



Take-Two Interactive Software, Inc.

Q4 about inline, and tempered FY24 guidance. But strong FY25 guidance should drive stock much higher. Raising P/T to \$150.

COMPANY UPDATE

Q4 about inline: Take-Two recently (on May 17) reported its fiscal Q4 2023 (ending March) results. Revenue was \$1,394 million (+65% y-o-y), compared to our estimate of \$1,310 million and consensus of \$1,343 million. Pro forma EPS was \$0.59, compared to our estimate of \$0.69 and consensus of \$0.68. Q4 guidance was for revenue of \$1,310 – 1,360 million, and for EPS of \$0.60 – 0.70.

Solid Q4 revenue: Revenue were led by *NBA 2K23* (11 million sold since its launch in Q2), *GTA Online* and *GTA V*; *RDR 2* and *Red Dead Online*; mobile games; and *WWE 2K22*.

But write offs weighed: In Q4, the company had an impairment charge of \$54 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 180 million units to date and continues to sell really well. *Red Dead Redemption 2* (released 10/2018) has sold-in 53 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).

Tempered FY24 guidance, but very strong FY25 guidance: Management provided initial FY24 guidance for revenue of \$5.45 – 5.55 billion, and for EPS of \$3.00 – 3.25. The company provided initial FY25 guidance for revenue of "over" \$8 billion.

Adjusting FY24 estimates: We are adjusting our FY24 estimates for revenue to \$5.60 billion, from \$5.50 billion, and for EPS to \$3.35 from \$4.00. We are initiating our FY25 estimates for revenue of \$7.00 billion, and for EPS of \$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 was tempered (well below 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 rebound: 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 a rebound and growth in share price.

Current valuation attractive: Maintaining our BUY rating, but raising our 12-month price target to \$150 from \$138, which reflects a target P/E of 20x our FY26 EPS estimate of \$7.50, 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: \$133.18
(intraday)

Target: \$150.00
(from \$138)

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$90.00–141.96
Shares Outstanding (million):	169
Market cap (\$million):	\$22,507
EV (\$million):	\$24,265
Debt (\$million):	\$3,080
Cash (\$million):	\$1,322
Avg. Daily Trading Vol. (\$million):	\$226
Float (million shares):	157
Short Interest (million shares):	6
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2024E</u>	<u>2024E</u>	<u>2025E</u>	<u>2025E</u>
	(Cur.)	(Old)	(Cur.)	(Old)
Q1 Jun	1,225E	1,154E	1,404E	
Q2 Sep	1,184E	1,184E	1,434E	
Q3 Dec	1,746E	1,467E	1,967E	
Q4 Mar	<u>1,446E</u>	<u>1,696E</u>	<u>2,196E</u>	
Total	5,600E	5,500E	7,000E	
EV/Rev	4.3x		3.5x	

Earnings per Share (pro forma)

	<u>2024E</u>	<u>2024E</u>	<u>2025E</u>	<u>2025E</u>
	(Cur.)	(Old)	(Cur.)	(Old)
Q1 Jun	0.40E	0.48E	0.48E	
Q2 Sep	0.52E	0.47E	0.71E	
Q3 Dec	1.74E	0.68E	2.19E	
Q4 Mar	<u>0.69E</u>	<u>2.37E</u>	<u>1.35E</u>	
Total	\$3.35E	\$4.00E	\$4.72E	
P/E	40x		28x	

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 May 17) reported its fiscal Q4 2023 (ending March) results.
- We note that Take-Two completed its major acquisition of Zynga on May 23, 2022 (Q1 FY23) so its Q4 report included all of Zynga's results, but we note y-o-y comparisons do not.
- Revenue was \$1,394 million (+65% y-o-y), compared to our estimate of \$1,310 million and consensus of \$1,343 million.
- Pro forma EPS was \$0.59, compared to our estimate of \$0.69 and consensus of \$0.68.
- Q4 guidance was for revenue of \$1,310 – 1,360 million, and for EPS of \$0.60 – 0.70.
- Management provided initial FY24 guidance for revenue of \$5.45 – 5.55 billion, and for EPS of \$3.00 – 3.25.
- Initial Q1 guidance is for revenue of \$1,150 – 1,200 million, and for EPS of \$0.24 – 0.34.
- The company provided initial FY25 guidance for revenue of "over" \$8 billion.
- We are adjusting our FY24 estimates for revenue to \$5.60 billion, from \$5.50 billion, and for EPS to \$3.35 from \$4.00.
- We are initiating our FY25 estimates for revenue of \$7.00 billion, and for EPS of \$4.72.

