

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

FOR THE QUARTERLY PERIOD ENDED APRIL 29, 2023

OR

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

COMMISSION FILE NO. 1-32637

GameStop

GameStop Corp.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-2733559

(I.R.S. Employer Identification No.)

625 Westport Parkway
Grapevine, Texas

(Address of principal executive offices)

76051

(Zip Code)

Registrant's telephone number, including area code:
(817) 424-2000

Securities Registered Pursuant to Section 12(b) of the Act:

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

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

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

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

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

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

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

Number of shares of \$.001 par value Class A Common Stock outstanding as of June 1, 2023: 304,751,243

TABLE OF CONTENTS

Part I — FINANCIAL INFORMATION

	Page No.
Item 1.	
Financial Statements (unaudited)	1
Condensed Consolidated Balance Sheets — As of April 29, 2023, April 30, 2022 and January 28, 2023	1
Condensed Consolidated Statements of Operations — For the three months ended April 29, 2023 and April 30, 2022	2
Condensed Consolidated Statements of Comprehensive Loss — For the three months ended April 29, 2023 and April 30, 2022	3
Condensed Consolidated Statements of Cash Flows — For the three months ended April 29, 2023 and April 30, 2022	4
Condensed Consolidated Statements of Stockholders' Equity — For the three months ended April 29, 2023 and April 30, 2022	5
Notes to Condensed Consolidated Financial Statements	6
Item 2.	
Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3.	
Quantitative and Qualitative Disclosures About Market Risk	18
Item 4.	
Controls and Procedures	18

PART II — OTHER INFORMATION

Item 1.	Legal Proceedings	19
Item 1A.	Risk Factors	19
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	19
Item 3.	Defaults Upon Senior Securities	19
Item 4.	Mine Safety Disclosures	19
Item 5.	Other Information	19
Item 6.	Exhibits	20
	SIGNATURES	21

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GAMESTOP CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except par value per share)
(unaudited)

	April 29, 2023	April 30, 2022	January 28, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,057.0	\$ 1,035.0	\$ 1,139.0
Marketable securities	253.1	—	251.6
Receivables, net of allowance of \$2.2, \$3.5 and \$2.2, respectively	119.2	103.4	153.9
Merchandise inventories, net	759.5	917.6	682.9
Prepaid expenses and other current assets	65.8	273.6	96.3
Total current assets	2,254.6	2,329.6	2,323.7
Property and equipment, net of accumulated depreciation of \$988.3, \$993.6 and \$1,006.8, respectively	123.6	157.4	136.5
Operating lease right-of-use assets	595.8	568.7	560.8
Deferred income taxes	17.5	16.7	18.3
Other noncurrent assets	78.7	53.1	74.1
Total assets	<u>\$ 3,070.2</u>	<u>\$ 3,125.5</u>	<u>\$ 3,113.4</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 561.4	\$ 386.8	\$ 531.3
Accrued liabilities and other current liabilities	546.4	533.3	602.3
Current portion of operating lease liabilities	200.8	200.3	194.7
Current portion of long-term debt	10.9	6.5	10.8
Total current liabilities	1,319.5	1,126.9	1,339.1
Long-term debt	26.3	35.7	28.7
Operating lease liabilities	412.5	374.5	382.4
Other long-term liabilities	40.3	137.7	40.9
Total liabilities	1,798.6	1,674.8	1,791.1
Stockholders' equity:			
Class A common stock — \$.001 par value; 1,000 shares authorized; 304.7, 303.6 and 304.6 shares issued and outstanding, respectively	0.1	0.1	0.1
Additional paid-in capital	1,621.4	1,587.5	1,613.6
Accumulated other comprehensive loss	(79.9)	(72.6)	(71.9)
Retained loss	(270.0)	(64.3)	(219.5)
Total stockholders' equity	1,271.6	1,450.7	1,322.3
Total liabilities and stockholders' equity	<u>\$ 3,070.2</u>	<u>\$ 3,125.5</u>	<u>\$ 3,113.4</u>

See accompanying notes to condensed consolidated financial statements.

GAMESTOP CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three Months Ended	
	April 29, 2023	April 30, 2022
Net sales	\$ 1,237.1	\$ 1,378.4
Cost of sales	949.8	1,079.9
Gross profit	287.3	298.5
Selling, general and administrative expenses	345.7	452.2
Operating loss	(58.4)	(153.7)
Interest (income) expense, net	(9.7)	0.7
Other expense, net	1.9	—
Loss before income taxes	(50.6)	(154.4)
Income tax (benefit) expense	(0.1)	3.5
Net loss	\$ (50.5)	\$ (157.9)
Net loss per share:		
Basic	\$ (0.17)	\$ (0.52)
Diluted	(0.17)	(0.52)
Weighted-average shares outstanding:		
Basic	304.5	303.6
Diluted	304.5	303.6

See accompanying notes to condensed consolidated financial statements.

GAMESTOP CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in millions)
(unaudited)

	Three Months Ended	
	April 29, 2023	April 30, 2022
Net loss	\$ (50.5)	\$ (157.9)
Other comprehensive loss:		
Foreign currency translation adjustment	(8.1)	(3.9)
Reclassification of foreign currency gain included in net loss	(1.2)	—
Net change in unrealized gain on available-for-sale securities	0.4	—
Reclassification of realized loss on available-for-sale securities included in net loss	0.9	—
Total comprehensive loss	<u>\$ (58.5)</u>	<u>\$ (161.8)</u>

See accompanying notes to condensed consolidated financial statements.

