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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number 001-34003

TAKE-TWO INTERACTIVE SOFTWARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**51-0350842**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
110 West 44th Street	**10036**
New York New York	(Zip Code)
(Address of principal executive offices)	

Registrant's Telephone Number, Including Area Code: **(646) 536-2842**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	TTWO	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 28, 2025, there were 184,470,212 shares of the Registrant's Common Stock outstanding, net of treasury stock.

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(All other items in this report are inapplicable)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except per share amounts)

	June 30, 2025 (Unaudited)	March 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,025.0**	$ 1,456.1
Short-term investments	**10.1**	9.4
Restricted cash and cash equivalents	**14.5**	14.9
Accounts receivable, net of allowances of $2.0 and $1.6 at June 30, 2025 and March 31, 2025, respectively	**657.7**	771.1
Software development costs and licenses	**61.1**	80.8
Contract assets	**84.2**	80.8
Prepaid expenses and other	**427.6**	402.8
Total current assets	**3,280.2**	2,815.9
Fixed assets, net	**436.7**	443.8
Right-of-use assets	**327.4**	326.1
Software development costs and licenses, net of current portion	**2,084.6**	1,892.6
Goodwill	**1,065.6**	1,057.3
Other intangibles, net	**2,167.1**	2,336.0
Long-term restricted cash and cash equivalents	**76.7**	88.2
Other assets	**245.9**	220.8
Total assets	**$ 9,684.2**	$ 9,180.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 193.4**	$ 194.7
Accrued expenses and other current liabilities	**994.3**	1,127.6
Deferred revenue	**1,018.1**	1,083.5
Lease liabilities	**61.3**	61.5
Short-term debt, net	**549.0**	1,148.5
Total current liabilities	**2,816.1**	3,615.8
Long-term debt, net	**2,516.1**	2,512.6
Non-current deferred revenue	**21.6**	25.4
Non-current lease liabilities	**380.5**	383.3
Non-current software development royalties	**80.7**	93.6
Deferred tax liabilities, net	**258.3**	259.6
Other long-term liabilities	**130.0**	152.7
Total liabilities	**$ 6,203.3**	$ 7,043.0
Commitments and contingencies (See Note 11)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 5.0 shares authorized; no shares issued and outstanding at June 30, 2025 and March 31, 2025	**—**	—
Common stock, $0.01 par value, 300.0 and 300.0 shares authorized; 208.1 and 200.8 shares issued and 184.4 and 177.1 outstanding at June 30, 2025 and March 31, 2025, respectively	**2.1**	2.0
Additional paid-in capital	**11,584.1**	10,312.0
Treasury stock, at cost; 23.7 and 23.7 common shares at June 30, 2025 and March 31, 2025, respectively	**(1,020.6)**	(1,020.6)
Accumulated deficit	**(7,070.7)**	(7,058.8)
Accumulated other comprehensive loss	**(14.0)**	(96.9)
Total stockholders' equity	**$ 3,480.9**	$ 2,137.7
Total liabilities and stockholders' equity	**$ 9,684.2**	$ 9,180.7

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in millions, except per share amounts)

	Three Months Ended June 30,	
	2025	**2024**
Net revenue:		
Game	**$ 1,382.5**	$ 1,216.7
Advertising	**121.3**	121.5
Total net revenue	**1,503.8**	1,338.2
Cost of revenue	**558.8**	567.1
Gross profit	**945.0**	771.1
Selling and marketing	**408.8**	431.4
Research and development	**261.4**	219.8
General and administrative	**207.0**	210.5
Depreciation and amortization	**50.4**	44.8
Business reorganization	**(4.2)**	49.5
Total operating expenses	**923.4**	956.0
Income (loss) from operations	**21.6**	(184.9)
Interest and other, net	**(35.4)**	(27.3)
Loss before income taxes	**(13.8)**	(212.2)
(Benefit from) provision for income taxes	**(1.9)**	49.8
Net loss	**$ (11.9)**	$ (262.0)
Loss per share:		
Basic and diluted loss per share	**$ (0.07)**	$ (1.52)

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

(in millions)

	Three Months Ended June 30,	
	2025	**2024**
Net loss	**$ (11.9)**	$ (262.0)
Other comprehensive income (loss):		
Foreign currency translation adjustment	**82.9**	(5.4)
Change in fair value of available for sale securities	**—**	—
Other comprehensive income (loss)	**82.9**	(5.4)
Comprehensive income (loss)	**$ 71.0**	$ (267.4)

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Three Months Ended June 30,	
	2025	**2024**
Operating activities:		
Net loss	**$ (11.9)**	$ (262.0)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization and impairment of software development costs and licenses	**46.1**	85.9
Stock-based compensation	**40.7**	75.3
Noncash lease expense	**13.1**	16.1
Amortization and impairment of intangibles	**174.8**	182.0
Depreciation	**42.1**	35.9
Interest expense	**38.9**	37.1
Other, net	**16.9**	5.5
Changes in assets and liabilities, net of effect from purchases of businesses:		
Accounts receivable	**114.8**	91.6
Software development costs and licenses	**(164.6)**	(197.9)
Prepaid expenses and other current and other non-current assets	**(43.5)**	49.0
Deferred revenue	**(72.3)**	(118.3)
Accounts payable, accrued expenses and other liabilities	**(239.8)**	(191.2)
Net cash used in operating activities	**(44.7)**	(191.0)
Investing activities:		
Change in bank time deposits	**(0.7)**	6.6
Purchases of fixed assets	**(25.1)**	(35.1)
Purchases of long-term investments	**(6.6)**	(11.1)
Business acquisitions	**—**	9.6
Other	**(4.4)**	(4.7)
Net cash used in investing activities	**(36.8)**	(34.7)
Financing activities:		
Tax payment related to net share settlements on restricted stock awards	**(1.3)**	—
Issuance of common stock	**1,219.6**	23.3
Payment for settlement of convertible notes	**—**	(8.3)
Proceeds from issuance of debt	**—**	598.9
Cost of debt	**—**	(5.4)
Repayment of debt	**(600.0)**	—
Payment of contingent earn-out consideration	**—**	(12.0)
Net cash provided by financing activities	**618.3**	596.5
Effects of foreign currency exchange rates on cash, cash equivalents, and restricted cash and cash equivalents	**20.2**	(0.9)
Net change in cash, cash equivalents, and restricted cash and cash equivalents	**557.0**	369.9
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of year [(1)]	**1,559.2**	1,102.0
Cash, cash equivalents, and restricted cash and cash equivalents, end of period [(1)]	**$ 2,116.2**	$ 1,471.9

[(1)] Cash, cash equivalents and restricted cash and cash equivalents shown on our Condensed Consolidated Statements of Cash Flow includes amounts in the Cash and cash equivalents, Restricted cash and cash equivalents, and Long-term restricted cash and cash equivalents on our Condensed Consolidated Balance Sheet.

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

(in millions)

	Three Months Ended June 30, 2025							
	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings/(Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholder's Equity
	Shares	Amount		Shares	Amount			
Balance, March 31, 2025	200.8	$ 2.0	$ 10,312.0	(23.7)	$ (1,020.6)	$ (7,058.8)	$ (96.9)	$ 2,137.7
Net loss	—	—	—	—	—	(11.9)	—	(11.9)
Change in cumulative foreign currency translation adjustment	—	—	—	—	—	—	82.9	82.9
Stock-based compensation	—	—	54.3	—	—	—	—	54.3
Issuance of restricted stock, net of forfeitures and cancellations	1.6	—	—	—	—	—	—	—
Net share settlement of restricted stock awards	—	—	(1.3)	—	—	—	—	(1.3)
Employee share purchase plan settlement	0.2	—	26.8	—	—	—	—	26.8
Issuance of common stock	5.5	0.1	1,192.7	—	—	—	—	1,192.8
Other changes, net	—	—	(0.4)	—	—	—	—	(0.4)
Balance, June 30, 2025	**208.1**	**$ 2.1**	**$ 11,584.1**	**(23.7)**	**$ (1,020.6)**	**$ (7,070.7)**	**$ (14.0)**	**$ 3,480.9**

	Three Months Ended June 30, 2024							
	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings/Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholder's Equity
	Shares	Amount		Shares	Amount			
Balance, March 31, 2024	194.5	$ 1.9	$ 9,371.6	(23.7)	$ (1,020.6)	$ (2,579.9)	$ (105.1)	$ 5,667.9
Net loss	—	—	—	—	—	(262.0)	—	(262.0)
Change in cumulative foreign currency translation adjustment	—	—	—	—	—	—	(5.4)	(5.4)
Stock-based compensation	—	—	97.2	—	—	—	—	97.2
Issuance of restricted stock, net of forfeitures and cancellations	1.2	—	—	—	—	—	—	—
Exercise of stock options	—	—	0.3	—	—	—	—	0.3
Issuance of shares related to Zynga convertible notes	0.1	—	16.0	—	—	—	—	16.0
Issuance of shares related to Gearbox acquisition	2.8	—	454.3	—	—	—	—	454.3
Employee share purchase plan settlement	0.2	—	23.0	—	—	—	—	23.0
Other changes, net	—	0.1	0.1	—	—	—	—	0.2
Balance, June 30, 2024	198.8	$ 2.0	$ 9,962.5	(23.7)	$ (1,020.6)	$ (2,841.9)	$ (110.5)	$ 5,991.5

See accompanying Notes.

TAKE-TWO INTERACTIVE SOFTWARE, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(in millions, except per share amounts)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Take-Two Interactive Software, Inc. (the "Company," "we," "us," or similar pronouns) was incorporated in the state of Delaware in 1993. We are a leading developer, publisher, and marketer of interactive entertainment for consumers around the globe. We develop, operate, and publish products principally through Rockstar Games, 2K, and Zynga. Our products are designed for console gaming systems, mobile, including smartphones and tablets, and PC. We deliver our products through physical retail, digital download, online platforms, and cloud streaming services.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements are unaudited and include the accounts of the Company and its wholly-owned subsidiaries and, in our opinion, reflect all normal and recurring adjustments necessary for the fair presentation of our financial position, results of operations, and cash flows. Interim results may not be indicative of the results that may be expected for the full fiscal year. All intercompany accounts and transactions have been eliminated in consolidation. The preparation of these Condensed Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in these Condensed Consolidated Financial Statements and accompanying notes. As permitted under U.S. GAAP, interim accounting for certain expenses, including income taxes, is based on full year assumptions when appropriate. Actual results could differ materially from those estimates, which may affect economic conditions in a number of different ways and result in uncertainty and risk.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), although we believe that the disclosures are adequate to make the information presented not misleading. These Condensed Consolidated Financial Statements and accompanying notes should be read in conjunction with our annual Consolidated Financial Statements and the notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Certain immaterial reclassifications have been made to prior period amounts to conform to the current period presentation.

Recently Issued Accounting Pronouncements

Expense Disaggregation Disclosures

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,* which requires additional, disaggregated disclosure about certain income statement expense line items. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 (April 1, 2027 for the Company) and interim periods within fiscal years beginning after December 15, 2027 (April 1, 2028 for the Company). We are currently evaluating the potential impact of adopting this guidance on our Consolidated Financial Statements and related disclosures.

Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which expands disclosures in an entity's income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 (April 1, 2025 for the Company). The amendments in this ASU are required to be applied on a prospective basis and retrospective adoption is permitted. We are currently evaluating the potential impact of adopting this guidance on our Consolidated Financial Statements and related disclosures.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Timing of recognition

Net revenue recognized at a point in time is primarily comprised of the portion of revenue from software products that is recognized when the customer takes control of the product (i.e. upon delivery of the software product).

Net revenue recognized over time is primarily comprised of revenue from our software products that include game related services, separate virtual currency transactions, and in-game purchases, which are recognized over an estimated service period. Net revenue recognized over time also includes in-game advertising, which is recognized over a contractual term.

Net revenue by timing of recognition was as follows:

	Three Months Ended June 30,	
	2025	**2024**
Net revenue recognized:		
Over time	**$ 1,262.9**	$ 1,127.6
Point in time	**240.9**	210.6
Total net revenue	**$ 1,503.8**	$ 1,338.2

Content

Recurrent consumer spending ("RCS") is generated from ongoing consumer engagement and includes revenue from virtual currency, add-on content, in-game purchases, and in-game advertising.