ADDITIONAL DETAILS

- Gross profit for the quarter was \$848 million, compared with our estimate of \$732 million.
- Gross margin for the quarter was 61%, versus 58% last year and our estimate of 56%.
- Operating expenses were \$694 million, compared with our estimate of \$562 million.
- Operating income was \$155 million, compared with our estimate of \$170 million.
- Pro forma net income was \$100 million, compared with our estimate of \$116 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 relatively solid (factoring \$3.1 billion in cash used for its Zynga acquisition in Q1) with \$1.3 billion in cash and \$3.1 billion in debt (~\$10/share in net debt), compared with \$1.5 billion in cash and \$3.1 billion in debt as of December.

Exhibit 1: Q4 FY23 Results vs. Guidance

Q4 FY2023 RESULTS SUMMARY: SELECT MANAGEMENT RESULTS

SELECT FINANCIAL DATA (\$ in millions)

	Q4	
	ACTUAL	GUIDANCE
Net Bookings	\$1,394	\$1,310 TO \$1,360
Recurrent Consumer Spending Growth (RCS)	+115%	+105%
Digitally-Delivered Net Bookings Growth	+76%	+70%

- Net Bookings were \$1.39 billion, which was above the high end of our guidance range
- Our results reflected better-than-expected results from *Grand Theft Auto V* and *Grand Theft Auto Online*, *Red Dead Redemption 2*, and Zynga's mobile portfolio
- RCS rose 115%, which was above our outlook, primarily driven by Zynga and *Grand Theft Auto Online*
- As a part of our ongoing portfolio management measures, we made the decision to cancel several unannounced titles in development, which we believe will enable us to tighten our focus and reallocate resources to projects for which our creative teams have higher levels of conviction and expectations of success. Excluding the associated write-offs, our fourth quarter and full-year management earnings results were above the high end of our guidance

Source: Company report.

Exhibit 2: Take-Two's FY24 & FY25 Guidance (as of May 17, 2023)

FY 2024 GUIDANCE: SELECT FINANCIAL DATA

FISCAL YEAR 2024 GUIDANCE (\$ in millions, except EPS)

	FY 2024 GUIDANCE (\$ IN MILLIONS)
Net Bookings	\$5,450 TO \$5,550
Recurrent Consumer Spending Growth (RCS)	+5% YOY
Non-GAAP Adjusted Unrestricted Operating Cash Flow	APPROXIMATELY \$100

\$ in millions	Twelve Months 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
GAAP					
Total net revenue	\$5,370 to \$5,470	80			
Cost of revenue	\$2,309 to \$2,537	(15)	(15)	(743)	
Operating expenses	\$3,396 to \$3,496		(320)	(119)	
Interest and other, net	\$123				(8)
(Loss) income before income taxes	\$(640) to \$(596)	80	333	858	6
Non-GAAP					
EBITDA	\$427 to \$479	80	333		

- We expect to deliver Net Bookings of \$5.45 to \$5.55 billion, which assumes a continuation of the current cautious consumer backdrop within our forecasts. Additionally, the development timelines of some of our titles have lengthened, especially as we strive to redefine the creative standards of excellence in our industry, which affects our release slate for the year
- Fiscal 2025 is a highly anticipated year for our Company. For the last several years, we have been preparing our business to release an incredibly robust pipeline of projects that we believe will take our company to even greater levels of success
- In Fiscal 2025, we expect to enter this new era by launching several groundbreaking titles that we believe will set new standards in our industry and enable us to achieve over \$8 billion in Net Bookings and over \$1 billion in Adjusted Unrestricted Operating Cash Flow. We expect to sustain this momentum by delivering additional growth in our operating results in Fiscal 2026 and beyond

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

T2

Take-Two possesses some of the most successful franchises in interactive entertainment while bringing expertise in console/PC that can be applied to cross-promote content to users in Zynga's ecosystem.



zynga

Zynga is a market-leading, diversified mobile platform. Its leadership team has a proven track record of execution and the ability to drive further scale through M&A, cross-platform gameplay, increased advertising revenue through hyper-casual titles, blockchain integration, and direct payments.

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.