GAMESTOP CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Three Months Ended	
	April 29, 2023	April 30, 2022
Cash flows from operating activities:		
Net loss	\$ (50.5)	\$ (157.9)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	13.7	17.1
Stock-based compensation expense	7.9	11.1
Gain on sale of digital assets	—	(6.9)
Digital asset impairments	—	33.7
Loss on disposal of property and equipment, net	0.6	0.4
Other, net	0.2	(4.8)
Changes in operating assets and liabilities:		
Receivables, net	35.6	36.3
Merchandise inventories, net	(83.1)	(9.9)
Prepaid expenses and other assets	(4.0)	(30.3)
Prepaid income taxes and income taxes payable	(0.2)	3.5
Accounts payable and accrued liabilities	(22.3)	(179.8)
Operating lease right-of-use assets and lease liabilities	(0.6)	(16.4)
Net cash flows used in operating activities	<u>(102.7)</u>	<u>(303.9)</u>
Cash flows from investing activities:		
Proceeds from sale of digital assets	1.3	76.9
Purchases of marketable securities	(211.0)	—
Proceeds from maturities and sales of marketable securities	212.2	—
Capital expenditures	(9.1)	(10.8)
Other	(0.1)	—
Net cash flows (used in) provided by investing activities	<u>(6.7)</u>	<u>66.1</u>
Cash flows from financing activities:		
Settlement of stock-based awards	(0.1)	(1.1)
Repayments of debt	(2.7)	—
Net cash flows used in financing activities	<u>(2.8)</u>	<u>(1.1)</u>
Exchange rate effect on cash, cash equivalents and restricted cash	(4.0)	2.6
Decrease in cash, cash equivalents and restricted cash	<u>(116.2)</u>	<u>(236.3)</u>
Cash, cash equivalents and restricted cash at beginning of period	<u>1,196.0</u>	<u>1,319.9</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,079.8</u>	<u>\$ 1,083.6</u>

See accompanying notes to condensed consolidated financial statements.

GAMESTOP CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

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

	Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at January 28, 2023	304.6	\$ 0.1	\$ 1,613.6	\$ (71.9)	\$ (219.5)	\$ 1,322.3
Net loss	—	—	—	—	(50.5)	(50.5)
Foreign currency translation	—	—	—	(8.1)	—	(8.1)
Reclassification of foreign currency gain included in net loss	—	—	—	(1.2)	—	(1.2)
Stock-based compensation expense	—	—	7.9	—	—	7.9
Settlement of stock-based awards	0.1	—	(0.1)	—	—	(0.1)
Net change in unrealized gain on available-for-sale securities	—	—	—	0.4	—	0.4
Reclassification of realized loss on available-for-sale securities included in net loss	—	—	—	0.9	—	0.9
Balance at April 29, 2023	<u>304.7</u>	<u>\$ 0.1</u>	<u>\$ 1,621.4</u>	<u>\$ (79.9)</u>	<u>\$ (270.0)</u>	<u>\$ 1,271.6</u>

	Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at January 29, 2022	303.6	\$ 0.1	\$ 1,577.5	\$ (68.7)	\$ 93.6	\$ 1,602.5
Net loss	—	—	—	—	(157.9)	(157.9)
Foreign currency translation	—	—	—	(3.9)	—	(3.9)
Stock-based compensation expense	—	—	11.1	—	—	11.1
Settlement of stock-based awards	—	—	(1.1)	—	—	(1.1)
Balance at April 30, 2022	<u>303.6</u>	<u>\$ 0.1</u>	<u>\$ 1,587.5</u>	<u>\$ (72.6)</u>	<u>\$ (64.3)</u>	<u>\$ 1,450.7</u>

See accompanying notes to condensed consolidated financial statements.

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
(unaudited)

1. General Information

The Company

GameStop Corp. ("GameStop," "we," "us," "our," or the "Company"), a Delaware corporation established in 1996, is a leading specialty retailer offering games and entertainment products through its thousands of stores and ecommerce platforms.

We operate our business in four geographic segments: United States, Canada, Australia and Europe. The information contained in these condensed consolidated financial statements refers to continuing operations unless otherwise noted.

Basis of Presentation and Consolidation

The condensed consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The condensed consolidated financial statements included herein reflect all adjustments (consisting only of normal, recurring adjustments) which are, in our opinion, necessary for a fair presentation of the information for the periods presented. These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they exclude certain disclosures required under GAAP for complete consolidated financial statements.

The accompanying condensed consolidated financial statements and notes are unaudited. The consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the 52 weeks ended January 28, 2023 ("fiscal 2022"), as filed with the Securities and Exchange Commission ("SEC") on March 28, 2023 (the "2022 Annual Report on Form 10-K"). Due to the seasonal nature of our business, our results of operations for the three months ended April 29, 2023 are not indicative of our future results for the 53 weeks ending February 3, 2024 ("fiscal 2023"). Our fiscal year is composed of the 52 or 53 weeks ending on the Saturday closest to the last day of January. Fiscal 2023 consists of 53 weeks ending on February 3, 2024. Fiscal 2022 consisted of 52 weeks ended on January 28, 2023. All three month periods presented herein contain 13 weeks. All references to years, quarters and months relate to fiscal periods rather than calendar periods. Our business, like that of many retailers, is seasonal, with the major portion of the net sales realized during the fourth quarter, which includes the holiday selling season.

Reclassifications

Certain amounts presented in our prior period financial statements have been reclassified to conform to the presentation of the current period financial statements.

