,686	2,686	2,686	2,686	2,686
Goodwill	7,227	6,872	6,788	6,767	6,769	6,600	6,614	4,426	4,707	4,649	4,603	4,603	4,603	4,603	4,603	4,603
Deferred tax asset	107	116	124	45	38	12	7	2								
Other assets, net	683	650	744	614	661	619	664	611	645	660	659	659	659	659	659	659
TOTAL ASSETS	\$17,745	\$17,493	\$16,881	\$15,862	\$15,525	\$15,207	\$14,896	\$12,217	\$12,945	\$13,075	\$12,680	\$13,273	\$ 13,281	\$13,407	\$14,181	\$14,444
LIABILITIES AND SHAREHOLDERS' EQUITY																
Accounts payable	200	163	152	140	128	132	152	196	170	177	145	437	404	327	494	399
Accrued expenses	1,602	1,734	1,313	1,226	1,186	1,316	1,022	1,063	1,068	1,300	1,000	1,000	1,000	1,000	1,000	1,000
Lines of credit/short term debt	350	350	350	1,347	372	373	373	25	599	599	600	600	600	600	600	600
Deferred revenue	1,080	1,165	1,136	1,079	992	1,118	1,081	1,060	945	1,065	1,092	1,092	1,092	1,092	1,092	1,092
Other current liabilities (taxes payable and	55	56	59	60	61	62	64	64	64	59	59	59	59	59	59	59
Total Current Liabilities	3,287	3,467	3,010	3,852	2,738	3,000	2,692	2,406	2,846	3,201	2,895	3,187	3,154	3,077	3,245	3,149
Note payable, net of current portion	2,936	2,936	2,736	1,733	2,705	2,707	2,708	3,058	3,054	3,056	3,058	3,058	3,058	3,058	3,058	3,058
Deferred revenue	22	29	31	36	36	61	61	43	38	35	34	34	34	34	34	34
Other liabilities	1,839	1,628	1,555	1,200	1,107	1,010	925	1,041	1,014	986	991	991	991	991	991	991
Total Liabilities	8,083	8,059	7,331	6,820	6,585	6,777	6,387	6,549	6,953	7,277	6,978	7,270	7,237	7,160	7,328	7,232
Preferred Stock																
Common stock	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Additional paid-in capital	8,617	8,761	8,929	9,010	9,087	9,183	9,287	9,372	9,963	10,063	10,196	10,196	10,196	10,196	10,196	10,196
Accumulated other comprehensive loss	(121)	(236)	(134)	(113)	(86)	(149)	(83)	(105)	(111)	(39)	(143)	(143)	(143)	(143)	(143)	(143)
Retained earnings	2,185	1,928	1,775	1,164	958	415	323	(2,580)	(2,842)	(3,207)	(3,333)	(3,133)	(3,092)	(2,890)	(2,283)	(1,925)
Treasury stock	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)	(1,021)
Other												102	102	102	102	102
Total Shareholders' Equity	9,662	9,434	9,550	9,043	8,940	8,430	8,509	5,668	5,992	5,799	5,702	6,003	6,044	6,247	6,854	7,212
TOTAL LIABILITIES AND EQUITY	\$17,745	\$17,493	\$16,881	\$15,862	\$15,525	\$15,207	\$14,896	\$12,217	\$12,945	\$13,075	\$12,680	\$13,273	\$ 13,281	\$13,407	\$14,181	\$14,444
Activity Ratios																
A/R Days Sales Outstanding	57	50	46	49	47	51	45	45	44	52	43	30	40	30	40	30
Inventory turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	20.0x	20.0x	20.0x	20.0x	20.0x
A/P Days Payable	49	28	28	23	28	25	30	39	39	35	31	50	45	40	45	50
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$ 68.53	\$ 55.95	\$ 56.44	\$ 53.60	\$ 52.34	\$ 48.98	\$ 49.27	\$ 32.72	\$ 34.32	\$ 33.06	\$ 32.00	\$ 33.65	\$ 33.84	\$ 34.94	\$ 38.29	\$ 40.24
Net Cash per Share (diluted)	\$ (10.24)	\$ (8.24)	\$ (9.60)	\$ (10.42)	\$ (10.60)	\$ (10.77)	\$ (11.43)	\$ (11.86)	\$ (12.89)	\$ (13.79)	\$ (13.65)	\$ (10.46)	\$ (10.31)	\$ (9.19)	\$ (7.90)	\$ (5.72)

