



Take-Two Interactive Software, Inc.

Q1 about inline, and maintained FY24 guidance. Strong FY25 guidance should drive stock much higher. Raising P/T to \$164.

COMPANY UPDATE

Q1 about inline: Revenue was \$1,202 million (+20% y-o-y), compared to our estimate of \$1,225 million and consensus of \$1,214 million. Pro forma EPS was \$0.27, compared to our estimate of \$0.40 and consensus of \$0.38. Q1 guidance was for revenue of \$1,150 – 1,200 million, and for EPS of \$0.24 – 0.34.

Solid Q1 revenue: Revenue were led by *NBA 2K23* (13 million sold since its launch in Q2 FY23), *GTA Online* and *GTA V*; *RDR 2* and *Red Dead Online*; mobile games.

But write offs weighed: In Q1, the company had an impairment charge of \$18 million related to capitalized software development costs for unreleased and cancelled titles.

GTA and sports games continue to sell well: Take-Two's blockbuster game *GTA V* (released 9/2013) has sold-in 185 million units to date and continues to sell really well. *Red Dead Redemption 2* (released 10/2018) has sold-in 55 million units so far. *GTA Online* and *Red Dead Online* also continues to perform very well.

Next GTA game well under development: In early 2022, the company confirmed that the next major release of GTA is in development. While there has been no other information disclosed, the development of the next GTA game is well underway (even with a recent cyber attack that while disappointing has no real impact on its development).

Maintained FY24 and very strong FY25 guidance: Management maintained FY24 guidance for revenue of \$5.45 – 5.55 billion, and for EPS of \$3.00 – 3.25. The company also maintained FY25 guidance for revenue of "over" \$8 billion.

Raising FY25 estimates: We are lowering our FY24 estimates for revenue to \$5.58 billion, from \$5.60 billion, and for EPS to \$3.31 from \$3.35. We are raising our FY25 estimates for revenue to \$7.40 billion, from \$7.00 billion, and for EPS to \$6.29 from \$4.72.

Zynga acquisition positive: 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 \$13 billion. Zynga is a leading social and mobile game publisher with ~2,200 employees and over ~\$2 billion in annual revenue. This deal closed on May 23, 2022.

Longer term outlook positive: We believe that while FY24 guidance is tempered (well below prior consensus expectations), we believe that its solid game pipeline and solid momentum for most of its premium games will continue through the end of the pandemic and 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 eventually released (we guess in FY25).

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 \$164 from \$150, which reflects a target P/E of 20.5x our FY26 EPS estimate of \$8.00, which is about inline with the peer group median to reflect comparable near term growth rate.

Company Description

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

Rating: BUY

Ticker: TTWO

Price: \$142.91

Target: \$164.00
(from \$150)

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$90.00–153.84
Shares Outstanding (million):	171
Market cap (\$million):	\$24,438
EV (\$million):	\$26,249
Debt (\$million):	\$3,077
Cash (\$million):	\$1,266
Avg. Daily Trading Vol. (\$million):	\$190
Float (million shares):	157
Short Interest (million shares):	4
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Jun	1,202A	1,225E	1,504E	1,404E
Q2 Sep	1,434E	1,184E	1,534E	1,434E
Q3 Dec	1,499E	1,746E	2,067E	1,967E
Q4 Mar	<u>1,446E</u>		<u>2,296E</u>	<u>2,196E</u>
Total	5,580E	5,600E	7,400E	7,000E
EV/Rev	4.7x		3.5x	

Earnings per Share (pro forma)

	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)	<u>2025E</u> (Cur.)	<u>2025E</u> (Old)
Q1 Jun	0.27A	0.40E	0.95E	0.48E
Q2 Sep	1.07E	0.52E	1.18E	0.71E
Q3 Dec	1.28E	1.74E	2.47E	2.19E
Q4 Mar	<u>0.68E</u>	<u>0.69E</u>	<u>1.69E</u>	<u>1.35E</u>
Total	\$3.31E	\$3.35E	\$6.29E	\$4.72E
P/E	43x		23x	

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 13.

OVERVIEW

- Take-Two recently (on August 8) reported its fiscal Q1 2024 (ending June) results.
- We note that Take-Two completed its major acquisition of Zynga on May 23, 2022 (Q1 FY23) so its Q1 FY24 report included all of Zynga's results, but we note y-o-y comparisons do not.
- Revenue was \$1,202 million (+20% y-o-y), compared to our estimate of \$1,225 million and consensus of \$1,214 million.
- Pro forma EPS was \$0.27, compared to our estimate of \$0.40 and consensus of \$0.38.
- Q1 guidance was for revenue of \$1,150 – 1,200 million, and for EPS of \$0.24 – 0.34.
- Management maintained FY24 guidance for revenue of \$5.45 – 5.55 billion, and for EPS of \$3.00 – 3.25.
- Initial Q2 guidance is for revenue of \$1,400 – 1,450 million, and for EPS of \$0.95 – 1.05.
- The company maintained FY25 guidance for revenue of "over" \$8 billion.
- We are lowering our FY24 estimates for revenue to \$5.58 billion, from \$5.60 billion, and for EPS to \$3.31 from \$3.35.
- We are raising our FY25 estimates for revenue to \$7.40 billion, from \$7.00 billion, and for EPS to \$6.29 from \$4.72.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$786 million, compared with our estimate of \$712 million.
- Gross margin for the quarter was 65%, versus 63% last year and our estimate of 58%.
- Operating expenses were \$715 million, compared with our estimate of \$627 million.
- Operating income was \$72 million, compared with our estimate of \$85 million.
- Pro forma net income was \$46 million, compared with our estimate of \$68 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 \$1.3 billion in cash and \$3.1 billion in debt (~\$11/share in net debt), compared with \$1.3 billion in cash and \$3.1 billion in debt as of March.