Full game and other revenue primarily includes the initial sale of full game software products, which may include offline and/or significant game related services.

Net revenue by content was as follows:

	Three Months Ended June 30,	
	2025	**2024**
Net revenue recognized:		
Recurrent consumer spending	**$ 1,256.1**	$ 1,097.7
Full game and other	**247.7**	240.5
Total net revenue	**$ 1,503.8**	$ 1,338.2

Platform

Net revenue by platform was as follows:

	Three Months Ended June 30,	
	2025	**2024**
Net revenue recognized:		
Mobile	**$ 801.7**	$ 722.5
Console	**550.6**	508.9
PC and other	**151.5**	106.8
Total net revenue	**$ 1,503.8**	$ 1,338.2

Distribution Channel

Our products are delivered through digital online services (digital download, online platforms, and cloud streaming) and physical retail and other. Net revenue by distribution channel was as follows:

	Three Months Ended June 30,	
	2025	**2024**
Net revenue recognized:		
Digital online	**$ 1,476.6**	$ 1,295.5
Physical retail and other	**27.2**	42.7
Total net revenue	**$ 1,503.8**	$ 1,338.2

Deferred Revenue

We record deferred revenue when payments are due or received in advance of the fulfillment of our associated performance obligations. The balance of deferred revenue, including current and non-current balances as of June 30, 2025 and March 31, 2025 were $1,039.7 and $1,108.9, respectively. For the three months ended June 30, 2025, the additions to our deferred revenue balance were primarily due to cash payments received or due in advance of satisfying our performance obligations, while the reductions to our deferred revenue balance were primarily due to the recognition of revenue upon fulfillment of our performance obligations, both of which were in the ordinary course of business.

During the three months ended June 30, 2025 and 2024, $533.2 and $523.9, respectively, of revenue was recognized that was included in the deferred revenue balance at the beginning of the respective period.

As of June 30, 2025, the aggregate amount of contract revenue allocated to unsatisfied performance obligations is $1,186.1, which includes our deferred revenue balances and amounts to be invoiced and recognized as revenue in future periods. We expect to recognize approximately $1,119.9 of this balance as revenue over the next 12 months, and the remainder thereafter. This balance does not include an estimate for variable consideration arising from sales-based royalty license revenue in excess of the contractual minimum guarantee.

As of June 30, 2025 and March 31, 2025, our contract asset balances were $84.2 and $80.8, respectively.

Accounts Receivable sale program

On May 19, 2025, we entered into an arrangement to sell designated pools of high credit quality accounts receivable under an uncommitted accounts receivables purchase facility in an initial aggregate amount of up to $215.0 to an unaffiliated financial institution on a true sale basis. As these accounts receivable are sold without recourse, we do not retain the associated risks of lack of payment due to insolvency of the account debtors following the transfer of such accounts receivable to such financial institution. We will continue to collect cash from our account debtors and remit to the financial institution. We will derecognize the carrying value of the financial assets transferred and recognize a net gain or loss on the sale under Interest and other, net on our Consolidated Statements of Operations. The proceeds from these arrangements will be reflected as cash provided by operating activities in the Consolidated Statement of Cash Flows.

No receivables were sold under this facility during the three months ended June 30, 2025. We may utilize this facility in future periods depending on cash flow needs and market conditions.

3. MANAGEMENT AGREEMENT

In May 2022, we entered into a management agreement (the "2022 Management Agreement") with ZelnickMedia that replaced the 2017 Management Agreement and pursuant to which ZelnickMedia will continue to provide financial and management consulting services to the Company through March 31, 2029. The 2022 Management Agreement became effective May 23, 2022, when our acquisition of Zynga closed. On May 21, 2022, ZelnickMedia assigned substantially all of its rights and obligations and other liabilities under the 2022 Management Agreement to ZMC Advisors, L.P. ("ZMC Advisors"). References to "ZMC" herein shall mean either ZelnickMedia or ZMC Advisors, as appropriate. As part of the 2022 Management Agreement, Strauss Zelnick continues to serve as Executive Chairman and Chief Executive Officer of the Company, and Karl Slatoff continues to serve as President of the Company. The 2022 Management Agreement provides for an annual management fee of $3.3 over the term of the agreement and a maximum annual bonus opportunity of $13.2 over the term of the agreement, based on the Company achieving certain performance thresholds. In connection with the 2022 Management Agreement, we have and expect to grant time-based and performance-based restricted units to ZMC.

In consideration for ZMC's services, we recorded consulting expense in General and administrative expenses on our Condensed Consolidated Statements of Operations of $2.6 and $2.6 during the three months ended June 30, 2025 and 2024, respectively. We recorded stock-based compensation expense for restricted stock units granted to ZMC, which is also included in General and administrative expenses, of $14.7 and $12.4 during the three months ended June 30, 2025 and 2024, respectively.

In connection with the 2022 Management Agreement, we granted restricted stock units (in thousands) to ZMC as follows:

	Three Months Ended June 30,	
	2025	2024
Time-based	**74**	102
Market-based[(1)]	**224**	311
Performance-based[(1)]	**75**	104
Total Restricted Stock Units	**373**	517

[(1)] Represents the maximum of shares eligible to vest

Time-based restricted stock units granted pursuant to the 2022 Management Agreement in fiscal year 2026 will vest on June 1, 2026, June 1, 2027, and June 1, 2028, and those granted in fiscal year 2025, partially vested on June 1, 2025 and will also vest in part on June 1, 2026 and June 1, 2027. Time-based restricted stock units granted in fiscal year 2024, partially vested on June 1, 2024 and June 1, 2025 and will also vest in part on June 1, 2026.

Market-based restricted stock units granted pursuant to the 2022 Management Agreement in fiscal year 2026 are eligible to vest on June 1, 2028, those granted in fiscal year 2025 are eligible to vest on June 1, 2027, and those granted in fiscal year 2024 are eligible to vest on June 1, 2026. Market-based restricted stock units are eligible to vest based on the Company's Total Shareholder Return (as defined in the relevant grant agreement) relative to the Total Shareholder Return (as defined in the relevant grant agreement) of the companies that constitute the NASDAQ 100 index under the 2022 Management Agreement (as defined in the relevant grant agreement) as of the grant date measured over a three-year period, as applicable. To earn the target number of market-based restricted stock units (which represents 50% of the number of the market-based restricted stock units set forth in the table above), the Company must perform at the 50th percentile, with the maximum number of market-based restricted stock units earned if the Company performs at the 75th percentile.

Performance-based restricted stock units granted pursuant to the 2022 Management Agreement in fiscal year 2026 are eligible to vest on June 1, 2028, those granted in fiscal year 2025 are eligible to vest on June 1, 2027, and those granted in fiscal year 2024 are eligible to vest on June 1, 2026. The performance-based restricted stock units are tied to "RCS" (as defined in the relevant grant agreement) and are eligible to vest based on the Company's achievement of certain performance metrics (as defined in the relevant grant agreement) of "RCS" measured over a three-year period. The target number of performance-based restricted stock units that may be earned pursuant to these grants is equal to 50% of the grant amounts set forth in the above table (the numbers in the table represent the maximum number of performance-based restricted stock units that may be earned). At the end of each reporting period, we assess the probability of each performance metric and upon determination that certain thresholds are probable, we record expense for the unvested portion of the shares of performance-based restricted stock units.

The unvested portions of time-based, market-based and performance-based restricted stock units held by ZMC were 1.3 and 1.4 as of June 30, 2025 and March 31, 2025, respectively. During the three months ended June 30, 2025, 0.5 restricted stock units previously granted to ZMC vested, and 0.0 restricted stock units were forfeited by ZMC.

4. FAIR VALUE MEASUREMENTS

Recurring fair value measurements

The carrying amounts of our financial instruments, including cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, prepaid expenses and other, accounts payable, and accrued expenses and other current liabilities, approximate fair value because of their short maturities.

We follow a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of "observable inputs" and minimize the use of "unobservable inputs." The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The table below segregates all assets and liabilities that are measured at fair value on a recurring basis (which is measured at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

	June 30, 2025			
	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Total
Assets:				
Cash and cash equivalents:				
Money market funds	$ 1,506.8	$ —	$ —	$ 1,506.8
Bank-time deposits	251.1	—	—	251.1
Short-term investments:				
Bank-time deposits	10.1	—	—	10.1
Restricted cash and cash equivalents:				
Money market funds	11.9	—	—	11.9
Bank-time deposits	1.6	—	—	1.6
Restricted cash and cash equivalents, long term:				
Money market funds	76.7	—	—	76.7
Other assets:				
Private equity	—	—	25.6	25.6
Equity securities	5.7	—	—	5.7
Foreign currency forward contracts	—	0.1	—	0.1
Total financial assets	**$ 1,863.9**	**$ 0.1**	**$ 25.6**	**$ 1,889.6**
Liabilities:				
Long-term debt, net:				
Convertible notes	—	31.1	—	31.1
Total financial liabilities	**$ —**	**$ 31.1**	**$ —**	**$ 31.1**

	March 31, 2025			
	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Total
Assets:				
Cash and cash equivalents:				
Money market funds	$ 842.6	$ —	$ —	$ 842.6
Bank-time deposits	296.4	—	—	296.4
Short-term investments:				
Bank-time deposits	9.4	—	—	9.4
Restricted cash and cash equivalents:				
Money market funds	12.0	—	—	12.0
Bank-time deposits	1.9	—	—	1.9
Restricted cash and cash equivalents, long term:				
Money market funds	88.2	—	—	88.2
Other assets:				
Equity securities	7.3	—	—	7.3
Private equity	—	—	24.3	24.3
Total financial assets	$ 1,257.8	$ —	$ 24.3	$ 1,282.1
Liabilities:				
Accrued expenses and other current liabilities:				
Foreign currency forward contracts	$ —	$ 0.1	$ —	$ 0.1
Long-term debt, net:				
Convertible notes	—	28.5	—	28.5
Total financial liabilities	$ —	$ 28.6	$ —	$ 28.6

We did not have any transfers between Level 1 and Level 2 fair value measurements, nor did we have any transfers into or out of Level 3 during the three months ended June 30, 2025.

Nonrecurring fair value measurements

We hold equity investments in certain unconsolidated entities without a readily determinable fair value. These strategic investments represent less than a 20% ownership interest in each of the privately-held affiliates, and we do not maintain significant influence over or control of the entities. We have elected the practical expedient in Topic 321, *Investments-Equity Securities*, to measure these investments at cost less any impairment, adjusted for observable price changes, if any. Based on these considerations, we estimate that the carrying value of the acquired shares represents the fair value of the investment. At June 30, 2025, and March 31, 2025, we held $8.0 and $8.0, respectively, of such investments in Other assets within our Condensed Consolidated Balance Sheet.

5. SHORT-TERM INVESTMENTS

Our Short-term investments consisted of the following:

	June 30, 2025			
		Gross Unrealized		
	Cost or Amortized Cost	Gains	Losses	Fair Value
Short-term investments				
Bank time deposits	$ 10.1	$ —	$ —	$ 10.1
Total Short-term investments	**$ 10.1**	**$ —**	**$ —**	**$ 10.1**

	March 31, 2025			
		Gross Unrealized		
	Cost or Amortized Cost	Gains	Losses	Fair Value
Short-term investments				
Bank time deposits	$ 9.4	$ —	$ —	$ 9.4
Total Short-term investments	$ 9.4	$ —	$ —	$ 9.4

The following table summarizes the contracted maturities of our short-term investments at June 30, 2025:

	June 30, 2025	
	Amortized Cost	Fair Value
Short-term investments		
Due in 1 year or less	$ 10.1	$ 10.1
Total Short-term investments	**$ 10.1**	**$ 10.1**

6. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Our risk management strategy includes the use of derivative financial instruments to reduce the volatility associated with changes in foreign currency exchange rates on earnings, cash flows, and certain balance sheet amounts. We do not enter into derivative financial contracts for speculative or trading purposes. We recognize derivative instruments as either assets or liabilities on our Consolidated Balance Sheets, and we measure those instruments at fair value. We classify cash flows from derivative transactions as cash flows from operating activities in our Consolidated Statements of Cash Flows.

