

Risk Factors Comparison 2025-05-20 to 2024-05-22 Form: 10-K

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Our business is subject to many risks and uncertainties, which may affect our future financial performance. Because of the risks and uncertainties described below, as well as other factors affecting our operating results and financial condition, past financial performance should not be considered to be a reliable indicator of future performance and our business and financial performance could be harmed and the market value of our securities could decline. These risks are not presented in order of importance or probability of occurrence. Summary of Risk Factors Material risks that may affect our business, operating results and financial condition include, but are not necessarily limited to: Risks relating to our business and industry • Our industry is highly competitive • Uncertainty of achieving market acceptance, delays or disruptions for our products may have an adverse effect • We face development risks and must adapt to changes in software technologies • The development and use of artificial intelligence ("**AI**") into our products may present operational and reputational risks • Increased use of mobile devices for gaming will drive future growth of mobile gaming • Increased competition for retailer support could increase expenses • Our ability to develop successful products for current video game platforms • We require approval of hardware licensors to publish titles • Reliance on complex information technology systems and networks and potential adverse impact of security breaches • Potential adverse impact of inadequate consumer data protection • Dependence on key management and product development personnel • Attracting, managing, and retaining our talent is critical to our success • Offensive consumer- created content can harm our results of operations or reputation • We rely on software development arrangements with third parties • The risk of distributors, development, and licensing partners or other third parties being unable to honor their commitments or otherwise putting our brand at risk • Increasing importance of digital sales and free- to- play games exposes us to the risks of that business model • We must compete for advertisements and offers that are incorporated into our free- to- play games • Our acquisitions and investments may not have the anticipated results • International operations risks • The loss of server capacity, lack of sufficient bandwidth, or connectivity issues could cause our business to suffer • Use of open- source software exposes us to risks • Our software is susceptible to errors • The continued ability to acquire and maintain license to intellectual property is key • We may experience **declines or** fluctuations in the recurring portion of our business • We are dependent on the timing of our product releases • We are dependent on the future success of our Grand Theft Auto products and other "**hit**" titles • Adverse effects of price protection and returns • A limited number of customers account for a significant portion of our sales • Content policies could negatively affect sales • **ESRB** Entertainment Software Rating Board ratings for our products could negatively affect our ability to distribute and sell • The competitive position and value of our products could be adversely affected by unprotected intellectual property • ~~We have a significant amount of outstanding debt~~ • The value of our virtual items is highly dependent on how we manage the economies in our games • There is potential for unauthorized or fraudulent transactions of accounts and virtual items outside of our games • **We have a significant amount of outstanding debt** Risks related to legal or regulatory compliance • Government regulation of the ~~internet~~ **Internet** can affect our business • Legislation could subject us to claims or otherwise harm our business • Failure to comply with laws and regulations, including data privacy, could harm our business • Adverse effect of alleged or actual infringement on the intellectual property rights of third parties Risks related to financial and economic condition • Provisions in our charter documents and debt agreements may impede or discourage a takeover • Adverse effects of changes in tax rates and additional tax liabilities • We are subject to risks and uncertainties of international trade, including foreign currency fluctuations • Potential adverse effects of existing or future accounting standards • Adverse effects of declines in consumer spending and changes in the economy **General Risk Factors** • Additional issuances **or sales** of equity securities **by us** would ~~cause dilution~~ **dilute the ownership of our existing stockholders** and could **adversely** affect the market price of our common stock • We are subject to risks related to corporate and social responsibility and reputation • Catastrophic events and climate change may have a long- term impact on our business • We may be adversely affected by the effects of inflation • We are and may become involved in legal proceedings that may result in adverse outcomes The interactive entertainment software industry is highly competitive. We compete for both licenses to properties and the sale of interactive entertainment software with Sony and Microsoft, each of which is a large developer and marketer of software for its own platforms. We also compete with game publishers, such as ~~Activision Blizzard, Inc.,~~ Electronic Arts Inc., Embracer Group AB, Microsoft, Nintendo, Playrix, Playtika, ~~Seopely~~ **Savvy Games**, Sony, Tencent, and Ubisoft Entertainment S. A. We also face competition from online game developers and distributors who have primarily focused on specific international markets and with high- profile companies with significant online presences with new and expanded mobile gaming offerings, such as Apple, Google, and Microsoft. In addition, the gaming, technology / ~~internet~~ **Internet**, and entertainment industries have converged in recent years and larger, well- funded technology companies are pursuing and strengthening their interactive entertainment capabilities. As our business is dependent upon our ability to develop hit titles, which require increasing budgets for development and marketing, the availability of significant financial resources has become a major competitive factor in developing and marketing software games. Some of our competitors have greater financial, technical, personnel, and other resources than we do and are able to finance larger budgets for development and marketing, make higher offers to licensors and developers for commercially desirable properties, adopt more aggressive pricing policies to develop more commercially successful video game products than we do, recruit our key creative and technical talent or otherwise disrupt our operations. Internationally, local competitors may have a greater brand recognition than us in their local country and a stronger understanding of local culture and commerce. They may also offer their products and services in local languages we **do** not offer. Additionally, competitors may develop content that imitates or competes with our best- selling games, potentially

reducing our sales or our ability to charge the same prices we have historically charged for our products. These competing products may take a larger share of consumer spending than anticipated, which could cause **our** product sales to fall below expectations. Our titles also compete with other forms of entertainment, such as social media, in addition to motion pictures, television, **short-form video**, and audio and video products featuring similar themes, online computer programs and other entertainment, which may be less expensive or provide other advantages to consumers. A number of software publishers who compete with us have developed and commercialized or are currently developing online and mobile games. Technological advances that significantly increase the availability of online and mobile games could result in a decline in our platform-based software sales and negatively affect sales of such products. Other large companies that to date have not actively focused on mobile and social games may decide to develop mobile and social games or partner with other developers. Some of these current and potential competitors have significant resources for developing or acquiring additional games, may be able to incorporate their own strong brands and assets into their games, have a more diversified set of revenue sources than we do and may be less severely affected by changes in consumer preferences, regulations or other developments that may impact our industry. As there are relatively low barriers to entry to develop a mobile or online game, we expect new game competitors to enter the market and existing competitors to allocate more resources to develop and market competing games and applications. We also compete or will compete with a vast number of small companies and individuals who are able to create and launch games and other content for devices and platforms using relatively limited resources and with relatively limited start-up time or expertise. The proliferation of titles in these open developer channels makes it difficult for us to differentiate ourselves from other developers and to compete for players without substantially increasing our marketing expenses and development costs. Increasing competition could result in loss of players, increasing player acquisition and retention costs, and loss of talent, all of which could harm our business, financial condition or results of operations. Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future business partners or third-party software providers. By doing so, these competitors may increase their scale, their ability to meet the needs of existing or prospective players and compete for similar human capital. If we are unable to compete effectively, successfully and at a reasonable cost against our existing and future competitors, our results of operations, cash flows and financial condition would be adversely impacted. Additionally, we compete with other forms of entertainment and leisure activities. While we monitor general market conditions, significant shifts in consumer demand that could materially alter public preferences for different forms of entertainment and leisure activities are difficult to predict. Failure to adequately identify and adapt to these competitive pressures could have a negative impact on our business. The inability of our products to achieve significant market acceptance, the failure to retain existing players, delays in product releases or disruptions following the commercial release of our products may have a material adverse effect on our business, financial condition and operating results. New products may not achieve significant market acceptance, generate sufficient sales, or be introduced in a timely manner to permit us to recover development, manufacturing and marketing costs associated with these products. These products or enhancements may not be well-received by consumers, even if well-reviewed and of high quality. The life cycle of a console or PC title generally involves a relatively high level of sales during the first few months after introduction followed by a rapid decline in sales. Because sales associated with an initial product launch on console or PC generally constitute a high percentage of the total sales associated with the life of a product, delays in product releases or disruptions following the commercial release of one or more new products could have a material adverse effect on our business, financial condition, and operating results and therefore cause our operating results to be materially different from our expectations. In addition, to retain players, we must devote significant resources so that players stay engaged, which could also result in attracting them to our other games. We might not succeed in our efforts to increase monetization rates, particularly if we are unable to retain our paying players. If we fail to grow or sustain the number of our paying players, if the rates at which we attract and retain paying players declines (whether due to financial hardship as a result of an economic downturn or for any other reason), or if the average amount our players pay declines, our financial results could be negatively affected. We are subject to product development risks which could result in delays and additional costs, and we must adapt to changes in software technologies. We depend on our internal development studios and third-party software developers to develop new interactive entertainment software within anticipated release schedules and cost projections. The development cycle for new titles generally ranges from 12 months or less for most mobile titles and annual console / PC sports releases, to multiple years for certain of our top-selling titles. Therefore, our development costs can be substantial. If we or our third-party developers experience unanticipated development delays, financial difficulties, or additional costs, for example, as a result of unforeseen circumstances, we may not be able to release titles according to our schedule and at budgeted costs. There can be no assurance that our products will be sufficiently successful so that we can recoup these costs or make a profit on these products. For our products with live services, we are required to support continued development. There can be no assurance that these continued efforts will generate sufficient revenue to offset these costs. Additionally, in order to stay competitive, our internal development studios must anticipate and adapt to rapid technological changes affecting software development, such as cloud-based game streaming, and evolving business models, such as free-to-play and subscription-based access to a portfolio of interactive content. Rapid changes in our industry require us to anticipate, sometimes years in advance, the ways in which our products and services will be competitive in the market. We have invested, and in the future may invest, in new business and marketing strategies, technologies, distribution methods, products, and services. However, forecasting the financial impact of any such strategic investment is inherently uncertain and volatile. Supporting a new technology or business model, for example, may require partnering with a new platform, business, or technology partner, which may be on terms that are less favorable to us than those for traditional technologies or business models. There can be no assurance that these strategic investments will achieve expected returns. Any inability to respond to technological advances and implement new technologies could render our products obsolete or less marketable. Further, the failure to pursue the development of new technology, platforms, or business models that obtain meaningful commercial success

in a timely manner may negatively affect our business, resulting in increased production or development costs and more strenuous competition. Our reputation and brand could also be adversely affected. We also may miss opportunities or fail to respond quickly enough to adopt technology or distribution methods or develop products, services, or new ways to engage with our games that become popular with consumers, which could adversely affect our financial results. In either case, our products and services may be technologically inferior to those of our competitors, less appealing to consumers, or both. The development and use of artificial intelligence (“ AI ”) into our products may present operational and reputational risks. The growth of AI technologies in our industry has influenced ~~games~~ ~~game~~ production for developers and gaming experience for players. The use of this new and emerging technology, which is in its early stages of **wider- spread** commercial use, presents social and ethical issues that may result in legal and reputational harm and liability. **Any integration of any AI technologies into our products or services may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or security risks, ethical concerns, negative user perceptions as to automation and AI, or other complications that could adversely affect our business, reputation, or financial results. Uncertainty around new and emerging AI technologies, such as generative AI, may require additional investment in the development of appropriate protections and safeguards for handling the use of data with AI technologies, which may be costly and could increase our expenses.** Further, intellectual property ownership surrounding AI technologies has not been fully addressed by U. S. courts or other federal or state laws or regulations, and the use or adoption of third- party AI technologies into our products and services may result in exposure to claims of copyright infringement or other intellectual property misappropriation. **While the impact of AI on our industry is still emerging and uncertain, to the extent our competitors successfully implement AI technologies into their products or services and we fail to adopt AI technologies effectively or experience delays in integrating these technologies into our operations, we may face significant risks to our competitive position, financial performance, and long- term growth prospects.** If the use of mobile devices as game platforms and the proliferation of mobile devices generally do not increase, our business could be adversely affected. Following our acquisition of Zynga, an increased percentage of our operations consists of mobile gaming. The number of people using mobile Internet- enabled devices has increased dramatically over time, and we expect that this trend will continue. However, the mobile market, particularly the market for mobile games, may not grow in the way we anticipate. Our future success is substantially dependent upon the continued growth of the market for mobile games. In addition, we do not currently offer our games on all mobile devices. If the mobile devices on which our games are available decline in popularity or become obsolete faster than anticipated, we could experience a decline in revenue ~~and bookings~~ and may not achieve the anticipated return on our development efforts. Any such declines in the growth of the mobile market or in the use of mobile devices for games could harm our business, financial condition or results of operations. Increased competition for limited shelf space and promotional support from retailers could affect the success of our business and require us to incur greater expenses to market our titles. While digital sales are increasingly important to our business, for physical sales, retailers have limited shelf space and promotional resources. Competition is intense among newly introduced interactive entertainment software titles for adequate levels of shelf space and promotional support, with most and highest quality shelf space devoted to those products expected to be best sellers. We cannot be certain that our new products will consistently achieve bestseller status. Competition for retail shelf space is expected to continue to increase, which may require us to increase our marketing expenditures to maintain desirable sales levels of our titles. Competitors with more extensive lines and more popular titles may have greater bargaining power with retailers. Accordingly, we may not be able, or we may have to pay more than our competitors, to achieve similar levels of promotional support and shelf space. Similarly, as digital sales increase in importance to our business, there is increasing competition for premium placements of products on websites. Such placement is subject to many risks similar to the physical shelf space risks discussed above. Our business is subject to our ability to develop commercially successful products for the current video game platforms. We derive a significant portion of our revenue from the sale of products made for video game platforms manufactured by third parties, such as Sony' s PlayStation consoles and Microsoft' s Xbox consoles, which comprised **40-37. 5-3** % of our net revenue by product platform for the fiscal year ended March 31, **2024-2025** . The success of our business is subject to the continued popularity of these platforms and our ability to develop commercially successful products for these platforms. We also rely on the availability of an adequate supply of these video game consoles (which sometimes has been negatively affected by supply chain issues, **and which could be affected by an increase in tariffs on component parts**) and the continued support for these consoles by their manufacturers, including our ability to reach consumers via the online networks operated by these console manufacturers. If the consoles for which we develop new software products or modify existing products do not attain significant consumer acceptance, we may not be able to recover our development costs, which could be significant and may further incur expense to adjust our products and development efforts in response to changing consumer preferences. Historically, when next generation consoles are announced or introduced into the market, consumers have typically reduced their purchases of products for prior- generation consoles in anticipation of purchasing a next- generation console and products for that console. During these periods, sales of the products we publish may decline until new platforms achieve wide consumer acceptance. Console transitions may have a comparable impact on sales of downloadable content, amplifying the impact on our revenues. This decline may not be offset by increased sales of products for the next- generation consoles. In addition, as console hardware moves through its life cycle, hardware manufacturers typically enact price reductions, and decreasing prices may put downward pressure on software prices. During console transitions, we may simultaneously incur costs both in continuing to develop and market new titles for prior- generation video game platforms, which may not sell at premium prices, and also in developing products for next- generation platforms, which may not generate immediate or near- term revenues. As a result, our business and operating results may be more volatile and difficult to predict during console transitions than during other times. Additionally, we derive a significant portion of our revenue from distribution of our games on the Apple App Store and the Google Play Store, and the virtual items we sell in our games are purchased using the payment processing systems of these platform providers. In the fiscal year ended March 31, **2024**