Exhibit 1: Q1 FY24 Results vs. Guidance

**Q1 FY2024 RESULTS SUMMARY:
SELECT MANAGEMENT AND OPERATING RESULTS**

SELECT FINANCIAL DATA (\$ in millions)		
	Q1	
	ACTUAL	GUIDANCE
Net Bookings	\$1,202	\$1,150 TO \$1,200
Recurrent Consumer Spending Growth (RCS)	+38%	+35%
Digitally-Delivered Net Bookings (% of Net Bookings)	97%	N/A
Digitally-Delivered Console Game Sales (% of Net Bookings)	80%	N/A

- Net Bookings were \$1.2 billion, which was at the high end of our guidance range
- In the current macroeconomic backdrop, we continue to observe that many of our consumers are purchasing established franchises and those that offer strong value, and our catalog stands at the intersection of these two trends. Accordingly, our performance reflects better-than-expected results from *Grand Theft Auto Online* and *Grand Theft Auto V*, and *NBA 2K*
- Recurrent consumer spending rose 38%, which was above our outlook, primarily driven by *Grand Theft Auto Online* and *NBA 2K23*
- We recorded an impairment charge of \$18 million, related primarily to capitalized software and development costs for an unreleased title, which affected our management results compared to our guidance



Note: Results from last year included a partial quarter from our Zynga business, as the transaction closed 5/23/2022

Source: Company report.

Exhibit 2: Take-Two's FY24 Guidance (as of August 8, 2023)

**FY 2024 GUIDANCE:
SELECT FINANCIAL DATA**

FISCAL YEAR 2024 GUIDANCE (\$ in millions, except EPS)		
	FY 2024	FY 2024
	CURRENT GUIDANCE	PRIOR GUIDANCE
	(\$ IN MILLIONS)	(\$ IN MILLIONS)
Net Bookings	\$5,450 TO \$5,550	NO CHANGE
Recurrent Consumer Spending Growth (RCS)	+5% YOY	NO CHANGE
Non-GAAP Adjusted Unrestricted Operating Cash Flow	APPROXIMATELY \$100	NO CHANGE
Digitally-Delivered Net Bookings (% of Net Bookings)	96%	-
Digitally-Delivered Console Game Sales (% of Net Bookings)	77%	-

	Fiscal Year Ending March 31, 2024				
	Outlook ⁽¹⁾	Change in deferred net revenue and related cost of revenue	Stock-based compensation	Amortization of acquired intangibles	Business acquisition and other (1)
GAAP					
Total net revenue	\$5,379 to \$5,476	\$80	\$(16)	\$(744)	\$19
Cost of revenue	\$2,923 to \$3,446	\$17	\$(50)	\$(115)	\$(35)
Operating expenses	\$1,383 to \$3,483	\$(10)	\$(10)	\$(115)	\$(35)
Interest and other, net	\$119				
Income before income taxes	\$(253) to \$(660)	\$83	\$(21)	\$859	\$39
Net loss	\$(549) to \$(291)				
Net loss per share	\$2.29 to \$2.59				
Net cash provided by operating activities	approximately \$89				
Capital expenditures	approximately \$100				
Non-GAAP					
Adjusted Unrestricted Operating Cash Flow	\$413 to \$466	\$63	\$(32)		\$25
Adjusted Unrestricted Operating Cash Flow	approximately \$100				
Operational metric					
Net Bookings	\$5,450 to \$5,550				

- Management reporting tax rate anticipated to be 18%
- Share count used to calculate GAAP net loss per share is expected to be 170.0 million
- Share count used to calculate management reporting diluted net income per share is expected to be 171.0 million

⁽¹⁾ Other includes adjustments for (i) the revaluation of the Turkish Lira against the U.S. Dollar, (ii) business reorganization expenses, and (iii) a net gain on fair value adjustments related to certain equity investments

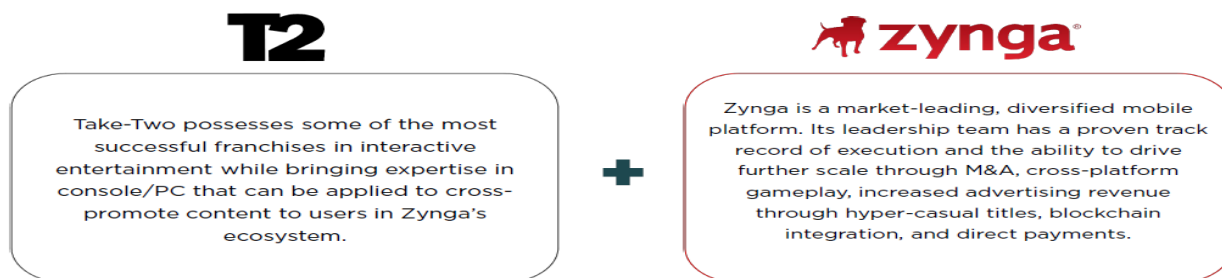
- Our business is performing well, and we are reiterating our Net bookings outlook range of \$5.45 billion to \$5.55 billion
- We continue to forecast RCS growth of 5% vs. fiscal 2023. Mobile trends are projected to remain stable, with Zynga's ad business continuing to grow
- As we approach our expected significant inflection point in fiscal 2025, our teams continue to make excellent progress advancing our development pipeline and capitalizing on our revenue-driven opportunities and synergies
- Our teams are working together to maintain our focus on efficiency amidst the current backdrop



Source: Company report.