T2

Take-Two + Zynga Form a Leader in Interactive Entertainment

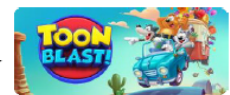


T2

- ✓ Take-Two possesses some of the most successful franchises in interactive entertainment
- ✓ Expertise in console/PC can be applied to Zynga's cross-play ambitions, helping cross-sell users across the combined ecosystem
- ✓ Take-Two's extensive player database can enhance mobile initiatives

zynga

- ✓ Zynga's free-to-play mobile development talent & expertise can be leveraged across Take-Two's blockbuster original IPs
- ✓ Zynga's leading publishing and analytics platform can drive synergies across the combined mobile portfolio
- ✓ Zynga's renowned portfolio of diverse mobile titles significantly increase Take-Two's sources of Recurrent Consumer Spending



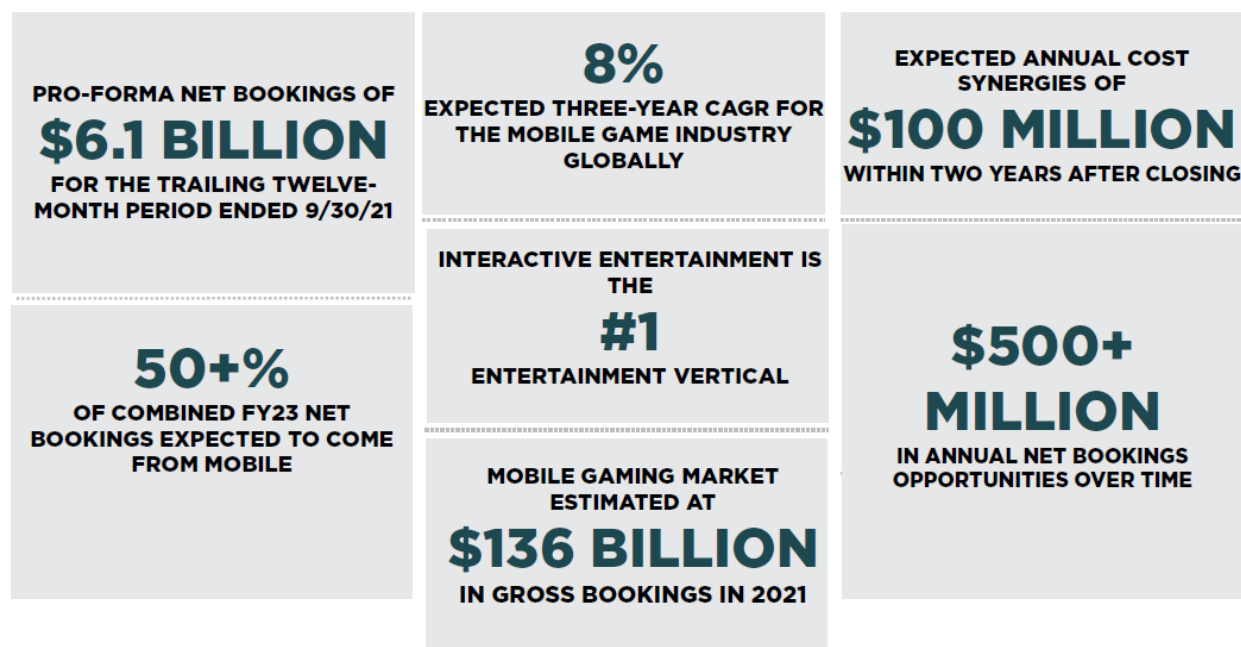
- Combined entity will feature an industry-defining portfolio of IP
- Diversified Net Bookings base, with over half of the combined business coming from mobile in FY23
- Zynga's highly skilled and proven management team, led by CEO Frank Gibeau and Zynga's President of Publishing, Bernard Kim, will drive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

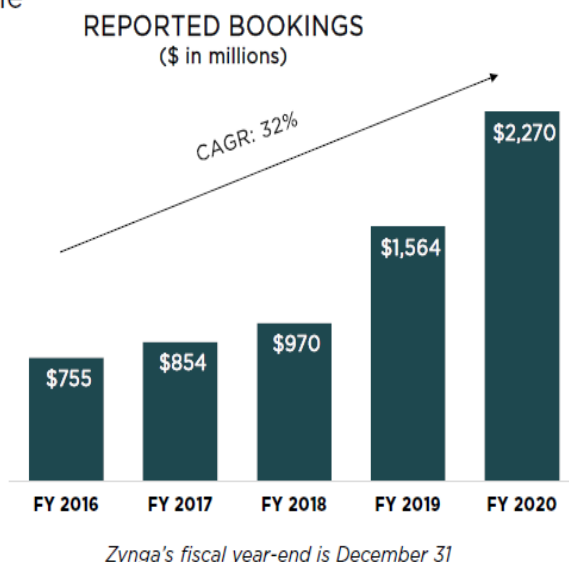
TERMS	<ul style="list-style-type: none"> Take-Two to acquire all outstanding shares of Zynga in a cash and stock transaction valued at \$9.86 per Zynga share¹ Implied total enterprise value of approximately \$12.7 billion Zynga stockholders will receive \$3.50 in cash and \$6.36¹ in shares of Take-Two 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