Foreign currency forward contracts

The following table shows the gross notional amounts of foreign currency forward contracts:

	June 30, 2025	March 31, 2025
Forward contracts to sell foreign currencies	**$ 276.7**	$ 299.8
Forward contracts to purchase foreign currencies	**134.8**	97.0

For the three months ended June 30, 2025 and 2024, we recorded a loss of $12.4 and a gain of $3.5, respectively, related to foreign currency forward contracts in Interest and other, net on our Condensed Consolidated Statements of Operations. Our foreign currency exchange forward contracts are not designated as hedging instruments under hedge accounting and are used to reduce the impact of foreign currency on certain balance sheet exposures. These instruments are generally short-term in nature, with typical maturities of less than one year, and are subject to fluctuations in foreign exchange rates.

7. SOFTWARE DEVELOPMENT COSTS AND LICENSES

Details of our capitalized software development costs and licenses were as follows:

	June 30, 2025		March 31, 2025	
	Current	Non-current	Current	Non-current
Software development costs, internally developed	**$ 37.4**	**$ 2,039.5**	$ 62.9	$ 1,845.6
Software development costs, externally developed	**11.3**	**41.2**	0.5	39.7
Licenses	**12.4**	**3.9**	17.4	7.3
Software development costs and licenses	**$ 61.1**	**$ 2,084.6**	$ 80.8	$ 1,892.6

During the three months ended June 30, 2025 and 2024, we recorded $(4.6) and $23.3, respectively, of software development impairment charges (within Business reorganization). The impairment charges recorded during the three months ended June 30, 2025 are primarily due to the recovery of previously incurred costs related to the termination of development of one of our titles in connection with the 2024 Plan (our cost reduction program in Fiscal 2025). The impairment charges recorded during the three months ended June 30, 2024 related to the 2024 Plan.

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2025	March 31, 2025
Software development royalties	**$ 444.4**	$ 419.8
Compensation and benefits	**184.6**	268.3
Licenses	**78.0**	91.4
Marketing and promotions	**70.4**	77.0
Deferred acquisition payments	**37.8**	35.9
Interest payable	**27.3**	39.2
Refund liability	**25.2**	32.8
Tax payable	**13.7**	41.5
Other	**112.9**	121.7
Accrued expenses and other current liabilities	**$ 994.3**	$ 1,127.6

9. DEBT

The components of Long-term debt, net on our Condensed Consolidated Balance Sheet were as follows:

	Annual Interest Rate	Maturity Date	June 30, 2025	Fair Value (Level 2)
2027 Notes	3.70%	April 14, 2027	**600.0**	595.1
2028 Notes	4.95%	March 28, 2028	**800.0**	813.3
2029 Notes	5.40%	June 12, 2029	**300.0**	309.9
2032 Notes	4.00%	April 14, 2032	**500.0**	475.6
2034 Notes	5.60%	June 12, 2034	**300.0**	311.9
2026 Convertible Notes	0.00%	December 15, 2026	**31.1**	31.1
Total			**$ 2,531.1**	$ 2,536.9
Unamortized discount and issuance costs			**(15.0)**	
Long-term debt, net			**$ 2,516.1**	

	Annual Interest Rate	Maturity Date	March 31, 2025	Fair Value (Level 2)
2027 Notes	3.70%	April 14, 2027	600.0	590.8
2028 Notes	4.95%	March 28, 2028	800.0	808.5
2029 Notes	5.40%	June 12, 2029	300.0	308.3
2032 Notes	4.00%	April 14, 2032	500.0	468.6
2034 Notes	5.60%	June 12, 2034	300.0	308.9
2026 Convertible Notes	0.00%	December 15, 2026	28.5	28.5
Total			$ 2,528.5	$ 2,513.6
Unamortized discount and issuance costs			(15.9)	
Long-term debt, net			$ 2,512.6	

The components of Short-term debt, net on our Condensed Consolidated Balance Sheet were as follows:

	Annual Interest Rate	Maturity Date	June 30, 2025	Fair Value (Level 2)
2026 Notes	5.00%	March 28, 2026	**$ 550.0**	$ 552.0
Total			**$ 550.0**	$ 552.0
Unamortized discount and issuance costs			**(1.0)**	
Short-term debt, net			**$ 549.0**	

	Annual Interest Rate	Maturity Date	March 31, 2025	Fair Value (Level 2)
2025 Notes	3.55%	April 14, 2025	$ 600.0	$ 599.9
2026 Notes	5.00%	March 28, 2026	550.0	552.7
Total			$ 1,150.0	$ 1,152.6
Unamortized discount and issuance costs			(1.5)	
Short-term debt, net			$ 1,148.5	

The interest expense as it relates to our debt is recorded within Interest and other, net in our Condensed Consolidated Statements of Operations for the three months ended June 30, 2025 and 2024, respectively, and was as follows:

	Three Months Ended June 30,	
	2025	2024
2025 Notes	0.8	5.3
2026 Notes	6.9	6.9
2027 Notes	5.6	5.6
2028 Notes	9.9	9.9
2029 Notes	4.1	0.8
2032 Notes	5.0	5.0
2034 Notes	4.2	0.8
Total	**$ 36.5**	$ 34.3

The following table outlines the aggregate amount of maturities of our borrowings, as of June 30, 2025:

Fiscal Year Ending March 31,	Maturities
2026 (remaining)	$ 550.0
2027	29.4
2028	1,400.0
2029	—
2030	300.0
Thereafter	800.0
Total	3,079.4
Fair value adjustments	1.7
Total face value	**$ 3,081.1**

Senior Notes

On June 12, 2024, we completed our offering and sale of $600.0 aggregate principal amount of our senior notes, consisting of $300.0 principal amount of our 5.400% Senior Notes due 2029 (the "2029 Notes") and $300.0 principal amount of our 5.600% Senior Notes due 2034 (the "2034 Notes"). The 2029 Notes and 2034 Notes (the "New Notes") were issued as additional notes under the existing Indenture. Debt issuance costs of $5.4 and original issuance discount of $1.1 were incurred in connection with the 2029 and 2034 Senior Notes. These debt issuance costs and original issuance discount are included as a reduction of the debt within Long-term debt, net on our Condensed Consolidated Balance Sheet and will be amortized into Interest and other, net in our Condensed Consolidated Statements of Operations over the contractual term of the Senior Notes.

On April 14, 2023, we completed our offering and sale of $1,000.0 aggregate principal amount of our senior notes, consisting of $500.0 principal amount of our 5.000% Senior Notes due 2026 (the "2026 Notes") and $500.0 principal amount of our 4.950% Senior Notes due 2028 (the "2028 Notes"). On January 8, 2024, we completed our add-on offering and sale of $350.0 aggregate principal amount of our senior notes, consisting of $50.0 principal amount of additional 2026 Notes and $300.0 principal amount of additional 2028 Notes (the "Add-On Offering Notes").

On April 14, 2022, we completed our offering and sale of $2,700.0 aggregate principal amount of our senior notes, consisting of $1,000.0 principal amount of our 3.300% Senior Notes due 2024 (the “2024 Notes”), $600.0 principal amount of our 3.550% Senior Notes due 2025 (the “2025 Notes”), $600.0 principal amount of our 3.700% Senior Notes due 2027 (the “2027 Notes”), and $500.0 principal amount of our 4.000% Senior Notes due 2032 (the “2032 Notes” and together with the 2024 Notes, 2025 Notes, 2026 Notes, 2027 Notes, 2028 Notes, 2029 Notes, and 2034 Notes, the "Senior Notes").

The Senior Notes were issued under an indenture, dated as of April 14, 2022 (the “Base Indenture”), between the Company and The Bank of New York Mellon, as trustee (the “Trustee”) and (i) a first supplemental indenture, with respect to the 2024 Notes, (ii) a second supplemental indenture, with respect to the 2025 Notes, (iii) a third supplemental indenture, with respect to the 2027 Notes, (iv) a fourth supplemental indenture, with respect to the 2032 Notes, (v) a fifth supplemental indenture, with respect to the 2026 Notes, (vi) a sixth supplemental indenture, with respect to the 2028 Notes, (vii) a seventh supplemental indenture, with respect to the 2029 Notes, and (viii) an eighth supplemental indenture, with respect to the 2034 Notes (collectively, the “Supplemental Indentures” and together with the Base Indenture, the “Indenture”), between the Company and the Trustee.

The Senior Notes are the Company’s senior unsecured obligations and rank equally with all of our other existing and future unsubordinated obligations. We will pay interest on the 2026 Notes and 2028 Notes semi-annually on March 28 and September 28 of each year, commencing September 28, 2023. We will pay interest on each of the 2025 Notes, 2027 Notes, and 2032 Notes semi-annually on April 14 and October 14 of each year, commencing October 14, 2022. We will pay interest on each of the 2029 Notes and 2034 Notes semi-annually on June 12 and December 12 of each year, commencing on December 12, 2024. During the three months ended June 30, 2025, we made interest payments of $48.3. The proceeds from the issuances of the Senior Notes in April 2022 were used to finance a portion of our acquisition of Zynga, and the proceeds from the subsequent issuance of Senior Notes were used, or are expected to be used, to repay certain of our debt or for general corporate purposes.

The Senior Notes are not entitled to any sinking fund payments. We may redeem each series of the Senior Notes at any time in whole or from time to time in part at the applicable redemption prices set forth in each Supplemental Indenture. Upon the occurrence of a Change of Control Repurchase Event (as defined in each of the Supplemental Indentures) with respect to a series of the Senior Notes, each holder of the Senior Notes of such series will have the right to require the Company to purchase that holder’s Notes of such series at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of repurchase, unless the Company has exercised its option to redeem all the Senior Notes.

In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding Senior Notes will become due and payable immediately. If any other event of default specified in the Indenture occurs and is continuing with respect to any series of the Senior Notes, the Trustee or the holders of at least 25% in aggregate principal amount of that series of the outstanding Notes may declare the principal of such series of Senior Notes immediately due and payable.

The Indenture contains certain limitations on the ability of the Company and its subsidiaries to grant liens without equally securing the Senior Notes, or to enter into certain sale and lease-back transactions. These covenants are subject to a number of important exceptions and limitations, as further provided in the Indenture.

During the three months ended June 30, 2025 and 2024, we recognized $1.3 and 1.4, respectively, of amortization of debt issuance costs and $0.1 and 0.1, respectively, of amortization of the original issuance discount.

Retirement of Senior Notes

On April 14, 2025, we repaid our 2025 Notes with a principal amount of $600.0, with proceeds from the New Notes.

Credit Agreement

On May 19, 2025, we entered into an Amendment No. 3 (the "Amendment") to our credit agreement, dated as of May 23, 2022, (as amended, the "2022 Credit Agreement"), which increased the commitments to the unsecured five-year revolving credit facility (the “Revolving Credit Facility”) from $750.0 to $1,000, with sublimits for borrowings and letters of credit denominated in Pounds Sterling, Euros and Canadian Dollars in an aggregate face amount of up to $200. The 2022 Credit Agreement will continue to provide uncommitted incremental capacity permitting the incurrence of up to an additional amount not to exceed the greater of $250.0 and 35.0% of the Company's Consolidated Adjusted EBITDA (as defined in the 2022 Credit Agreement).

Under the Amendment, the maturity date was extended to May 19, 2030 but retains the extension option permitting us, subject to certain requirements, to arrange to extend the Revolving Credit Facility for an additional one-year term which may be exercised no more than two times under the 2022 Credit Agreement.

Loans under the 2022 Credit Agreement will bear interest at a rate of (a) 0.000% to 0.625% above an alternate base rate (7.50% at June 30, 2025) or (b) 1.000% to 1.625% above Secured Overnight Financing Rate ("SOFR"), approximately 4.33% at June 30, 2025, which rates are determined by the Company's credit rating.