Exhibit 3: Take-Two's Acquisition of Zynga (announced January 2022, completed May 2022)

Transaction Unifies Two of the Leading Interactive Entertainment Businesses in the World



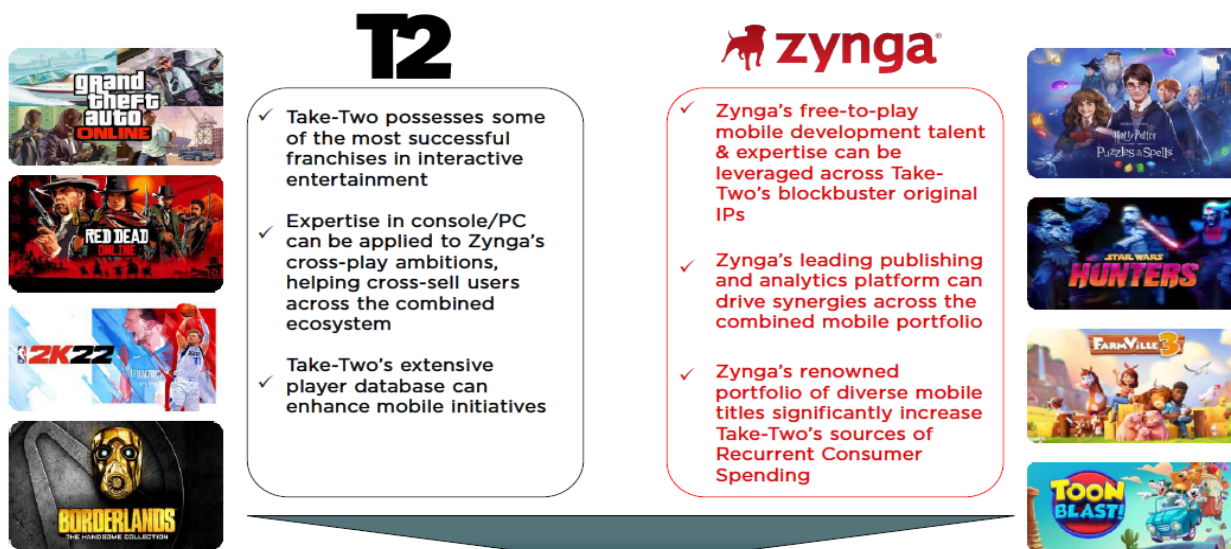
Combination Overview

Combination to form one of the largest and most compelling portfolios of intellectual properties in the sector, while also benefiting from scale, diversification, synergies and new revenue opportunities.

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Take-Two + Zynga Form a Leader in Interactive Entertainment



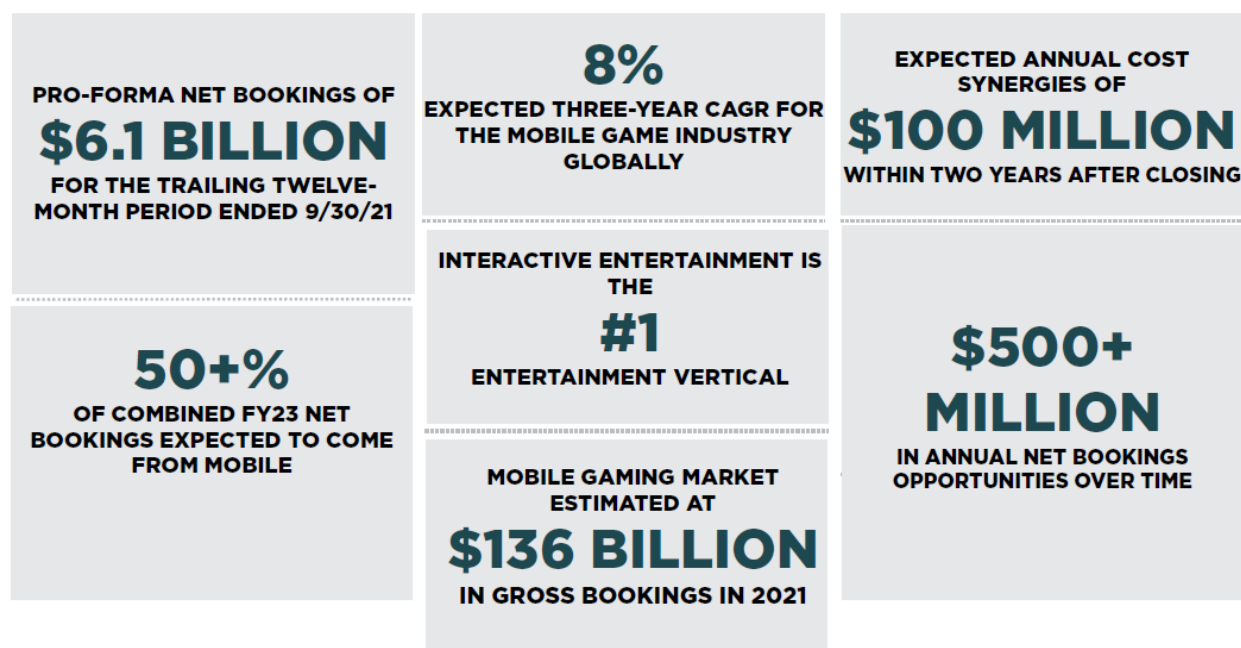
- Combined entity will feature an industry-defining portfolio of IP
- Diversified Net Bookings base, with over half of the combined business coming from mobile in FY23
- Zynga's highly skilled and proven management team, led by CEO Frank Gibeau and Zynga's President of Publishing, Bernard Kim, will drive the strategic direction for Take-Two's mobile efforts

Source: Company report.