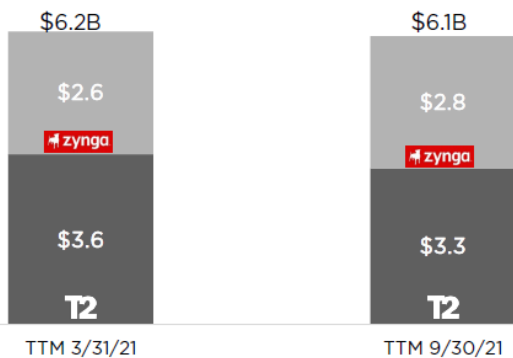
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Source: Company report.

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

Pro Forma Financials and Expected Growth Rates

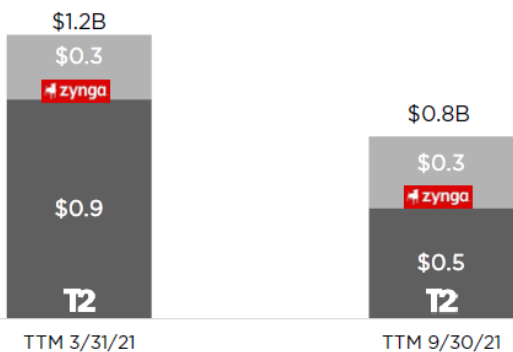
NET BOOKINGS



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.

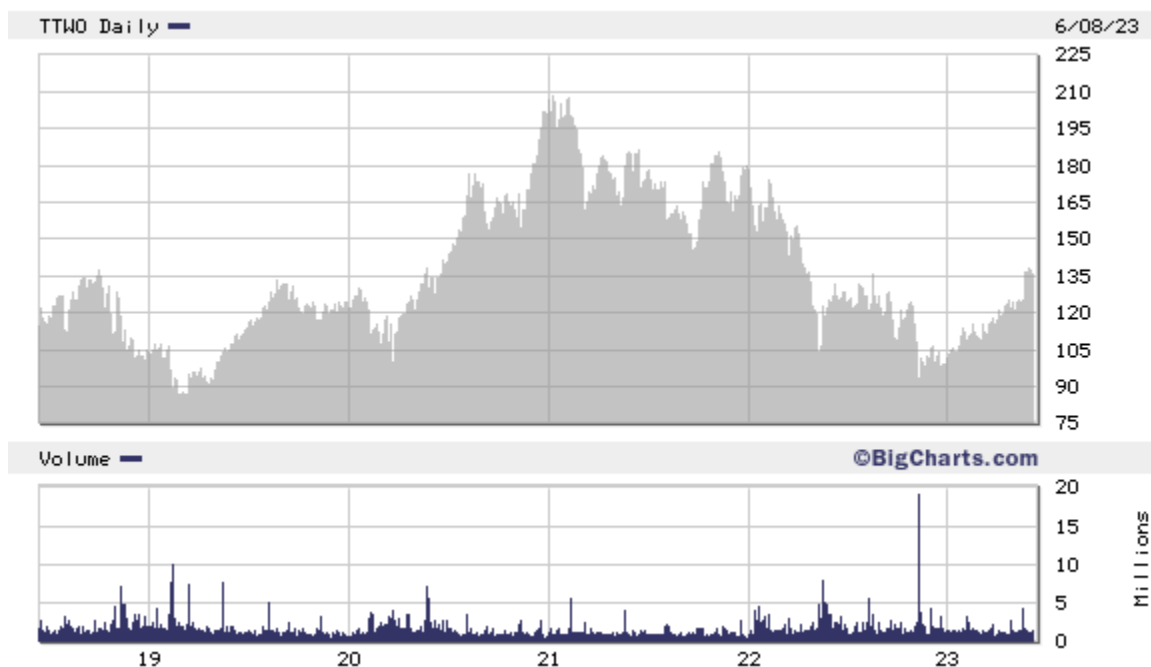
Exhibit 7: Take-Two Game Development Pipeline (as of May 2023)

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) – Launched Fiscal 2024 • <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) – Launching May 23, 2023 • 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>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) – Launching May 19, 2023
New Iterations of Previously Released Titles	6	

Source: Company report.