The 2022 Credit Agreement also includes, among other terms and conditions, a maximum leverage ratio covenant, as well as customary affirmative and negative covenants, including covenants that limit or restrict the Company and its subsidiaries’ ability to, among other things, incur subsidiary indebtedness, grant liens, and dispose of all or substantially all assets, in each case subject to certain exceptions and baskets. In addition, the 2022 Credit Agreement provides for events of default customary for a credit facility of this size and type, including, among others, non-payment of principal and interest when due thereunder, breaches of representations and warranties, noncompliance with covenants, acts of insolvency, cross-defaults to material indebtedness, and material judgment defaults (subject to certain limitations and cure periods).

Upon execution of the 2022 Credit Agreement, we incurred $4.9 of debt issuance costs that were capitalized within Other assets on our Consolidated Balance Sheet and will be amortized on a straight-line basis over the term of the 2022 Credit Agreement, with the expense recorded within Interest and other, net in our Consolidated Statements of Operations. During the three months ended June 30, 2025 and 2024, we amortized $0.2 and $0.2, respectively of these debt issuance costs.

As of June 30, 2025, there were no borrowings under the 2022 Credit Agreement, and we had approximately $997.8 available for additional borrowings.

Information related to availability on our 2022 Credit Agreement for each period was as follows:

	June 30, 2025	March 31, 2025
Available borrowings	**$ 997.8**	$ 747.8
Outstanding letters of credit	**2.2**	2.2

Convertible Notes

In conjunction with the acquisition of Zynga on May 23, 2022, we entered into (a) the First Supplemental Indenture (the “2024 Supplemental Indenture”) to the Indenture, dated as of June 14, 2019 (the “2024 Indenture”), between Zynga and Computershare Trust Company, N.A. (as successor to Wells Fargo Bank, National Association) (the “Convertible Notes Trustee”), relating to Zynga’s 0.25% Convertible Senior Notes due 2024 (the “2024 Convertible Notes”), and (b) the First Supplemental Indenture (the “2026 Supplemental Indenture” and, together with the 2024 Supplemental Indenture, the “Supplemental Indentures”) to the Indenture, dated as of December 17, 2020 (the “2026 Indenture” and, together with the 2024 Indenture, the “Indentures”), between Zynga and the Convertible Notes Trustee, relating to Zynga’s 0.00% Convertible Senior Notes due 2026 (the “2026 Convertible Notes” and, together with the 2024 Convertible Notes, the “Convertible Notes”). As of the closing date of the acquisition, approximately $690.0 aggregate principal amount of the 2024 Convertible Notes was outstanding and approximately $874.5 aggregate principal amount of the 2026 Convertible Notes was outstanding.

Following the acquisition and according to the Supplemental Indentures, we assumed all of Zynga’s rights and obligations under the Indentures, and the Company guaranteed the payment and other obligations of Zynga under the Convertible Notes. As a result of our acquisition of Zynga, the right to convert each one thousand dollar principal amount of such Convertible Notes into shares of Zynga common stock was changed into a right to convert such principal amount of such Convertible Notes into the number of units of Reference Property equal to the conversion rate in effect immediately prior to the

closing, in each case pursuant to the terms and procedures set forth in the applicable Indenture. A unit of Reference Property is defined in each Indenture as 0.0406 shares of Take-Two common stock and $3.50 in cash, without interest, plus cash in lieu of any fractional shares of Take-Two common stock.

The acquisition of Zynga constituted a Fundamental Change, a Make-Whole Fundamental Change, and a Share Exchange Event (each as defined in the Indentures) under the Indentures. The effective date of the Fundamental Change, Make-Whole Fundamental Change and Share Exchange Event in respect of the Convertible Notes was May 23, 2022, and the related tender and conversion periods expired on June 22, 2022. As a result, each holder of Convertible Notes had the right to tender its Convertible Notes to the Company for cash or surrender its Convertible Notes for conversion into the Reference Property at the applicable conversion rate, in each case pursuant to the terms and procedures set forth in the applicable Indenture.

As of the expiration of the Fundamental Change, Make-Whole Fundamental Change, and Share Exchange Event, (a) $0.3 aggregate principal amount of the 2024 Convertible Notes and (b) $845.1 aggregate principal amount of the 2026 Convertible Notes were tendered for cash. In addition, (a) $668.3 aggregate principal amount of the 2024 Convertible Notes, and (b) no 2026 Convertible Notes were surrendered for conversion into the applicable Reference Property. In total, we paid $321.6 for the tendered or converted 2024 Convertible Notes, including interest, and $845.1 for the tendered 2026 Convertible Notes in cash, and we issued 3.7 shares of our common stock upon the conversion of the 2024 Convertible Notes. After settlement of all Convertible Notes tendered or surrendered for conversion, and after giving effect to the maturity of the 2024 Convertible Notes described below, no 2024 Convertible Notes remained outstanding and $29.4 aggregate principal amount of the 2026 Convertible Notes remained outstanding at June 30, 2025.

The 2026 Convertible Notes constitute senior unsecured indebtedness of Zynga, ranking pari passu with all of our other existing and future senior unsecured unsubordinated obligations of Zynga. As a result, the 2026 Convertible Notes are structurally senior to the indebtedness of the Company as to Zynga, its subsidiaries, and their respective assets. As noted above, the Company also guaranteed the payment and other obligations of Zynga under the Convertible Notes. The Company's guarantees of the 2026 Convertible Notes are the Company's senior unsecured obligations and rank equally with all of the Company's other existing and future senior unsecured unsubordinated obligations.

Under the terms of the applicable Indentures, prior to the close of business on the business day immediately preceding September 15, 2026 with respect to the 2026 Convertible Notes, the Convertible Notes will be convertible only under the following circumstances:

- during any calendar quarter, if the value of a unit of Reference Property (based on the last reported sales price of our common stock), for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the applicable series of the 2026 Convertible Notes, on each applicable trading day;

- during the five business-day period after any five consecutive trading-day period in which the trading price per one thousand dollar principal amount of each applicable series of the 2026 Convertible Notes for such trading day was less than 98% of the product of the value of a unit of Reference Property (based on the last reported sale price of our common stock) and the conversion rate of the applicable series of the 2026 Convertible Notes, on each such trading day;

- if we call the 2026 Convertible Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the respective redemption date; or

- upon the occurrence of specified corporate events described in the respective Indentures.

Upon any conversion, holders will receive either cash or a combination of cash and shares of Take-Two common stock, at our election. As of June 30, 2025, the conditions allowing holders of the 2026 Convertible Notes to convert their series of the Convertible Notes have not been met, and, therefore, they are not yet convertible.

We have elected to account for these Convertible Notes, which are considered derivatives, using the fair value option (Level 2) under ASC 825, as the Convertible Notes were initially recognized at fair value under the acquisition method of accounting in connection with the Zynga Acquisition and we do not expect significant fluctuations in fair value through maturity. We initially recorded $778.6 as the acquisition date fair value for the 2024 Convertible Notes and $874.5 for the 2026 Convertible Notes. The fair value was determined as the expected cash payment and value of shares to be issued to settle the Convertible Notes.

The 2024 Convertible Notes matured on June 1, 2024. During the three months ended June 30, 2024, we paid $8.3 for converted 2024 Convertible Notes, including interest, and we issued 0.1 shares of our common stock upon conversion of the 2024 Convertible Notes.

The 2026 Convertible Notes mature on December 15, 2026, unless earlier converted, redeemed, or repurchased in accordance with their terms, prior to the maturity date. The 2026 Convertible Notes do not bear regular interest, and the principal amount does not accrete. An aggregate principal amount of $29.4 of the 2026 Convertible Notes remained outstanding at June 30, 2025. We recorded $31.1 as the fair value of the remaining outstanding 2026 Convertible Notes, within Long-term debt, net, in our Condensed Consolidated Balance Sheet as of June 30, 2025. During the three months ended June 30, 2025 and 2024, we recognized a loss of $2.6 and a gain of $0.4, respectively.

10. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Three Months Ended June 30,	
	2025	2024
Computation of Basic and diluted loss per share:		
Net loss	**$ (11.9)**	$ (262.0)
Weighted average shares outstanding—basic	**180.8**	172.3
Basic and diluted loss per share	**$ (0.07)**	$ (1.52)

We incurred a net loss for the three months ended June 30, 2025 and 2024; therefore, the diluted weighted average shares outstanding excludes the effect of unvested common stock equivalents because their effect would be antidilutive. For the three months ended June 30, 2025, we had 2.3 potentially dilutive shares from share-based awards and 0.1 of shares from Convertible Notes that are excluded due to the net loss for the period.

During the three months ended June 30, 2025, 1.6 restricted stock awards vested, we granted 2.7 unvested restricted stock awards, and 0.7 unvested restricted stock awards were forfeited. The forfeiture of awards resulted in the reversal of expense of $44.7 and amounts capitalized as software development costs of $11.9.

On May 22, 2025, we issued 5.5 shares of our common stock, at a price to the public of $225.00 per share, resulting in $1,192.8 of proceeds net of underwriting fees and expenses. We intend to use the net proceeds from this offering for general corporate purposes, which may include the repayment of outstanding debt and future acquisitions.

11. COMMITMENTS AND CONTINGENCIES

We have entered into various agreements in the ordinary course of business that require substantial cash commitments over the next several years. Other than agreements entered into in the ordinary course of business and in addition to the agreements requiring known cash commitments as reported in Note 14 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, we did not have any significant changes to our commitments since March 31, 2025.

Legal and Other Proceedings

We are, or may become, subject to demands and claims (including intellectual property and employment related claims) and are involved in routine litigation in the ordinary course of business which we do not believe to be material to our business or financial condition or results of operations. We have appropriately accrued amounts related to certain of these claims and legal and other proceedings. While it is reasonably possible that a loss may be incurred in excess of the amounts accrued in our financial statements, we believe that such losses, unless otherwise disclosed, would not be material.

12. INCOME TAXES

The benefit from income taxes for the three months ended June 30, 2025 is based on our projected annual effective tax rate for fiscal year 2026, adjusted for specific items that are required to be recognized in the period in which they are incurred. The benefit from income taxes was $1.9 for the three months ended June 30, 2025, as compared to the provision for income taxes of $49.8 for the prior year period.

When compared to the statutory rate of 21%, the effective tax rate of 13.8% for the three months ended June 30, 2025 was primarily due to tax expense of $5.6 related to an increase in the U.S. and international valuation allowances and $2.9 by geographic mix of earnings and changes in reserves, offset by tax benefits of $4.9 from stock-based compensation, tax benefits of $2.6 from tax credits.

On July 4, 2025, the One Big Beautiful Bill Act was signed into law and includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework, accelerated deductions for domestic research expenditures and modifications to tax credits. The legislation has multiple effective dates, with certain provisions effective in fiscal year ending March 31, 2026 and others implemented in future periods. We are currently assessing its impact on our Consolidated Financial Statements.

The Inflation Reduction Act of 2022 (the “Inflation Reduction Act”) includes a corporate alternative minimum tax (CAMT) of 15% on the adjusted financial statement income (AFSI) of corporations with an average AFSI exceeding $1.0 billion over a consecutive three-year period. It is possible that the CAMT could result in an additional tax liability over the regular federal corporate tax liability in a particular year based on differences between book and taxable income. We do not estimate any tax liability relating to CAMT for the current fiscal year. We will continue to evaluate the potential impact the Inflation Reduction Act may have on our operations and Consolidated Financial Statements in future periods.

The Organization for Economic Co-operation and Development ("OECD") has proposed a global minimum tax of 15% of reported profits, referred to as Pillar Two. Many countries have already implemented or are taking steps to implement Pillar Two. Although the model rules provide a framework for applying the minimum tax, countries may enact Pillar Two slightly differently than the model rules and on different timelines. Pillar Two could result in additional tax liability over the regular corporate tax liability in a particular jurisdiction to the extent tax expense is less than a 15% minimum rate. The impact of Pillar Two was not material to the tax provision for the three months ended June 30, 2025. We will continue to evaluate the impact Pillar Two and any additional guidance may have on our results and operations.

We are regularly examined by domestic and foreign taxing authorities. Examinations may result in tax assessments in excess of amounts claimed and the payment of additional taxes. We believe our tax positions comply with applicable tax law, and that we have adequately provided for reasonably foreseeable tax assessments. It is possible that settlement of audits or the expiration of the statute of limitations may have an impact on our effective tax rate in future periods.