Exhibit 4: Take-Two/Zynga Acquisition Details

Benefits of the Transaction

Both groups of stockholders will benefit from the combined company's greater scale, enhanced financial profile, and synergies created through the transaction



Terms of the Acquisition

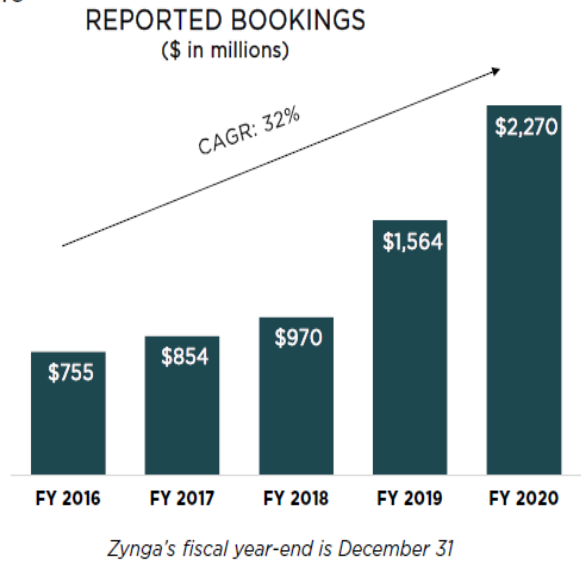
TERMS	<ul style="list-style-type: none"> Take-Two to acquire all outstanding shares of Zynga in a cash and stock transaction valued at \$9.86 per Zynga share¹ Implied total enterprise value of approximately \$12.7 billion Zynga stockholders will receive \$3.50 in cash and \$6.36¹ in shares of Take-Two common stock for each share of Zynga common stock outstanding at the closing of the transaction The purchase price represents a premium of 64% to Zynga's closing share price on January 7th
FINANCING	<ul style="list-style-type: none"> Take-Two has received committed financing of \$2.7 billion Company intends to fund cash component of transaction with cash from its balance sheet and proceeds from new debt issuance
MANAGEMENT & BOARD	<ul style="list-style-type: none"> Zynga's leadership team, including Frank Gibeau, CEO and Bernard Kim, President of Publishing will lead the combined company's mobile studios Take-Two agreed to expand its Board of Directors to 10 members upon closing of the transaction and will add two members from Zynga's Board of Directors
CLOSING/ APPROVALS	<ul style="list-style-type: none"> Expected to be completed in Take-Two's 1QFY2023, ending 6/30/22 Subject to the approval of both Take-Two and Zynga shareholders and the satisfaction of customary closing conditions Terms of the agreement include a 45-day "go-shop" provision

Source: Company report.

Exhibit 5: Zynga Overview

Zynga Company Overview

- Pioneer in social gaming and a leading mobile game publisher
- Highly creative and deeply experienced management team
- Approximately 2,200 of the industry's top creative talent in free-to-play mobile games
- Diverse portfolio of highly-engaging, top-grossing games
- Approximately 183 million mobile MAU
- Successful execution of M&A



ESTABLISHED PORTFOLIO ON A GROWING PLATFORM

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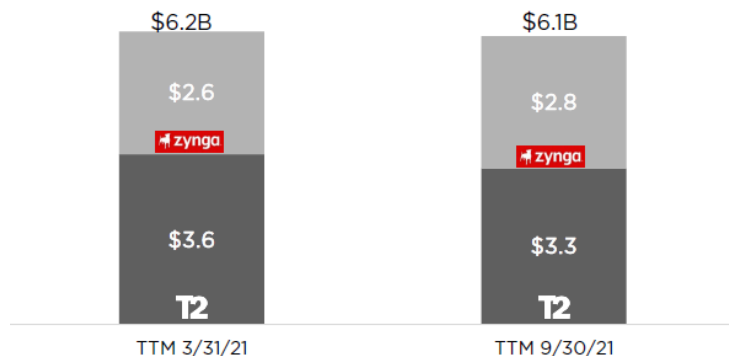
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Source: Company report.

Exhibit 6: Take-Two/Zynga Pro Forma Financial Projections (as of January 2022)

Pro Forma Financials and Expected Growth Rates

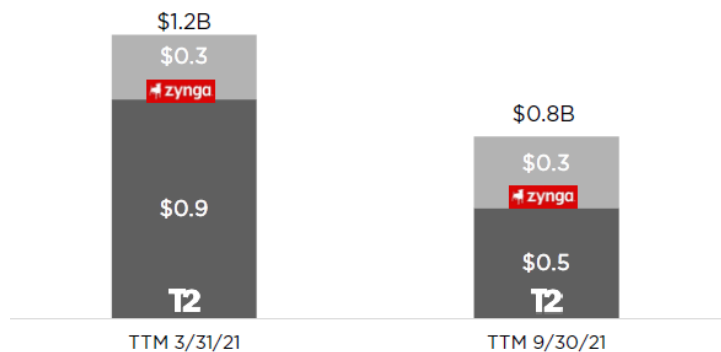
NET BOOKINGS



COMBINED COMPANY EXPECTED GROWTH CAGR*

+14%
FY21A - FY24E
(excluding any Net Bookings opportunities and any future acquisitions)

ADJUSTED UNRESTRICTED OPERATING CASH FLOW*



+13%
FY21A - FY24E
(excluding any Net Bookings opportunities and any future acquisitions; including cost synergies)

Adjusted Unrestricted Operating Cash Flow is defined as GAAP net cash from operating activities, adjusted for changes in restricted cash

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Source: Company report.