2025, we derived 95-92.0-9% of our mobile revenue on Apple and Google platforms. We are subject to the standard policies and terms of service of third- party platforms, which govern the promotion, distribution, content and operation generally of games on the platform. Each platform provider has broad discretion to change and interpret its terms of service and other policies with respect to us and other developers, and those changes may be unfavorable to us. A platform provider may also change its fee structure, add fees associated with access to and use of its platform, alter how we are able to advertise on the platform, change how the personal information of its users is made available to application developers on the platform, limit the use of personal information for advertising purposes, or restrict how players can share information with their friends on the platform or across platforms. For example, in April 2021, Apple began requiring developers to get explicit permission from users, on an app- by- app basis, to use the identifier- for- advertisers, a device identifier assigned by Apple to each of its devices and used by advertisers to attribute app installs to advertising campaigns, target users through user acquisition, and deliver targeted ads. These requirements are known as Apple's AppTracking Transparency framework and have been maintained in subsequent versions of Apple iOS. Additionally, in February 2022, Google announced plans to make privacy- focused changes to its Android advertising identifiers after a two- year process, taking into account feedback from developers, regulators and other interested parties. Also, beginning January 2024, Google began requiring publishers and developers using certain Google advertising products to serve ads in the U. K. or European Union ("E. U. ") to use a Google certified consent management platform. We are continuing-continue to evaluate how these rules or changes may affect our business, operations and financial results. In addition, third- party platforms also impose certain file size limitations, which may limit the ability of players to download some of our larger games in over- the- air updates. Aside from these over- the- air file size limitations, a larger game file size could cause players to delete our games once the file size grows beyond the capacity of their devices' storage limitations or could reduce the number of downloads of these games. Such changes of terms of use with third- party platforms may decrease the visibility or availability of our games, limit our distribution capabilities, prevent access to our existing games, reduce the amount of revenue and bookings we may recognize from in- game purchases, increase our costs to operate on these platforms or result in the exclusion or limitation of our games on such platforms. Any such changes could adversely affect our business, financial condition or results of operations. Moreover, if we violate, or a platform provider believes we have violated, its terms of service (or if there is any change or deterioration in our relationship with these platform providers), that platform provider could limit or discontinue our access to the platform. A platform provider could also limit or discontinue our access to the platform if it establishes more favorable relationships with one or more of our competitors or it determines that we are a competitor. Any limit or discontinuation of our access to any platform could adversely affect our business, financial condition or results of operations. Furthermore, obtaining and maintaining high ratings of our games on the third- party platforms on which we operate are important as they help drive players to find our games. If the ratings of any of our games decline or if we receive significant negative reviews that result in a decrease in our ratings, our games could be more difficult for players to find or recommend. In addition, we may be subject to negative review campaigns or defamation campaigns intended to harm our ratings. Any such decline may lead to loss of players and revenues, additional advertising and marketing costs, and reputation harm. We also rely on the continued popularity, customer adoption, and functionality of third- party platforms. In the past, some of these platform providers have been unavailable for short periods of time or experienced issues with their in- app purchasing functionality. If either of these events recurs on a prolonged, or even short- term, basis or other similar issues arise that impact players' ability to access our games, access social features or purchase a license to virtual items, our business, financial condition, results of operations or reputation may be harmed. We cannot publish our titles without the approval of hardware licensors that are also our competitors, and we rely on a limited number of channel partners, some of whom influence the fee structures for online distribution of our games on their platforms. We are required to obtain licenses from certain of our competitors, including Sony and Microsoft, to develop and publish titles for their respective hardware platforms. Our existing platform licenses require that we obtain approval for the publication of new titles on a title- by- title basis. As a result, the number of titles we are able to publish for these hardware platforms, our ability to manage the timing of the release of these titles, and, accordingly, our net revenue from titles for these hardware platforms, may be limited. If a licensor chooses not to renew or extend our license agreement at the end of its current term, or if a licensor were to terminate our license for any reason or does not approve one or more of our titles, we may be unable to publish that title as well as additional titles for that licensor's platform. During or following a console transition, like the one that occurred in 2020, hardware platform manufacturers may seek to change the terms governing our relationships with them. Termination of any such agreements or disapproval of titles could seriously hurt our business and prospects. We may be unable to continue to enter into license agreements for certain current generation platforms on satisfactory terms or at all. Failure to enter into any such agreement could also seriously hurt our business. In addition, because our products compete with a vast array of other interactive entertainment software products that also are available on these hardware platforms, a hardware platform manufacturer may give priority to those competing products. In addition, platform providers, such as Sony and Microsoft, control the networks over which consumers purchase digital products and services for their platforms and through which we provide online game capabilities for our products. The control that these platform providers have over consumer access to our games, the fee structures and / or retail pricing for products and services for their platforms and online networks and the terms and conditions under which we do business with them could impact the availability of our products or the volume of purchases of our products made over their networks and our profitability. The networks provided by these platform providers are the exclusive means of selling and distributing our content on these platforms. If the platform provider establishes terms that restrict our offerings on its platform, significantly alters the financial terms on which these products or services are offered, or does not approve the inclusion of content on its platform, our business could be negatively impacted. Increased competition for digital " shelf space " has put channel partners in more favorable bargaining positions in relation to such terms of distribution. We also derive significant revenues from distribution on third - party mobile and web platforms, such as the Apple App Store, the Google Play Store, and Facebook, which are also our

direct competitors and, in some cases, the exclusive means through which our content reaches gamers on those platforms, and most of the virtual currency we sell is purchased using these platform providers' payment processing systems. Because of the significant use of our games on mobile devices, our application must remain interoperable with these and other popular mobile app stores and platforms, and related hardware. We are subject to the standard policies and terms of service of these platforms. These policies and terms of service govern the availability, promotion, distribution, content, and operation of applications and experiences on such platforms. Each provider of these platforms has broad discretion to change and interpret its terms of service and policies with respect to our games and those changes may be unfavorable to us. If these platforms deny access to our games, or modify their current discovery mechanisms, communication channels available to developers, operating systems, or other policies and terms of service (including fees), our business could be negatively impacted. For example, at any time, the platform providers can change their policies on how we operate on their operating system or in their application stores by applying content moderation for applications and advertising or imposing technical or code requirements. These actions by the platform providers may affect our ability to collect, process, and use data as desired and could negatively impact our ability to leverage data about the experiences our games provide to players, which in turn could impact our resource planning and feature development planning for our products. These platform providers or their services may be unavailable, may not function as intended, or may experience issues with their in - app purchasing functionality. Some of these platforms have retained the right to change the fee structures for online distribution of both paid content and free content (including patches and corrections), and their ability to set or influence royalty rates may increase costs, which could negatively affect our operating margins. Further, if we are unable to distribute our content in a cost- effective or profitable manner through such distribution channels, it could adversely affect our business, financial condition, and operating results. There is no guarantee that new devices, platforms, systems and software application stores will continue to support our games or that we will be able to maintain the same level of service on these new systems. If it becomes more difficult for our players to access and engage with our games, our business and player retention, growth, and engagement could be significantly harmed. We rely on complex information technology systems and networks to operate our business. Any significant system or network disruption or cyberattack could have a negative impact on our business. We rely on the efficient and uninterrupted operation of complex information technology systems and networks, some of which are within Take- Two and some of which are managed or hosted by third- party providers. The supply chain of hardware needed to maintain this technological infrastructure has been disrupted and geopolitical events, including the Russia-Ukraine war and the Israel- Hamas war and any indirect effects ,may further complicate existing supply chain constraints. All information technology systems and networks are potentially vulnerable to damage or interruption from a variety of sources, including but not limited to cyberattacks, computer viruses, malicious software, security breaches, energy blackouts, natural disasters, terrorism, war, and telecommunication **or other critical infrastructure** failures. We securely store the source code for our interactive entertainment software products as it is created. A breach, whether physical, electronic, or otherwise, of the systems on which such source code and other sensitive data are stored could lead to damage or piracy of our software. In addition, certain parties with whom we do business are given access to our sensitive and proprietary information in order to provide services and support our team. These third parties may misappropriate our information and engage in unauthorized use of it. A data intrusion into a server for a game with online features or for our proprietary online gaming service could also disrupt the operation of such game or platform. Further, the risk of such a breach may be heightened by world events, such as the Russia- Ukraine war and the Israel- Hamas war. If we or these third parties are subject to data security breaches, we may have a loss in sales or increased costs arising from the restoration or implementation of additional security measures which could materially and adversely affect our business, financial condition, and operating results. Any theft and / or unauthorized use or publication of our trade secrets and other confidential business information because of such an event could adversely affect our competitive position, reputation, brand, and future sales of our products. Our business could be subject to significant disruption, and we could suffer monetary and other losses and reputational harm, in the event of such incidents and claims. We have faced, and in the future could face, sophisticated attacks, including attacks referred to as advanced persistent threats, which are cyberattacks aimed at compromising our intellectual property and other commercially sensitive information, such as the source code and game assets for our software or confidential customer or employee information, which remain undetected for prolonged periods of time. In September 2022, we experienced a network intrusion in which an unauthorized third party illegally accessed and downloaded confidential information from Rockstar Games' systems, including early development footage for the next Grand Theft Auto. Subsequently, also in September 2022, an unauthorized third party illegally accessed credentials for a vendor platform that 2K Games uses to provide help desk support to its customers. The unauthorized third party sent a communication to certain players containing a malicious link. 2K Games immediately notified all affected users and took steps to restrict further unauthorized activity until service was restored. In connection with this activity (the " Cybersecurity Incident "), we have incurred certain immaterial incremental one- time costs related to consultants, experts and data recovery efforts and expect to incur additional costs related to cybersecurity protections in the future. We have implemented and will continue to implement a variety of measures to enhance further our cybersecurity protections. See " Part II, Item 7- Management' s Discussion and Analysis of Financial Condition and Results of Operations- Cybersecurity Incident " in our Annual Report on Form 10- K for the fiscal year ended March 31, 2023 for further discussion. Our software supply chain may also be subject to attacks, which **would may** result in future security incidents and breaches. Information technology system disruptions, network failures, or security breaches (including the Cybersecurity Incident and similar incidents) have negatively affected, and in the future could negatively affect our business continuity, operations, financial results, and the reliability and stability of our products and services. These risks extend to the networks and e- commerce sites of console platform providers and other partners who sell or host our content online. The risk of such threats is heightened by events outside of our control, such as the extended period of remote work arrangements ~~due to COVID-19~~, the Russia- Ukraine war and the Israel- Hamas war. The risk could also be affected by events **substantially** within our control, such as the migration of data among data centers and to third-

