

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20543

FORM 8-K

Current Report
Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 6, 2024

GameStop Corp.

(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-32637
(Commission
File Number)

20-2733559
(IRS Employer
Identification No.)

625 Westport Parkway, Grapevine, TX 76051
(817) 424-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock	GME	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

The following information is furnished pursuant to Item 2.02, “Results of Operations and Financial Condition,” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

On December 10, 2024, GameStop Corp. issued a press release announcing its financial results for its third quarter ended November 2, 2024. A copy of the press release is attached hereto as Exhibit 99.1.

The information contained in this Current Report, including the exhibit, shall not be incorporated by reference into any filing of GameStop Corp., whether made before or after the date hereof, regardless of any general incorporation language in such filing, except as otherwise expressly set forth therein.

Item 4.01 Changes in Registrant’s Certifying Accountant.

On December 6, 2024, after completing a competitive proposal process, the Audit Committee (the “Audit Committee”) of the Board of Directors (the “Board”) of GameStop Corp. (the “Company”) selected KPMG LLP (“KPMG”) as the Company’s independent registered public accounting firm for the Company’s fiscal year ending January 31, 2026, subject to completion of KPMG’s standard client acceptance procedures and execution of an engagement letter. This process also resulted in the effective dismissal of Deloitte & Touche LLP (“Deloitte”) as the Company’s independent registered public accounting firm. Deloitte was informed of this decision on December 6, 2024. Deloitte’s dismissal will take effect following the completion of its audit and the issuance of its report on the Company’s consolidated financial statements and internal control over financial reporting for the Company’s fiscal year ending February 1, 2025, which will be included in the Company’s Annual Report on Form 10-K for that year.

Deloitte’s reports on the Company’s consolidated financial statements as of and for the fiscal years ended January 28, 2023 and February 3, 2024 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended January 28, 2023 and February 3, 2024, and the subsequent interim periods through November 2, 2024, there were: (i) no disagreements within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions between the Company and Deloitte on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Deloitte’s satisfaction, would have caused Deloitte to make reference thereto in their reports; and (ii) no “reportable events” within the meaning of Item 304(a)(1)(v) of Regulation S-K.

The Company has requested that Deloitte furnish a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the above statements. A copy of Deloitte’s letter, dated December 10, 2024, is filed as Exhibit 16.1 to this Form 8-K.

During the fiscal years ended January 28, 2023 and February 3, 2024 and the subsequent interim periods through November 2, 2024, neither the Company nor anyone on its behalf has consulted with KPMG regarding: (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements, and neither a written report nor oral advice was provided to the Company that KPMG concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue; (ii) any matter that was the subject of a disagreement within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions; or (iii) any reportable event within the meaning of Item 304(a)(1)(v) of Regulation S-K.

Item 7.01 Regulation FD Disclosure.

The following information is furnished pursuant to Item 7.01 “Regulation FD Disclosure,” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. Description

16.1	Letter from Deloitte & Touche LLP
99.1	Press Release issued by GameStop Corp., dated December 10, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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

GAMESTOP CORP.

(Registrant)

Date: December 10, 2024

By: /s/ Daniel Moore

Name: Daniel Moore

Title: Principal Financial and Accounting Officer

December 10, 2024

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-7561

Dear Sirs/Madams:

We have read Item 4.01 of GameStop Corp's Form 8-K dated December 10, 2024, and have the following comments:

1. We agree with the statements made in the third and fourth sentences in the first paragraph, as well as the second, third, and fourth paragraphs.
2. We have no basis on which to agree or disagree with the statements made in the first and second sentences of the first paragraph or the fifth paragraph.

Yours truly,

/s/ DELOITTE & TOUCHE LLP

GameStop

GameStop Discloses Third Quarter 2024 Results

GRAPEVINE, Texas, December 10, 2024 (GLOBE NEWSWIRE) — GameStop Corp. (NYSE: GME) (“GameStop” or the “Company”) today released financial results for the third quarter ended November 2, 2024. The Company’s condensed and consolidated financial statements, including GAAP and non-GAAP results, are below. The Company’s Form 10-Q and supplemental information can be found at <https://investor.gamestop.com>.