13. ACQUISITIONS

On June 11, 2024, we completed the purchase of 100% of the issued and outstanding capital stock of The Gearbox Entertainment Company, Inc. ("Gearbox"), from Embracer Group AB, for an initial consideration of 2.8 shares of our common stock, as part of our ongoing strategy to strengthen our industry-leading creative talent and portfolio of owned intellectual property.

The acquisition-date fair value of the consideration totaled $411.4, which consisted of the following:

	Fair value of purchase consideration
Common stock (2.8 shares)	$ 448.6
Deferred payment	2.0
Settlement of pre-existing relationship	(14.6)
Transaction bonus	(24.6)
Total	$ 411.4

We used the acquisition method of accounting and recognized assets and liabilities at their fair value as of the date of acquisition, with the excess recorded to goodwill. The following table summarizes the acquisition date fair value of net tangible and intangible assets acquired, net of liabilities assumed from Gearbox:

	Fair Value	Weighted average useful life
Cash acquired	$ 9.5	N/A
Other tangible assets	159.7	N/A
Other liabilities assumed	(151.2)	N/A
Intangible assets		
Intellectual property	79.0	14
Developed game technology	72.0	2
Games in development	36.0	N/A
Game engine technology	9.0	2
Branding and trade names	8.0	7
Goodwill	189.4	N/A
Total	$ 411.4	

Goodwill, which is not deductible for tax purposes, is primarily attributable to the assembled workforce of the acquired business and expected synergies at the time of the acquisition.

14. SEGMENT REPORTING AND GEOGRAPHIC INFORMATION

We have one operating and reportable segment. Our operations involve similar products and customers worldwide. Revenue earned is primarily derived from the sale of software titles, which are developed internally and by third parties. Our Chief Executive Officer, who is our Chief Operating Decision Maker ("CODM"), manages our operations on a consolidated basis. Our CODM uses consolidated net income (loss) – supplemented by sales information by product category, major product title, and platform – for the purpose of evaluating performance and allocating resources. All significant expense categories are presented on our Condensed Consolidated Statements of Operations. Our other segment items include Depreciation and amortization, Business reorganization, Interest and other, net, and (Benefit from) provision for income taxes. The measure of segment assets are reported on the Condensed Consolidated Balance Sheet as Total assets. The CODM does not review segment assets at a level other than that presented on the Condensed Consolidated Balance Sheet.

Geography

We attribute net revenue to geographic regions based on software product destination. Net revenue by geographic region was as follows:

	Three Months Ended June 30,	
	2025	**2024**
Net revenue recognized:		
United States	**$ 900.4**	$ 820.5
International	**603.4**	517.7
Total net revenue	**$ 1,503.8**	$ 1,338.2

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

The statements contained herein, which are not historical facts, including statements relating to Take-Two Interactive Software, Inc.'s ("Take-Two," the "Company," "we," "us," or similar pronouns) outlook, are considered forward-looking statements under federal securities laws and may be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "potential," "predicts," "projects," "seeks," "should," "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for our future business and financial performance. Such forward-looking statements are based on the current beliefs of our management as well as assumptions made by and information currently available to them, which are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Actual outcomes and results may vary materially from these forward-looking statements based on a variety of risks and uncertainties including risks relating to the timely release and significant market acceptance of our games; the risks of conducting business internationally, including as a result of unforeseen geopolitical events; the impact of changes in interest rates by the Federal Reserve and other central banks, including on our short-term investment portfolio; the impact of inflation; volatility in foreign currency exchange rates; our dependence on key management and product development personnel; our dependence on our NBA 2K and Grand Theft Auto products and our ability to develop other hit titles; our ability to leverage opportunities on PlayStation®5 and Xbox Series X|S; factors affecting our mobile business, such as player acquisition costs; and the ability to maintain acceptable pricing levels on our games; and other risks included herein; as well as, but not limited to, the risks and uncertainties discussed under the heading "Risk Factors" included in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025; and our other periodic filings with the Securities and Exchange Commission. All forward-looking statements are qualified by these cautionary statements and speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided in addition to the accompanying Condensed Consolidated Financial Statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. The following discussion should be read in conjunction with the MD&A and our annual Consolidated Financial Statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025. All figures are in millions, except per share amounts or as otherwise noted.

Overview

Our Business

We are a leading developer, publisher, and marketer of interactive entertainment for consumers around the globe. We develop, operate, and publish products principally through Rockstar Games, 2K, and Zynga. Our products are currently designed for console gaming systems, mobile, including smartphones and tablets, and PC. We deliver our products through physical retail, digital download, online platforms, and cloud streaming services.

Our strategy is to create hit entertainment experiences, delivered on every platform relevant to our audience through a variety of sound business models. Our pillars - creativity, innovation, and efficiency - guide us as we strive to create the highest quality, most captivating experiences for our consumers. We believe that our player-first approach and commitment to creativity and innovation are distinguishing strengths, enabling us to differentiate our products in the marketplace by combining advanced technology with compelling gameplay that provide unique, deeply engaging experiences.

Our teams have established a portfolio of proprietary software content for the major hardware and mobile platforms, and we aim to be at the forefront of technological innovation. We have a diverse portfolio that spans all key platforms and numerous genres, including action, adventure, family, casual, hyper-casual, role-playing, shooter, social casino, sports, and strategy. This enables us to appeal to a wide array of consumers and demographic groups worldwide, ranging from game enthusiasts to casual gamers. Most of our intellectual property is internally owned and developed, which we believe best positions us financially and competitively. In addition, we license selectively some highly recognizable renowned brands, especially in sports entertainment. We support our products with innovative marketing programs created by our internal global marketing teams.

We derive substantially all of our revenue from the sale of our interactive entertainment content, which includes the sale of internally developed software titles and software titles developed by third parties, the sale of in-game virtual items and advertising, and live services on console, mobile, and PC. Operating margins are dependent in part upon our ability to release new, commercially successful software products and to manage effectively their development and marketing costs. We have internal development studios located in Australia, Canada, China, Czech Republic, Finland, Germany, Hungary, India, Serbia, South Korea, Spain, Turkey, the United Kingdom ("U.K."), and the United States ("U.S.").

Rockstar Games. Rockstar Games' strategy is to develop a limited number of titles that are known for their quality and longevity in the market for which they can create sequels and incremental revenue opportunities through virtual currency, add-on content, and in-game purchases. Software titles published by our Rockstar Games label are primarily internally developed. We expect Rockstar Games, our wholly-owned publisher of the *Grand Theft Auto*, *L.A. Noire*, *Max Payne*, *Midnight Club*, *Red Dead Redemption*, and other popular franchises, to continue to be a leader in the action/adventure product category and to create groundbreaking entertainment. We believe that Rockstar Games has established a uniquely original, popular, cultural phenomenon with its *Grand Theft Auto* series, which is the interactive entertainment industry's most iconic and critically acclaimed brand and has sold-in over 450 million units worldwide. Our most recent installment, *Grand Theft Auto V*, which was released in 2013, has sold-in over 215 million units worldwide and includes access to *Grand Theft Auto Online*. Rockstar Games offers its GTA+ membership program, which engages its player community with an array of rotating benefits, including access to classic Rockstar Games titles. Rockstar Games continues to invest in the franchise and announced that *Grand Theft Auto VI* is planned for release on May 26, 2026, during our fiscal year 2027. The label released its first trailer for the title in December 2023 and the second in May 2025, and will share more details in the future. *Red Dead Redemption 2*, which has been a critical and commercial success that set numerous entertainment industry records, has sold-in more than 75 million units worldwide to date. Rockstar Games continues to expand on its established series by developing sequels, offering downloadable episodes, and providing additional content. Rockstar Games' titles are published across all key platforms, including mobile.

2K. Our 2K label publishes a variety of popular entertainment properties across all key platforms and across a range of genres including shooter, action, role-playing, strategy, sports, and family/casual entertainment. In recent years, 2K has expanded its offerings to include several new franchises that are expected to enhance and diversify its slate of games and provide opportunities for sequels and additional content. We expect 2K to continue to develop new, successful franchises in the future. 2K's internally owned and developed franchises include the critically acclaimed, multi-million unit selling *BioShock*, *Mafia*, *Sid Meier's Civilization*, and *XCOM* franchises, as well as the *Borderlands* and *Tiny Tina's Wonderlands* franchises, which we now own following our June 2024 acquisition of Gearbox Entertainment. 2K's realistic sports simulation titles include our flagship *NBA 2K* series, which continues to be the top-ranked NBA basketball video game, the *WWE 2K* professional wrestling series, *PGA TOUR 2K*, and *TopSpin 2K*. 2K also publishes mobile titles, including *WWE SuperCard* and *NBA 2K All-Stars*.

Zynga. Our Zynga label publishes popular free-to-play mobile games that deliver high quality, deeply engaging entertainment experiences and generates revenue from in-game sales and in-game advertising. Zynga's strategy is to have numerous games in concept development and to determine which titles are best suited for soft and worldwide launch based on the achievement of various milestones and key performance indicator (KPI) thresholds. Zynga's diverse portfolio of popular game franchises has been downloaded more than six billion times, including *CSR Racing*, *Dragon City*, *Empires & Puzzles*, *FarmVille*, *Game of Thrones: Legends, Golf Rival*, *Harry Potter: Puzzles & Spells*, *Match Factory!*, *Merge Dragons!*, *Merge Magic!*, *Monster Legends*, *Toon Blast*, *Top Eleven*, *Toy Blast*, *Two Dots*, *Words With Friends*, *Zynga Poker*, and a high volume of hyper-and hybrid-casual mobile titles, including *Color Block Jam, Fill the Fridge!*, *Power Slap*, *Pull the Pin, Screw Jam*, and *Twisted Tangle*.

Trends and Factors Affecting our Business

Product Release Schedule. Our financial results are affected by the timing of our product releases and the commercial success of our titles. Generally, a significant portion of our revenue has been derived from a few popular franchises, particularly around new releases within those franchises, some of which have annual or biennial releases. Additionally, our *Grand Theft Auto* products in particular have historically accounted for a significant portion of our revenue. Sales of *Grand Theft Auto* products generated 14.7% of our net revenue for the three months ended June 30, 2025. The timing of our *Grand Theft Auto* product releases may affect our financial performance on a quarterly and annual basis. Rockstar plans to release *Grand Theft Auto VI* on May 26, 2026.

To date we have announced that, during the remainder of fiscal year 2026, 2K plans to release *Mafia: The Old Country, NBA 2K26*, *Borderlands 4*, and *WWE 2K26.*

Economic Environment and Retailer Performance. We continue to monitor various macroeconomic and geopolitical factors, such as global tariff policies, that may affect our business in several areas, including consumer demand, inflation, pricing pressure on our products, credit quality of our receivables, and foreign currency exchange rates. Actions we have taken to date and other potential actions we may take in the future in response to these factors could result in negative impacts in future periods.

The economic environment has affected our customers in the past and may do so in the future. There has been increased consolidation in our industry, which is extremely competitive, and larger, better capitalized competitors will be in a stronger position to withstand prolonged periods of economic downturn and sustain their business through periods of financial

volatility. Also, bankruptcies or consolidations of our large retail customers could hurt our business, due to uncollectible accounts receivable and the concentration of purchasing power among the remaining large retailers.

Hardware Platforms. We derive a substantial portion of our revenue from the sale of products made for video game consoles manufactured by third parties. Such console revenue comprised 36.6% of our net revenue for the three months ended June 30, 2025. The success of our business is dependent upon consumer acceptance of these platforms and the continued growth in the installed base of these platforms, which could be impacted by global economic factors, including global tariff policies. When new hardware platforms are introduced, demand for interactive entertainment developed for older platforms typically declines, which may negatively affect our business during the market transition to the new consoles. The latest Sony and Microsoft consoles provide "backwards compatibility" (i.e., the ability to play games for the previous generation of consoles). The inclusion of such features on new consoles could mitigate the risk of such a decline. However, we cannot be certain how backwards compatibility will affect demand for our products. Further, events beyond our control may impact the availability of these new consoles, which may also affect demand for our products. We manage our product delivery on each current and future platform in a manner we believe to be most effective to maximize our revenue opportunities and achieve the desired return on our investments in product development. Accordingly, our strategy for these platforms is to focus our development efforts on a select number of the highest quality titles.