party hosted environments, and the performance of upgrades and maintenance on our systems. Along with our partners, we have expended, and expect to continue to expend, financial and operational resources to implement certain systems, processes, and technologies to guard against cyber risks and to help protect our data and systems. However, the techniques used to exploit, disable, damage, disrupt or gain access to our networks, our products and services, supporting technological infrastructure, intellectual property and other assets change frequently, continue to evolve in sophistication and volume, and may not be detected for long periods of time. Our systems, processes and technologies, and the systems, processes and technologies of our business partners or our third- party service providers, have not been and in the future may not be adequate against all eventualities. We do not have redundancy for all our systems and our disaster recovery planning may not account for all outcomes. As our digital business grows, we will require an increasing amount of internal and external technical infrastructure, including network capacity and computing power to continue to satisfy the needs of our players. It is possible that we may fail to scale effectively and grow this technical infrastructure to accommodate increased demands, which may adversely affect the reliable and stable performance of our games and services, therefore negatively impacting our business. In addition, the costs to respond to, mitigate, or notify affected parties of cyberattacks and other security vulnerabilities are significant. Failures to prevent or mitigate security breaches or cyber risks, or detect or respond adequately to a security breach or cyber risk, could result in a loss of anticipated revenue, interruptions to our products and services, our having to incur significant remediation and notification costs, a degradation of the user experience, causing consumers to lose confidence in our products and services, **and thereby harming our reputation**, prompting regulatory inquiries and significant legal and financial costs. Additionally, applicable insurance policies may be insufficient to reimburse us for all such losses, and it is uncertain whether we will be able to maintain the current level of insurance coverage in the future on **commercially** reasonable terms or at all. Successful exploitation of **any vulnerabilities in** our systems can have other negative effects upon the products, services and user experience we offer. In particular, the virtual economies that we have established in many of our games are subject to abuse, exploitation and other forms of fraudulent activity that can negatively affect our business. Virtual economies involve the use of virtual currency or virtual assets that can be used or redeemed by a player within a particular game or service. Although we have implemented and continue to develop programs reasonably designed to prevent such negative impacts, the abuse or exploitation of our virtual economies can include the illegitimate generation and sale of accounts and / or virtual items in black markets. These kinds of activities and the steps that we take to address and prevent these issues may result in a loss of anticipated revenue, interfere with players' enjoyment of a balanced game environment and cause reputational harm. Our business could be adversely affected if our consumer data protection measures are not seen as adequate or there are breaches of our security measures or unintended disclosures of ~~our~~ consumer data. We ~~are collecting~~ **collect** and ~~storing~~ **store** consumer information, including personal information. We take measures to protect ~~our~~ **the** consumer information ~~we hold~~ from unauthorized access or disclosure. It is possible that our security controls over consumer information may not prevent the improper access **to, use of,** or disclosure of personal information. In addition, due to the high- profile nature of our products, we may draw a disproportionately higher amount of attention and attempts to breach our security controls than companies with lower profile products. A security incident, such as the Cybersecurity Incident, that leads to disclosure of consumer information (including personal information) could harm our reputation, compel us to comply with disparate breach notification laws in various ~~jurisdictions~~ **locations** and otherwise subject us to liability under laws that protect personal information, any of which could result in increased costs or loss of revenue. A resulting perception that our products or services do not adequately protect personal information could result in a loss of current or potential consumers and business partners. In addition, if any of our business partners experience a security incident that leads to disclosure of consumer information, our reputation could be harmed, resulting in loss of revenue. In addition, certain of our products include online functionality. The ability of our products to enable this functionality, and our ability to offer content through a video game platform's digital distribution channel, is dependent upon the continued operation and security of such platform's online network. These third- party networks, as well as our own internal systems and websites, and the related security measures may be breached as a result of third- party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise, and result in someone obtaining unauthorized access to our customers' information or our data, including our intellectual property and other confidential business information, or our information technology systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures, **Compounding these risks, as artificial intelligence capabilities develop rapidly, individuals or groups of hackers and sophisticated organizations, may use these technologies to create new sophisticated attack methods that are increasingly automated, targeted, coordinated, and more difficult to defend against**. Further, the risk of such a breach may be heightened by world events, such as the Russia-Ukraine war and the Israel- Hamas war. If an actual or perceived breach of our safeguards occurs, we may lose business, suffer irreparable damage to our reputation, and / or incur significant costs and expenses relating to the investigation and possible litigation of claims relating to such event. We depend on our key management and product development personnel. Our continued success will depend to a significant extent on our senior management team and our relationship with ZMC Advisors, L. P. ("ZMC"). Our Executive Chairman / Chief Executive Officer and President are partners of ZMC. We are also highly dependent on the expertise, skills and knowledge of our key creative personnel responsible for content creation and development, such as of our Grand Theft Auto and other hit titles. We may not be able to continue to retain these personnel at current compensation levels or at all. Our industry is generally characterized by a high level of employee mobility, competitive compensation programs, and aggressive recruiting among competitors for employees with technical, marketing, sales, engineering, product development, creative, and / or management skills. The loss of the services of our executive officers, ZMC, or certain key creative personnel could significantly harm our business. In addition, if one or more key employees were to join a competitor or form a competing company, we may lose additional personnel, experience material interruptions in product

development, delays in bringing products to market and difficulties in our relationships with licensors, suppliers and customers, which would significantly harm our business. Failure to continue to attract and retain qualified management and creative personnel could adversely affect our business and prospects. Attracting, managing and retaining our talent is critical to our success. Our business depends on our ability to attract, train, motivate, and retain executive, technical, creative, marketing, and other personnel that are essential to the development, marketing, and support of our products and services. The market for highly- skilled workers and leaders in our industry is extremely competitive, particularly in the geographic locations in which many of our key personnel are located. In addition, our leading position within the interactive entertainment industry makes us a prime target for recruiting our executives, as well as key creative and technical talent. If we cannot successfully recruit, train, motivate, attract, and retain qualified employees, develop and maintain a healthy culture, or replace key employees following their departure, our reputation, brand, and culture may be negatively affected and our business will be impaired. Our global workforce is primarily non- unionized, but we are aware of an increase in the industry of workers exercising their right to form or join a union. If significant employee populations were to unionize, we could experience operational changes that may materially impact our business. Our results of operations or reputation may be harmed as a result of offensive or potentially dangerous consumer- created content. We are subject to risks associated with the collaborative online features in our games which allow consumers to post narrative comments, in real time, that are visible to other consumers. From time to time, objectionable and offensive or potentially dangerous consumer content may be posted to a gaming or other site with online chat features or game forums which allow consumers to post comments. We have been and may be subject to lawsuits, governmental inquiries and regulation or restrictions, and consumer backlash (including decreased sales and harmed reputation), as a result of consumers posting offensive content. We may also be subject to consumer backlash from comments made in response to postings we make on social media sites such as Facebook, YouTube and ~~Twitter~~. If we fail to appropriately respond to the dissemination of such content, our players may not engage with our products and services and / or may lose confidence in our brands, and our financial results may be adversely affected. Our business is partly dependent on our ability to enter into successful software development arrangements with third parties. Our success depends on our ability to continually identify and develop new titles timely. We rely on third- party software developers for the development of some of our titles. Quality third- party developers are continually in high demand, and those who have developed titles for us in the past may not be available to develop software for us in the future. Due to the limited availability of third- party software developers and the limited control that we exercise over them, these developers may not be able to complete titles for us on a timely basis or within acceptable quality standards, if at all. We have entered into agreements with third parties to acquire the rights to publish and distribute interactive entertainment software as well as to use licensed intellectual properties in our titles. These agreements typically require us to make development payments, pay royalties, and satisfy other conditions. Our development payments may not be sufficient to permit developers to develop new software successfully, which could result in material delays and significant increases in our costs to bring particular products to market. Software development costs, promotion and marketing expenses and royalties payable to software developers and third- party licensors have continued to increase and reduce potential profits derived from sales of our software. Future sales of our titles may not be sufficient to recover development payments and advances to software developers and licensors, and we may not have adequate financial and other resources to satisfy our contractual commitments to such developers. If we fail to satisfy our obligations under agreements with third- party developers and licensors, the agreements may be terminated or modified in ways that are burdensome to us and have a material adverse effect on our business, financial condition, and operating results. In addition, disputes occasionally arise with external developers, including with respect to game content, launch timing, achievement of certain milestones, the game development timeline, marketing campaigns, contractual terms, and interpretation. If we have disputes with external developers or they cannot meet product development schedules, acquire certain approvals or are otherwise unable or unwilling to honor their obligations to us, we may delay or cancel previously announced games, alter our launch schedule or experience increased costs and expenses, which could result in a delay or significant shortfall in anticipated revenue, harm our profitability and reputation, and cause our financial results to be materially affected. Our business may be harmed if our distributors, retailers, development, and licensing partners, or other third parties with whom we do business are unable to honor their commitments or act in ways that put our brand at risk. In many cases, our business partners are given access to sensitive and proprietary information or control over our intellectual property to provide services and support to our team. These third parties may misappropriate or misuse our information or intellectual property and engage in unauthorized use of it. Further, the failure of these third parties to provide adequate services and technologies or to adequately maintain or update their services and technologies could result in a disruption to our business operations or an adverse effect on our reputation and may negatively impact our business. At the same time, if the media, consumers, or employees raise any concerns about our actions with respect to third parties including consumers who play our games, this could also damage our reputation or our business. Further, should we terminate our relationship with a third- party business partner for any reason, we may experience interruptions in our business and incur costs as we transition to a new partner. The increasing importance of digital sales and free- to- play games to our business exposes us to the risks of that business model, including greater competition. The proportion of our revenues derived from digital content delivery, as compared to traditional retail sales, has increased significantly in recent years. The increased importance of digital content delivery in our industry, including through subscription- based access to a portfolio of interactive content, increases our potential competition, as the minimum capital needed to produce and publish a digitally delivered game is significantly less than that needed to produce and publish one that is delivered through retail distribution. This shift also requires us to dedicate capital to developing and implementing alternative marketing strategies, which may not be successful. If either occurs, we may be unable to effectively market and distribute our products, which could materially adversely affect our business, financial condition, and operating results. In addition, a continuing shift to digital delivery could result in a deprioritization of our products by traditional retailers. Also, while digitally - distributed products generally have higher profit margins than retail

sales, as business shifts to digital distribution, the volume of orders from retailers for physical discs has been, and is expected to be, reduced. We are also increasingly dependent on our ability to develop, enhance, and monetize free - to - play games. As such, we are increasingly exposed to the risks of the free - to - play business model. For example, we may invest in the development of new free - to - play interactive entertainment products that do not achieve significant commercial success, in which case our revenues from those products likely will be lower than anticipated and we may not recover our development costs. Further, our business may be negatively impacted if: (i) we are unable to encourage new and existing consumers to purchase our virtual items, (ii) we fail to offer monetization features that appeal to these consumers, (iii) our platform providers make it more difficult or expensive for players to purchase our virtual items, (iv) we cannot encourage significant additional consumers to purchase virtual items in our game, or (v) our free- to- play releases reduce sales of our other games. Successfully monetizing free- to- play games is difficult and requires that we deliver valuable and entertaining player experiences that a sufficient number of players will pay for or that we are able to otherwise sufficiently monetize our games (for example, by serving in- game advertising). The success of our games depends, in part, on unpredictable and volatile factors beyond our control including consumer preferences, competing games, new mobile platforms and the availability of other entertainment experiences. If our games do not meet consumer expectations, or if they are not brought to market in a timely and effective manner, our revenue and financial performance will be negatively affected. In addition to the market factors noted above, our ability to successfully develop games for mobile platforms and their ability to achieve commercial success will depend on our ability to:

- effectively market our games to existing and new players;
- achieve benefits from our player acquisition costs;
- achieve viral organic growth and gain customer interest in our games through free or more efficient channels;
- adapt to changing player preferences;
- adapt to new technologies and feature sets for mobile and other devices;
- expand and enhance games after their initial release;
- attract, retain and motivate talented and experienced game designers, product managers and engineers;
- partner with mobile platforms and obtain featuring opportunities;
- continue to adapt game feature sets for an increasingly diverse set of mobile devices, including various operating systems and specifications, limited bandwidth and varying processing power and screen sizes;
- minimize launch delays and cost overruns on the development of new games and features;
- achieve and maintain successful customer engagement and effectively monetize our games;
- maintain a quality social game experience and retain our players;
- develop games that can build upon or become franchise games;
- compete successfully against a large and growing number of existing market participants;
- accurately forecast the timing and expense of our operations, including game and feature development, marketing and customer acquisition, customer adoption and success of bookings growth;
- minimize and quickly resolve bugs or outages; and
- acquire and successfully integrate high quality mobile game assets, personnel or companies.

These and other uncertainties make it difficult to know whether we will succeed in continuing to develop successful live service games and launch new games and features in accordance with our operating plan. If we do not succeed in doing so, our business, financial condition, results of operations and reputation will suffer. We derive revenues from advertisements and offers that are incorporated into our free- to- play games through relationships with third parties. If we are unable to continue to compete for these advertisements and offers, or if any events occur that negatively impact our relationships with advertisers, **such as adverse litigation, regulatory investigations, federal or state legislation that requires more device settings to opt- out of advertising, analytics, data sharing with third party services or other changes made by these third parties**, our advertising revenues and operating results would be negatively impacted. We derive revenue from advertisements and offers we serve to players. We need to maintain good relationships with advertisers to provide us with a sufficient inventory of advertisements and offers. Online advertising, including through mobile games and other mobile applications, is an intensely competitive industry. Many large companies, such as Amazon, Facebook and Google, invest significantly in data analytics to make their websites and platforms more attractive to advertisers. For our advertising business to continue to succeed, we need to continue to demonstrate the reach of our player network and success of our advertising partners. If our relationship with any advertising partners terminates for any reason, or if the commercial terms of our relationships are changed or do not continue to be renewed on favorable terms, we would need to qualify new advertising partners, which could negatively impact our revenues, at least in the short term. Alternatively, if our advertising inventory is unavailable and demand exceeds supply, our ability to generate further revenues from advertising would be limited, particularly during peak hours and in key geographies. This could have an adverse effect on our reputation and our business, financial condition, and results of operations. In addition, if we include advertising in our games that players view as excessive, such advertising may materially detract from players' gaming experiences, thereby creating player dissatisfaction, which may cause us to lose players and revenues and may negatively affect the in- game experience for players making purchases of virtual items in our games. In addition, ~~internet~~ **Internet**- connected devices and operating systems controlled by third parties increasingly contain features that allow device users to disable functionality that allows for the delivery of targeted advertising on their devices. Device and browser manufacturers may include or expand these features as part of their standard device specifications, **and state or federal regulators may mandate more user settings to limit targeted advertising, analytics, or other data sharing with third parties**. For example, Apple previously created a proprietary identifier- for- advertisers, which simplifies the process for Apple users to opt out of certain types of advertising. In April 2021, Apple began requiring developers to get explicit permission from users, on an app- by- app basis, to use the identifier- for- advertisers, a device identifier assigned by Apple to each of its devices and used by advertisers to attribute app installs to advertising, campaigns and target users through user acquisition, and deliver targeted ads. These requirements are known as Apple' s AppTracking Transparency framework and have been maintained in subsequent versions of Apple iOS. Beginning January 2024, Google began requiring publishers and developers using certain Google advertising products to serve ads in the U. K. or E. U. to use a Google- certified consent management platform. **There has also been a significant increase of litigation related to data sharing with third parties, including advertising partners. This has driven a need for more specific consent from users for sharing of their personal information, user interaction, and video viewing information with third parties, and it could lead to additional changes**