THIRD QUARTER OVERVIEW

- Net sales were \$0.860 billion for the period, compared to \$1.078 billion in the prior year’s third quarter.
- Selling, general and administrative (“SG&A”) expenses were \$282.0 million for the period, compared to \$296.5 million in the prior year’s third quarter.
- Net income was \$17.4 million for the period, compared to a net loss of \$3.1 million for the prior year’s third quarter.
- Cash, cash equivalents and marketable securities were \$4.616 billion at the close of the quarter.
- During the quarter, the Company completed its previously disclosed "at-the-market" equity offering program pursuant to the prospectus supplement filed with the SEC on September 6, 2024 by selling 20.0 million shares of its common stock for aggregate gross proceeds of approximately \$400.0 million (before commissions and offering expenses). The Company does not anticipate any further at-the-market offerings involving the offer and sale of its common stock during the current fiscal year.

The Company will not be holding a conference call today. Additional information can be found in the Company’s Form 10-Q.

NON-GAAP MEASURES AND OTHER METRICS

As a supplement to the Company’s financial results presented in accordance with U.S. generally accepted accounting principles (“GAAP”), GameStop may use certain non-GAAP measures, such as adjusted SG&A expenses, adjusted operating loss, adjusted net income (loss), adjusted earnings (loss) per share, adjusted EBITDA and free cash flow. The Company believes these non-GAAP financial measures provide useful information to investors in evaluating the Company’s core operating performance. Adjusted SG&A expenses, adjusted operating loss, adjusted net income (loss), adjusted earnings (loss) per share and adjusted EBITDA exclude the effect of items such as certain transformation costs, asset impairments, severance, as well as divestiture costs. Free cash flow excludes capital expenditures otherwise included in net cash flows provided by (used in) operating activities. The Company’s definition and calculation of non-GAAP financial measures may differ from that of other companies. Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, the Company’s financial results prepared in accordance with GAAP. Certain of the items that may be excluded or included in non-GAAP financial measures may be significant items that could impact the Company’s financial position, results of operations or cash flows and should therefore be considered in assessing the Company’s actual and future financial condition and performance.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS - SAFE HARBOR

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current beliefs, views, estimates and expectations, including as to the Company's industry, business strategy, goals and expectations concerning its market position, strategic and transformation initiatives, future operations, margins, profitability, sales growth, capital expenditures, liquidity, capital resources, expansion of technology expertise, and other financial and operating information, including expectations as to future operating profit improvement. Forward-looking statements are subject to significant risks and uncertainties and actual developments, business decisions, outcomes and results may differ materially from those reflected or described in the forward-looking statements. The following factors, among others, could cause actual developments, business decisions, outcomes and results to differ materially from those reflected or described in the forward-looking statements: economic, social, and political conditions in the markets in which we operate; the competitive nature of the Company's industry; the cyclical nature of the video game industry; the Company's dependence on the timely delivery of new and innovative products from its vendors; the impact of technological advances in the video game industry and related changes in consumer behavior on the Company's sales; interruptions to the Company's supply chain or the supply chain of our suppliers; the Company's dependence on sales during the holiday selling season; the Company's ability to obtain favorable terms from its current and future suppliers and service providers; the Company's ability to anticipate, identify and react to trends in pop culture with regard to its sales of collectibles; the Company's ability to maintain strong retail and ecommerce experiences for its customers; the Company's ability to keep pace with changing industry technology and consumer preferences; the Company's ability to manage its profitability and cost reduction initiatives; turnover in senior management or the Company's ability to attract and retain qualified personnel; potential damage to the Company's reputation or customers' perception of the Company; the Company's ability to maintain the security or privacy of its customer, associate or Company information; occurrence of weather events, natural disasters, public health crises and other unexpected events; risks associated with inventory shrinkage; potential failure or inadequacy of the Company's computerized systems; the ability of the Company's third party delivery services to deliver products to the Company's retail locations, fulfillment centers and consumers and changes in the terms the Company has with such service providers; the ability and willingness of the Company's vendors to provide marketing and merchandising support at historical or anticipated levels; restrictions on the Company's ability to purchase and sell pre-owned products; the Company's ability to renew or enter into new leases on favorable terms; unfavorable changes in the Company's global tax rate; legislative actions; the Company's ability to comply with federal, state, local and international laws and regulations and statutes; potential future litigation and other legal proceedings; the value of the Company's securities holdings; concentration of the Company's investment portfolio into one or few holdings; the recognition of losses in a particular security even if the Company has not sold the security; volatility in the Company's stock price, including volatility due to potential short squeezes; continued high degrees of media coverage by third parties; the availability and future sales of substantial amounts of the Company's Class A common stock; fluctuations in the Company's results of operations from quarter to quarter; the Company's ability to incur additional debt; risks associated with the Company's investment in marketable, nonmarketable and interest-bearing securities, including the impact of such investments on the Company's financial results; and the Company's ability to maintain effective control over financial reporting. Additional factors that could cause results to differ materially from those reflected or described in the forward-looking statements can be found in GameStop's most recent Annual Report on Form 10-K and other filings made from time to time with the SEC and available at www.sec.gov or on the Company's investor relations website (<https://investor.gamestop.com>). Forward-looking statements contained in this press release speak only as of the date of this press release. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