Online Content and Digital Distribution. We provide a variety of online delivered products, including direct digital downloads of our titles, and access to additional offerings through virtual currency, add-on content, in-game purchases, and in-game advertising, which drive ongoing engagement and incremental revenue from recurrent consumer spending on our titles. Net revenue from digital online channels comprised 98.2% of our net revenue for the three months ended June 30, 2025. We expect online delivery of games and game offerings to continue to be the primary part of our business over the long term.

A significant portion of our mobile titles are distributed, marketed, and promoted through third parties, primarily Apple's App Store and the Google Play Store. Virtual items for our mobile games are purchased principally through the payment processing systems of these platform providers, as well as our direct-to-consumer commerce platform. We generate a significant portion of our net revenue through the Apple and Google platforms and expect to continue to do so for the foreseeable future. Apple and Google generally have the discretion to set the amounts of their platform fees and change their platforms' terms of service and other policies with respect to us or other developers at their sole discretion, and those changes may be unfavorable to us. These platform fees are recorded as cost of revenue as incurred. Further, as a result of the platform fees associated with online game sales, our mobile net revenue generally generates a lower gross margin percentage than our Console or PC revenue. Accordingly, the overall product mix between mobile and other game sales may affect our gross margin percentage. We are also continuing to expand our direct-to-consumer efforts more meaningfully across our mobile portfolio to enhance profitability.

Player acquisition costs. Principally for our mobile titles, we use advertising and other forms of player acquisition and retention to grow and retain our player audience. These expenditures, which are recorded within Selling and marketing in our Condensed Consolidated Statements of Operations, generally relate to the promotion of new game launches and ongoing performance-based programs to drive new player acquisition and lapsed player reactivation. Over time, the effectiveness or cost of these acquisition and retention-related programs may change, affecting our operating results.

Critical Accounting Policies and Estimates

Our most critical accounting policies, which are those that require significant judgment, include revenue recognition, capitalization and recognition of software development costs and licenses, fair value estimates including valuation of goodwill and intangible assets, valuation and recognition of stock-based compensation, and income taxes. In-depth descriptions of our other critical accounting policies and estimates can be found in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Recently Adopted and Recently Issued Accounting Pronouncements

See Note 1 - Basis of Presentation and Significant Accounting Policies for further discussion.

Operating Metric

Net Bookings

We monitor Net Bookings as a key operating metric in evaluating the performance of our business. Net Bookings is defined as the net amount of products and services sold digitally or sold-in physically during the period and includes licensing fees, merchandise, in-game advertising, strategy guides, and publisher incentives. Net Bookings were as follows:

	Three Months Ended June 30,			
	2025	2024	Increase/ (decrease)	% Increase/ (decrease)
Net Bookings	**$ 1,423.1**	$ 1,218.1	$ 205.0	16.8 %

For the three months ended June 30, 2025, Net Bookings increased as compared to the prior year period. The increase was primarily due to an increase in Net Bookings from our *NBA 2K* franchise and *Color Block Jam*, which released in November 2024.

Results of Operations

The following tables set forth, for the periods indicated, our Condensed Consolidated Statements of Operations, net revenue by platform, net revenue by distribution channel, and net revenue by content type:

	Three Months Ended June 30,			
	2025		2024	
Total net revenue	**$ 1,503.8**	**100.0 %**	$ 1,338.2	100.0 %
Cost of revenue	**558.8**	**37.1 %**	567.1	42.4 %
Gross profit	**945.0**	**62.9 %**	771.1	57.6 %
Selling and marketing	**408.8**	**27.2 %**	431.4	32.2 %
Research and development	**261.4**	**17.4 %**	219.8	16.4 %
General and administrative	**207.0**	**13.8 %**	210.5	15.7 %
Depreciation and amortization	**50.4**	**3.4 %**	44.8	3.3 %
Business reorganization	**(4.2)**	**(0.3)%**	49.5	3.7 %
Total operating expenses	**923.4**	**61.5 %**	956.0	71.3 %
Income (loss) from operations	**21.6**	**1.4 %**	(184.9)	(13.7)%
Interest and other, net	**(35.4)**	**(2.4)%**	(27.3)	(2.0)%
Loss before income taxes	**(13.8)**	**(1.0)%**	(212.2)	(15.7)%
(Benefit from) provision for income taxes	**(1.9)**	**(0.1)%**	49.8	3.7 %
Net loss	**$ (11.9)**	**(0.9)%**	$ (262.0)	(19.4)%

	Three Months Ended June 30,			
	2025		2024	
Net revenue by platform:				
Mobile	**$ 801.7**	**53.3 %**	$ 722.5	54.0 %
Console	**550.6**	**36.6 %**	508.9	38.0 %
PC and other	**151.5**	**10.1 %**	106.8	8.0 %
Net revenue by distribution channel:				
Digital online	**$ 1,476.6**	**98.2 %**	$ 1,295.5	96.8 %
Physical retail and other	**27.2**	**1.8 %**	42.7	3.2 %
Net revenue by content:				
Recurrent consumer spending	**$ 1,256.1**	**83.5 %**	$ 1,097.7	82.0 %
Full game and other	**247.7**	**16.5 %**	240.5	18.0 %

Three Months Ended June 30, 2025 Compared to June 30, 2024

	2025	%	2024	%	Increase/ (decrease)	% Increase/ (decrease)
Total net revenue	**$ 1,503.8**	**100.0 %**	$ 1,338.2	100.0 %	$ 165.6	12.4 %
Product costs	**210.4**	**14.0 %**	203.3	15.2 %	7.1	3.5 %
Game intangibles	**158.5**	**10.5 %**	163.5	12.2 %	(5.0)	(3.1)%
Internal royalties	**88.9**	**5.9 %**	69.0	5.2 %	19.9	28.8 %
Licenses	**70.9**	**4.7 %**	55.1	4.1 %	15.8	28.7 %
Software development costs and royalties [(1)]	**30.1**	**2.0 %**	76.2	5.7 %	(46.1)	(60.5)%
Cost of revenue	**558.8**	**37.1 %**	567.1	42.4 %	(8.3)	(1.5)%
Gross profit	**$ 945.0**	**62.9 %**	$ 771.1	57.6 %	$ 173.9	22.6 %

[(1)] Includes $(41.0) and $2.9 of stock-based compensation expense in 2025 and 2024, respectively, in software development costs and royalties.

For the three months ended June 30, 2025, net revenue increased by $165.6 as compared to the prior year period. The increase was primarily due to increases in net revenue of $76.0 from *Color Block Jam*, which released in November 2024 and $72.8 from our *NBA 2K* franchise.

Net revenue from mobile increased by $79.2 and accounted for 53.3% of our total net revenue for the three months ended June 30, 2025, as compared to 54.0% for the prior year period. The increase was primarily due to an increase in net revenue from *Color Block Jam*. Net revenue from console games increased by $41.7 and accounted for 36.6% of our total net revenue for the three months ended June 30, 2025, as compared to 38.0% for the prior year period. The increase in net revenue from console games was primarily due to an increase in net revenue from our *NBA 2K* franchise. Net revenue from PC and other increased by $44.7 and accounted for 10.1% of our total net revenue for the three months ended June 30, 2025, as compared to 8.0% for the prior year period. The increase in net revenue from PC and other was primarily due to an increase in net revenue from our *Grand Theft Auto* and *NBA 2K* franchises.

Recurrent consumer spending ("RCS") is generated from ongoing consumer engagement and includes revenue from virtual currency, add-on content, in-game purchases, and in-game advertising. Net revenue from RCS increased by $158.4 and accounted for 83.5% of net revenue for the three months ended June 30, 2025, as compared to 82.0% of net revenue for the prior year period. The increase in net revenue from RCS was primarily due to an increase in net revenue from *Color Block Jam* and our *NBA 2K* franchise. Net revenue from full game and other increased by $7.2 and accounted for 16.5% of net revenue for the three months ended June 30, 2025 as compared to 18.0% of net revenue for the prior year period. The increase in net revenue from full game and other was primarily due to an increase in net revenue from our *Grand Theft Auto* franchise. The increase was partially offset by a decrease in net revenue from *TopSpin 2K25,* which released in April 2024,.

Net revenue from digital online channels increased by $181.1 and accounted for 98.2% of our total net revenue for the three months ended June 30, 2025, as compared to 96.8% for the prior year period. The increase was primarily due to an increase in net revenue from our *NBA 2K* franchise and *Color Block Jam.* Net revenue from physical retail and other channels decreased by $15.5 and accounted for 1.8% of our total net revenue for the three months ended June 30, 2025, as compared to 3.2% for the same period in the prior year period. The decrease in net revenue from physical retail and other channels was primarily due to a decrease in net revenue from *TopSpin 2K25;* and our *NBA 2K* and *WWE 2K* franchises.

Gross profit as a percentage of net revenue for the three months ended June 30, 2025 was 62.9% as compared to 57.6% for the prior year period. The increase in gross profit as a percentage of net revenue was primarily due to (i) the reversal of expense related to the forfeiture of awards (refer to Note 10 - Loss Per Share) and (ii) lower amortization of intangibles assets primarily due to divestitures and impairments in the prior year, partially offset by the acquisition of Gearbox (refer to Note 13 - Acquisitions).

Changes in foreign currency exchange rates increased net revenue by $1.8 and increased gross profit by $10.9 for the three months ended June 30, 2025 as compared to the prior year period.

Operating Expenses

	2025	% of net revenue	2024	% of net revenue	Increase/ (decrease)	% Increase/ (decrease)
Selling and marketing	**$ 408.8**	**27.2 %**	$ 431.4	32.2 %	$ (22.6)	(5.2)%
Research and development	**261.4**	**17.4 %**	219.8	16.4 %	41.6	18.9 %
General and administrative	**207.0**	**13.8 %**	210.5	15.7 %	(3.5)	(1.7)%
Depreciation and amortization	**50.4**	**3.4 %**	44.8	3.3 %	5.6	12.5 %
Business reorganization	**(4.2)**	**(0.3)%**	49.5	3.7 %	(53.7)	(108.5)%
Total operating expenses[(1)]	**$ 923.4**	**61.5 %**	$ 956.0	71.3 %	$ (32.6)	(3.4)%

[(1)] Includes stock-based compensation expense, which was allocated as follows:

	2025	2024
Selling and marketing	**$ 24.4**	$ 21.2
Research and development	**21.1**	23.2
General and administrative	**36.2**	28.0

Changes in foreign currency exchange rates increased total operating expenses by $12.0 for the three months ended June 30, 2025, as compared to the prior year period.

Selling and marketing

Selling and marketing expenses decreased by $22.6 for the three months ended June 30, 2025, as compared to the prior year period, primarily due to lower overall marketing expenses for *Match Factory!*, *Screw Jam*, *Star Wars: Hunters*, and *Twisted Tangle*, partially offset by (i) higher marketing expenses for *Color Block Jam*, with no corresponding expense in the prior year, and (ii) higher personnel expense due to increased headcount.

Research and development

Research and development expenses increased by $41.6 for the three months ended June 30, 2025, as compared to the prior year period, primarily due to increases due to (i) the timing of tax related credits related to certain titles and (ii) higher personnel expense due to the acquisition of Gearbox in June 2024 (refer to Note 13 - Acquisitions).

General and administrative

General and administrative expenses decreased by $3.5 for the three months ended June 30, 2025, as compared to the prior year period, primarily due to decreases in transaction costs related to our Gearbox acquisition (refer to Note 13 - Acquisitions) and legal and settlement fees related to the IBM case against Zynga in the prior year, partially offset by higher personnel expense.

Depreciation and amortization

Depreciation and amortization expenses increased by $5.6 for the three months ended June 30, 2025, as compared to the prior year period, primarily due to increases in IT infrastructure expense and leasehold improvements for office buildouts.

Business reorganization

Business reorganization decreased by $53.7 for the three months ended June 30, 2025, as compared to the prior year period, primarily due to the completion of the 2024 Plan. Business reorganization was $(4.2) for the three months ended June 30, 2025, primarily due to the recovery of previously incurred costs related to the termination of development of one of our titles in connection with the 2024 Plan.