Stock Split

On July 6, 2022, our Board of Directors declared a four-for-one stock split of our Class A common stock in the form of a stock dividend (the "Stock Split"). This dividend was distributed on July 21, 2022 to stockholders of record at the close of business on July 18, 2022. There was no net effect on total stockholders' equity, and the par value per share of our Class A common stock remains unchanged at \$0.001 per share after the Stock Split. All references made to share or per share amounts in the accompanying condensed consolidated financial statements and applicable disclosures have been retroactively adjusted to reflect the effects of the Stock Split.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the condensed consolidated financial statements and accompanying footnotes. We regularly evaluate the estimates related to our assets and liabilities, contingent assets and liabilities, and the reported amounts of revenues and expenses. In preparing these condensed consolidated financial statements, we have made our best estimates and judgments of certain amounts recognized in the condensed consolidated financial statements, giving due consideration to materiality. Changes in the estimates and assumptions that we have used could have a significant impact on our financial results. Actual results could differ from those estimates.

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
(unaudited)

2. Summary of Significant Accounting Policies

Included below are certain updates related to policies included in Part II, Item 8 "Notes to Consolidated Financial Statements", [Note 2](#), Summary of Significant Accounting Policies," in the 2022 Annual Report on Form 10-K.

Cash and Cash Equivalents and Restricted Cash

Our cash and cash equivalents are carried at fair value and consist primarily of cash, money market funds, cash deposits with commercial banks, U.S. government bonds and notes, and highly rated direct short-term instruments that mature in 90 days or less. Such investments with an original maturity of 90 days or less are classified as cash and cash equivalents on our Condensed Consolidated Balance Sheets. Restricted cash consists primarily of bank deposits that collateralize our obligations to vendors and landlords.

The following table presents a reconciliation of cash, cash equivalents and restricted cash in our Condensed Consolidated Balance Sheets to total cash, cash equivalents and restricted cash in our Condensed Consolidated Statements of Cash Flows:

	April 29, 2023	April 30, 2022
Cash and cash equivalents	\$ 1,057.0	\$ 1,035.0
Restricted cash ⁽¹⁾	7.5	33.3
Long-term restricted cash ⁽²⁾	15.3	15.3
Total cash, cash equivalents and restricted cash	<u>\$ 1,079.8</u>	<u>\$ 1,083.6</u>

(1) Recognized in prepaid expenses and other current assets on our Condensed Consolidated Balance Sheets.

(2) Recognized in other noncurrent assets on our Condensed Consolidated Balance Sheets.

Investments

We generally invest our excess cash in highly-rated money market funds and investment grade short-term fixed income securities, which consist of U.S. government and agency securities. Such investments with an original maturity in excess of 90 days and less than one year are classified as marketable securities on our Condensed Consolidated Balance Sheets.

Our investments are classified as available-for-sale debt securities and reported at fair value. Unrealized holding gains and losses are recognized in accumulated other comprehensive loss on our Condensed Consolidated Balance Sheets. Realized gains and losses upon sale or extinguishment are reported in other expense, net in our Condensed Consolidated Statements of Operations. Each reporting period, we evaluate whether declines in fair value below carrying value are due to expected credit losses, as well as our ability and intent to hold the investment until a forecasted recovery occurs.

Digital Assets

We account for digital assets in accordance with ASC 350, Intangibles-Goodwill and Other (Topic 350). Our digital assets are indefinite-lived intangible assets which are initially recorded at cost. Accordingly, if the fair market value at any point during the reporting period is lower than the carrying value, an impairment loss equal to the difference will be recognized in SG&A expenses in our Condensed Consolidated Statement of Operations. Impairment losses cannot be recovered for any subsequent increase in fair value until the sale or disposal of the asset. Gains on the sale of digital assets, if any, will be recognized based on the fair value upon sale or disposal of the assets in SG&A expenses in our Condensed Consolidated Statement of Operations.

In January 2022, we entered into contractual agreements with Immutable X Pty Limited ("IMX") and Digital Worlds NFTs Ltd. pursuant to which the Company was entitled to receive up to \$150 million in digital assets in the form of IMX tokens once certain contractual milestones had been achieved. Upon announcement, we achieved our first milestone under the agreement with IMX and recognized a \$79.0 million noncurrent receivable and corresponding deferred income liability related to our entitlement to IMX tokens as of January 29, 2022. During fiscal 2022, we achieved our second and third milestones under our agreement with IMX, and recognized an additional \$33.8 million of deferred income liability on our Condensed Consolidated Balance Sheets. The deferred income is recognized over the term of the contractual agreement. We liquidated all tokens received under our agreements with IMX in fiscal 2022 and have no IMX token assets recorded on the Condensed Consolidated Balance Sheets as of April 29, 2023. During the first quarter of fiscal 2022 we recognized a loss of \$7.2 million on the noncurrent receivable, impairment of \$33.7 million on the digital assets, gain of \$6.9 million on the sale of digital assets, and deferred income of \$13.9 million in SG&A expenses in our Condensed Consolidated Statements of Operations. During the first quarter of fiscal 2023, we recognized deferred income of \$14.3 million in SG&A expenses in our Condensed Consolidated Statements of Operations. As of April 29, 2023, the remaining deferred income liability related to our agreements with IMX was \$43.0 million in accrued liabilities and other current liabilities on our Condensed Consolidated Balance Sheets.