GameStop Corp.
Condensed Statements of Operations

(in millions, except per share data)

(unaudited)

	13 Weeks Ended November 2, 2024	13 Weeks Ended October 28, 2023
Net sales	\$ 860.3	\$ 1,078.3
Cost of sales	603.1	796.5
Gross profit	257.2	281.8
Selling, general and administrative expenses	282.0	296.5
Asset Impairments	8.6	—
Operating loss	(33.4)	(14.7)
Interest income, net	(54.2)	(12.9)
Other expense, net	—	2.5
Income (loss) before income taxes	20.8	(4.3)
Income tax expense (benefit)	3.4	(1.2)
Net income (loss)	<u>\$ 17.4</u>	<u>\$ (3.1)</u>
Net income (loss) per share:		
Basic Income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.01)</u>
Diluted income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.01)</u>
Weighted-average common shares outstanding:		
Basic	437.4	305.3
Diluted	437.9	305.3
<u>Percentage of Net Sales:</u>		
Net sales	100.0 %	100.0 %
Cost of sales	70.1	73.9
Gross profit	29.9	26.1
Selling, general and administrative expenses	32.8	27.5
Asset Impairments	1.0	—
Operating loss	(3.9)	(1.4)
Interest income, net	(6.3)	(1.2)
Other income, net	—	0.2
Income (loss) before income taxes	2.4	(0.4)
Income tax expense (benefit)	0.4	(0.1)
Net income (loss)	<u>2.0 %</u>	<u>(0.3)%</u>

GameStop Corp.
Consolidated Statements of Operations

(in millions, except per share data)

(unaudited)

	39 Weeks Ended November 2, 2024	39 Weeks Ended October 28, 2023
Net sales	\$ 2,540.4	\$ 3,479.2
Cost of sales	1,789.9	2,604.2
Gross profit	750.5	875.0
Selling, general and administrative expenses	847.9	964.7
Asset Impairments	8.6	—
Operating loss	(106.0)	(89.7)
Interest income, net	(108.6)	(34.2)
Other expense, net	—	2.4
Income (loss) before income taxes	2.6	(57.9)
Income tax expense (benefit)	2.6	(1.5)
Net Income (loss)	\$ 0.0	\$ (56.4)
Net income (loss) per share:		
Basic loss per share	\$ 0.00	\$ (0.18)
Diluted loss per share	\$ 0.00	\$ (0.18)
Weighted-average common shares outstanding:		
Basic	376.6	304.9
Diluted	377.1	304.9
<u>Percentage of Net Sales:</u>		
Net sales	100.0 %	100.0 %
Cost of sales	70.5	74.9
Gross profit	29.5	25.1
Selling, general and administrative expenses	33.4	27.7
Asset Impairments	0.3	—
Operating loss	(4.2)	(2.6)
Interest income, net	(4.3)	(1.0)
Other income, net	—	0.1
Earnings (loss) before income taxes	0.1	(1.7)
Income tax expense (benefit)	0.1	—
Net income (loss)	0.0 %	(1.7)%

GameStop Corp.
Condensed Consolidated Balance Sheets

(in millions)

(unaudited)

	November 2, 2024	October 28, 2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 4,583.4	\$ 909.0
Marketable securities	32.8	300.5
Receivables, net of allowance of \$3.8 and \$2.1, respectively	57.5	88.3
Merchandise inventories, net	830.2	1,021.3
Prepaid expenses and other current assets	119.4	57.7
Total current assets	5,623.3	2,376.8
Property and equipment, net of accumulated depreciation of \$768.9 and \$973.0, respectively	70.5	114.5
Operating lease right-of-use assets	425.3	570.4
Deferred income taxes	17.7	16.6
Other noncurrent assets	103.4	68.6
Total assets	\$ 6,240.2	\$ 3,146.9
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 494.1	\$ 812.7
Accrued liabilities and other current liabilities	437.0	425.7
Current portion of operating lease liabilities	157.6	188.9
Current portion of long-term debt	10.9	10.5
Total current liabilities	1,099.6	1,437.8
Long-term debt, net	9.6	20.0
Operating lease liabilities	285.4	394.8
Other long-term liabilities	41.1	31.5
Total liabilities	1,435.7	1,884.1
Total stockholders' equity	4,804.5	1,262.8
Total liabilities and stockholders' equity	\$ 6,240.2	\$ 3,146.9