from our third party advertising and analytics partners. If users do not elect to participate in functionality that supports the delivery of targeted advertising on their devices, our ability to deliver effective advertising campaigns on behalf of our advertisers could suffer, which could cause our business, financial condition, or results of operations to suffer. Finally, the revenues that we derive from advertisements and offers is subject both to seasonality, as companies' advertising budgets are generally highest during the fourth calendar quarter and decline significantly in the first calendar quarter of the following year, which negatively impacts our revenues in such first calendar quarter, and to the financial health of advertisers, who, as they experience downturns or uncertainty in their own business operations for various reasons, such as the economic effects resulting from world events, may decrease their advertising spending. If we acquire or invest in other businesses, intellectual properties, or other assets, we may be unable to integrate them with our business, our financial performance may be impaired and / or we may not realize the anticipated financial and strategic goals for such transactions. If appropriate opportunities present themselves, we may acquire or make investments in businesses, intellectual properties and other assets that we believe are strategic, such as our **acquisition acquisitions** of Zynga and ~~our pending acquisition of~~ Gearbox. We may not be able to identify, negotiate or finance any future acquisition or investment successfully. Even if we do succeed in acquiring or investing in a business, intellectual property or other asset, such acquisitions and investments involve a number of risks, including: • retaining key employees and maintaining the key business and customer relationships of the businesses we acquire; • cultural challenges associated with integrating employees from an acquired company or business into our organization; • the possibility that the combined company would not achieve the expected benefits, including any anticipated operating and product synergies, of the acquisition as quickly as anticipated or that the costs of, or operational difficulties arising from, an acquisition would be greater than anticipated; • the potential for the acquired business to underperform relative to our expectations and the acquisition price; • unexpected tax consequences from the acquisition, or the tax treatment of the acquired business' s operations going forward, giving rise to incremental tax liabilities that are difficult to predict; • significant acquisition- related accounting adjustments, particularly relating to an acquired company' s deferred revenue, that may cause reported revenue and profits of the combined company to be lower than the sum of their stand- alone revenue and profits; • significant accounting charges resulting from the completion and integration of a sizable acquisition and increased capital expenditures, including potential impairment charges incurred to write down the carrying amount of intangible assets generated as a result of an acquisition; • the possibility that significant acquisitions, when not managed cautiously, may result in the over- extension of our existing operating infrastructures, internal controls and information technology systems; • the possibility that we will not discover important facts during due diligence that could have a material adverse effect on the value of the businesses we acquire, including the possibility that a change of control of a company we acquire triggers a termination of contractual or intellectual property rights important to the operation of its business; • the need to integrate an acquired company' s accounting, management information, human resource and other administrative systems to permit effective management and timely reporting, and the need to implement or remediate controls, procedures and policies appropriate for a public company in an acquired company that, prior to the acquisition, lacked these controls, procedures and policies; • litigation or other claims in connection with, or inheritance of claims or litigation risks as a result of, an acquisition, including claims from terminated employees, customers or other third parties; • to the extent that we engage in strategic transactions outside of the U. S., we face additional risks, including risks related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries; and • the need to implement controls, procedures and policies appropriate for a larger, U. S.- based public company at companies that prior to acquisition may not have as robust controls, procedures and policies, particularly, with respect to the effectiveness of cyber and information security practices and incident response plans, compliance with data privacy and protection and other laws and regulations protecting the rights of players and customers, and compliance with U. S.- based economic policies and sanctions which may not have previously been applicable to the acquired company' s operations. Further, any such transaction may involve the risk that our senior management' s attention will be excessively diverted from our other operations, the risk that our industry does not evolve as anticipated, and that any intellectual property or personnel skills acquired do not prove to be those needed for our future success, and the risk that our strategic objectives, cost savings or other anticipated benefits are otherwise not achieved. Future acquisitions and investments could also involve the issuance of our equity and equity- linked securities (potentially diluting our existing stockholders), the incurrence of debt, contingent liabilities or amortization expenses, write- offs of goodwill, intangibles, or acquired in- process technology, or other increased cash and non- cash expenses such as stock- based compensation. Any of the foregoing factors could harm our financial condition or prevent us from achieving improvements in our financial condition and operating performance that could have otherwise been achieved by us on a stand- alone basis. Our stockholders may not have the opportunity to review, vote on or evaluate future acquisitions or investments. **In addition to acquisitions, we have divested and may in the future make additional divestments of certain products and services, including by shutting down studios, that no longer fit our long- term strategies. Divestitures may adversely impact our business, operating results, and financial condition if we are unable to achieve the anticipated benefits or cost savings from such divestitures, or if we are unable to offset impacts from the loss of revenue associated with the divested product lines or technologies. In connection with these divestitures and other cost- optimization efforts, we have experienced several rounds of layoffs in the recent past, which could negatively affect our reputation and our ability to recruit new employees in the future. Any future layoffs could similarly harm our reputation and hinder our recruitment efforts.** We face risks from our international operations. We are subject to certain risks because of our international operations, particularly as we continue to grow our business and presence in Asia, Latin America, and other parts of the world. Changes to and compliance with a variety of foreign laws and regulations may increase our cost of doing business and our inability or failure to obtain required approvals could harm our international and domestic sales. In either the U. S. or other countries, trade legislation, such as a change in **or volatility around** the current tariff structures, import / export compliance laws, a change in the relationship between either us or the U. S.

and any country in which we have significant operations or sales, or other trade laws or policies, could adversely affect our ability to sell or to distribute in international markets. **In particular, as of the date of this Annual Report on Form 10-K, discussions remain ongoing in respect of certain trade restrictions and tariffs on imports from Canada, China, and Mexico, as well as retaliatory tariffs enacted in response to such actions. In light of these events, there continues to exist significant uncertainty about the future relationship between the U. S. and other countries with respect to such trade policies, treaties, and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the U. S. Any of these factors could depress economic activity and restrict our access to potential partners, suppliers or other third parties we seek to do business with and, in turn, have a material adverse effect on the business and financial condition of such third parties, which in turn would negatively impact us.** Additionally, cultural differences may affect consumer preferences and as a result, some of our products may not sell as well as they do in the U. S. Cultural differences may also require us to modify the content of our products or the method by which we charge our customers. If we do not correctly assess consumer preferences in the countries in which we sell our products, or respond to other risks related to our international operations, it could negatively affect our business. Our business may also be affected directly or indirectly by major world events, such as the Russia- Ukraine war and the Israel- Hamas war. Such events could decrease the demand for our products and services, make it difficult or impossible for us to deliver products and services to certain of our customers, or result in restrictions in trade, all of which could negatively affect our business. Further, the enforcement of regulations relating to mobile and other games with an online element in China remains uncertain, and further changes, either in the regulation or their enforcement could have a negative impact on our business in China. In order to operate in China, all games must have regulatory approval. A decision by the Chinese government to revoke its approval for any of our games or to decline to approve any products we desire to sell in China in the future could have a negative impact on our business. China has also enacted a new privacy law that may affect how we structure our business and process of personal information. We are subject to a variety of laws **and executive orders** in the U. S. and abroad that affect our business, including state and federal laws regarding consumer protection, electronic marketing, protection of minors, data protection and privacy, competition, taxation, intellectual property, export, and national security, which are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly laws outside the U. S. There is a risk that existing or future laws may be interpreted in a manner that is not consistent with our current practices and could have an adverse effect on our business. We incur legal compliance costs associated with our international operations and could become subject to legal penalties in foreign countries if we do not comply with local laws and regulations which may be substantially different from those in the U. S. In many foreign countries, particularly in those with developing economies, it may be common to engage in business practices that are prohibited by U. S. **and international** laws and regulations, such as the Foreign Corrupt Practices **Act, the U. K. Bribery Act**, and by local laws, such as laws prohibiting corrupt payments to government officials. Anti- corruption and anti- bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners, and third- party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. We can be held liable for the corrupt or other illegal activities of our employees, agents, representatives, business partners or third- party intermediaries, even if we do not authorize or have knowledge of such activities. Although we implement policies and procedures designed to ensure compliance with these laws, there can be no assurance that all our employees, contractors and agents, as well as those companies to which we outsource certain of our business operations, including those based in countries where practices which violate such laws may be customary, will not take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have a material adverse effect on our business. We are potentially subject to a number of foreign and domestic laws and regulations that affect the offering of certain types of content, such as that which depicts violence or is generated by our users, many of which are ambiguous, still evolving and could be interpreted in ways that could harm our business or expose us to liability, or result in us incurring increased compliance costs. In 2020, the U. K. left the E. U. ("Brexit"). Subsequently, the U. K. and the E. U. struck a bilateral trade and cooperation deal governing the future relationship between the U. K. and the E. U. (the "Trade and Cooperation Agreement"), which took effect on May 1, 2021. ~~There remains unavoidable uncertainties and risks to our business related to Brexit and the new relationship between the U. K. and E. U., which will continue to be developed and defined. We are seeking to mitigate those risks with operational and commercial changes to the extent possible and warranted. However, the legal and regulatory landscape remains uncertain, and we have no assurance that such actions will enable us to avoid a material adverse impact on our business from Brexit. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U. K. determines which E. U. laws to replace and replicate.~~ The effects of the U. K.'s future trade agreements with the E. U. or other nations could potentially disrupt the markets we serve and may cause us to lose customers, distributors, and employees. The Trade and Cooperation Agreement sets out preferential arrangements in areas such as the trade in goods and services but does not reach the level of integration that existed while the U. K. was an E. U. member state, which could have a detrimental impact on our U. K. growth. Such a decline could also make our doing business in Europe more difficult, which could negatively affect sales to consumers of our products. Without access to a single market that includes the U. K. and countries of the E. U., it may be more challenging and costly to distribute our products to those regions. The laws of some countries either do not protect our products, brands, and intellectual property to the same extent as the laws of the U. S. or are inconsistently enforced. Legal protection of our rights may be ineffective in countries with weaker intellectual property enforcement mechanisms. Competitors may use our technologies without authorization, in jurisdictions where we have not obtained protection, to develop their own games and, further, may export otherwise violating games to

territories where we have protection but enforcement is not as strong as that in the U. S. These games may compete with our games, and our intellectual property rights may not be effective or sufficient to prevent such competition. In addition, certain third parties have registered our intellectual property rights without authorization in foreign countries. Successfully registering such intellectual property rights could limit or restrict our ability to offer products and services based on such rights in those countries. Although we take steps to enforce and police our rights, our practices and methodologies may not be effective against all eventualities. We depend on servers and Internet bandwidth to operate our games and digital services with online features. If we were to lose server capacity or lack sufficient Internet bandwidth for any reason, our business could suffer. Connectivity issues could affect our profitability and our ability to sell and provide online services for our products. We rely upon third- party digital delivery platforms, such as Microsoft' s Xbox Live, PlayStation Network, Steam, Epic, and other third- party service providers, to provide connectivity from the consumer to our digital products and our online services. Connectivity issues could prevent customers from accessing this content and our ability to successfully market and sell our products could be adversely affected. Given the increasing global usage of online platforms, the risks of connectivity issues may be heightened. In addition, we could experience similar issues related to services we host on our internal servers. Such issues also could affect our ability to provide game- related services and could have a material adverse effect on our business, financial condition, and operating results. Events such as limited hardware failure, any broad- based catastrophic server malfunction, **extended power outages or failure for any reason of telecommunications or other critical infrastructure**, a significant intrusion by hackers that circumvents security measures, or a failure of disaster recovery services would likely interrupt the functionality of our games with online services and could result in a loss of sales for games and related services. An extended interruption of service could materially adversely affect our business, financial condition and operating results. We expect a significant portion of our games to be online enabled in the future, and therefore we must project our future server needs and make advance purchases of servers or server capacity to accommodate expected business demands. If we underestimate the amount of server capacity our business requires, if our business were to grow more quickly than expected, or if Internet bandwidth becomes limited, our consumers may experience service problems, such as slow or interrupted gaming access. Insufficient server capacity may result in decreased sales, a loss of our consumer base and adverse consequences to our reputation. Conversely, if we overestimate the amount of server capacity required by our business, we may incur additional operating costs. Because of the importance of our online business to our revenues and results of operations, our ability to access adequate Internet bandwidth and online computational resources to support our business is critical. If the price of such resources increases, we may not be able to increase our prices or subscriber levels to compensate for such costs, which could materially adversely affect our business, financial condition, and operating results. We use open- source software in connection with certain of our games and services, which may pose particular risks to our proprietary software, products, and services in a manner that could have a negative impact on our business. We use open- source software in connection with certain of our games and the services we offer. The original developers of the open source code provide no warranties on such code and open- source software may have unknown bugs, malfunctions and other security vulnerabilities, which could impact the performance and information security of our technology. Some open- source software licenses require users who distribute open- source software as part of their software to publicly disclose all or part of the source code to such software or make available any derivative works of the open- source code on unfavorable terms or at no cost. From time to time, we may face claims from the copyright holders of open- source software alleging copyright infringement and breach of contract for failure to meet the open source license terms, such as the failure to publicly disclose our proprietary code that is a derivative work of the open- source software. Additionally, the copyright holders of open- source software could demand release of the source code of any of our proprietary code that is a derivative work of the open- source software, or otherwise seek to enforce, have us specifically perform, or recover damages for the alleged infringement or breach of, the terms of the applicable open- source license. These claims could also result in litigation, require us to purchase costly licenses or require us to devote additional research and development resources to change our games. The terms of various open- source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our use of the open- source software. If it were determined that our use was not in compliance with a particular license, we may be required to release our proprietary source code, pay damages for breach of contract, re- engineer our games, discontinue distribution in the event re- engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our game development efforts, any of which could harm our business. Open- source compliance problems can also result in damage to reputation and challenges in recruitment or retention of engineering personnel. Additionally, the shared nature of open- source software may increase the ability of cyberattackers to discover and exploit vulnerabilities, which may increase the likelihood of a data breach, ransomware, network interruption, or other type of cyberattack against us or against third parties who may use open- source software, such as our platform partners or key vendors, any of which could negatively impact our business. Our software is susceptible to errors, which can harm our financial results and reputation. The technological advancements of new hardware platforms result in the development of more complex software products. As software products become more complex, the risk of undetected errors in new products increases. We may need to produce and distribute patches in order to repair such errors, which could be costly and may distract our developers from working on new products. If, despite testing, errors are found in new products or releases after shipments have been made, we may have to consider suspending distribution of defective products or offering refunds, and we could experience a loss of or delay in timely market acceptance, product returns, loss of revenue, increases in costs relating to the repair of such errors and damage to our reputation. In such an event, the technological reliability and stability of our products and services could be below our standards and the standards of our players and our reputation, brand and sales could be adversely affected. In addition, we could be required to, or may find it necessary to, offer a refund for the product or service, suspend the availability or sale of the product or service or expend significant resources to cure the defect, bug or error each of which could significantly harm our business and operating results. Our ability to acquire and