During 2022, we also launched beta versions of a non-custodial digital asset wallet and a peer-to-peer non-fungible token ("NFT") marketplace that enables the purchases, sales, and trades of NFTs. Revenues earned related to our NFT digital asset wallet and marketplace are recognized in net sales in our Condensed Consolidated Statement of Operations. Revenues earned

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
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from our digital asset wallet and NFT marketplace were not material to the consolidated financial statements for the three months ended April 29, 2023.

Assets Held-for-Sale

During the fourth quarter of fiscal 2022, we committed to a plan to sell property in our Europe segment consisting of a warehouse building, land and other property and equipment with a total net carrying value of \$7.1 million as of April 29, 2023. In April 2023, the Company entered into an agreement to sell the warehouse building and land for approximately \$13.1 million. The transaction is expected to close in the third quarter of fiscal 2023. During the first quarter of fiscal 2023, we committed to a plan to sell additional property in our Europe segment consisting of a warehouse building and land with a total net carrying value of \$6.5 million. There were no impairment charges recognized on these asset groups as the estimated fair value exceeded their respective carrying values.

The building, land and other property and equipment were classified as assets held for sale in other noncurrent assets on our Condensed Consolidated Balance Sheets as of April 29, 2023.

3. Revenue

The following table presents net sales by significant product category:

	Three Months Ended	
	April 29, 2023	April 30, 2022
Hardware and accessories ⁽¹⁾	\$ 725.8	\$ 673.8
Software ⁽²⁾	338.3	483.7
Collectibles	173.0	220.9
Total net sales	<u>\$ 1,237.1</u>	<u>\$ 1,378.4</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 gaming software, digital software, and PC entertainment software.

See [Note 8](#), "Segment Information," for net sales by geographic location.

Performance Obligations

We have arrangements with customers where our performance obligations are satisfied over time, which primarily relate to extended warranties and our *Game Informer*® magazine. We expect to recognize revenue in future periods for remaining performance obligations we have associated with unredeemed gift cards, trade-in credits, reservation deposits and our PowerUp Rewards loyalty program (collectively, "unredeemed customer liabilities"), extended warranties, and subscriptions to our *Game Informer*® magazine.

Performance obligations associated with unredeemed customer liabilities are primarily satisfied at the time customers redeem gift cards, trade-in credits, customer deposits or loyalty program points for products that we offer. Unredeemed customer liabilities are generally redeemed within one year of issuance.

We offer extended warranties on certain new and pre-owned products with terms generally ranging from 12 to 24 months, depending on the product. Revenues for extended warranties sold are recognized on a straight-line basis over the life of the contract.

Performance obligations associated with subscriptions to *Game Informer*® magazine are satisfied when periodic magazines are delivered in print form or made available in digital format.

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
(unaudited)

The following table presents our performance obligations recognized in accrued liabilities and other current liabilities on our Condensed Consolidated Statements of Operations:

	April 29, 2023	April 30, 2022
Unredeemed customer liabilities	\$ 180.4	\$ 201.3
Extended warranties	93.3	84.7
Subscriptions	51.8	44.0
Total performance obligations	<u>\$ 325.5</u>	<u>\$ 330.0</u>

Significant Judgments and Estimates

We accrue PowerUp Rewards loyalty points at the estimated retail price per point, net of estimated breakage, which can be redeemed by loyalty program members for products we offer. The estimated retail price per point is based on the actual historical retail prices of products purchased through the redemption of loyalty points. We estimate breakage of loyalty points and unredeemed gift cards based on historical redemption rates.

Contract Balances

Our contract liabilities primarily consist of unredeemed customer liabilities and deferred revenues associated with gift cards, extended warranties and subscriptions to *Game Informer*® magazine.

The following table presents a rollforward of our contract liabilities:

	April 29, 2023	April 30, 2022
Contract liability beginning balance	\$ 338.2	\$ 378.3
Increase to contract liabilities ⁽¹⁾	169.6	207.0
Decrease to contract liabilities ⁽²⁾	(181.3)	(253.5)
Other adjustments ⁽³⁾	(1.0)	(1.8)
Contract liability ending balance	<u>\$ 325.5</u>	<u>\$ 330.0</u>

(1) Includes issuances of gift cards, trade-in credits and loyalty points, new reservation deposits, new subscriptions to *Game Informer*® and extended warranties sold.

(2) Includes redemptions of gift cards, trade-in credits, loyalty points and customer deposits and revenues recognized for *Game Informer*® and extended warranties. During the three months ended April 29, 2023 and April 30, 2022, there were \$16.7 million and \$27.3 million of gift cards redeemed that were outstanding as of January 28, 2023 and January 29, 2022, respectively.

(3) Primarily includes foreign currency translation adjustments.

4. Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Applicable accounting standards require disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Each fair value measurement is reported in one of the following three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable inputs other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability reflecting our assumptions about pricing by market participants.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Assets and liabilities that are measured at fair value on a recurring basis include our cash equivalents, marketable securities, foreign currency contracts, company-owned life insurance policies with a cash surrender value, and certain nonqualified deferred compensation liabilities.

We measure the fair value of cash equivalents and certain marketable securities based on quoted prices in active markets for identical assets. Other marketable securities were valued either based on recent trades of securities in inactive markets or based on quoted market prices of similar instruments and other significant inputs derived from or corroborated by observable market data.

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
(unaudited)

In August 2022, the Company opened investment portfolios consisting of U.S. government treasury notes and bills in an aggregate amount of \$250.0 million. These investments are classified as available-for-sale debt securities and reported at fair value on a recurring basis and utilize Level 1 inputs for measurement. As of April 29, 2023, the investment portfolios aggregate balance was \$255.3 million, of which \$253.1 million are recognized in marketable securities and \$2.2 million are recognized in cash and cash equivalents on our Condensed Consolidated Balance Sheets. During the three months ended April 29, 2023, we realized a \$0.9 million loss on sales of U.S. government securities, which is included within other expense, net in our Condensed Consolidated Statements of Operations.