Source: Company reports and Ascendant Capital Markets estimates

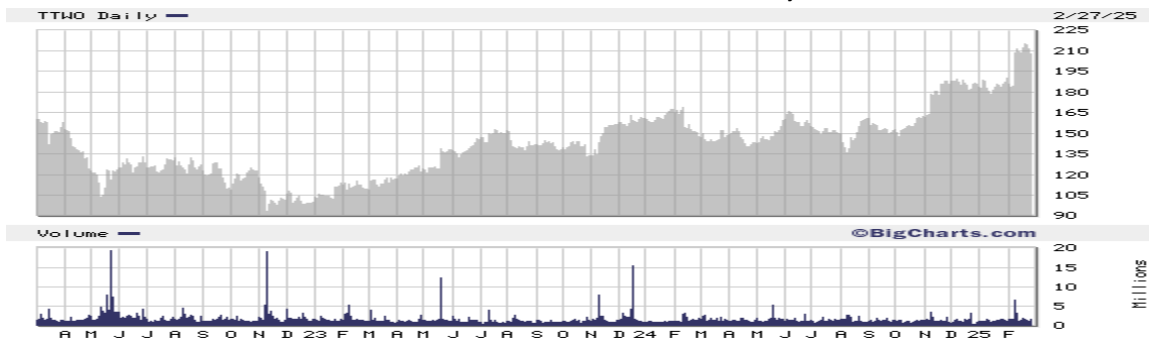
Take-Two Interactive Software Inc.																					
Cash Flow Statement (\$ millions)	Jun-22	Sep-22	Dec-22	Mar-23	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025	Jun-25	Sep-25	Dec-25	Mar-26	2026	
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E	
Cash flows from operating activities:																					
Net Income	(104)	(257)	(153)	(610)	(1,125)	(206)	(544)	(92)	(2,903)	(3,744)	(262)	(366)	(125)	199	(553)	41	202	607	358	1,208	
Adjustment to reconcile net income (loss) to net cash used:					0					0					0						0
Depreciation and amortization	135	(15)	90	(120)	90	32	36	34	34	136	36	38	40	17	131	17	17	17	17	68	
Loss on impairment of securities					0					0					0					0	
Non-recurring impairment charge	20	(20)	0	0	0		842	248	(798)	293	86	54	42		181					0	
Loss on disposal of fixed assets					0					2,342					0					0	
Change in deferred tax asset					0					0					0					0	
Gain on sale of subsidiary					0					0					0					0	
Loss on early extinguishment of debt					0	(7)	7	(8)	8	0					0					0	
Foreign currency loss					0					0					0					0	
Equity in loss of affiliate					0					0					0					0	
Recognition of deferred tax asset				(411)	(411)					0					0					0	
Provision for doubtful accounts					0					0					0					0	
Amortization of software development & license	48	391	302	1,035	1,775	319	(211)	44	1,267	1,419	182	192	189	5	563	5	5	5	5	20	
Provision for inventory					0					0					0					0	
Other Charges	(14)	60	(11)	51	87	30	32	17	(159)	(81)	22	20	29	(5)	65	(5)	(5)	(5)	(5)	(20)	
Amortization of various expenses and discount	69	(8)	31	31	123	37	28	38	37	141	37	43	44		124					0	
Deferred revenue	(160)	102	(30)	(55)	(142)	(87)	153	(38)	(9)	19					0					0	
Issuance of compensatory stock	44	108	87	79	318	79	90	86	81	336	75	86	83	5	249	5	5	5	5	20	
Tax benefit from exercise of stock options					0					0					0					0	
Changes in operating assets and liabilities:																					
Change in restricted cash					0					0					0						0
Decrease in accounts receivable	215	(200)	143	(51)	107	141	(194)	150	(14)	84	92	(261)	173	121	124	(26)	74	(512)	215	(249)	
(Increase) decrease in inventories					0					0					(153)	38	(7)	(38)	(94)	(100)	
Increase in prepaid royalties					0					0					0	0	0	0	0	0	
Increase in prepaid expenses and other	(68)	23	21	101	77	(14)	(30)	(3)	(556)	(603)	49	(27)	8	0	30	0	0	0	0	0	
Increase in capitalized software development	(104)	(149)	(111)	(130)	(493)	(125)	(176)	(157)	303	(155)	(198)	(165)	(206)	0	(569)	0	0	0	0	0	
Increase in other assets, net					0					0					0	0	0	0	0	0	
Increase in accounts payable	19	19	(488)	45	(405)	(192)	29	(397)	358	(201)	(191)	143	(310)	292	(66)	(33)	(77)	168	(96)	(38)	
Increase in accrued expenses					0					0					0	0	0	0	0	0	
Increase in due to/from related parties					0					0					0	0	0	0	0	0	
Decrease in other liabilities					0					0					0	0	0	0	0	0	
Decrease in other current liabilities					0					0	(118)	114	30	0	25	0	0	0	0	0	
Net cash provided by operating activities	101	55	(120)	(35)	1	5	65	(77)	(9)	(16)	(191)	(128)	(5)	481	157	42	215	247	405	910	
Cash flows from investing activities:																					
Purchase of fixed assets	(43)	(57)	(38)	(67)	(204)	(32)	(28)	(36)	(46)	(142)	(35)	(37)	(43)	(17)	(132)	(17)	(17)	(17)	(17)	(68)	