maintain licenses to intellectual property, especially for sports titles, affects our revenue and profitability. Competition for these licenses may make them more expensive and increase our costs. Certain of our products are based on or incorporate intellectual property owned by others. For example, certain of our 2K products include rights licensed from major sports leagues and players' associations. Similarly, some of our other titles are based on licenses of popular products and entertainment brands. Competition for these licenses is intense. If we are unable to maintain and renew these licenses or obtain additional licenses on reasonable economic terms or with significant commercial value, our revenue and profitability could decline significantly. Competition for these licenses may also increase the advances, guarantees and royalties that we must pay to the licensor, which could significantly increase our costs and adversely affect our profitability. In addition, on certain intellectual property licenses, we are subject to guaranteed minimum payments, royalties or standards of performance and may not be able to terminate these agreements prior to their stated expiration. If such licensed products do not generate revenues in excess of such minimum guarantees, our profitability will be adversely affected. Moreover, if we breach our obligations under existing or future licenses, we may be required to pay damages and our licensors might have the right to terminate the license or change an exclusive license to a nonexclusive license. Termination by a licensor would cause us to lose valuable rights and could inhibit our ability to commercialize future games, which would harm our business, results of operations and financial condition. In addition, certain intellectual property rights may be licensed to us on a nonexclusive basis. The owners of nonexclusively licensed intellectual property rights are free to license such rights to third parties, including our competitors, on terms that may be superior to those offered to us, which could place us at a competitive disadvantage. Our licensors may own or control intellectual property rights that have not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights. In addition, the agreements under which we license intellectual property rights or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology or increase what we believe to be our financial or other obligations under the relevant agreement. Any of the foregoing could harm our competitive position, business, financial condition, results of operations and prospects. We may experience declines or fluctuations in the recurring portion of our business. Our business model includes revenue that we expect to be recurring in nature, such as revenue from our annualized titles and associated services, and ongoing mobile businesses. While we have been able to forecast the revenue from these areas of our business with greater certainty than for new offerings, we cannot provide assurances that consumers will purchase these games and services on a consistent basis. Furthermore, we may cease to offer games and services that we previously had deemed to be recurring in nature. Consumer purchases of our games and services may decline or fluctuate as a result of a number of factors, including their level of satisfaction with our games and services, our ability to improve and innovate our annualized titles, our ability to adapt our games and services to new platforms, outages and disruptions of online services, the games and services offered by our competitors, our marketing and advertising efforts or declines in consumer activity generally as a result of economic downturns, among others. Any decline or fluctuation in this portion of our business may have a negative impact on our financial and operating results. Our quarterly and annual operating results are dependent on the release of "hit" titles and therefore dependent on the timing of our product releases, which may cause our quarterly operating results to fluctuate significantly. We have experienced and may continue to experience wide fluctuations in quarterly operating results. The release of a "hit" title typically leads to a high level of sales during the first few months after introduction followed by a rapid decline in sales. In addition, the interactive entertainment industry is highly seasonal, with sales typically higher during the fourth calendar quarter, primarily due primarily to increased demand for games during the holiday season. Demand for and sales of titles in our NBA 2K series are also seasonal in that they are typically released just prior to the start of the NBA season. If a key event or sports season to which our product release schedule is tied were to be delayed or interrupted, our sales might also suffer disproportionately. Our failure or inability to produce "hit" titles or introduce products on a timely basis to meet seasonal fluctuations in demand could adversely affect our business, financial condition and operating results. The uncertainties associated with software development, manufacturing lead times, production delays and the approval process for products by hardware manufacturers and other licensors make it difficult to predict the quarter in which our products will ship and therefore may cause us to fail to meet financial expectations. We also expect that a relatively limited number of popular franchises will continue to produce a disproportionately high percentage of our revenues and profits. Due to this dependence on a limited number of franchises, the failure to achieve anticipated results by one or more products based on these franchises could negatively impact our business. Additionally, if the popularity of a franchise declines, as has happened in the past with other popular franchises, we may have to write off the unrecovered portion of the underlying intellectual property assets, which could negatively impact our business. We are dependent on the future success of our Grand Theft Auto products, and we must continue to publish "hit" titles or sequels to such "hit" titles in order to compete successfully in our industry. Grand Theft Auto and certain of our other titles, such as Red Dead Redemption or NBA 2K, are "hit" products and have historically accounted for a substantial portion of our revenue. Grand Theft Auto products contributed 14.12.76% of our net revenue for the fiscal year ended March 31, 2024-2025, and the five best-selling franchises (including Grand Theft Auto), which may change year over year, in the aggregate accounted for 56.53.51% of our net revenue for the fiscal year ended March 31, 2024-2025. If we fail to continue to develop and sell new commercially successful "hit" titles or sequels to such "hit" titles or experience any delays in product releases or disruptions following the commercial release of our "hit" titles or their sequels, our revenue and profits may decrease substantially, and we may incur losses. In addition, competition in our industry is intense and a relatively small number of "hit" titles account for a large portion of total revenue in our industry. "Hit" products offered by our competitors may take a larger share of consumer spending than we anticipate, which could cause revenue generated from our products to fall below our expectations. If our competitors develop more successful products or services at lower price points or based on payment models perceived as offering better value, or if we do not continue to develop

consistently high quality and well- received products and services, our revenue and profitability may decline. In addition, both the online and mobile games marketplaces are characterized by frequent product introductions, relatively low barriers to entry, and new and evolving business methods, technologies and platforms for development. Widespread consumer adoption of these new platforms for games and other technological advances in and / or new business or payment models in online or mobile game offerings could negatively affect our sales of console and traditional PC products. Price protection granted to our customers and returns of our published titles by our customers may adversely affect our operating results. We are exposed to the risk of price protection and product returns with respect to our customers. Our distribution arrangements with customers generally do not give them the right to return titles to us or to cancel firm orders. However, we sometimes accept product returns from our distribution customers for stock balancing and negotiate accommodations for customers, which include credits and returns, when demand for specific products falls below expectations. We grant price protection and accept returns in connection with our publishing arrangements, and revenue is recognized after deducting estimated price protection and reserves for returns. While we believe that we can reliably estimate price protection and returns, if price protection and return rates for our products exceed our reserves, our revenue could decline, which could have a material adverse effect on our business, financial condition, and operating results. A limited number of customers account for a significant portion of our sales. The loss of a principal customer or other significant business relationship could seriously hurt our business. A substantial portion of our product sales are made to a limited number of customers. Sales to our five largest customers during the fiscal year ended March 31, 2024-2025 accounted for 79-81.8-0% of our net revenue, with Apple, Sony, Apple, Google, and Microsoft each accounting for more than 10.0%. Our sales are made primarily without long- term agreements or other commitments, and our customers may terminate their relationship with us at any time. Certain of our customers may decline to carry products containing mature content. The loss of our relationships with principal customers or a decline in sales to principal customers, including as a result of a product being rated " AO" (age 18 and over), could materially adversely affect our business, financial condition, and operating results. In addition, if our customers are subject to pricing pressures due to deteriorating demand for our products, competition, or otherwise, such customers may pass those pricing pressures through to us, which could materially adversely affect our business, financial condition and operating results. In addition, because some of our customers are also publishers of games for their own hardware platforms and may manufacture products for other licensees, such customers may give priority to their own products or those of our competitors. Accordingly, console manufacturers like Sony or Microsoft could cause unanticipated delays in the release of our products, as well as increases to projected development, manufacturing, marketing, or distribution costs, any of which could negatively impact our business. Furthermore, our customers may also be placed into bankruptcy, become insolvent, or be liquidated due to economic downturns, global credit contractions, or other factors. Bankruptcies or consolidations of certain large retail customers could seriously hurt our business, including as a result of uncollectible accounts receivable from such customers and the concentration of purchasing power among large retailers. In addition, our results of operations may be adversely affected if certain of our customers who purchase on credit terms are no longer eligible to purchase on such terms due to their financial distress or lack of credit insurance, which may reduce the quantity of products they demand from us. Content policies adopted by retailers, consumer opposition and litigation could negatively affect sales of our products. Retailers, including digital storefronts and platform partners, may decline to sell interactive entertainment software containing what they judge to be graphic violence, sexually explicit material, or other content that they deem inappropriate. If retailers decline to sell our products based on their opinion that they contain objectionable themes, graphic violence, sexually explicit material, or other generally objectionable content, or if any of our previously " M" rated series products are rated " AO," we might be required to significantly change or discontinue particular titles or series, which in the case of our best- selling Grand Theft Auto titles could seriously affect our business. Consumer advocacy groups have opposed sales of interactive entertainment software containing objectionable themes, violence, sexual material, or other objectionable content by pressing for legislation in these areas and by engaging in public demonstrations and media campaigns. Additionally, although lawsuits seeking damages for injuries allegedly suffered by third parties as a result of video games have generally been unsuccessful in the courts, claims of this kind have been asserted against us from time to time and may be asserted and be successful in the future. An increase in the number of lawsuits filed by the families of victims of violence may trigger supplemental governmental scrutiny, damage our reputation, and negatively affect the sale of our products. Further, in 2019, the World Health Organization included " gaming disorder" in the 11th revision of the International Classification of Diseases, leading some to consider legislation and policies aimed at addressing this issue, and, more recently prompting lawsuits against many in the industry, including us. In addition, public dialogue concerning interactive entertainment may have an adverse impact on our reputation and our customers' willingness to purchase our products. We submit our products for rating by the Entertainment Software Rating Board ("ESRB") in the United States U. S. and other voluntary or government ratings organizations in foreign countries. Failure to obtain a target rating for certain of our products could negatively affect our ability to distribute and sell those games, as could the re- rating of a game for any reason. We voluntarily submit our game products to the ESRB, a U. S.- based non- profit and independent ratings organization. The ESRB system provides consumers with information about game content using a rating symbol that generally suggests the appropriate player age group and specific content descriptors, such as graphic violence, profanity or sexually explicit material. The ESRB may impose significant penalties on game publishers for violations of its rules related to rating or marketing games, including revocation of a rating or monetary fines. Other countries require voluntary or government backed ratings as prerequisites for product sales. In some instances, we may have to modify our products in order to market them under the target rating, which could delay or disrupt the release of our products. In addition, some of our titles may not be sold at all or without extensive edits in certain countries. In the U. S., if the ESRB rates a game as " AO" (age 18 and older), platform licensors may not certify the game and retailers may refuse to sell it. In addition, some consumers have reacted to re- ratings or controversial game content by refusing to purchase such games, demanding refunds for games that they had already purchased, and refraining from buying other games published by us. Many of our Rockstar titles and certain of our 2K titles have been