We measure the fair value of our foreign currency contracts, life insurance policies with cash surrender values and certain nonqualified deferred compensation liabilities based on Level 2 inputs using quotations provided by major market news services, such as Bloomberg, and industry-standard models that consider various assumptions, including quoted forward prices, time value, volatility factors, and contractual prices for the underlying instruments, and other relevant economic measures, all of which are observable in active markets. When appropriate, valuations are adjusted to reflect credit considerations, generally based on available market evidence.

The following tables present our assets and liabilities measured at fair value on a recurring basis:

	April 29, 2023			Fair Value
	Adjusted Cost	Unrealized Gains	Unrealized Losses	
Assets				
Level 1:				
U.S. government securities ⁽¹⁾	\$ 254.9	\$ 0.4	\$ —	\$ 255.3
Level 2:				
Foreign currency contracts ⁽²⁾	0.7	—	—	0.7
Company-owned life insurance ⁽³⁾	0.5	—	—	0.5
Total assets	\$ 256.1	\$ 0.4	\$ —	\$ 256.5
Liabilities				
Level 2:				
Foreign currency contracts ⁽⁴⁾	\$ 6.7	\$ —	\$ —	\$ 6.7
Nonqualified deferred compensation ⁽⁴⁾	0.4	—	—	0.4
Total liabilities	\$ 7.1	\$ —	\$ —	\$ 7.1

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
(unaudited)

	April 30, 2022				
	Adjusted Cost	Unrealized Gains		Unrealized Losses	Fair Value
Assets					
Level 2:					
Foreign currency contracts ⁽²⁾	\$ 4.7	\$ —	\$ —	\$ —	\$ 4.7
Company-owned life insurance ⁽³⁾	0.5	—	—	—	0.5
Total assets	\$ 5.2	\$ —	\$ —	\$ —	\$ 5.2
Liabilities					
Level 2:					
Nonqualified deferred compensation ⁽⁴⁾	0.5	—	—	—	0.5
Total liabilities	\$ 0.5	\$ —	\$ —	\$ —	\$ 0.5

	January 28, 2023				
	Adjusted Cost	Unrealized Gains		Unrealized Losses	Fair Value
Assets					
Level 1:					
U.S. government securities ⁽¹⁾	\$ 253.5	\$ —	\$ (0.9)	\$ —	\$ 252.6
Level 2:					
Company-owned life insurance ⁽³⁾	0.5	—	—	—	0.5
Total assets	\$ 254.0	\$ —	\$ (0.9)	\$ —	\$ 253.1
Liabilities					
Level 2:					
Foreign currency contracts ⁽⁴⁾	\$ 5.9	\$ —	\$ —	\$ —	\$ 5.9
Nonqualified deferred compensation ⁽⁴⁾	0.4	—	—	—	0.4
Total liabilities	\$ 6.3	\$ —	\$ —	\$ —	\$ 6.3

- (1) Recognized in cash and cash equivalents and marketable securities on our Condensed Consolidated Balance Sheets.
(2) Recognized in prepaid expenses and other current assets on our Condensed Consolidated Balance Sheets.
(3) Recognized in other noncurrent assets on our Condensed Consolidated Balance Sheets.
(4) Recognized in accrued liabilities and other current liabilities on our Condensed Consolidated Balance Sheets.

Assets that are Measured at Fair Value on a Nonrecurring Basis

Assets that are measured at fair value on a nonrecurring basis relate primarily to property and equipment, operating lease right-of-use ("ROU") assets and other intangible assets, including digital assets, which are remeasured when the estimated fair value is below its carrying value. When we determine that impairment has occurred, the carrying value of the asset is reduced to its fair value. Fair value of digital assets held are based on Level 1 inputs, as described above, and impairment losses for digital assets cannot be recovered for any subsequent increase in fair value until the sale or disposal of the asset.

As of April 29, 2023, our government-guaranteed low interest French term loans due October 2022 through October 2026 ("French Term Loans") had a carrying value of \$37.2 million and a fair value of \$30.8 million. The fair values of our French Term Loans were estimated based on a model that discounted future principal and interest payments at interest rates available to us at the end of the period for similar debt of the same maturity, which is a Level 2 input as defined by the fair value hierarchy.

During the three months ended April 30, 2022, we recognized impairment charges of \$33.7 million associated with digital assets in SG&A expenses in our Condensed Consolidated Statements of Operations. These charges were recognized in the United States segment.

The carrying values of our cash, restricted cash, net receivables, accounts payable and current portion of debt approximate their fair values due to their short-term maturities.

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
(unaudited)

5. Debt

As of April 29, 2023, April 30, 2022 and January 28, 2023, there was \$37.2 million, \$42.2 million and \$39.5 million of outstanding debt. Total outstanding debt includes \$10.9 million, \$6.5 million and \$10.8 million of short-term debt as of April 29, 2023, April 30, 2022 and January 28, 2023, respectively, which represents the current portion of the French Term Loans.

During fiscal 2020, our French subsidiary, Micromania SAS, entered into six separate unsecured term loans for a total of €40.0 million. In the second quarter of 2021, at the request of Micromania SAS, these term loans were extended for five years, with an amortization plan for the principal starting in October 2022. In connection with the extension, the interest rate increased from zero to 0.7% for three of the term loans totaling €20.0 million, and 1% for the remaining three term loans totaling €20.0 million. The French government has guaranteed 90% of the term loans pursuant to a state guaranteed loan program instituted in connection with the COVID-19 pandemic.