Proceeds from the sale of fixed assets					0					0					0					0	
Cash restricted for letter of credit					0					0					0					0	
Cash paid for investments	363	128	73	74	639	74	63	11	1	148	(5)	8	(7)	0	(3)	0	0	0	0	0	
Investment in affiliates, other					0					0					0	0	0	0	0	0	
Acquisitions, net cash paid	(3,128)	(55)	(59)	(69)	(3,311)	(2)	(11)	(5)	(1)	(18)	10	(0)	36	0	45	0	0	0	0	0	
Cash paid for prior acquisitions					0	(3)	(1)	(4)	(8)	(17)	(5)	(5)	(7)	0	(16)	0	0	0	0	0	
Net cash used in investing activities	(2,807)	17	(24)	(62)	(2,876)	38	22	(34)	(55)	(28)	(35)	(33)	(21)	(17)	(106)	(17)	(17)	(17)	(17)	(68)	
Cash flows from financing activities:																					
Proceeds from private placement, net	11		11	43	65	19	(19)	0	(10)	(10)					0					0	
Net borrowings under lines of credit					0					0	(14)	0	5	0	(8)	0	0	0	0	0	
Proceeds from loan payable	3,249	140	(200)	60	3,249	999			350	1,349					599					0	
Repayments of loan payable	(1,189)	0	(27)	(60)	(1,276)	(997)	(35)	35	(343)	(1,340)	(12)		(5)	0	(17)	0	0	0	0	0	
Proceeds from notes payable					0					0					0	0	0	0	0	0	
Proceeds from minority interest					0					0					0	0	0	0	0	0	
Proceeds from the exercise of stock options	(54)	(24)	(13)	(18)	(108)	(41)	3	(36)	20	(55)	23	1	31	0	55	0	0	0	0	0	
Repayment of capital lease obligation					0					0					0	0	0	0	0	0	
Dividends to preferred stockholders					0	(1)	1	0	(36)	(36)					0	0	0	0	0	0	
Share buyback					0					0					0	0	0	0	0	0	
Tax benefit from exercise of stock options					0					0					0	0	0	0	0	0	
Net cash provided by financing activities	2,017	117	(229)	26	1,930	(21)	(50)	(1)	(19)	(91)	597	1	31	0	628	0	0	0	0	0	
Effect of foreign exchange rates	(15)	(22)	(36)	57	(16)	4	(11)	15	(5)	3	(1)	9	(16)		(8)					0	
Net Increase (Decrease) in Cash	(704)	166	(409)	(14)	(961)	26	25	(96)	(88)	(133)	370	(152)	(11)	464	671	25	198	230	388	841	
Cash at beginning of period	2,195	1,491	1,658	1,249	2,195	1,235	1,261	1,286	1,190	1,235	1,102	1,472	1,320	1,309	1,102	1,773	1,798	1,996	2,226	1,773	
Cash at end of period	1,491	1,658	1,249	1,235	1,235	1,261	1,286	1,190	1,102	1,102	1,472	1,320	1,309	1,773	1,773	1,798	1,996	2,226	2,615	2,615	

Source: Company reports and Ascendant Capital Markets estimates

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Take-Two Interactive Software, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
38	2/8/2018	Buy	132.00
39	5/17/2018	Buy	128.00
40	8/3/2018	Buy	148.00
41	11/8/2018	Buy	150.00
42	2/7/2019	Buy	120.00
43	5/14/2019	Buy	123.00
44	8/6/2019	Buy	144.00
45	11/13/2019	Buy	146.00
46	2/9/2020	Buy	139.00
47	6/3/2020	Buy	154.00
48	8/10/2020	Buy	200.00
49	12/7/2020	Buy	220.00
50	2/21/2021	Buy	228.00
51	6/20/2021	Buy	216.00
52	9/13/2021	Buy	198.00
53	1/9/2022	Buy	191.00
54	4/13/2022	Buy	172.00
55	6/12/2022	Buy	160.00
56	9/14/2022	Buy	159.00
57	12/17/2022	Buy	126.00
58	4/7/2023	Buy	138.00
59	6/8/2023	Buy	150.00
60	9/16/2023	Buy	164.00
61	12/29/2023	Buy	184.00
62	3/10/2024	Buy	172.00

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Risks & Considerations

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of January 10, 2025)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	56	98%	20	36%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	57	100%	20	35%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

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