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



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

Exhibit 9: Consensus Expectations (as of May 17, 2023)

	Revenue (millions)			EPS	
	2023E	2024E		2023E	2024E
Q1 Jun	\$1,003A	\$1,290E	Q1 Jun	\$0.71A	\$0.91E
Q2 Sep	\$1,505A		Q2 Sep	\$1.30A	
Q3 Dec	\$1,383A		Q3 Dec	\$0.86A	
Q4 Mar	\$1,343E		Q4 Mar	\$0.68E	
Total	\$5,225E	\$6,202E	Total	\$3.55E	\$5.05E

*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	1QE	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	1,225	1,184	1,746	1,446	5,600	1,404	1,434	1,967	2,196	7,000
Product costs	42	68	76	55	240	114	205	207	186	712	158	28	313	209	707	320	238	439	821	1,818
Royalties & Licenses	196	246	234	197	873	154	221	194	179	748	155	220	194	200	769	155	220	194	200	769
Software development costs	61	127	24	100	312	104	89	86	180	459	200	250	200	300	950	200	250	200	300	950
Total Cost of Sales	299	441	334	352	1,425	371	515	487	545	1,918	513	498	707	709	2,426	675	708	833	1,321	3,537
Gross Profits	413	544	533	494	1,984	632	990	896	848	3,365	712	686	1,039	737	3,174	728	726	1,134	874	3,463
Research and development costs	79	87	102	95	363	142	194	198	195	729	160	160	182	190	692	160	160	182	190	692
Selling and marketing	94	127	127	133	481	222	325	342	324	1,212	250	220	300	200	970	250	220	300	200	970
General and administrative	85	87	100	99	372	109	148	127	148	531	200	180	180	185	745	200	180	180	185	745
Depreciation and amortization	12	16	16	16	60	17	21	24	27	89	17	17	17	17	68	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	627	577	679	592	2,475	627	577	679	592	2,475
Income (loss) from operations	143	227	188	151	708	142	302	205	155	804	85	109	360	145	698	101	149	455	282	988
Interest expense (income), net	2	(0)	5	(1)	5	19	34	28	33	114	2	2	2	2	8	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	83	107	358	143	690	99	147	453	280	980
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	83	107	358	143	690	99	147	453	280	980
Provision (benefit) for income taxes	23	36	29	24	112	22	48	32	22	124	15	19	64	26	124	18	26	82	50	176
Net income (loss) before extraordinary items	119	191	154	127	591	101	220	146	100	566	68	88	294	117	566	81	120	372	230	803
Net income (loss)	119	191	154	127	591	101	220	146	100	566	68	88	294	117	566	81	120	372	230	803
EBITDA	197	243	203	167	810	52	65	148	87	352	102	126	377	162	767	118	166	472	299	1,056
Basic Shares	116	116	115	115	115	141	167	169	169	161	169	169	169	170	169	170	170	170	170	170
Diluted Shares	117	117	117	117	117	141	169	169	169	162	169	169	169	170	169	170	170	170	170	170
EPS Basic (pro forma)	\$ 1.03	\$ 1.65	\$ 1.33	\$ 1.10	\$ 5.11	\$ 0.71	\$ 1.32	\$ 0.86	\$ 0.59	\$ 3.51	\$ 0.40	\$ 0.52	\$ 1.74	\$ 0.69	\$ 3.35	\$ 0.48	\$ 0.71	\$ 2.19	\$ 1.35	\$ 4.72
EPS Diluted (pro forma)	\$ 1.01	\$ 1.63	\$ 1.32	\$ 1.09	\$ 5.06	\$ 0.71	\$ 1.30	\$ 0.86	\$ 0.59	\$ 3.50	\$ 0.40	\$ 0.52	\$ 1.74	\$ 0.69	\$ 3.35	\$ 0.48	\$ 0.71	\$ 2.19	\$ 1.35	\$ 4.72

Income Statement Ratios

Gross Margin	58%	55%	61%	58%	58%	63%	66%	65%	61%	64%	58%	58%	60%	51%	57%	52%	51%	58%	40%	49%
Research & Development	11%	9%	12%	11%	11%	14%	13%	14%	14%	14%	13%	14%	10%	13%	12%	11%	11%	9%	9%	10%
Selling and marketing	13%	13%	15%	16%	14%	22%	22%	25%	23%	23%	20%	19%	17%	14%	17%	18%	15%	15%	9%	14%
General and administrative	12%	9%	12%	12%	11%	11%	10%	9%	11%	10%	16%	15%	10%	13%	13%	14%	13%	9%	8%	11%
Operating Profit	20%	23%	22%	18%	21%	14%	20%	15%	11%	15%	7%	9%	21%	10%	12%	7%	10%	23%	13%	14%
Net Income	17%	19%	18%	15%	17%	10%	15%	11%	7%	11%	6%	7%	17%	8%	10%	6%	8%	19%	10%	11%