6. Commitments and Contingencies**Letter of Credit Facilities**

We maintain uncommitted letter of credit facilities with certain lenders that provide for the issuance of letters of credit and bank guarantees, at times supported by cash collateral. As of April 29, 2023, we had approximately \$16.0 million of outstanding letters of credit and other bank guarantees under facilities outside of our \$500 million revolving line of credit which matures in November 2026.

During the three months ended April 29, 2023, there were no material changes to our commitments as disclosed in our 2022 Annual Report on Form 10-K.

Legal Proceedings

In the ordinary course of business, we are, from time to time, subject to various legal proceedings, including matters involving wage and hour employee class actions, stockholder actions, and consumer class actions. We may enter into discussions regarding settlement of these and other types of lawsuits, and may enter into settlement agreements, if we believe settlement is in the best interest of our stockholders. We do not believe that any such existing legal proceedings or settlements, individually or in the aggregate, will have a material effect on our financial condition, results of operations or liquidity.

7. Earnings Per Share

Basic net income (loss) per common share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding and potentially dilutive securities outstanding during the period. Potentially dilutive securities include stock options, unvested restricted stock and unvested restricted stock units outstanding during the period, using the treasury stock method. Potentially dilutive securities are excluded from the computations of diluted earnings per share if their effect would be anti-dilutive. A net loss from continuing operations causes all potentially dilutive securities to be anti-dilutive.

The following table presents a reconciliation of shares used in calculating basic and diluted net loss per common share:

	Three Months Ended	
	April 29, 2023	April 30, 2022
Weighted-average common shares outstanding	304.5	303.6
Dilutive effect of restricted stock awards	—	—
Weighted-average diluted common shares	304.5	303.6
Anti-dilutive shares:		
Restricted stock units	5.1	4.8
Restricted stock	0.1	0.8

GAMESTOP CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)
(unaudited)

8. Segment Information

We operate our business in four geographic segments: United States, Canada, Australia and Europe.

We identified segments based on a combination of geographic areas and management responsibility. Segment results for the United States include retail operations in 50 states; our ecommerce website www.gamestop.com; *Game Informer*® magazine; and our digital asset wallet and NFT marketplace. The United States segment also includes general and administrative expenses related to our corporate offices in Grapevine, Texas. Segment results for Canada include retail and ecommerce operations in Canada and segment results for Australia include retail and ecommerce operations in Australia and New Zealand. Segment results for Europe include retail and ecommerce operations in six countries. We measure segment profit using operating earnings, which is defined as income (loss) from operations before net interest (income) expense and income taxes. Transactions between reportable segments consist primarily of royalties, management fees, intersegment loans and related interest. There were no material intersegment sales during the three months ended April 29, 2023 and April 30, 2022.

	United States	Canada	Australia	Europe	Consolidated
Three Months Ended April 29, 2023					
Net sales	\$ 832.4	\$ 62.7	\$ 115.4	\$ 226.6	\$ 1,237.1
Operating loss	(26.3)	(3.8)	(6.0)	(22.3)	(58.4)
Three Months Ended April 30, 2022					
Net sales	\$ 995.3	\$ 76.9	\$ 126.7	\$ 179.5	\$ 1,378.4
Operating (loss) earnings	(144.2)	(1.1)	1.6	(10.0)	(153.7)

9. Income Taxes

The Coronavirus Aid, Relief, and Economic Securities Act (the "CARES Act"), which was enacted on March 27, 2020 in the United States, included measures to assist companies, including temporary changes to income and non-income-based tax laws. During fiscal 2022, we received a \$171.5 million U.S. federal income tax refund resulting from the carryback of net operating losses allowed pursuant to the CARES Act. Income tax receivable is recognized in prepaid expenses and other current assets on our Condensed Consolidated Balance Sheets.

Our interim tax provision was determined using an estimated annual effective tax rate and adjusted for discrete taxable events and/or adjustments that have occurred during the three months ended April 29, 2023.

We recognized an income tax benefit of \$0.1 million, or 0.2%, for the three months ended April 29, 2023 compared to an income tax expense of \$3.5 million, or (2.3)%, for the three months ended April 30, 2022. Our effective income tax rate for the three months ended April 29, 2023 is due to the recognition of tax benefits on certain current period losses offset by forecasted income taxes due in certain foreign and state jurisdictions in which we operate. Our effective income tax rate for the three months ended April 30, 2022 is primarily due to not recognizing tax benefits on certain current period losses as well as forecasted income taxes due in certain foreign and state jurisdictions in which we operate.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information contained in our condensed consolidated financial statements, including the notes thereto set forth in Part I, Item 1 of this Form 10-Q. Statements regarding future economic performance, management's plans and objectives, and any statements concerning assumptions related to the foregoing contained in Management's Discussion and Analysis of Financial Condition and Results of Operations constitute forward-looking statements. These statements are only predictions based on current expectations and assumptions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements included in this Form 10-Q are based upon information available to us as of the filing date of this Form 10-Q, and we undertake no obligation to update or revise any of these forward-looking statements for any reason, whether as a result of new information, future events or otherwise after the date of this Form 10-Q, except as required by law. You should not place undue reliance on these forward-looking statements. The forward-looking statements involve a number of risks and uncertainties. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Certain factors, which may cause actual results to vary materially from these forward-looking statements, accompany such statements and are discussed in our 2022 Annual Report on Form 10-K, including the disclosures under Part I, Item 1A "Risk Factors".