rated" M" (age 17 and older) by the ESRB. If we are unable to obtain" M" ratings and instead receive" AO" ratings on future versions of those or similar titles as a result of changes in the ESRB' s ratings standards or for other reasons, including the adoption of legislation in this area, our business and prospects could be negatively affected. If any of our games are re- rated by the ESRB or other foreign- based ratings organizations, we could be exposed to litigation, administrative fines and penalties and other potential liabilities, and our operating results and financial condition could be significantly affected. We have implemented processes to comply with the requirements of the ESRB and other ratings organizations and properly display the designated rating symbols and content descriptions. Nonetheless, these processes are subject to human error, circumvention, overriding, and reasonable resource constraints. If a video game we publish were found to contain undisclosed pertinent content, the ESRB could re- rate that game and change the associated content descriptors originally assigned, require us to recall the game and / or change the game or game packaging, and / or impose a fine on us. In addition, retailers could refuse to sell the game and demand that we accept the return of any unsold copies or returns from customers, and consumers could refuse to buy such game, or demand that we refund their money and / or refrain from buying other games published by us. This could have a material negative effect on our operating results and financial condition. In addition, we may be exposed to litigation, administrative fines, and penalties, and our reputation could be harmed, which could affect sales of our other video games. If any of these were to occur, our business and financial performance could be significantly harmed. Certain other countries have also established content rating systems as prerequisites for product sales in those countries. In addition, certain stores use other ratings systems, such as Apple' s use of its proprietary " App Rating System " and Google Play' s use of the **International Age Rating Coalition** ("IARC ") rating system. If we are unable to obtain the ratings we have targeted for our products, it could have a negative impact on our business. In some instances, we may be required to modify our products to meet the requirements of the rating systems, which could delay or disrupt the release of any given product or may prevent its sale altogether in certain territories. Further, if one of our games is re - rated for any reason, a ratings organization could require corrective actions, which could include a recall, retailers could refuse to sell it and demand that we accept the return of any unsold or returned copies or consumers could demand a refund for copies previously purchased. Additionally, retailers may decline to sell interactive entertainment software containing what they judge to be graphic violence or sexually explicit material or other content that they deem inappropriate for their businesses, whether because a product received a certain rating by the ESRB or other content rating system, or otherwise. If retailers decline to sell our products based upon their opinion that they contain objectionable themes, graphic violence or sexually explicit material, or other generally objectionable content, we might be required to modify particular titles or forfeit the revenue opportunity of selling such titles with that retailer. If we are unable to protect the intellectual property relating to our software, the commercial value of our products will be adversely affected, and our competitive position could be harmed. We develop proprietary software and have obtained the rights to publish and distribute software developed by third parties. We attempt to protect our software and production techniques under patent, copyright, trademark and trade secret laws as well as through contractual restrictions on disclosure, copying and distribution. Nonetheless, our software is susceptible to piracy and unauthorized copying, and third parties may potentially exploit or misappropriate our intellectual property and proprietary information, causing significant reputational damage. Unauthorized third parties, for example, may be able to copy or to reverse engineer our software to obtain and use programming or production techniques that we regard as proprietary. Well organized piracy operations have also proliferated in recent years, resulting in the ability to download pirated copies of our software over the Internet. Although we attempt to incorporate protective measures into our software, piracy of our products could negatively affect our future profitability. In addition, " cheating" programs or other unauthorized software tools and modifications that enable consumers to cheat in games harm the experience of players who play fairly and could negatively impact the volume of microtransactions or purchases of downloadable content which may disrupt the virtual economies of our games and reduce the demand for virtual items, disrupting our in- game economy. In addition, unrelated third parties have attempted to scam our players with fake offers for virtual items or other game benefits. We devote significant resources to discovering, discouraging, and disabling these cheating and scam programs and activities, including by " taking down" offending content and by initiating litigation where appropriate. Despite our efforts, if we are unable to do so quickly, our operations may be disrupted, our reputation may be damaged, players may stop playing our games and our ability to reliably validate our audience metrics may be negatively affected. These cheating programs and scam offers result in lost revenue from paying players, disrupt our in- game economies, divert time from our personnel, increase costs of developing technological measures to combat these programs and activities, increase our customer service costs needed to respond to dissatisfied players, and may lead to legal claims. Also, vulnerabilities in the design of our applications and of the platforms upon which they run could be discovered after their release. This may lead to lost revenues from paying consumers or increased cost of developing technological measures to respond to these, either of which could negatively affect our business. **We have a significant amount of..... affect the terms of any such financing**. The value of our virtual items is highly dependent on how we manage the economies in our games. If we fail to manage our game economies properly, our business may suffer. Paying players make purchases in our games because of the perceived value of these virtual items, which is dependent on the relative ease of obtaining an equivalent good by playing our game. The perceived value of these virtual items can be impacted by various actions that we take in the games including offering discounts for virtual items, giving away virtual items in promotions or providing easier non- paid means to secure these goods. Managing game economies is difficult and relies on our assumptions and judgement. If we fail to manage our virtual economies properly or fail to promptly and successfully respond to any such disruption, our reputation may suffer and our players may be less likely to play our games and to purchase virtual items from us in the future, which would cause our business, financial condition and results of operations to suffer. Some of our players may make sales or purchases of virtual items used in our games through unauthorized or fraudulent third- party websites, which may reduce our revenue. Game accounts and virtual items in our games have no monetary value outside of our games. Nonetheless, some of our players may make sales and / or purchases of game accounts or virtual items, such as virtual currency, through

unauthorized third- party sellers in exchange for real currency. These unauthorized or fraudulent transactions are usually arranged on third- party websites and the virtual items offered may have been obtained through unauthorized means such as exploiting vulnerabilities in our games, from scamming our players with fake offers for virtual items or other game benefits, or from credit card fraud. We do not in any way facilitate these transactions and do not generate any revenue from them. These unauthorized purchases and sales from third- party sellers have in the past and could in the future impede our revenue and profit growth by, among other things: • decreasing revenue from authorized transactions; • creating downward pressure on the prices we charge players for our virtual items; • increasing chargebacks from unauthorized credit card transactions; • causing us to lose revenue from dissatisfied players who stop playing a particular game; • causing us to lose revenue from players who we take disciplinary action against, including banning certain players who may have previously made purchases within our games; • increasing costs we incur to develop technological measures to detect, prevent, and curtail unauthorized transactions; • increasing costs we incur in pursuing enforcement action against the individuals and websites responsible for facilitating such unauthorized transactions; • increasing risk of certain monetization practices in our games being erroneously deemed a form of gambling in certain jurisdictions by virtue of the existence of such authorized marketplaces; • resulting in negative publicity or harm our reputation with players and partners; and • increasing customer support costs to respond to dissatisfied players. To discourage unauthorized purchases and sales of game accounts and virtual items, we state in our terms of service that the buying or selling of game accounts and virtual items from unauthorized third- party sellers may result in bans from our games or legal action. We periodically encounter such issues and expect to continue to do so. We have banned players as a result of such activities. We have also issued DMCA notices and filed lawsuits against third parties attempting to “ sell ” game accounts and virtual items from our games outside of our games. We have also employed technological measures to help detect unauthorized transactions and continue to develop additional methods and processes by which we can identify unauthorized transactions and block such transactions. However, there can be no assurance that our efforts to detect, prevent or minimize these unauthorized or fraudulent transactions will be successful and that these actions will not increase over time. We have a significant amount of outstanding indebtedness, and may incur other indebtedness in the future, all of which may adversely affect our financial condition and future financial results. As of March 31, 2025-2024, we had \$ 3, 650-050.0 aggregate principal amount of outstanding senior notes (" Senior Notes") and a \$ 750-500.0 revolving credit facility under that certain Credit Agreement, dated as of May 23, 2022 (as amended, the "2022 Credit Agreement ") with no outstanding borrowings. (Refer to Note 11 – Debt to our Consolidated Financial Statements, herein.) As our outstanding Senior Notes mature, we will have to expend significant resources to either repay or refinance such notes. If we decide to refinance our Senior Notes, we may be required to do so on different or less favorable terms or we may be unable to refinance such notes at all, either of which may adversely affect our financial condition. Our current or future levels of indebtedness may adversely affect our financial condition and future financial results by, among other things: • increasing our vulnerability to adverse changes in general economic, industry and competitive conditions; • requiring the dedication of a greater than expected portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for general corporate purposes, including capital expenditures and acquisitions; and • limiting our flexibility in planning for, or reacting to, changes in our business and our industry. We are required to comply with the covenants set forth in the indentures governing our outstanding indebtedness, including our Senior Notes, Convertible Notes, and 2022 Credit Agreement. Our ability to comply with these covenants may be affected by events beyond our control. If we breach any of the covenants and do not obtain a waiver from the holders of our indebtedness or the lenders under the 2022 Credit Agreement, then, subject to applicable cure periods, any outstanding indebtedness may be declared immediately due and payable. Further, these covenants may limit our ability to take various actions, including incurring additional debt, paying dividends, repurchasing shares, and acquiring or disposing of assets or businesses. Accordingly, we may be restricted from taking actions that we believe would be desirable and in the best interest of us and our stockholders. In addition, changes by any rating agency to our credit rating may negatively impact the value and liquidity of our securities. Downgrades in our credit ratings could also restrict **our ability to obtain additional financing in the future and could affect the terms of any such financing**. Companies and governmental agencies may restrict access to platforms, our website, mobile applications or the Internet generally, which could have a negative impact on our business. We rely on our consumers' access to significant levels of Internet bandwidth for the sale and digital delivery of our content and the functionality of our games with online features. Changes in laws or regulations that adversely affect the growth, popularity, or use of the Internet, including laws affecting " net neutrality" or measures enacted in certain jurisdictions, for example as a result of the COVID- 19 pandemic, could decrease the demand for our products and services or increase our cost of doing business. Although certain jurisdictions have implemented laws and regulations intended to prevent Internet service providers from discriminating against particular types of legal traffic on their networks, other jurisdictions may lack such laws and regulations or repeal existing laws or regulations. **In 2024** For example, on December 14, 2017, the Federal Communications Commission **voted 's efforts to repeal reinstate** net neutrality regulations in the U. S. , and, following **were blocked by the Sixth Circuit Court of Appeals. Notwithstanding** that decision, several states **have** enacted net neutrality regulations. Given uncertainty around these rules, including changing interpretations, amendments, or repeal, coupled with the potentially significant political and economic power of local Internet service providers and the relatively significant level of Internet bandwidth access our products and services require, we could experience discriminatory or anti- competitive practices that could impede our growth, cause us to incur additional expenses, or otherwise negatively affect our business. Additionally, our players generally need to access the Internet and in particular platforms such as the Apple App Store, the Google Play Store, Facebook, Snapchat or our website to play our mobile games. Companies and governmental agencies could block access to, impose restrictions on or require a license for any platform, our website or mobile applications for a number of reasons such as security or confidentiality concerns or regulatory reasons which may include, among other things, governmental restrictions on certain content in a particular country, requirements to establish a local presence in a particular jurisdiction, and a requirement that player

information be stored on servers in a country within which we operate. Companies may also adopt policies that prohibit employees from accessing Apple, Google, Facebook and our website or any social platform. If companies or governmental entities block or limit such or otherwise adopt policies restricting players from playing our games, our business could be negatively impacted and could lead to the loss or slower growth of our player base. Our business and products are subject to a variety of existing U. S. and foreign laws and regulations, many of which are unsettled and still developing, as well as potential new legislation, all of which could subject us to claims or otherwise harm our business. As a global company, we are subject to a variety of regulations and laws in the U. S. and abroad, including regarding consumer protection (including the use of prepaid cards, online safety, and the protection of minors), subscriptions, advertising, electronic marketing, privacy (including verified parental consent and age assurance), biometrics, cybersecurity, data protection and data localization requirements, AI, online services, online gaming, anti- competition, freedom of speech, labor, real estate, taxation, **social media and content moderation**, escheatment, intellectual property ownership and infringement, tax, export and national security, tariffs, anti-corruption and telecommunications, all of which are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us, which in some cases can be enforced by private parties in addition to government entities and regulatory bodies, are often uncertain and may be conflicting, particularly laws outside the U. S., and compliance with laws, regulations, codes of practice, and similar requirements may be burdensome and expensive. Laws and regulations may be inconsistent, **or even contradictory**, from jurisdiction to jurisdiction, which may increase the cost of compliance and doing business and expose us to possible litigation, penalties or fines, which in ~~ascertain~~ **certain** circumstances can be linked to a percentage of our global turnover. Any changes which we may introduce to our games in order to comply with these laws, regulations, codes of practice, and similar requirements, could make our games less attractive to our players, or cause us to change or limit our ability to sell our products in certain jurisdictions. We have policies and procedures designed to ensure compliance with applicable laws and regulations, but we cannot assure ~~you~~ that we will not be deemed to have violated any such laws and regulations. Several proposals have been made for federal legislation to regulate our industry. Such proposals seek to prohibit the sale of products containing certain content and functionality included in some of our games. If any such proposals are enacted into law, it may limit the potential market for some of our games in the U. S., and adversely affect our business, financial condition and operating results. Other countries have adopted laws regulating content both in packaged games and those transmitted over the Internet that are stricter than current U. S. laws. In the U. S., proposals have also been made by numerous state legislators to regulate and prohibit the sale of interactive entertainment software products containing certain types of violent or sexual content to audiences under the ages of 17 or 18, such as the State of California' s "ultraviolet video games law" that sought to ban the sale or rental of violent video games to minors. While such legislation to date has been enjoined by **legal action of** industry and retail groups or been found unconstitutional, the adoption into law of such legislation in federal and / or in state jurisdictions in which we do significant business could severely limit the retail market for some of our games. In addition, there are ongoing academic, political and regulatory discussions in the U. S., Europe, Middle East, Asia, Australia, Brazil and other jurisdictions regarding whether certain game genres, such as social casino, or certain game mechanics, such as " loot boxes, " **or in- game" virtual currencies,** " should be subject to a higher level or different type of regulation than other game genres or mechanics to protect consumers, in particular minors and vulnerable adults, and, if so, what such regulation should include. If new regulations are imposed, or other regulations are interpreted to apply to our ~~social casino~~ games or certain game mechanics, ~~certain, or all, of our casino-themed games and games that include such game mechanics~~ **may become subject to** such rules and regulations and **may** expose us to civil and criminal penalties if we do not comply. **For example, the FTC recently announced a major enforcement action against a game developer for various consumer protection and privacy violations related to a game that was deemed by the FTC to have been directed at children under the Children' s Online Privacy Protection Act. Central to the FTC' s complaint was the game' s implementation of a virtual currency and loot box system that was deemed too confusing for vulnerable consumers such as children and teens. The complaint was settled with the developer having to, among other things, agree to a ten- year compliance monitoring program and pay a fine of \$ 20 million.** Additionally, in July 2023, the trade body, the U. K. Interactive Entertainment Association, published **the government is expected to conclude its review of the implementation of the industry guidance on loot boxes which was published by the U. K. Interactive Entertainment Association. It is designed possible that the government' s review may recommend further regulation** to address the concerns raised by ~~during~~ the government in its response to a 2020 call for evidence into loot boxes **in video games and gambling like behavior.** The guidance provides for a twelve- month implementation period. In addition, in Australia, the Guidelines for the Classification of Computer Games 2023 , which ~~went are set to go into effect late in September~~ **2024 would** limit games containing " simulated gambling " " features to adults aged 18 and over, and require games ~~that which~~ do not contain simulated gambling, but which contain loot boxes, to be rated M (Mature), meaning they would only be recommended as being suitable for players aged 15 and over. Furthermore, in June 2023, the Dutch Minister of Economic Affairs sent a letter to Parliament, outlining her Consumer Agenda, which included a ban on loot boxes in the E. U. and in the Netherlands and the amendment of legislation to characterize loot boxes as an unfair commercial practice. ~~While details~~ **The Dutch Minister of this proposed Foreign Affairs has continued to push for an E. U.- wide ban remain unclear on loot boxes , reaffirming in 2024 the their intent to include it in the Digital Fairness Act. The Digital Fairness Act will focus on strengthening consumer protections, including the use of dark patterns, with the first set of proposals under the Digital Fairness Act expected to be released by end of 2025 or early 2026. The** European Commission has confirmed that loot boxes are being considered as part of its **preparation** ~~current~~ **Fitness Check** of those proposals, but whether those proposals will include such a prohibition on loot boxes remains unclear at this stage. Similarly, the E. U. ' s Consumer Protection Cooperation Network (which is comprised of consumer protection authorities from across the E. U. ' s various member states) has recently published a set of " **Key Principles on In- game Virtual Currencies"** that introduces novel interpretations of existing E. U. consumer protection ~~law on digital~~