YY % Change

Revenue	-29%	3%	6%	8%	-4%	41%	53%	60%	65%	55%	22%	-21%	26%	4%	6%	15%	21%	13%	52%	25%
Gross Margin	-25%	2%	11%	5%	-3%	53%	82%	68%	72%	70%	13%	-31%	16%	-13%	-6%	2%	6%	9%	19%	9%
Research & Development	21%	34%	33%	23%	28%	80%	123%	94%	104%	101%	13%	-18%	-8%	-3%	-5%	0%	0%	0%	0%	0%
Selling and marketing	17%	17%	-5%	33%	14%	136%	156%	169%	144%	152%	13%	-32%	-12%	-38%	-20%	0%	0%	0%	0%	0%
General and administrative	-4%	16%	26%	20%	14%	28%	69%	26%	49%	43%	83%	22%	42%	25%	40%	0%	0%	0%	0%	0%
Operating Profit	-53%	-17%	8%	-22%	-25%	-1%	33%	9%	3%	14%	-40%	-64%	75%	-6%	-13%	19%	37%	26%	95%	41%
Net Income	-55%	-17%	6%	-22%	-26%	-15%	15%	-5%	-21%	-4%	-33%	-60%	102%	17%	0%	20%	37%	27%	96%	42%

Source: Company reports and Ascendant Capital Markets estimates

Take-Two Interactive Software Inc.

Balance Sheet (\$ millions)	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
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QA	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE
ASSETS																
Cash	1,401	857	987	1,732	847	956	861	827	1,352	1,614	1,507	1,969	1,996	2,288	2,331	2,668
Short term investments	1,135	1,441	1,479	820	459	348	269	187	187	187	187	187	187	187	187	187
Restricted cash	653	754	267	360	535	592	332	308	308	308	308	308	308	308	308	308
A/R - net	487	804	648	579	634	831	711	763	544	395	776	482	624	478	874	732
Inventories	11	13	12	13					103	100	141	142	135	142	167	264
Software development	15	55	48	81	64	89	68	66	66	66	66	66	66	66	66	66
Prepaid royalties / licenses / COGS	11	13	15	12					-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	300	307	250	273	497	435	367	357	357	357	357	357	357	357	357	357
Investments									-	-	-	-	-	-	-	-
Deferred tax asset									-	-	-	-	-	-	-	-
Total Current Assets	4,014	4,243	3,705	3,871	3,036	3,251	2,607	2,508	2,917	3,026	3,342	3,510	3,673	3,825	4,289	4,581
Fixed assets, net	225	231	236	242	300	334	361	403	403	403	403	403	403	403	403	403
Prepaid Royalties / licenses									-	-	-	-	-	-	-	-
Capitalized software development costs, net	607	621	738	756	828	908	1,036	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072
Investments	103	103	103	103	109				-	-	-	-	-	-	-	-
Intangibles	306	288	274	266	5,455	5,363	5,223	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453	4,453
Goodwill	646	663	680	675	7,227	6,872	6,788	6,767	6,767	6,767	6,767	6,767	6,767	6,767	6,767	6,767
Deferred tax asset	78	75	78	74	107	116	124	45	45	45	45	45	45	45	45	45
Other assets, net	335	394	544	559	683	650	744	614	614	614	614	614	614	614	614	614
TOTAL ASSETS	\$6,314	\$6,619	\$6,358	\$6,546	\$ 17,745	\$ 17,493	\$ 16,881	\$ 15,862	\$ 16,271	\$ 16,380	\$ 16,696	\$ 16,864	\$ 17,027	\$ 17,179	\$ 17,643	\$ 17,935
LIABILITIES AND SHAREHOLDERS' EQUITY																
Accounts payable	67	83	101	126	200	163	152	140	74	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	1,226	1,226	1,226	1,226	1,226	1,226	1,226	1,226
Lines of credit/short term debt					350	350	350	1,347	1,347	1,347	1,347	1,347	1,347	1,347	1,347	1,347
Deferred revenue	825	952	911	865	1,080	1,165	1,136	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Other current liabilities (taxes payable and other)	31	32	34	39	55	56	59	60	60	60	60	60	60	60	60	60
Total Current Liabilities	2,165	2,567	2,072	2,105	3,287	3,467	3,010	3,852	3,785	3,807	3,829	3,880	3,962	3,994	4,086	4,148
Note payable, net of current portion					2,936	2,936	2,736	1,733	1,733	1,733	1,733	1,733	1,733	1,733	1,733	1,733
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	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total Liabilities	2,683	3,149	2,692	2,737	8,083	8,059	7,331	6,820	6,753	6,775	6,797	6,848	6,930	6,962	7,054	7,116
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	9,010	9,010	9,010	9,010	9,010	9,010	9,010	9,010
Accumulated other comprehensive loss	(3)	(20)	(35)	(57)	(121)	(236)	(134)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)
Retained earnings	2,023	2,034	2,178	2,289	2,185	1,928	1,775	1,164	1,232	1,320	1,613	1,730	1,812	1,932	2,304	2,534
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								407	407	407	407	407	407	407	407
Total Shareholders' Equity	3,631	3,470	3,666	3,810	9,662	9,434	9,550	9,043	9,517	9,605	9,899	10,016	10,097	10,217	10,589	10,819
TOTAL LIABILITIES AND EQUITY	\$6,314	\$6,619	\$6,358	\$6,546	\$ 17,745	\$ 17,493	\$ 16,881	\$ 15,862	\$ 16,271	\$ 16,380	\$ 16,696	\$ 16,864	\$ 17,027	\$ 17,179	\$ 17,643	\$ 17,935
Activity Ratios																
A/R Days Sales Outstanding	62	74	67	62	57	50	46	49	40	30	40	30	40	30	40	30
Reserves as a % of Gross A/R																
Inventory turnover	103.9x	140.2x	114.2x	106.3x	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x	20.0x
A/P Days Payable	20	17	27	32	49	28	28	23	45	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	\$ 56.35	\$ 56.80	\$ 58.47	\$ 59.09	\$ 59.50	\$ 60.14	\$ 62.25	\$ 63.53
Net Cash per Share (diluted)	\$27.23	\$26.13	\$23.42	\$24.93	\$ (10.24)	\$ (8.24)	\$ (9.60)	\$ (10.42)	\$ (7.30)	\$ (5.74)	\$ (6.37)	\$ (3.64)	\$ (3.47)	\$ (1.75)	\$ (1.49)	\$ 0.48