OVERVIEW

GameStop Corp. ("GameStop," "we," "us," "our," or the "Company"), a Delaware corporation established in 1996, is a leading specialty retailer offering games and entertainment products through its thousands of stores and ecommerce platforms.

We operate our business in four geographic segments: United States, Canada, Australia and Europe. Our fiscal year is composed of the 52 or 53 weeks ending on the Saturday closest to the last day of January. Fiscal 2023 consists of 53 weeks ending February 3, 2024 ("fiscal 2023"). Fiscal 2022 consisted of 52 weeks ended on January 28, 2023. All three month periods presented herein contain 13 weeks. All references to years, quarters and months relate to fiscal periods rather than calendar periods. The discussion and analysis of our results of operations refers to continuing operations unless otherwise noted. Our business, like that of many retailers, is seasonal, with the major portion of the net sales realized during the fourth quarter, which includes the holiday selling season.

BUSINESS PRIORITIES

The initial phase of GameStop's transformation largely occurred over the course of 2021 and the first half of 2022. This period was primarily focused on rebuilding the Company's decaying infrastructure and strengthening GameStop's value proposition, including investing in the Company's enterprise systems, technology capabilities, store leaders and store associates, and product catalog and offerings.

GameStop entered a new phase of its transformation during the second half of 2022. As a result, GameStop is focused on three overarching goals: establishing omnichannel retail experience, achieving profitability, and leveraging brand equity to support growth.

We are taking the following steps, with a significant emphasis on cost containment:

- Improving margins through operational discipline and increased emphasis on higher margin collectibles and pre-owned product categories;
- Ensuring the Company's cost structure is sustainable relative to revenue, including taking steps to optimize our workforce to operate efficiently and nimbly;
- Prudently increasing the size of our addressable market by growing our product catalog across PC gaming, collectibles, consumer electronics, toys, augmented reality, virtual reality and other categories that represent natural extensions of our business; and
- Sustaining a superior customer experience supported by a seamless in-store and ecommerce experience with speedy delivery to our customers.

In connection with our cost reduction efforts, we expect to see favorable impacts to our selling, general and administrative ("SG&A") expenses in the quarters to come as we pursue profitability. We also maintain and continue to strengthen our strong balance sheet.

As part of our efforts to achieve sustained profitability, we continue to evaluate our portfolio of assets to validate their strategic and financial fit and to eliminate redundancies. During the first quarter of fiscal 2023, we began the process of exiting our operations in Ireland. While we expect our intense focus on expense reductions to yield decreases in SG&A expenses, we have incurred and may continue to incur severance costs, store closure costs, and other related expenses in the short term. We continue to explore strategic options, which may include further store closings and exiting unprofitable businesses.

[Table of Contents](#)

As recently announced, we have made leadership changes, including the appointment of Ryan Cohen as Executive Chairman of the Company and Mark Robinson as the new principal executive officer of the Company with the title of General Manager. As Executive Chairman, Mr. Cohen will focus on capital allocation and overseeing management.

We believe the combination of these efforts to stabilize and optimize our core business and achieve sustained profitability while also focusing on capital allocation under Mr. Cohen's leadership will further unlock long-term value creation for our stockholders.

CONSOLIDATED RESULTS OF OPERATIONS

The following table presents certain statement of operations items and as a percentage of net sales:

	Three Months Ended				Change	
	April 29, 2023		April 30, 2022		\$	%
	Amount	Percent of Net Sales	Amount	Percent of Net Sales		
Net sales	\$ 1,237.1	100.0 %	\$ 1,378.4	100.0 %	\$ (141.3)	(10.3)%
Cost of sales	949.8	76.8	1,079.9	78.3	(130.1)	(12.0)
Gross profit	287.3	23.2	298.5	21.7	(11.2)	(3.8)
Selling, general and administrative expenses	345.7	27.9	452.2	32.8	(106.5)	(23.6)
Operating loss	(58.4)	(4.7)	(153.7)	(11.1)	95.3	62.0
Interest (income) expense, net	(9.7)	(0.8)	0.7	0.1	(10.4)	(1,485.7)
Other expense, net	1.9	0.2	—	—	1.9	100.0
Loss before income taxes	(50.6)	(4.1)	(154.4)	(11.2)	103.8	67.2
Income tax (benefit) expense	(0.1)	—	3.5	0.3	(3.6)	(102.9)
Net loss	\$ (50.5)	(4.1)%	\$ (157.9)	(11.5)%	\$ 107.4	68.0 %

The Three Months Ended April 29, 2023 Compared to the Three Months Ended April 30, 2022

Net Sales

The following table presents net sales by significant product category:

	Three months ended			
	April 29, 2023		April 30, 2022	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Hardware and accessories	\$ 725.8	58.7 %	\$ 673.8	48.9 %
Software	338.3	27.3	483.7	35.1
Collectibles	173.0	14.0	220.9	16.0
Total net sales	\$ 1,237.1	100.0 %	\$ 1,378.4	100.0 %

The following table presents net sales by reportable segment:

	Three Months Ended			
	April 29, 2023		April 30, 2022	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
United States	\$ 832.4	67.3 %	\$ 995.3	72.2 %
Canada	62.7	5.1	76.9	5.6
Australia	115.4	9.3	126.7	9.2
Europe	226.6	18.3	179.5	13.0
Total net sales	\$ 1,237.1	100.0 %	\$ 1,378.4	100.0 %

Net sales decreased \$141.3 million or 10.3%, for the three months ended April 29, 2023 compared to the prior year.