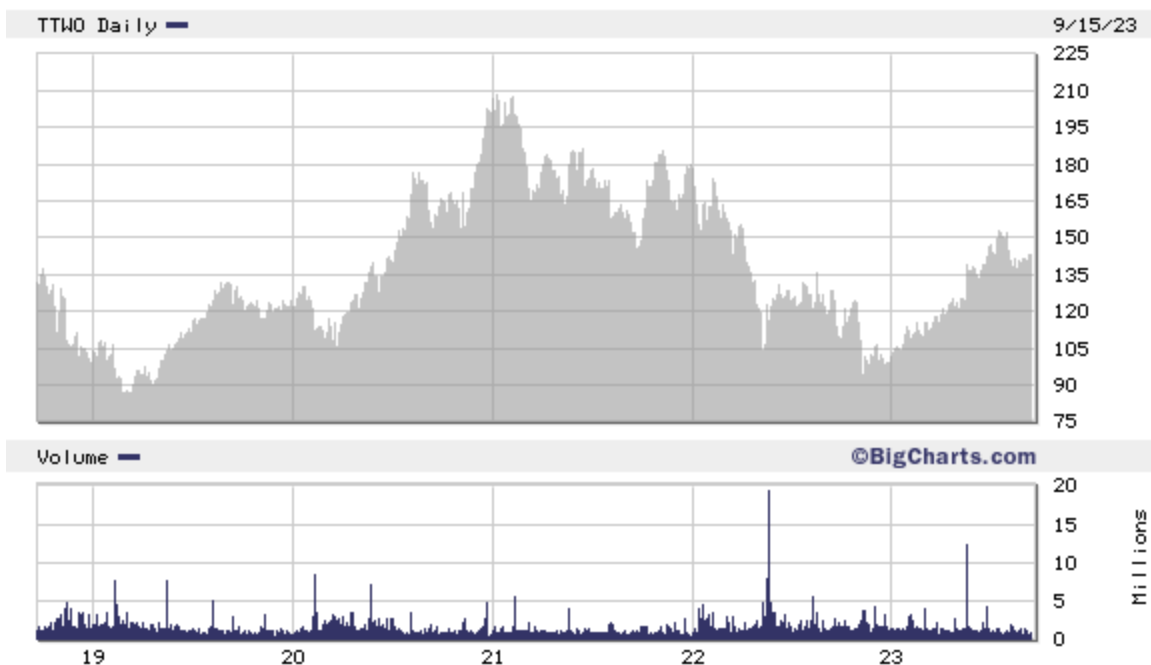
Exhibit 7: Take-Two Game Development Pipeline (as of August 2023)

FY24-FY26 PIPELINE DETAILS

	FY 2024 - FY 2026*	TITLES OFFICIALLY ANNOUNCED TO-DATE
Immersive Core	17	<ul style="list-style-type: none"> • <i>NBA 2K24</i> (2K) - Launching September 8, 2023 • <i>WWE 2K24</i> (2K) - Launching Fiscal 2024 • <i>Judas</i> (Ghost Story Games) - TBA
Independent	7	<ul style="list-style-type: none"> • <i>After Us</i> (Private Division) - Launched May 23, 2023 • <i>Penny's Big Breakaway</i> (Private Division) - Launching Early Calendar 2024 • Title planned from partnership with Weta Workshop • Title planned from partnership with Game Freak
Mobile** (Currently scheduled for worldwide launch)	18	<ul style="list-style-type: none"> • <i>Star Wars Hunters</i> (Zynga) - Planned for worldwide launch in Fiscal 2024 • <i>Top Troops</i> (Zynga) - Planned for worldwide launch in Fiscal 2024 • <i>Grand Theft Auto: The Trilogy - The Definitive Edition</i> (Rockstar Games)
Mid-Core	4	<ul style="list-style-type: none"> • <i>LEGO 2K Drive</i> (2K) - Launched May 19, 2023
New Iterations of Previously Released Titles	6	<ul style="list-style-type: none"> • <i>Red Dead Redemption</i> and <i>Undead Nightmare</i> for Switch and PS4 - Launching August 17, 2023

Source: Company report.

Exhibit 8: Take-Two Interactive Software Stock Price (Five Years)



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

Exhibit 9: Consensus Expectations (as of August 8, 2023)

	Revenue (millions)			EPS	
	2024E	2025E		2024E	2025E
Q1 Jun	\$1,214E		Q1 Jun	\$0.38E	
Q2 Sep	\$1,454E		Q2 Sep	\$1.20E	
Q3 Dec			Q3 Dec		
Q4 Mar			Q4 Mar		
Total	\$5,565E	\$8,051E	Total	\$3.37E	\$7.89E

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

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

FINANCIAL MODEL

Take-Two Interactive Software Inc.

Income Statement (\$ millions)	Jun-21	Sep-21	Dec-21	Mar-22	2022	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
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QA	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E
Net Sales	711	985	866	846	3,408	1,003	1,505	1,383	1,394	5,284	1,202	1,434	1,499	1,446	5,580	1,504	1,534	2,067	2,296	7,400
Product costs	42	68	76	55	240	114	205	207	186	712	177	153	226	209	765	320	238	474	856	1,888
Royalties & Licenses	196	246	234	197	873	154	221	194	179	748	135	220	194	200	749	155	220	194	190	759
Software development costs	61	127	24	100	312	104	89	86	180	459	104	250	130	300	784	200	250	200	300	950
Total Cost of Sales	299	441	334	352	1,425	371	515	487	545	1,918	415	623	550	709	2,297	675	708	868	1,346	3,597
Gross Profits	413	544	533	494	1,984	632	990	896	848	3,365	786	811	949	737	3,283	828	826	1,199	949	3,803
Research and development costs	79	87	102	95	363	142	194	198	195	729	206	168	182	190	746	160	160	182	190	692
Selling and marketing	94	127	127	133	481	222	325	342	324	1,212	329	220	300	200	1,049	250	220	300	200	970
General and administrative	85	87	100	99	372	109	148	127	148	531	148	180	180	185	693	200	180	180	185	745
Depreciation and amortization	12	16	16	16	60	17	21	24	27	89	32	17	17	17	83	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	270	317	345	343	1,275	490	687	690	694	2,561	715	585	679	592	2,571	627	577	679	592	2,475
Income (loss) from operations	143	227	188	151	708	142	302	205	155	804	72	226	270	145	712	201	249	520	357	1,328
Interest expense (income), net	2	(0)	5	(1)	5	19	34	28	33	114	16	2	2	2	22	2	2	2	2	8
Income (loss) before equity in loss of affiliate and income taxes	141	227	183	152	703	123	268	178	122	690	56	224	268	143	690	199	247	518	355	1,320
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	141	227	183	152	703	123	268	178	122	690	56	224	268	143	690	199	247	518	355	1,320
Provision (benefit) for income taxes	23	36	29	24	112	22	48	32	22	124	10	40	48	26	124	36	44	93	64	238
Net income (loss) before extraordinary items	119	191	154	127	591	101	220	146	100	566	46	183	220	117	566	163	202	425	291	1,082
Net income (loss)	119	191	154	127	591	101	220	146	100	566	46	183	220	117	566	163	202	425	291	1,082
EBITDA	197	243	203	167	810	52	65	148	87	352	65	243	287	162	756	218	266	537	374	1,396
Basic Shares	116	116	115	115	115	141	167	169	169	161	171	171	171	171	171	172	172	172	172	172
Diluted Shares	117	117	117	117	117	141	169	169	169	162	171	171	171	171	171	172	172	172	172	172
EPS Basic (pro forma)	\$ 1.03	\$ 1.65	\$ 1.33	\$ 1.10	\$ 5.11	\$ 0.71	\$ 1.32	\$ 0.86	\$ 0.59	\$ 3.51	\$ 0.27	\$ 1.07	\$ 1.28	\$ 0.68	\$ 3.31	\$ 0.95	\$ 1.18	\$ 2.47	\$ 1.69	\$ 6.29
EPS Diluted (pro forma)	\$ 1.01	\$ 1.63	\$ 1.32	\$ 1.09	\$ 5.06	\$ 0.71	\$ 1.30	\$ 0.86	\$ 0.59	\$ 3.50	\$ 0.27	\$ 1.07	\$ 1.28	\$ 0.68	\$ 3.31	\$ 0.95	\$ 1.18	\$ 2.47	\$ 1.69	\$ 6.29