fairness which it is expected **and that present significant challenges for games that offer in- game virtual currencies** to complete later this year **consumers in the E. U.** In February 2023, an Austrian **regional** court ruled that loot boxes in one of our competitor' s video games constitute illegal gambling due, principally, to the existence of **a an unauthorized** secondary market for certain of the game' s virtual items. **While** ~~Lastly, in April 2024, the there~~ **Spanish Minister have been other Austrian court cases that have reached the opposite conclusion, the long- term viability of Social Rights this mechanism in Austria remains uncertain with the Austrian government having recently announced and- an intention** ~~Consumer Affairs referred to~~ **further plans to promote the regulation regulate** of loot boxes. **Lastly, in March 2025, connection with a review of Spain' s gambling laws Council of Ministers introduced a new minor protection bill to the Spanish Parliament that proposes to limit the availability of certain loot boxes to consumers in Spain who are at least 18 years old.** It is possible that other courts or regulatory agencies could adopt similar regulations or similarly broad interpretations of existing gambling laws to effectively regulate loot boxes in their jurisdiction as a form of gambling or otherwise as a prohibited commercial practice. In some of our games, such as CSR Racing 2, Dragon City, Empires & Puzzles, FarmVille 3, Golf Rival, Harry Potter: Puzzles & Spells, Merge Dragons!, Merge Magic!, Monster Legends, NBA 2K, Top Eleven, ~~Top Troops,~~ WWE 2K, and Zynga Poker, certain mechanics may be deemed as “ loot boxes. ” New regulation by the FTC, U. S. states or other international jurisdictions, which may vary significantly across jurisdictions and **with** which we may be required to comply ~~with~~ , could require that these game mechanics be modified or removed from games, increase the costs of operating our games, impact player engagement and monetization or otherwise harm our business performance. It is difficult to predict how existing or new laws may be applied to these or similar game mechanics. If we become liable under these laws or regulations, we could be directly harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to modify our games, which would harm our business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business, financial condition or **results of operations. Within the mobile games industry there has been an increase in recent years in the use of a user acquisition channel called incentivized marketing. Incentivized marketing offers generally involve offering an incentive to the players, such as in- game app currency, for certain actions, such as downloading the game, completing consumer surveys or reaching certain milestones in a game. While we believe our use of incentivized marking to be a legally permissible promotional activity, if the use of incentivized marketing were deemed to affect the legality of our games, we may be required to restructure our marketing activities in a manner that could impair our revenue or reduce the effectiveness of our marketing expenses. We may also be subject to enforcement actions by federal or state regulators, as well as private litigation, which would materially affect our business and** results of operations. Certain of our business models and features within our games and services are subject to new laws or regulations or evolving interpretations and application of existing laws and regulations, including those related to gambling. The growth and development of electronic commerce, virtual items and virtual currency has prompted calls for new laws and regulations and resulted in the application of existing laws or regulations that have limited or restricted the sale of our products and services in certain territories. In addition, certain foreign countries allow government censorship of interactive entertainment software products or require pre- approval processes of uncertain length before our games and services can be offered. Adoption of ratings systems, censorship, restrictions on distribution and changes to approval processes or the status of any approvals could harm our business by limiting the products we are able to offer to our consumers. In addition, compliance with new and possibly inconsistent regulations for different territories could be costly, delay, or prevent the release of our products in those territories. The laws and regulations concerning data privacy **, consumer protection,** and certain other aspects of our business are continually evolving. Failure to comply with these laws and regulations could harm our business. We are subject to certain privacy and data protection laws **, including those in the U. S. Certain activities related to processing the personal data of individuals in the U. K. and E. U. are conducted by our U. K.- based data controller or our local entities in the E. U. The U. S. Children' s Online Privacy Protection Act also regulates the collection, use, and disclosure of personal information from children under 13 years of age, and age- based privacy laws can apply to how we collect and use personal information or provide certain game features to players up to 18 years of age. Failure to comply with privacy and data protection laws or age restrictions may increase our costs, subject us to expensive and distracting government investigations, and result in substantial fines, or result in lawsuits and claims against us to the extent these laws include a private right of action. Privacy and data protection laws and industry terms and codes of conduct, the requirements of which** are rapidly changing and likely will continue to do so for the foreseeable future **, which. This may add be difficult to comply complexity with to our compliance efforts and which** could have a negative impact on or materially change our approach to the sale and marketing of our products. For example, the E. U. General Data Protection Regulation (“ GDPR”) and the ~~UK~~ **U. K.** Data Protection Act 2018 (“ DPA 2018”) both became effective in May 2018. GDPR and DPA 2018 apply to us because we **target our services to and / or** receive and process the personal information of individuals in the E. U. and the U. K., and we maintain certain local entities in the E. U. and the U. K. responsible for processing personal information. GDPR and DPA 2018 contain significant penalties for non- compliance, which have been imposed by regulators. In addition **, E. U. member states continue to enact national laws to implement the GDPR. Also,** the E. U. Digital Services Act (“ DSA ”) became fully applicable on February 17, 2024. The DSA imposes new content moderation obligations, notice and transparency obligations, advertising restrictions and other requirements on digital platforms to protect consumers and their rights online. Noncompliance with the DSA could result in fines of up to 6 % of annual global revenues, which are in addition to the ability of civil society organizations and non- governmental organizations to lodge class action lawsuits. **In Countries in the E- U. S., approximately 20 states have enacted comprehensive privacy laws and several other states have enacted more narrow privacy laws. These apply to processing of personal information of those state residents and may impact how we can collect and use that information, especially**

for players under 18 years of age. Other U. S. states are still enacting national-considering similar privacy or data protection laws that correspond may apply to us. Certain U. S. states are also considering a number of other additional laws related to use of artificial intelligence or “ automated decision making, ” and advertising, such as requiring mandatory device settings for users to opt- out of advertising. Failure to comply with privacy and data protection laws may increase our costs, subject us to expensive and distracting government investigations, and result in substantial fines, or result in lawsuits and claims against us to the extent these laws include a private right of action. Moreover, a number of jurisdictions impose specific and more onerous requirements regarding the collection and use of child and teen data. For instance, the U. S. Children' s Online Privacy Protection Act regulates the collection, use, and disclosure of personal information from children under 13 years of age, and age- based privacy laws can apply to how we collect and use personal information or provide certain portions- game features to players up to 18 years of age, including how or whether we are permitted to use the- their GDPR- information for targeted advertising . The U. K. also implemented an Age Appropriate Design Code that applies to how personal data is used for individuals up to age 18. In the U. S. , which the California Consumer Privacy Act (" CCPA") became effective in September on January 1, 2020-2021 and applies, that sets forth risk- based standards to be implemented by organizations that provide online services processing of personal information of California residents. California also enacted the California Privacy Rights Act (" CPRA" e. g., online games) ; which updates the CCPA. Fifteen- likely to be accessed by children in other-- the U. K. under the age of 18, as part of such organization' s efforts to comply with applicable data protection laws. A number of U. S. states have enacted or comprehensive privacy laws, and other states are considering legislation similar privacy to the U. K. Age Appropriate Design Code and several have also enacted or data protection laws are considering legislation that may apply- prohibits targeted advertising to us- child and teen players under the age of 16 or 18 without express consent. For instance, the California Age- Appropriate Design Code Act took effect in July 2024; however, as of March 2025, the California Attorney General has been enjoined from enforcing the act on First Amendment grounds. We cannot predict how this or other age- based obligations imposed on providers of online services may affect our compliance efforts going forward, and whether they will result in industry- wide changes to online services available to child and teen players . The U. S. government, including the FTC and the Department of Commerce, also continue to review the need for greater or different regulation over the collection of personal information and information about consumer behavior on the Internet and on mobile devices, and the U. S. Congress is considering a number of legislative proposals to regulate in this area, including a draft Federal comprehensive privacy law, updates to existing children' s privacy laws that may expand the scope of coverage, and online safety laws that may require additional content moderation or changes to features in our games to minimize harm to children . Various government and consumer agencies worldwide have also called for new regulation and changes in industry practices. We cannot predict whether such proposals may be enacted into law, in what form or when. Any such new or amended privacy laws may add complexity to our compliance efforts and require us to expend additional financial or other resources as a result. Privacy- based litigation and similar legal challenges likely will continue to affect our industry and the internet- enabled ecosystem. Existing laws that include private rights of action may continue to be leveraged by private litigants even if those legal challenges do not align with more recent privacy laws. These risks may also be increased when the law includes statutory damages instead of an evaluation of the actual harm presented by the activity in question. The ongoing, or subsequent resolution of, legal challenges affecting organizations using internet- enabled data collection and use may affect how we engage with our players and operate our business. Further, and most notably in the mobile ecosystem, companies that provide the platforms on which our games are played are changing the terms on how which publishers can collect and use personal data obtained from users on those platforms. Player use of our games is subject to our privacy policy and terms of service (" TOS"). If we fail to comply with our posted privacy policy or, TOS , or other consents received in our game experience , or if we fail to comply with existing privacy or data protection laws and regulations, it could result in proceedings or litigation against us by governmental authorities or others, which could result in fines or judgments against us, damage our reputation, affect our financial condition, and harm our business. If regulators, the media, or consumers raise any concerns about our privacy and data protection or consumer protection practices, even if unfounded, this could also result in fines or judgments against us, damage our reputation, negatively affect our financial condition, and damage our business. It is possible that a number of laws and regulations may be adopted or construed to apply to us in the U. S. and elsewhere that could restrict the interactive entertainment industry, including player privacy, advertising, taxation, content suitability, and moderation, online safety, copyright, distribution, and antitrust. Furthermore, the growth and development of electronic commerce and virtual goods may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours conducting business through digital sales. Any such changes would require us to devote legal and other resources to address such regulation. For example, existing laws or new laws regarding the regulation of currency, banking institutions, and unclaimed property may be interpreted to cover virtual currency or virtual goods. If that were to occur, we may be required to seek licenses, authorizations, or approvals from relevant regulators, the granting of which may be dependent on us meeting certain capital and other requirements and we may be subject to additional regulation and oversight, all of which could significantly increase our operating costs. Changes in current laws or regulations or the imposition of new laws and regulations in the U. S. or elsewhere regarding these activities may lessen the growth of the interactive entertainment industry and impair our business, financial condition, and operating results. Similarly, new regulatory developments internationally aimed at better protecting consumers online from illegal or harmful content and interactions may introduce additional compliance and reporting obligations for our business which may increase operating costs. If we were to fail to comply with such new regulations, it could result in proceedings or litigation against us by governmental authorities or regulators, which could result in substantial fines or judgments against us, damage our reputation, affect our financial condition, and harm our business. Although we have structured and operate our skill tournaments and game mechanics, including random