GameStop Corp.
Condensed Consolidated Statements of Cash Flows

(in millions)
(unaudited)

	13 Weeks Ended November 2, 2024	13 Weeks Ended October 28, 2023
Cash flows from operating activities:		
Net income (loss)	\$ 17.5	\$ (3.1)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	8.5	11.3
Stock-based compensation expense, net	4.9	6.4
Asset impairments	8.6	—
Gain on disposal of property and equipment, net	(4.1)	(5.6)
Other, net	0.6	5.8
Changes in operating assets and liabilities:		
Receivables, net	(0.1)	(13.3)
Merchandise inventories, net	(271.3)	(357.5)
Prepaid expenses and other current assets	(90.5)	1.7
Prepaid income taxes and income taxes payable	(3.3)	(3.8)
Accounts payable and accrued liabilities	331.5	381.9
Operating lease right-of-use assets and liabilities	0.1	(3.7)
Changes in other long-term liabilities	22.2	(1.0)
Net cash flows provided by operating activities	<u>24.6</u>	<u>19.1</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	5.5	13.1
Purchases of marketable securities	(21.7)	—
Capital expenditures	(4.6)	(8.0)
Other	0.3	—
Net cash flows (used in) provided by investing activities	<u>(20.5)</u>	<u>5.1</u>
Cash flows from financing activities:		
Repayments of debt	(2.8)	(2.6)
Proceeds from issuance of shares in at-the-market (ATM) offering, net of costs	398.1	—
Net cash flows provided by (used in) financing activities	<u>395.3</u>	<u>(2.6)</u>
Exchange rate effect on cash, cash equivalents and restricted cash	0.2	(7.6)
Increase (decrease) in cash, cash equivalents, and restricted cash	399.6	14.0
Cash, cash equivalents and restricted cash at beginning of period	4,217.0	915.2
Cash, cash equivalents and restricted cash at end of period	<u>\$ 4,616.6</u>	<u>\$ 929.2</u>

GameStop Corp.
Condensed Consolidated Statements of Cash Flows

(in millions)
(unaudited)

	39 Weeks Ended November 2, 2024	39 Weeks Ended October 28, 2023
Cash flows from operating activities:		
Net loss	\$ 0.0	\$ (56.4)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	32.9	37.6
Stock-based compensation expense, net	10.9	14.0
Asset impairments	8.6	—
Gain on disposal of property and equipment, net	(6.4)	(5.0)
Other, net	1.1	2.9
Changes in operating assets and liabilities:		
Receivables, net	33.8	65.7
Merchandise inventories, net	(198.6)	(357.1)
Prepaid expenses and other current assets	(92.6)	5.7
Prepaid income taxes and income taxes payable	(6.7)	(5.1)
Accounts payable and accrued liabilities	187.8	114.5
Operating lease right-of-use assets and liabilities	0.6	(7.1)
Changes in other long-term liabilities	12.0	(2.4)
Net cash flows used in operating activities	<u>(16.6)</u>	<u>(192.7)</u>
Cash flows from investing activities:		
Proceeds from sale of digital assets	—	2.8
Purchases of marketable securities	(29.2)	(313.0)
Proceeds from the maturities and sales of marketable securities	273.9	270.5
Capital expenditures	(12.6)	(27.2)
Proceeds from sale of property and equipment	15.3	13.1
Other	0.3	—
Net cash flows provided by (used in) investing activities	<u>247.7</u>	<u>(53.8)</u>
Cash flows from financing activities:		
Settlements of stock-based awards	—	(0.1)
Repayments of debt	(8.3)	(8.0)
Proceeds from issuance of shares in at-the-market (ATM) offering, net of costs	3,453.8	—
Net cash flows provided by (used in) financing activities	<u>3,445.5</u>	<u>(8.1)</u>
Exchange rate effect on cash, cash equivalents and restricted cash	1.1	(12.2)
Increase (decrease) in cash, cash equivalents and restricted cash	<u>3,677.7</u>	<u>(266.8)</u>
Cash, cash equivalents and restricted cash at beginning of period	938.9	1,196.0
Cash, cash equivalents and restricted cash at end of period	<u>\$ 4,616.6</u>	<u>\$ 929.2</u>