Income Statement Ratios

Gross Margin	58%	55%	61%	58%	58%	63%	66%	65%	61%	64%	65%	57%	63%	51%	59%	55%	54%	58%	41%	51%
Research & Development	11%	9%	12%	11%	11%	14%	13%	14%	14%	14%	17%	12%	12%	13%	13%	11%	10%	9%	8%	9%
Selling and marketing	13%	13%	15%	16%	14%	22%	22%	25%	23%	23%	27%	15%	20%	14%	19%	17%	14%	15%	9%	13%
General and administrative	12%	9%	12%	12%	11%	11%	10%	9%	11%	10%	12%	13%	12%	13%	12%	13%	12%	9%	8%	10%
Operating Profit	20%	23%	22%	18%	21%	14%	20%	15%	11%	15%	6%	16%	18%	10%	13%	13%	16%	25%	16%	18%
Net Income	17%	19%	18%	15%	17%	10%	15%	11%	7%	11%	4%	13%	15%	8%	10%	11%	13%	21%	13%	15%

YY % Change

Revenue	-29%	3%	6%	8%	-4%	41%	53%	60%	65%	55%	20%	-5%	8%	4%	6%	25%	7%	38%	59%	33%
Gross Margin	-25%	2%	11%	5%	-3%	53%	82%	68%	72%	70%	24%	-18%	6%	-13%	-2%	5%	2%	26%	29%	16%
Research & Development	21%	34%	33%	23%	28%	80%	123%	94%	104%	101%	45%	-13%	-8%	-3%	2%	-22%	-5%	0%	0%	-7%
Selling and marketing	17%	17%	-5%	33%	14%	136%	156%	169%	144%	152%	48%	-32%	-12%	-38%	-13%	-24%	0%	0%	0%	-8%
General and administrative	-4%	16%	26%	20%	14%	28%	69%	26%	49%	43%	36%	22%	42%	25%	31%	35%	0%	0%	0%	7%
Operating Profit	-53%	-17%	8%	-22%	-25%	-1%	33%	9%	3%	14%	-49%	-25%	31%	-6%	-11%	180%	10%	93%	147%	86%
Net Income	-55%	-17%	6%	-22%	-26%	-15%	15%	-5%	-21%	-4%	-54%	-16%	51%	17%	0%	255%	10%	94%	149%	91%

Source: Company reports and Ascendant Capital Markets estimates

Take-Two Interactive Software Inc.