Source: Company reports and Ascendant Capital Markets estimates



Take-Two Interactive Software Inc.

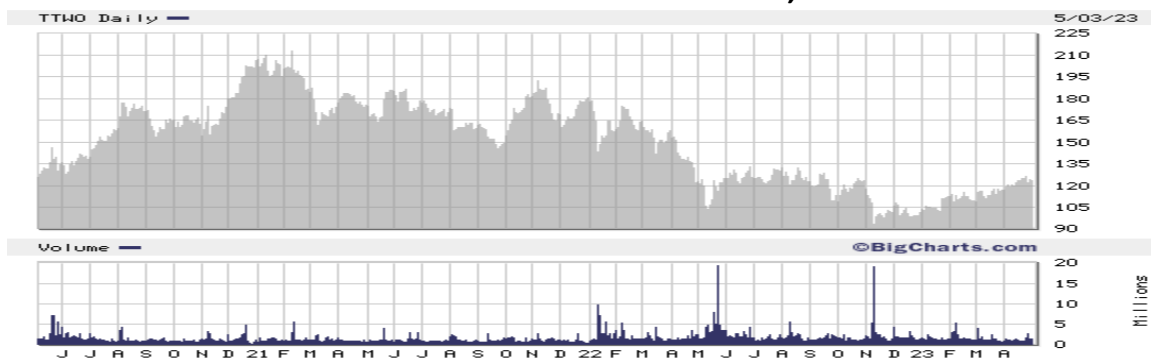
Cash Flow Statement (\$ millions)	Jun-21	Sep-21	Dec-21	Mar-22	2022	Jun-22	Sep-22	Dec-22	Mar-23	2023	Jun-23	Sep-23	Dec-23	Mar-24	2024	Jun-24	Sep-24	Dec-24	Mar-25	2025	
Fiscal Year End: March 31	1QA	2QA	3QA	4QA	FY-A	1QA	2QA	3QA	4QA	FY-A	1QE	2QE	3QE	4QE	FY-E	1QE	2QE	3QE	4QE	FY-E	
Cash flows from operating activities:																					
Net Income	152	10	144	111	418	(104)	(257)	(153)	(610)	(1,125)	68	88	294	117	566	81	120	372	230	803	
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	17	17	17	17	68	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					0					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					0					0	
Amortization of software development & licenses	25	71	17	106	218	48	391	302	1,035	1,775		5	5	5	5	20	5	5	5	5	
Provision for inventory					0					0					0					0	
Other Charges	14	53	54	(6)	115	(14)	60	(11)	51	87	(5)	(5)	(5)	(5)	(20)	(5)	(5)	(5)	(5)	(20)	
Amortization of various expenses and discounts					0	69	(8)	31	31	123					0					0	
Deferred revenue	(95)	127	(22)	(42)	(31)	(160)	102	(30)	(55)	(142)					0					0	
Issuance of compensatory stock	49	47	46	40	183	44	108	87	79	318	5	5	5	5	20	5	5	5	5	20	
Tax benefit from exercise of stock options					0					0					0					0	
Changes in operating assets and liabilities:					0					0					0					0	
Change in restricted cash					0					0					0					0	
Decrease in accounts receivable	75	(318)	157	68	(18)	215	(200)	143	(51)	107	214	145	(386)	289	261	(147)	141	(401)	137	(270)	
(Increase) decrease in inventories	6	(1)	1	(2)	4					0	(103)	3	(42)	(0)	(142)	7	(6)	(25)	(98)	(123)	
Increase in prepaid royalties					0					0	0	0	0	0	0	0	0	0	0	0	
Increase in prepaid expenses and other c	18	(53)	(88)	(84)	(208)	(68)	23	21	101	77	0	0	0	0	0	0	0	0	0	0	
Increase in capitalized software developm	(86)	(177)	(113)	(78)	(454)	(104)	(149)	(111)	(130)	(493)	0	0	0	0	0	0	0	0	0	0	
Increase in other assets, net	5	(2)	(3)	0	0					0	0	0	0	0	0	0	0	0	0	0	
Increase in accounts payable	(42)	343	(441)	94	(46)	19	19	(488)	45	(405)	(66)	22	22	51	28	82	32	92	62	268	
Increase in accrued expenses					0					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	0	
Decrease in other liabilities			0	(0)	0					0	0	0	0	0	0	0	0	0	0	0	
Decrease in other current liabilities					0					0	0	0	0	0	0	0	0	0	0	0	