Schedule I
Sales Mix
(in millions)
(unaudited)

	13 Weeks Ended November 2, 2024		13 Weeks Ended October 28, 2023	
	Net Sales	Percent of Total	Net Sales	Percent of Total
Net Sales:				
Hardware and accessories ⁽¹⁾	\$ 417.4	48.5 %	\$ 579.4	53.7 %
Software ⁽²⁾	271.8	31.6 %	321.3	29.8 %
Collectibles	171.1	19.9 %	177.6	16.5 %
Total	<u>\$ 860.3</u>	<u>100.0 %</u>	<u>\$ 1,078.3</u>	<u>100.0 %</u>

	39 Weeks Ended November 2, 2024		39 Weeks Ended October 28, 2023	
	Net Sales	Percent of Total	Net Sales	Percent of Total
Net Sales:				
Hardware and accessories ⁽¹⁾	\$ 1,373.9	54.1 %	\$ 1,902.2	54.7 %
Software ⁽²⁾	719.2	28.3 %	1,056.7	30.3 %
Collectibles	447.3	17.6 %	520.3	15.0 %
Total	<u>\$ 2,540.4</u>	<u>100.0 %</u>	<u>\$ 3,479.2</u>	<u>100.0 %</u>

(1) Includes sales of new and pre-owned hardware, accessories, hardware bundles in which hardware and digital or physical software are sold together in a single SKU, interactive game figures, strategy guides, mobile and consumer electronics.

(2) Includes sales of new and pre-owned video game software, digital software and PC entertainment software.

GameStop Corp.
Schedule II

(in millions, except per share data)
(unaudited)

Non-GAAP results

The following tables reconcile the Company's selling, general and administrative expenses ("SG&A expense"), operating loss, net income (loss) and net income (loss) per share as presented in its unaudited consolidated statements of operations and prepared in accordance with U.S. generally accepted accounting principles ("GAAP") to its adjusted SG&A expense, adjusted operating loss, adjusted net income (loss), adjusted EBITDA and adjusted net income (loss) per share. The diluted weighted-average shares outstanding used to calculate adjusted earnings per share may differ from GAAP weighted-average shares outstanding. Under GAAP, basic and diluted weighted-average shares outstanding are the same in periods where there is a net loss. The reconciliations below are from continuing operations only.

	13 Weeks Ended November 2, 2024	13 Weeks Ended October 28, 2023	39 Weeks Ended November 2, 2024	39 Weeks Ended October 28, 2023
<u>Adjusted SG&A expense</u>				
SG&A expense	\$ 282.0	\$ 296.5	\$ 847.9	\$ 964.7
Transformation costs ⁽¹⁾	(0.2)	(1.6)	13.7	(4.7)
Adjusted SG&A expense	<u>\$ 281.8</u>	<u>\$ 294.9</u>	<u>\$ 861.6</u>	<u>\$ 960.0</u>
<u>Adjusted Operating Loss</u>				
Operating loss	\$ (33.4)	\$ (14.7)	\$ (106.0)	\$ (89.7)
Transformation costs ⁽¹⁾	0.2	1.6	(13.7)	4.7
Asset impairments	8.6	—	8.6	—
Adjusted operating loss	<u>\$ (24.6)</u>	<u>\$ (13.1)</u>	<u>\$ (111.1)</u>	<u>\$ (85.0)</u>
<u>Adjusted Net Income (Loss)</u>				
Net Income (loss)	\$ 17.4	\$ (3.1)	\$ —	\$ (56.4)
Transformation costs ⁽¹⁾	0.2	1.6	(13.7)	4.7
Asset impairments ⁽²⁾	8.6	—	8.6	—
Divestitures and other	—	2.5	—	1.4
Adjusted net income (loss)	<u>\$ 26.2</u>	<u>\$ 1.0</u>	<u>\$ (5.1)</u>	<u>\$ (50.3)</u>
Adjusted net income (loss) per share				
Basic	\$ 0.06	\$ 0.00	\$ (0.01)	\$ (0.16)
Diluted	0.06	0.00	(0.01)	(0.16)
Number of shares used in adjusted calculation				
Basic	437.4	305.3	376.6	304.9
Diluted	437.9	305.4	377.1	304.9

(1) Transformation costs include severance, stock-based compensation forfeitures related to workforce optimization efforts and departures of key personnel, adjustments to reserves for expenses for consultants and advisors related to transformation initiatives, and other costs in connection with the transformation initiatives.