Balance Sheet (\$ millions) Fiscal Year End: March 31	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QA	1QA	2QE	3QE	4QE	1QE	2QE	3QE	4QE
ASSETS																
Cash	1,401	857	987	1,732	847	956	861	827	776	1,432	1,500	1,820	1,885	2,271	2,349	2,760
Short term investments	1,135	1,441	1,479	820	459	348	269	187	109	109	109	109	109	109	109	109
Restricted cash	653	754	267	360	535	592	332	308	381	381	381	381	381	381	381	381
A/R - net	487	804	648	579	634	831	711	763	622	478	666	482	668	511	919	765
Inventories	11	13	12	13						125	110	142	135	142	174	269
Software development	15	55	48	81	64	89	68	66	34	34	34	34	34	34	34	34
Prepaid royalties / licenses / COGS	11	13	15	12												
Prepaid expenses and other current assets	300	307	250	273	497	435	367	357	332	332	332	332	332	332	332	332
Investments																
Deferred tax asset																
Total Current Assets	4,014	4,243	3,705	3,871	3,036	3,251	2,607	2,508	2,255	2,891	3,133	3,301	3,546	3,781	4,298	4,651
Fixed assets, net	225	231	236	242	300	334	361	403	406	406	406	406	406	406	406	406
Prepaid Royalties / licenses																
Capitalized software development costs, net	607	621	738	756	828	908	1,036	1,072	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189
Investments	103	103	103	103	109											
Intangibles	306	288	274	266	5,455	5,363	5,223	4,453	4,207	4,207	4,207	4,207	4,207	4,207	4,207	4,207
Goodwill	646	663	680	675	7,227	6,872	6,788	6,767	6,769	6,769	6,769	6,769	6,769	6,769	6,769	6,769
Deferred tax asset	78	75	78	74	107	116	124	45	38	38	38	38	38	38	38	38
Other assets, net	335	394	544	559	683	650	744	614	661	661	661	661	661	661	661	661
TOTAL ASSETS	\$6,314	\$6,619	\$6,358	\$6,546	\$17,745	\$17,493	\$16,881	\$15,862	\$15,525	\$16,162	\$16,404	\$16,571	\$16,816	\$17,051	\$17,568	\$17,922
LIABILITIES AND SHAREHOLDERS' EQUITY																
Accounts payable	67	83	101	126	200	163	152	140	128	96	118	168	250	282	375	437
Accrued expenses	1,242	1,500	1,026	1,075	1,602	1,734	1,313	1,226	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186
Lines of credit/short term debt					350	350	350	1,347	372	372	372	372	372	372	372	372
Deferred revenue	825	952	911	865	1,080	1,165	1,136	1,079	992	992	992	992	992	992	992	992
Other current liabilities (taxes payable and	31	32	34	39	55	56	59	60	61	61	61	61	61	61	61	61
Total Current Liabilities	2,165	2,567	2,072	2,105	3,287	3,467	3,010	3,852	2,738	2,706	2,728	2,779	2,861	2,893	2,985	3,047
Note payable, net of current portion					2,936	2,936	2,736	1,733	2,705	2,705	2,705	2,705	2,705	2,705	2,705	2,705
Deferred revenue	51	52	68	71	22	29	31	36	36	36	36	36	36	36	36	36
Other liabilities	466	531	552	561	1,839	1,628	1,555	1,200	1,107	1,107	1,107	1,107	1,107	1,107	1,107	1,107
Total Liabilities	2,683	3,149	2,692	2,737	8,083	8,059	7,331	6,820	6,585	6,553	6,576	6,626	6,708	6,740	6,832	6,894
Preferred Stock																
Common stock	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2
Additional paid-in capital	2,418	2,475	2,541	2,597	8,617	8,761	8,929	9,010	9,087	9,087	9,087	9,087	9,087	9,087	9,087	9,087
Accumulated other comprehensive loss	(3)	(20)	(35)	(57)	(121)	(236)	(134)	(113)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)
Retained earnings	2,023	2,034	2,178	2,289	2,185	1,928	1,775	1,164	958	1,142	1,361	1,478	1,642	1,844	2,269	2,560
Treasury stock	(821)	(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	12									485	485	485	485	485	485	485
Total Shareholders' Equity	3,631	3,470	3,666	3,810	9,662	9,434	9,550	9,043	8,940	9,609	9,828	9,945	10,108	10,311	10,736	11,027
TOTAL LIABILITIES AND EQUITY	\$6,314	\$6,619	\$6,358	\$6,546	\$17,745	\$17,493	\$16,881	\$15,862	\$15,525	\$16,162	\$16,404	\$16,571	\$16,816	\$17,051	\$17,568	\$17,922
Activity Ratios																
A/R Days Sales Outstanding	62	74	67	62	57	50	46	49	47	30	40	30	40	30	40	30
Reserves as a % of Gross A/R					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x
Inventory turnover	103.9x	140.2x	114.2x	106.3x												
A/P Days Payable	20	17	27	32	49	28	28	23	28	40	45	50	45	40	45	50
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$31.00	\$29.71	\$31.41	\$32.62	\$ 68.53	\$ 55.95	\$ 56.44	\$ 53.60	\$ 52.34	\$ 56.19	\$ 57.41	\$ 58.02	\$ 58.91	\$ 60.02	\$ 62.42	\$ 64.04
Net Cash per Share (diluted)	\$27.23	\$26.13	\$23.42	\$24.93	\$(10.24)	\$(8.24)	\$(9.60)	\$(10.42)	\$(10.60)	\$(6.75)	\$(6.34)	\$(4.47)	\$(4.08)	\$(1.84)	\$(1.38)	\$ 1.01

Source: Company reports and Ascendant Capital Markets estimates

Take-Two Interactive Software Inc.