Net cash provided by operating activities	148	135	(265)	239	258	101	55	(120)	(35)	1	135	279	(90)	478	802	45	309	60	353	767	
Cash flows from investing activities:																					
Purchase of fixed assets	(86)	(25)	(22)	(25)	(159)	(43)	(57)	(38)	(67)	(204)	(17)	(17)	(17)	(17)	(68)	(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	0	0	0	0	0	0	0	0	0	0	
Investment in affiliates, other					0					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)					0					0	
Cash paid for prior acquisitions			1	(0)	1					0	0	0	0	0	0	0	0	0	0	0	
Net cash used in investing activities	(14)	(370)	(96)	619	139	(2,807)	17	(24)	(62)	(2,876)	(17)	(17)	(17)	(17)	(68)	(17)	(17)	(17)	(17)	(68)	
Cash flows from financing activities:																					
Proceeds from private placement, net	9		10	(0)	20	11		11	43	65					0					0	
Net borrowings under lines of credit					0					0	0	0	0	0	0	0	0	0	0	0	
Proceeds from loan payable					0	3,249	140	(200)	60	3,249					0					0	
Repayments of loan payable			(0)	(0)	(12)	(1,189)	0	(27)	(60)	(1,276)					0					0	
Proceeds from notes payable					0					0	0	0	0	0	0	0	0	0	0	0	
Proceeds from minority interest					0					0	0	0	0	0	0	0	0	0	0	0	
Proceeds from the exercise of stock options	(48)	(5)	(6)	(5)	(64)	(54)	(24)	(13)	(18)	(108)					0					0	
Repayment of capital lease obligation					0					0	0	0	0	0	0	0	0	0	0	0	
Dividends to preferred stockholders					0					0	0	0	0	0	0	0	0	0	0	0	
Share buyback		(200)			(200)					0	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	0	0	0	0	0	0	0	0	0	0	
Effect of foreign exchange rates	2	(3)	(2)	(3)	(5)	(15)	(22)	(36)	57	(16)					0					0	
Net Increase (Decrease) in Cash	97	(443)	(358)	838	135	(704)	166	(409)	(14)	(961)	118	262	(107)	461	734	28	292	43	336	699	
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	1,352	1,614	1,507	1,235	1,969	1,996	2,288	2,331	1,969	
Cash at end of period	1,720	1,277	920	1,758	1,758	1,491	1,658	1,249	1,235	1,235	1,352	1,614	1,507	1,969	1,969	1,996	2,288	2,331	2,668	2,668	

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		Price
	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

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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 April 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	49	98%	18	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	50	100%	18	36%

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