(2) Incurred in connection with plans initiated during the third quarter of fiscal 2024 to divest our operations in Italy and wind down our operations in Germany.

	13 Weeks Ended November 2, 2024	13 Weeks Ended October 28, 2023	39 Weeks Ended November 2, 2024	39 Weeks Ended October 28, 2023
Reconciliation of Net Income (loss) to Adjusted EBITDA				
Net income (loss)	\$ 17.4	\$ (3.1)	\$ —	\$ (56.4)
Interest income, net	(54.2)	(12.9)	(108.6)	(34.2)
Depreciation and amortization	8.5	11.3	32.9	37.6
Income tax expense (benefit)	3.4	(1.2)	2.6	(1.5)
EBITDA	\$ (24.9)	\$ (5.9)	\$ (73.1)	\$ (54.5)
Stock-based compensation	4.9	6.9	10.9	25.1
Transformation costs ⁽¹⁾	0.2	1.6	(13.7)	4.7
Divestitures and other	—	2.5	—	1.4
Asset impairments ⁽²⁾	8.6	—	8.6	—
Adjusted EBITDA	\$ (11.2)	\$ 5.1	\$ (67.3)	\$ (23.3)

(1) Transformation costs include severance, stock-based compensation forfeitures related to workforce optimization efforts and departures of key personnel, adjustments to reserves for expenses for consultants and advisors related to transformation initiatives, and other costs in connection with the transformation initiatives.

(2) Incurred in connection with plans initiated during the third quarter of fiscal 2024 to divest our operations in Italy and wind down our operations in Germany.

GameStop Corp.
Schedule III
(in millions)
(unaudited)

Non-GAAP results

The following table reconciles the Company's cash flows provided by (used in) operating activities as presented in its unaudited Consolidated Statements of Cash Flows and prepared in accordance with GAAP to its free cash flow. Free cash flow is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use by investors in evaluating the company's financial performance.

	13 Weeks Ended November 2, 2024	13 Weeks Ended October 28, 2023	39 Weeks Ended November 2, 2024	39 Weeks Ended October 28, 2023
Net cash flows provided by (used in) operating activities	\$ 24.6	\$ 19.1	\$ (16.6)	\$ (192.7)
Capital expenditures	\$ (4.6)	\$ (8.0)	\$ (12.6)	\$ (27.2)
Free cash flow	\$ 20.0	\$ 11.1	\$ (29.2)	\$ (219.9)

Non-GAAP Measures and Other Metrics

Adjusted EBITDA, adjusted SG&A expense, adjusted operating loss, adjusted net income (loss) and adjusted net income (loss) per share are supplemental financial measures of the Company's performance that are not required by, or presented in accordance with, GAAP. We believe that the presentation of these non-GAAP financial measures provide useful information to investors in assessing our financial condition and results of operations. We define adjusted EBITDA as net income (loss) before income taxes, plus interest income, net and depreciation and amortization, excluding stock-based compensation, certain transformation costs, business divestitures, asset impairments, severance and other non-cash charges. Net income (loss) is the GAAP financial measure most directly comparable to adjusted EBITDA. Our non-GAAP financial measures should not be considered as an alternative to the most directly comparable GAAP financial measure. Furthermore, non-GAAP financial measures have limitations as an analytical tool because they exclude some but not all items that affect the most directly comparable GAAP financial measures. Some of these limitations include:

- certain items excluded from adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure;
- adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements; and
- our computations of adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

We compensate for the limitations of adjusted EBITDA, adjusted SG&A expense, adjusted operating loss, adjusted net income (loss) and adjusted net income (loss) per share as analytical tools by reviewing the comparable GAAP financial measure, understanding the differences between the GAAP and non-GAAP financial measures and incorporating these data points into our decision-making process. Adjusted EBITDA, adjusted SG&A expense, adjusted operating loss, adjusted net income (loss) and adjusted net income (loss) per share are provided in addition to, and not as an alternative to, the Company's financial results prepared in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because adjusted EBITDA, adjusted SG&A expense, adjusted operating loss, adjusted net income (loss) and adjusted net income (loss) per share may be defined and determined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

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