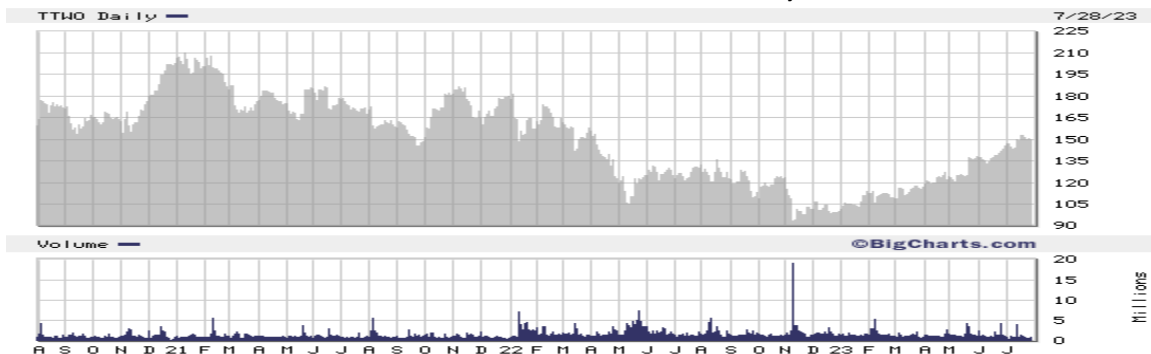
Cash Flow Statement (\$ millions)	Jun-21	Sep-21	Dec-21	Mar-22	2022	Jun-22	Sep-22	Dec-22	Mar-23	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025	
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QA	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E	
Cash flows from operating activities:																					
Net Income	152	10	144	111	418	(104)	(257)	(153)	(610)	(1,125)	(206)	183	220	117	314	163	202	425	291	1,082	
Adjustment to reconcile net income (loss) to net cash used:					0					0					0					0	
Depreciation and amortization	28	34	(17)	16	61	135	(15)	90	(120)	90	32	17	17	17	83	17	17	17	17	68	
Loss on impairment of securities					0					0					0					0	
Non-recurring impairment charge					0	20	(20)	0	0	0					0					0	
Loss on disposal of fixed assets					0					0					0					0	
Change in deferred tax asset				8	8					0					0					0	
Gain on sale of subsidiary					0					0					0					0	
Loss on early extinguishment of debt				7	7					0	(7)				(7)					0	
Foreign currency loss					0					0					0					0	
Equity in loss of affiliate					0					0					0					0	
Recognition of deferred tax asset					0				(411)	(411)					0					0	
Provision for doubtful accounts					0					0					15	5	5	5	5	20	
Amortization of software development & licenses	25	71	17	106	218	48	391	302	1,035	1,775	319		5	5	5	319	5	5	5	5	
Provision for inventory					0					0					0					0	
Other Charges	14	53	54	(6)	115	(14)	60	(11)	51	87	30	(5)	(5)	(5)	15	(5)	(5)	(5)	(5)	(20)	
Amortization of various expenses and discounts					0	69	(8)	31	31	123	37				37					0	
Deferred revenue	(95)	127	(22)	(42)	(31)	(160)	102	(30)	(55)	(142)	(87)				(87)					0	
Issuance of compensatory stock	49	47	46	40	183	44	108	87	79	318	79		5	5	5	94	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	75	(318)	157	68	(18)	215	(200)	143	(51)	107	141	139	(193)	179	267	(191)	152	(412)	148	(303)	
(Increase) decrease in inventories	6	(1)	1	(2)	4					0		(125)	15	(32)	(142)	7	(6)	(32)	(96)	(128)	
Increase in prepaid royalties					0					0		0	0	0	0	0	0	0	0	0	
Increase in prepaid expenses and other current assets	18	(53)	(88)	(84)	(208)	(68)	23	21	101	77	(14)	0	0	0	(14)	0	0	0	0	0	
Increase in capitalized software development	(86)	(177)	(113)	(78)	(454)	(104)	(149)	(111)	(130)	(493)	(125)	0	0	0	(125)	0	0	0	0	0	
Increase in other assets, net	5	(2)	(3)	0	0					0					0					0	
Increase in accounts payable	(42)	343	(441)	94	(46)	19	19	(488)	45	(405)	(192)	(32)	22	51	(151)	82	32	92	62	268	
Increase in accrued expenses					0					0		0	0	0	0	0	0	0	0	0	
Increase in due to/from related parties					0					0		0	0	0	0	0	0	0	0	0	
Decrease in other liabilities			0	(0)	0					0		0	0	0	0	0	0	0	0	0	
Decrease in other current liabilities					0					0					0					0	
Net cash provided by operating activities	148	135	(265)	239	258	101	55	(120)	(35)	1	5	188	85	337	616	82	402	95	428	1,008	
Cash flows from investing activities:																					
Purchase of fixed assets	(86)	(25)	(22)	(25)	(159)	(43)	(57)	(38)	(67)	(204)	(32)	(17)	(17)	(17)	(83)	(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	170	(312)	(49)	661	471	363	128	73	74	639	74	0	0	0	74	0	0	0	0	0	
Investment in affiliates, other					0					0		0	0	0	0	0	0	0	0	0	
Acquisitions, net cash paid	(98)	(34)	(26)	(16)	(174)	(3,128)	(55)	(59)	(69)	(3,311)	(2)				(2)					0	
Cash paid for prior acquisitions				1	(0)					0	(3)	0	0	0	(3)	0	0	0	0	0	
Net cash used in investing activities	(14)	(370)	(96)	619	139	(2,807)	17	(24)	(62)	(2,876)	38	(17)	(17)	(17)	(13)	(17)	(17)	(17)	(17)	(68)	
Cash flows from financing activities:																					
Proceeds from private placement, net	9		10	(0)	20	11		11	43	65	19				19					0	
Net borrowings under lines of credit					0					0		0	0	0	0	0	0	0	0	0	
Proceeds from loan payable					0	3,249	140	(200)	60	3,249	999				999					0	
Repayments of loan payable			(0)	(0)	(12)	(1,189)	0	(27)	(60)	(1,276)	(997)				(997)					0	
Proceeds from notes payable					0					0		0	0	0	0	0	0	0	0	0	
Proceeds from minority interest					0					0					0					0	
Proceeds from the exercise of stock options	(48)	(5)	(6)	(5)	(64)	(54)	(24)	(13)	(18)	(108)	(41)	0	0	0	(41)	0	0	0	0	0	
Repayment of capital lease obligation					0					0		0	0	0	0	0	0	0	0	0	
Dividends to preferred stockholders					0					0	(1)	0	0	0	(1)	0	0	0	0	0	
Share buyback			(200)		(200)					0		0	0	0	0	0	0	0	0	0	
Tax benefit from exercise of stock options					0					0					0					0	
Net cash provided by financing activities	(39)	(205)	5	(17)	(257)	2,017	117	(229)	26	1,930	(21)	0	0	0	(21)	0	0	0	0	0	
Effect of foreign exchange rates	2	(3)	(2)	(3)	(5)	(15)	(22)	(36)	57	(16)	4				4					0	
Net Increase (Decrease) in Cash	97	(443)	(358)	838	135	(704)	166	(409)	(14)	(961)	26	171	68	320	586	65	385	78	411	939	
Cash at beginning of period	1,623	1,720	1,277	920	1,623	2,195	1,491	1,658	1,249	2,195	1,235	1,261	1,432	1,500	1,235	1,820	1,885	2,271	2,349	1,820	
Cash at end of period	1,720	1,277	920	1,758	1,758	1,491	1,658	1,249	1,235	1,235	1,261	1,432	1,500	1,820	1,820	1,885	2,271	2,349	2,760	2,760	

Source: Company reports and Ascendant Capital Markets estimates

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Take-Two Interactive Software, Inc.



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

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

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Risks to attainment of our share price target include changes in demand for the company's products, changes to game release timing, competition, piracy of software, and weaker macroeconomic factors.

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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 July 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	51	98%	16	31%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	16	31%



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