Interest and other, net

Interest and other, net was expense of $35.4 for the three months ended June 30, 2025, as compared to expense of $27.3 for the prior year period. The net increase in expense was primarily due to an increase in foreign currency losses.

Benefit from income taxes

The benefit from income taxes for the three months ended June 30, 2025 is based on our projected annual effective tax rate for fiscal year 2026, adjusted for specific items that are required to be recognized in the period in which they are incurred. The benefit from income taxes was $1.9 for the three months ended June 30, 2025, as compared to the provision for income taxes of $49.8 for the prior year period.

When compared to the statutory rate of 21%, the effective tax rate of 13.8% for the three months ended June 30, 2025 was primarily due to tax expense of $5.6 related to an increase in the U.S. and international valuation allowances and $2.9 by geographic mix of earnings and changes in reserves, offset by tax benefits of $4.9 from employee stock-based compensation, tax benefits of $2.6 from tax credits.

In the prior year period, when compared to the statutory rate of 21.0%, the effective tax rate of (23.5)% for the three months ended June 30, 2024 was primarily due to a tax expense of $96.8 related to an increase in valuation allowance and tax expense of $8.2 related to geographic mix of earnings offset by benefits of $17.7 from tax credits.

The change in the effective tax rate, when compared to the prior year period's effective tax rate, is primarily due to increased tax benefits from employee stock-based compensation, decreased tax benefits from tax credits, decreased tax expense from changes in the U.S. and international valuation allowance, and decreased tax expense from geographic mix of earnings.

The accounting for share-based compensation will increase or decrease our effective tax rate based upon the difference between our share-based compensation expense and the deductions taken on our tax return, which depends on the stock price at the time of the employee award vesting.

We anticipate that additional excess tax benefits or shortfalls from employee stock compensation, tax credits, and changes in our geographic mix of earnings could have a significant impact on our effective tax rate in the future. In addition, we are regularly examined by domestic and foreign taxing authorities. Examinations may result in tax assessments in excess of amounts claimed and the payment of additional taxes. We believe our tax positions comply with applicable tax law, and that we have adequately provided for reasonably foreseeable tax assessments. It is possible that settlement of audits or the expiration of the statute of limitations could have an impact on our effective tax rate in future periods.

On July 4, 2025, the One Big Beautiful Bill Act was signed into law and includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework, accelerated deductions for domestic research expenditures and modifications to tax credits. The legislation has multiple effective dates, with certain provisions effective in fiscal year ending March 31, 2026 and others implemented in future periods. We are currently assessing its impact on our Consolidated Financial Statements

The American Rescue Plan Act of 2021 (the “ARPA”), among other things, includes provisions to expand the IRC Section 162(m) disallowance for deduction of certain compensation paid by publicly held corporations. Effective for tax years starting after December 31, 2026 (April 1, 2027 for the Company), the ARPA expands the limitation to cover the next five most highly compensated employees. The ARPA did not have a material impact on our Condensed Consolidated Financial Statements for the three months ended June 30, 2025. We continue to evaluate the potential impact the ARPA may have on our operations and Consolidated Financial Statements in future periods.

The Inflation Reduction Act of 2022 (the “Inflation Reduction Act”) includes a corporate alternative minimum tax (CAMT) of 15% on the adjusted financial statement income (AFSI) of corporations with an average AFSI exceeding $1.0 billion over a consecutive three-year period. It is possible that the CAMT could result in an additional tax liability over the regular federal corporate tax liability in a particular year based on differences between book and taxable income. We do not estimate any tax liability relating to CAMT for the current fiscal year. We will continue to evaluate the potential impact the Inflation Reduction Act may have on our operations and Consolidated Financial Statements in future periods.

The Organization for Economic Co-operation and Development ("OECD") has proposed a global minimum tax of 15% of reported profits, referred to as Pillar Two. Many countries have already implemented or are taking steps to implement Pillar Two. Although the model rules provide a framework for applying the minimum tax, countries may enact Pillar Two slightly differently than the model rules and on different timelines. Pillar Two could result in additional tax liability over the regular corporate tax liability in a particular jurisdiction to the extent tax expense is less than a 15% minimum rate. The impact of Pillar Two was not material to the tax provision for the three months ended June 30, 2025. We will continue to evaluate the impact Pillar Two and any additional guidance may have on our results and operations.

Net loss and Loss per share

For the three months ended June 30, 2025, net loss was $11.9, as compared to a net loss of $262.0 in the prior year period. Basic and diluted loss per share for the three months ended June 30, 2025 was $0.07, as compared to basic and diluted loss per share of $1.52 in the prior year period. Basic weighted average shares of 180.8 were 8.5 shares higher as compared to the prior year period basic weighted average shares, primarily due to our equity issuance, as well as normal stock compensation activity, including vests, grants, and forfeitures in the prior year being fully outstanding in the current year. See Note 10 - Loss Per Share to our Condensed Consolidated Financial Statements for additional information.

Liquidity and Capital Resources

Our primary cash requirements are to fund (i) the development, manufacturing and marketing of our published products, (ii) working capital, (iii) capital expenditures, (iv) debt and interest payments, (v) tax payments, and (vi) acquisitions. We expect to rely on cash and cash equivalents as well as on short-term investments, funds provided by our operating activities, and our 2022 Credit Agreement to satisfy our working capital needs. Refer to Note 9 - Debt for additional discussion of our outstanding debt obligations.

Accounts Receivable sale program

On May 19, 2025, we entered into an arrangement to sell designated pools of high credit quality accounts receivable under an uncommitted accounts receivables purchase facility in an initial aggregate amount of up to $215.0 to an unaffiliated financial institution on a true sale basis. As these accounts receivable are sold without recourse, we do not retain the associated risks of lack of payment due to insolvency of the account debtors following the transfer of such accounts receivable to such financial institution. We will continue to collect cash from our account debtors and remit to the financial institution. We will derecognize the carrying value of the financial assets transferred and recognize a net gain or loss on the sale under Interest and other, net on our Consolidated Statements of Operations. The proceeds from these arrangements will be reflected as cash provided by operating activities in the Consolidated Statement of Cash Flows.

No receivables were sold under this facility during the three months ended June 30, 2025. We may utilize this facility in future periods depending on cash flow needs and market conditions.

Short-term investments

As of June 30, 2025, we had $10.1 of short-term investments, which primarily consisted of bank time deposits with maturities greater than 90 days. From time to time, we may make additional short-term investments depending on future market conditions and liquidity needs.

Senior Notes

As of June 30, 2025, we had $3,050.0 of Senior Notes outstanding.

On April 14, 2025, we repaid our 2025 Notes with a principal amount of $600.0.

Credit Agreement

As of June 30, 2025, there were no borrowings under the 2022 Credit Agreement, and we had approximately $997.8 available for additional borrowings.

Convertible Notes

The 2026 Convertible Notes mature on December 15, 2026, unless earlier converted, redeemed, or repurchased in accordance with their terms, prior to the maturity date. The 2026 Convertible Notes do not bear regular interest, and the principal amount does not accrete. An aggregate principal amount of $29.4 of the 2026 Convertible Notes remained outstanding at June 30, 2025.

Financial Condition

We are subject to credit risks, particularly if any of our receivables represent a limited number of customers or are concentrated in foreign markets. If we are unable to collect our accounts receivable as they become due, it could adversely affect our liquidity and working capital position.

Generally, we have been able to collect our accounts receivable in the ordinary course of business. We do not hold any collateral to secure payment from customers. We have trade credit insurance on the majority of our customers to mitigate accounts receivable risk.

A majority of our trade receivables are derived from sales to major retailers, including digital storefronts and platform partners, and distributors. Our five largest customers accounted for 83.5% and 83.1% of net revenue during the three months ended June 30, 2025 and 2024, respectively. We had four customers who accounted for 25%, 23%, 17%, and 13% of our net revenue as of June 30, 2025, and four customers who accounted for 25%, 24%, 19%, and 11% of our net revenue as of March 31, 2025. As of June 30, 2025 and March 31, 2025, five customers accounted for 75.2% and 72.1% of our gross accounts receivable, respectively. Customers that individually accounted for more than 10% of our gross accounts receivable balance comprised 61.0% and 61.0% of such balances at June 30, 2025 and March 31, 2025, respectively. We had three customers who accounted for 25.6%, 22.8%, and 12.6% of our gross accounts receivable as of June 30, 2025, and three customers who accounted for 24.0%, 21.3%, and 15.7% of our gross accounts receivable as of March 31, 2025. We did not

have any additional customers that exceeded 10% of our gross accounts receivable as of June 30, 2025, and March 31, 2025. Based upon performing ongoing credit evaluations, maintaining trade credit insurance on a majority of our customers who sell our physical products, and our past collection experience, we believe that the receivable balances from these largest customers do not represent a significant credit risk, although we actively monitor each customer's creditworthiness and economic conditions that may affect our customers' business and access to capital. We are monitoring the current global economic conditions, including credit markets and other factors as it relates to our customers in order to manage the risk of uncollectible accounts receivable.

We believe that our current cash and cash equivalents, short-term investments, and projected cash flow from operations, along with availability under our 2022 Credit Agreement will provide us with sufficient liquidity to satisfy our cash requirements for working capital, capital expenditures, and commitments on both a short-term and long-term basis.

As of June 30, 2025, the amount of cash and cash equivalents held outside of the U.S. by our foreign subsidiaries was $1,056.1. These balances are dispersed across various locations around the world. We believe that such dispersion meets the business and liquidity needs of our foreign affiliates. In addition, we expect to have the ability to generate sufficient cash domestically to support ongoing operations for the foreseeable future.

Our Board of Directors has authorized the repurchase of up to 21.7 shares of our common stock. Under this program, we may purchase shares from time to time through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. Repurchases are subject to the availability of stock, prevailing market conditions, the trading price of the stock, our financial performance and other conditions. The program does not require us to repurchase shares and may be suspended or discontinued at any time for any reason.

During the three months ended June 30, 2025, we did not repurchase shares of our common stock in the open market, as part of the program. We have repurchased a total of 11.7 shares of our common stock under the program, and as of June 30, 2025, 10.0 shares of our common stock remained available for repurchase under the share repurchase program.

Our changes in cash flows were as follows:

	Three Months Ended June 30,	
(millions of dollars)	**2025**	**2024**
Net cash used in operating activities	**$ (44.7)**	$ (191.0)
Net cash used in investing activities	**(36.8)**	(34.7)
Net cash provided by financing activities	**618.3**	596.5
Effects of foreign currency exchange rates on cash, cash equivalents, and restricted cash and cash equivalents	**20.2**	(0.9)
Net change in cash, cash equivalents, and restricted cash and cash equivalents	**$ 557.0**	$ 369.9

At June 30, 2025, we had $2,116.2 of cash and cash equivalents and restricted cash and cash equivalents, compared to $1,559.2 at March 31, 2025. The increase was primarily due to Net cash provided by financing activities, primarily related to proceeds from our equity issuance of our common stock (refer to Note 10 - Loss Per Share), partially offset by the repayment of our 2025 Notes (refer to Note 9 - Debt). This net increase was partially offset by the decrease in (i) Net cash used in operating activities, which was primarily due to investments in software development and licenses, partially offset by sales of our products and (ii) Net cash used in investing activities which was primarily due to the purchase of fixed assets.

Commitments

Refer to Note 11 - Commitments and Contingencies for disclosures regarding our commitments.

Capital Expenditures

In fiscal year 2026, we anticipate capital expenditures to be approximately $140.0. During the three months ended June 30, 2025, capital expenditures were $25.1.

International Operations

Net revenue earned outside of the United States is principally generated by our operations in Europe, Asia, Australia, Canada, and Latin America. For the three months ended June 30, 2025 and 2024, 40.1% and 38.7%, respectively, of our net revenue was earned outside the U.S. We are subject to risks inherent in foreign trade, including increased credit risks, tariffs and duties, fluctuations in foreign currency exchange rates, shipping delays and international political, regulatory and economic developments, all of which can have a significant effect on our operating results.