digital item mechanics, with applicable laws in mind, including any applicable laws relating to gambling, and believe that playing these games does not constitute gambling, our skill tournaments or game mechanics could become subject to gambling-related rules and regulations, or be deemed violative of current rules and regulations, and expose us to civil and criminal penalties. We also sometimes offer consumers of our online and casual games various types of contests and promotional opportunities. We are subject to laws in a number of jurisdictions concerning the operation and offering of such activities and games, many of which are still evolving and could be interpreted in ways that could harm our business. Further, random digital item mechanics may become subject to further regulations in various jurisdictions. If this were to occur, we might be required to alter some of our games to address these additional requirements or seek licenses, authorizations, or approvals from relevant regulators, the granting of which may be dependent on us meeting certain capital and other requirements, and we may be subject to additional regulation and oversight, such as reporting to regulators, all of which could significantly increase our operating costs. Moreover, the inclusion of random digital item mechanics has attracted the attention of the interactive gaming community, and if the future implementation of these features creates a negative perception of gameplay fairness or other negative perceptions, our reputation and brand could be harmed and revenue could be negatively impacted. Changes in current laws or regulations or the imposition of new laws and regulations in the U. S., the E. U., or elsewhere regarding these activities may lessen the growth of online or casual game services and impair our business. Also, existing laws or new laws regarding the marketing of in- game or in- app purchases, regulation of currency, banking institutions, unclaimed property, or money laundering may be interpreted to cover virtual currency or goods. If we infringe on or are alleged to infringe on the intellectual property rights of third parties, our business could be adversely affected. As our industry grows, we have been, and may be, subject to an increasing amount of litigation that is common in the software industry based on allegations of infringement or other alleged violations of patent, copyright, or trademarks. In addition, we believe that interactive entertainment software will increasingly become the subject of claims that such software infringes on the intellectual property rights of others with both the growth of online functionality and advances in technology, game content and software graphics as games become more realistic. From time to time, we receive notices from third parties or are named in lawsuits by third parties alleging infringement of their proprietary rights. Although we believe that our software and technologies and the software and technologies of third- party developers and publishers with whom we have contractual relations do not and will not infringe or violate proprietary rights of others, it is possible that infringement of proprietary rights of others may occur. Any claims of infringement, with or without merit, could be time consuming, costly and difficult to defend. Moreover, intellectual property litigation or claims could require us to discontinue the distribution of products, obtain a license or redesign our products, which could result in additional substantial costs and material delays. In addition, many patents have been issued that may apply to potential new modes of delivering, playing or monetizing products and services such as those that we produce or would like to offer in the future. We may discover that future opportunities to provide new and innovative modes of game play and game delivery may be precluded by existing patents that we are unable to acquire or license on reasonable terms. Delaware law, our charter documents, and provisions of our debt agreements may impede or discourage a takeover, which could cause the market price of our shares to decline. We are a Delaware corporation, and the anti- takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders. Our Board of Directors has the power, without stockholder approval, to adopt a stockholder rights plan and / or to designate the terms of one or more series of preferred stock and issue shares of preferred stock. The ability of our Board of Directors to create and issue a new series of preferred stock and certain provisions of Delaware law, our certificate of incorporation and bylaws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock and the value of any outstanding notes. Changes in our tax rates or exposure to additional tax liabilities could adversely affect our earnings and financial condition. We are a multinational corporation with operations in the U. S. and various other jurisdictions around the world. Accordingly, we are subject to tax in the U. S. and in various other jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes, and, in the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. We are required to estimate future taxes. Although we currently believe our tax estimates are reasonable, the estimation process is inherently uncertain, and such estimates are not binding on tax authorities. Further, our effective tax rate or tax payable could be adversely affected by a variety of factors, including changes in the business, the mix and level of earnings between countries with differing statutory tax rates, changes in the realizability of deferred tax assets, changes in tax elections, and changes in applicable tax laws. Additionally, tax determinations are regularly subject to audit by tax authorities, and developments in those audits could adversely affect our income tax provision. Should our ultimate tax liability exceed estimates, our income tax provision and net income or loss could be materially affected. We have recorded a valuation allowance against the majority of our deferred tax assets due to uncertainty with respect to their realization. We expect to provide for a valuation allowance until other significant positive evidence arises that suggests that the benefits associated with the deferred tax assets are more likely than not to be realized. The Tax Cuts and Jobs Act of 2017 (“ TCJA ”) eliminated the ability to deduct research and development expenditures currently and requires taxpayers to capitalize and amortize them pursuant to IRC Section 174. Although Congress is considering legislation that would modify the capitalization and amortization requirement, we have no assurance that the requirement will be deferred, repealed, or otherwise modified. It is possible that a change in the requirement could have a significant **impact on our effective tax rate, tax payments, and financial condition in future periods. In addition, TCJA added the Base Erosion Anti- Abuse Tax (“ BEAT”) to prevent the reduction of tax liability through certain payments made to foreign related parties. BEAT imposes a minimum tax on taxpayers to prevent profit shifting from such payments. It is possible that we could be subject to BEAT and that it could have a significant** adverse impact on our effective tax rate, tax payments, and financial condition in future periods. **The** In addition, the American Rescue Plan Act of 2021 (“ ARPA ”) provides for numerous tax and

other stimulus measures, one of which will expand the limitation of compensation deductions for certain covered employees of publicly held corporations to also include the next five highly compensated employees. This limitation will be effective for us beginning April 1, 2027 **and could have a significant adverse impact on our effective tax rate, tax payments, and financial condition 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. The CAMT became effective for the fiscal year ended March 31, 2024. 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 estimate no tax liability relating to the 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. It is possible that these changes could have an adverse impact on our effective tax rate, tax payments, and financial condition in future periods. Additionally, a number of countries are actively pursuing fundamental changes to the tax laws applicable to multinational companies like us and agreed to implement a global minimum tax regime, referred to as Pillar Two, intended to conform to the new and evolving Organisation for Economic Cooperation and Development (" OECD ") guidelines. Countries may enact Pillar Two differently than the OECD model rules and on different timelines. For instance, on December 15, 2022, the E. U. Member States formally adopted the E. U.' s Pillar Two Directive requiring E. U. members to implement legislation. On July 11, 2023, the U. K. similarly enacted legislation. Pillar Two is generally effective for years beginning on or after January 1, 2024 in the E. U. and U. K. Although the U. S. has not yet enacted Pillar Two legislation, ~~it is expected that many other countries~~ **have will also implement implemented** similar legislation with varying effective dates in the future. Many aspects of Pillar Two ~~are~~ **became** effective for the fiscal year ended March 31, 2025. It is possible that 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 the 15 % minimum rate and could have an adverse impact on our effective tax rate, tax payments, and financial condition in future periods. Additionally, certain jurisdictions have modified or are seeking to modify their tax incentives to align with the Pillar Two criteria. **The U. S. has not yet enacted Pillar Two legislation, including aligning certain tax incentives with Pillar Two requirements and there is a risk that the under taxed profits rules would allow foreign countries to tax U. S. companies on U. S. income.** Changes, or the failure to change tax incentive provisions **to be Pillar Two compliant** could have an adverse impact. We will continue to monitor legislative and regulatory developments to assess potential impact. In addition, an increasing number of countries have enacted, or are considering enacting, revenue- based taxes on digital services. These digital services taxes target various business activities, including online advertising and, in some cases, video game sales. While the scope and applicability of these taxes often remains unclear, digital services taxes that ultimately apply to us could have an adverse impact on our business. We are subject to risks and uncertainties of international trade, including fluctuations in the values of local foreign currencies against the dollar. Sales in international markets, primarily in Europe, have accounted for a significant portion of our net revenue. For the fiscal year ended March 31, **2024 2025, 38-39. 7-5** % of our net revenue was earned outside the U. S. We are continuing to execute on our growth initiatives in Asia, where our strategy is to broaden the distribution of our existing products and expand our online gaming presence, especially in China. We are subject to risks inherent in foreign trade, including increased credit risks, tariffs, and duties, fluctuations in foreign currency exchange rates, **especially in jurisdictions like Turkey;** shipping delays, and international political, regulatory and economic developments, such as the Russia- Ukraine war and the Israel- Hamas war, all of which can have a significant influence on our operating results. Many of our international sales are made in local currencies, which could fluctuate against the dollar. While we may use forward exchange contracts to a limited extent to seek to mitigate foreign currency risk, our operating results could be adversely affected by unfavorable foreign currency fluctuations. Our reported financial results could be adversely affected by the application of existing or future accounting standards to our business as it evolves. Our financial results are reported under the accounting policies promulgated by the SEC and national accounting standards bodies and the methods, estimates, and judgments that we use in applying our accounting policies. For example, standards regarding revenue recognition have and could further significantly affect the way we account for revenue related to our products and services. We expect that an increasing number of our games will be supported with material post-release activities, such as content updates and online- enabled features, and we could therefore be required to recognize more of the related revenues for those games over a period of time rather than at the time of sale. Further, as we increase our downloadable content and add new features to our online services, user playing patterns can affect our estimate of the service period, and we could be required to recognize revenues, and defer related costs, over a shorter or longer period of time than we initially allocated. As we enhance, expand and diversify our business and product offerings, the application of existing or future financial accounting standards, particularly those relating to the way we account for revenue, could have a significant adverse effect on our reported results although not necessarily on our cash flows. Declines in consumer spending and other adverse changes in the economy could have a material adverse effect on our business, financial condition and operating results. Most of our products involve discretionary spending on the part of consumers. We believe that consumer spending is influenced by general economic conditions and the availability of discretionary income. This makes our products particularly sensitive to general economic conditions and economic cycles as consumers are generally more willing to make discretionary purchases, including purchases of products like ours, during periods in which favorable economic conditions prevail. Adverse economic conditions, such as a prolonged U. S. or international general economic downturn, including periods of increased inflation, **stagflation,** unemployment levels, tax rates, interest rates, energy prices, or declining consumer confidence, **or the adverse impacts of implemented or threatened tariffs or trade wars** could reduce consumer spending. Natural disasters, acts of war, pandemics, terrorism, transportation disruptions, climate change, adverse weather conditions, and other reasons beyond our control could further reduce discretionary spending on entertainment activities and products. Reduced consumer spending has and may in the future continue to result in reduced demand for our products and may also require increased selling and

promotional expenses, which has had and may continue to have an adverse effect on our business, financial condition and operating results. Moreover, we maintain cash balances at third- party financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit. If the financial conditions affecting the banking industry and financial markets cause additional banks and financial institutions to enter receivership or become insolvent, our ability to access our existing cash, cash equivalents and investments, or to draw on our existing lines of credit, may be threatened and could have a material adverse effect on our business and financial condition. In addition, during periods of relative economic weakness, our consolidated credit risk, reflecting our counterparty dealings with distributors, customers, capital providers and others may increase, perhaps materially so. As a result of geopolitical conditions, our counterparty credit risk may be particularly exacerbated, as certain of our counterparties may face financial difficulties in paying owed amounts on a timely basis or at all. Furthermore, uncertainty and adverse changes in the economy could also increase the risk of material losses on our investments, increase costs associated with developing and publishing our products, increase the cost and availability of sources of financing, and increase our exposure to material losses from bad debts, any of which could have a material adverse effect on our business, financial condition and operating results. If economic conditions worsen, our business, financial condition and operating results could be adversely affected. We are particularly susceptible to market conditions and risks associated with the entertainment industry, which, in addition to general macroeconomic downturns, also include the popularity, price, and timing of our products; changes in consumer demographics; the availability and popularity of other forms of entertainment and leisure; and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted. Additional issuances or sales of equity securities by us would dilute the ownership of our existing stockholders and could adversely affect the market price of our common stock. We may issue equity or equity- based securities in the future to facilitate acquisitions or strategic transactions, as we did in connection with our ~~acquisition~~ **acquisitions** of Zynga and ~~as we intend to do in connection with our pending acquisition of~~ Gearbox, to adjust our ratio of debt to equity, to fund expansion of our operations or for other purposes. To the extent we issue additional equity securities, the percentage ownership of our existing stockholders would be reduced. The sale of substantial amounts of our common stock could adversely affect its price. The sale or the availability for sale of a large number of shares of our common stock in the public market could cause the price of our common stock to decline. We are subject to risks related to corporate and social responsibility and reputation. Many factors influence our reputation including the perception held by our customers, business partners and other key stakeholders. Our business faces increasing scrutiny related to environmental, social and governance activities. We risk damage to our reputation if we fail to act responsibly in a number of areas, such as ~~diversity and inclusion~~, environmental stewardship, supply chain management, climate change, workplace conduct, human rights and philanthropy. Any harm to our reputation could impact employee engagement and retention and the willingness of customers and our partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows. Negative reactions to our products and services may not be foreseeable. We also may not effectively manage or respond to these negative perceptions for reasons within or outside of our control. We expect to continue to expend resources to address concerns with our products and services. Negative perceptions could arise despite our efforts, though, and may result in loss of engagement with our products and services, increased scrutiny from government bodies and consumer groups, and / or litigation, any of which could negatively impact our business. Catastrophic events and climate change may have a long- term impact on our business. Natural disasters, cyber incidents, weather events, wildfires, power disruptions, telecommunications failures, pandemics, health crises and other public health events, failed upgrades of existing systems or migrations to new systems, acts of terrorism, geopolitical conflict (such as the Russia- Ukraine war and the Israel- Hamas war), or other events could cause outages, disruptions and / or degradations of our infrastructure (including our or our partners' information technology and network systems), a failure in our ability to conduct normal business operations, or the closure of public spaces in which players engage with our games and services all of which could materially impact our reputation and brand, financial condition and operating result. Furthermore, climate change could result in an increase in the frequency or severity of natural disasters, such as earthquakes, fires, floods, or significant power outages and other catastrophic events. Such events may adversely impact critical infrastructure, have the potential to disrupt our business, our third- party suppliers, or the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. In addition, rapidly changing customer and regulatory requirements, along with stakeholder expectations, to reduce carbon emissions and otherwise to reduce our environmental footprint could increase our costs of operations to comply or present a risk of loss of business, if we are not able to meet those requirements. We may be adversely affected by the effects of inflation. Inflation has the potential to adversely affect our business, results of operations, financial position and liquidity by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of inflation in the economy has the potential to result in higher interest rates and capital costs, supply shortages, increased costs of labor and other similar effects. Further, ~~world~~ events, such as the Russia- Ukraine war and the Israel- Hamas war, **and the adverse impacts of implemented tariffs and trade wars**, could affect inflationary trends. As a result of inflation, we have experienced and may continue to experience, increases in our costs associated with operating our business including labor, equipment and other inputs. Although we may take measures to mitigate the impact of this inflation through pricing actions and efficiency gains, if these measures are not effective our business, results of operations, financial position and liquidity could be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when these beneficial actions impact our results of operations and when the cost of inflation is incurred. We are and may become involved in legal proceedings that may result in adverse outcomes. We are currently, and from time to time in the future may become, subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, disruptive to normal business operations and occupy a significant amount of our employees' time and attention. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, reputation, operating results, or financial condition.