Fluctuations in Quarterly Operating Results and Seasonality

We have experienced fluctuations in quarterly and annual operating results as a result of the timing of the introduction of new titles, variations in sales of titles developed for particular platforms, market acceptance of our titles, development and promotional expenses relating to the introduction of new titles, sequels or enhancements of existing titles, projected and actual changes in platforms, the timing and success of title introductions by our competitors, product returns, changes in pricing policies by us and our competitors, the accuracy of retailers' forecasts of consumer demand, the size and timing of acquisitions, the timing of orders from major customers, and order cancellations and delays in product shipment. Sales of our full game products are also seasonal, with peak demand typically occurring in the fourth calendar quarter during the holiday season. For certain of our software products with multiple performance obligations, we defer the recognition of our net revenue over an estimated service period which generally ranges from six to fifteen months. As a result, the quarter in which we generate the highest Net Bookings may be different from the quarter in which we recognize the highest amount of Net revenue. Quarterly comparisons of operating results are not necessarily indicative of future operating results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from fluctuations in market rates and prices. Our market risk exposures primarily include fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our exposure to fluctuations in interest rates relates primarily to our short-term investment portfolio and variable rate debt under the 2022 Credit Agreement.

We seek to manage our interest rate risk by maintaining a short-term investment portfolio that includes corporate bonds with high credit quality and maturities of less than two years. Since short-term investments mature relatively quickly and can be reinvested at the then-current market rates, interest income on a portfolio consisting of short-term securities is more subject to market fluctuations than a portfolio of longer-term maturities. However, the fair value of a short-term portfolio is less sensitive to market fluctuations than a portfolio of longer-term securities. We do not currently use derivative financial instruments in our short-term investment portfolio. Our investments are held for purposes other than trading.

As of June 30, 2025, we had $10.1 of short-term investments. We also had $2,025.0 of cash and cash equivalents that are comprised primarily of money market funds and bank-time deposits. We determined that, based on the composition of our investment portfolio, there was no material interest rate risk exposure to our Condensed Consolidated Financial Statements or liquidity as of June 30, 2025.

Historically, fluctuations in interest rates have not had a significant effect on our operating results.

Under our 2022 Credit Agreement, loans will bear interest at a rate of (a) 0.000% to 0.625% above an alternate base rate (7.50% at June 30, 2025) or (b) 1.000% to 1.625% above SOFR, approximately 4.33% at June 30, 2025, which rates are determined by the Company's credit rating. At June 30, 2025, there were no borrowings under our 2022 Credit Agreement.

Foreign Currency Exchange Rate Risk

We transact business in foreign currencies and are exposed to risks resulting from fluctuations in foreign currency exchange rates. In particular, during the six months ended September 30, 2023, there was a significant devaluation of the Turkish Lira against the U.S. Dollar, which negatively affected our results. It is possible that further devaluations could occur, which would have a negative impact on our results. Accounts relating to foreign operations are translated into U.S. dollars using prevailing exchange rates at the relevant period end. Translation adjustments are included as a separate component of Stockholders' equity on our Condensed Consolidated Balance Sheets.

For the three months ended June 30, 2025 and 2024, our foreign currency translation adjustment was a gain of $82.9 and a loss of $5.4, respectively. The change is primarily due to the weakening of the U.S. dollar against the British Pound. For the three months ended June 30, 2025 and 2024, we recognized a foreign currency exchange transaction loss of $8.5 and a loss of $2.8, respectively, included in Interest and other, net in our Condensed Consolidated Statements of Operations.

Balance Sheet Hedging Activities

We use foreign currency forward contracts to mitigate foreign currency exchange rate risk associated with non-functional currency denominated cash balances and intercompany funding loans, non-functional currency denominated accounts receivable and non-functional currency denominated accounts payable. These transactions are not designated as hedging instruments and are accounted for as derivatives whereby the fair value of the contracts is reported as either assets or liabilities on our Condensed Consolidated Balance Sheets, and gains and losses resulting from changes in the fair value are

reported in Interest and other, net, in our Condensed Consolidated Statements of Operations. We do not enter into derivative financial contracts for speculative or trading purposes.

At June 30, 2025, we had $276.7 of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars and $134.8 of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars, all of which have maturities of less than one year. At March 31, 2025, we had $299.8 of forward contracts outstanding to sell foreign currencies in exchange for U.S. dollars and $97.0 of forward contracts outstanding to buy foreign currencies in exchange for U.S. dollars, all of which had maturities of less than one year. For the three months ended June 30, 2025 and 2024, we recorded a loss of $12.4 and a gain of $3.5, respectively, related to foreign currency forward contracts in Interest and other, net on our Condensed Consolidated Statements of Operations. As of June 30, 2025 and March 31, 2025, the fair value of these outstanding forward contracts were immaterial, and were included in Accrued expenses and other current liabilities when in a loss position, or in Prepaid expenses and other when in a gain position. The fair value of these outstanding forward contracts is estimated based on the prevailing exchange rates of the various hedged currencies as of the end of the period.

Our hedging programs are designed to reduce, but do not entirely eliminate, the effect of currency exchange rate movements. We believe that the counterparties to these foreign currency forward contracts are creditworthy multinational commercial banks and that the risk of counterparty nonperformance is not material. Notwithstanding our efforts to mitigate some foreign currency exchange rate risks, there can be no assurance that our hedging activities will adequately protect us against the risks associated with foreign currency fluctuations. For the three months ended June 30, 2025, 40.1% of our revenue was generated outside the United States. Using sensitivity analysis, a hypothetical 10% increase in the value of the U.S. dollar against all currencies would decrease revenues by 4.0%, while a hypothetical 10% decrease in the value of the U.S. dollar against all currencies would increase revenues by 4.0%. In our opinion, a substantial portion of this fluctuation would be offset by cost of revenue and operating expenses incurred in local currency.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation under the supervision and with the participation of management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") were effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2025, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Inherent limitations to any system of disclosure controls and procedures include, but are not limited to, the possibility of human error and the circumvention or overriding of such controls by one or more persons. In addition, we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, and our system of controls may therefore not achieve its desired objectives under all possible future events.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 11 - Commitments and Contingencies to our Condensed Consolidated Financial Statements for disclosures regarding legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Share Repurchase Program—Our Board of Directors previously authorized the repurchase of up to 21.7 shares of our common stock. The authorizations permit us to purchase shares from time to time through a variety of methods, including in the open market or through privately negotiated transactions, in accordance with applicable securities laws. Repurchases are subject to the availability of stock, prevailing market conditions, the trading price of the stock, our financial performance and other conditions. The program may be suspended or discontinued at any time for any reason.

During the three months ended June 30, 2025, we did not repurchase any shares of our common stock in the open market, as part of the program. As of June 30, 2025, we had repurchased a total of 11.7 shares of our common stock under this program, and 10.0 shares of common stock remained available for repurchase under our share repurchase program. The table below details the share repurchases made by us during the three months ended June 30, 2025:

Period	Shares purchased	Average price per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the repurchase program
April 1-30, 2025	—	$ —	—	10.0
May 1-31, 2025	—	$ —	—	10.0
June 1-30, 2025	—	$ —	—	10.0

Item 5. Other Information

The share numbers in this Item 5 represent the actual number of shares (not in millions).

Securities Trading Plans of Directors and Executive Officers

Our Section 16 officers and directors, as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934 (the "Exchange Act"), may from time to time enter into plans for the purchase or sale of our common stock that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act. During the quarter ended June 30, 2025, the following Section 16 officers and directors, as defined in Rule 16a1(f), adopted, modified, or terminated "Rule 10b5-1 trading arrangements" (as defined in Item 408 of Regulation S-K of the Exchange Act):

- On May 22, 2025, Karl Slatoff, our President, adopted a new written trading plan. The plan's maximum duration is until August 29, 2025 and the first trade will not occur until August 21, 2025, at the earliest. The trading plan is intended to permit Mr. Slatoff to sell up to an aggregate of 48,995 shares of our common stock.

- On May 22, 2025, Daniel Emerson, our Executive Vice President and Chief Legal Officer, adopted a new written trading plan. The plan's maximum duration is until September 5, 2025 and the first trade will not occur until August 21, 2025, at the earliest. The trading plan is intended to permit Mr. Emerson to sell up to an aggregate of 24,465 shares of our common stock.

- On May 22, 2025, LaVerne Srinivasan, a member of our Board of Directors, adopted a new written trading plan. The plan's maximum duration is until September 30, 2025 and the first trade will not occur until August 21, 2025, at the earliest. The trading plan is intended to permit Ms. Srinivasan to sell up to an aggregate of 2,325 shares of our common stock.

- On May 27, 2025, Strauss Zelnick, our Executive Chairman and Chief Executive Officer, in his role as trustee of each of the Zelnick Belzberg Living Trust and Zelnick Belzberg Charitable Trust, adopted a new written trading plan.

- With respect to the Zelnick Belzberg Living Trust, the plan's maximum duration is until September 19, 2025 and the first transaction will not occur until August 26, 2025, at the earliest. The trading plan is intended to permit the Zelnick Belzberg Living Trust to (i) sell up to an aggregate of 45,000 shares of our common stock, and (ii) donate up to an aggregate of 20,000 shares of our common stock to the Zelnick Belzberg Charitable Trust.

- With respect to the Zelnick Belzberg Charitable Trust, the plan's maximum duration is until September 19, 2025 and the first trade will not occur until August 26, 2025, at the earliest. The trading plan is intended to permit Zelnick Belzberg Charitable Trust to sell up to an aggregate of 20,000 shares of our common stock if it has previously received such shares from the Zelnick Belzberg Living Trust as described above.

- On May 29, 2025, Lainie Goldstein, our Chief Financial Officer, adopted a new written trading plan. The plan's maximum duration is until July 31, 2026 and the first trade will not occur until August 28, 2025, at the earliest. The trading plan is intended to permit Ms. Goldstein to sell up to an aggregate of 40,000 shares of our common stock.

No other Section 16 officers or directors, as defined in Rule 16a-1(f), adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K, during the three months ended June 30, 2025.

Item 6. Exhibits

Exhibits:

31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
10.1	Amendment No. 3 to Credit Agreement, dated as of May 19, 2025, by and among Take-Two Interactive Software, Inc. and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.41 of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 20, 2025).
10.2	Receivables Purchase Agreement, dated as of May 19, 2025, by and among Take-Two Interactive Software, Inc., Zynga Inc., and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.42 of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 20, 2025).*
10.3	Restricted Unit Agreement, dated as of June 2, 2025, by and between Take-Two Interactive Software, Inc. and ZMC Advisors, L.P. (incorporated by reference to Exhibit 10.2 of the Company's Registration Statement on Form S-3 ASR filed with the Securities and Exchange Commission on June 2, 2025).+
101.INS	The Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Document

* Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10)

\+ Represents a management contract or compensatory plan or arrangement.

Attached as Exhibit 101 to this report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2025 (Unaudited) and March 31, 2025, (ii) Condensed Consolidated Statements of Operations for the three months ended June 30, 2025 and 2024 (Unaudited), (iii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended June 30, 2025 and 2024 (Unaudited), (iv) Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2025 and 2024 (Unaudited), (v) Condensed Consolidated Statements of Equity for the three months ended June 30, 2025 and 2024 (Unaudited); and (vi) Notes to Condensed Consolidated Financial Statements (Unaudited).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TAKE-TWO INTERACTIVE SOFTWARE, INC.
(Registrant)

Date: August 7, 2025

By: /s/ STRAUSS ZELNICK
Strauss Zelnick
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: August 7, 2025

By: /s/ LAINIE GOLDSTEIN
Lainie Goldstein
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Strauss Zelnick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Take-Two Interactive Software, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2025

/s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer

Exhibit 31.2

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Lainie Goldstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Take-Two Interactive Software, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2025

/s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer

EXHIBIT 32.1

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Strauss Zelnick, as Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 7, 2025

/s/ STRAUSS ZELNICK

Strauss Zelnick
Chairman and Chief Executive Officer

EXHIBIT 32.2

TAKE-TWO INTERACTIVE SOFTWARE, INC. and SUBSIDIARIES

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Take-Two Interactive Software, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lainie Goldstein, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 7, 2025

/s/ LAINIE GOLDSTEIN

Lainie Goldstein
Chief Financial Officer