During the three months ended April 29, 2023, net sales in our United States, Canada, and Australia segments decreased by 16.4%, 18.5%, and 8.9%, respectively, compared to the prior year, while net sales in our Europe segment increased by 26.2% compared to the prior year. The decrease in consolidated net sales for the three months ended April 29, 2023 was primarily

[Table of Contents](#)

attributable to the translation impact of a weaker U.S. dollar, a decline in sales from new gaming software releases as a result of fewer significant title launches, a decline in sales of pre-owned software and hardware, and a decline in sales of collectibles. These impacts were partially offset by an increase in sales of new gaming hardware. The increase in Europe net sales was primarily attributable to sales of new gaming hardware driven by decreased supply constraints.

Gross Profit

During the three months ended April 29, 2023, gross profit decreased \$11.2 million, or 3.8%, compared to the prior year. Gross profit as a percentage of net sales increased to 23.2%, compared to 21.7% in the prior year. The decline in gross profit is primarily attributable to the impact of lower net sales, a shift in product mix from pre-owned gaming hardware and collectibles into new gaming hardware, partially offset by a decrease in freight expenses as a result of lower ecommerce volume and added cost optimizations. Gross profit percentage increased primarily due the decrease in freight expenses driven by added cost optimizations.

Selling, General and Administrative Expenses

During the three months ended April 29, 2023, SG&A expenses decreased \$106.5 million, or 23.6%, compared to the prior year. SG&A expenses as a percentage of sales decreased to 27.9% in the current year compared to 32.8% in the prior year. The decline in SG&A expenses is primarily attributable to a reduction in labor-related and consulting service costs driven by our focus on cost structure optimization efforts, and the translation impact of a weaker U.S. dollar.

Interest (Income) Expense, net

During the three months ended April 29, 2023, we recognized net interest income of \$9.7 million, compared to net interest expense of \$0.7 million in the prior year. The impact is primarily attributable to interest income increasing by \$10.2 million as a result of higher returns on invested cash.

Income Tax

We recognized income tax benefit of \$0.1 million for the three months ended April 29, 2023 compared to an income tax expense of \$3.5 million for the same period in 2022. Our effective income tax rate was 0.2% for the three months ended April 29, 2023 compared to (2.3)% for the same period in 2022. Our effective income tax rate for the three months ended April 29, 2023 is due to the recognition of tax benefits on certain current period losses offset by forecasted income taxes due in certain foreign and state jurisdictions in which we operate. Our effective income tax rate for the three months ended April 30, 2022 is primarily due to not recognizing tax benefits on certain current period losses as well as forecasted income taxes due in certain foreign and state jurisdictions in which we operate.

See Part I, Item 1 "Notes to the Condensed Consolidated Financial Statements", [Note 9](#), "Income Taxes," for additional information.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and marketable securities

	April 29, 2023	April 30, 2022	January 28, 2023
Cash and cash equivalents	\$ 1,057.0	\$ 1,035.0	\$ 1,139.0
Marketable securities	253.1	—	251.6
Cash, cash equivalents and marketable securities	<u>\$ 1,310.1</u>	<u>\$ 1,035.0</u>	<u>\$ 1,390.6</u>

Sources of Liquidity; Uses of Capital

Our principal sources of liquidity are cash from operations, cash on hand, and borrowings from the capital markets, which include our revolving credit facilities. As of April 29, 2023, we had total unrestricted cash and cash equivalents on hand of \$1,057.0 million, marketable securities of \$253.1 million, and an additional \$436.2 million of effective available borrowing capacity under our revolving credit facilities.

Our cash and cash equivalents are carried at fair value and consist primarily of U.S. government bonds and notes, money market funds, cash deposits with commercial banks, and highly rated direct short-term instruments that mature in 90 days or less. Our marketable securities are also carried at fair value and include investments in certain highly-rated short-term government bonds and notes that mature in less than one year. Our investment policy is designed to preserve principal and liquidity of our short-term investments.

In August 2022, the Company opened investment portfolios consisting of U.S. government treasury notes and bills in an aggregate amount of \$250.0 million. As of April 29, 2023, the investment portfolios aggregate balance was \$255.3 million, of which \$253.1 million are recognized in marketable securities and \$2.2 million are recognized in cash and cash equivalents on

[Table of Contents](#)

our Condensed Consolidated Balance Sheets. See Item 1, Part I, "Notes to the Consolidated Financial Statements", [Note 4](#), "Fair Value Measurements," for additional information.

On an ongoing basis, we evaluate and consider certain strategic operating alternatives, including divestitures, restructuring or dissolution of unprofitable business segments, uses for our excess cash in low-risk, short-term investments, as well as equity and debt financing alternatives that we believe may enhance stockholder value. The nature, amount and timing of any strategic operational change, or financing transactions that we might pursue will depend on a variety of factors, including, as of the applicable time, our available cash and liquidity and operating performance; our commitments and obligations; our capital requirements; limitations imposed under our credit arrangements; and overall market conditions.

Certain vendors have been impacted by volatility in the supply chain financing market. Some of our vendors have requested and may continue to request credit support collateral for our inventory purchase obligations and the levels of such collateral will depend on a variety of factors including our inventory purchase levels, available payment terms for inventories, availability of borrowing capacity under our credit facilities, favorable credit terms and costs of providing collateral.

In fiscal 2021, the six separate unsecured term loans held by our French subsidiary, Micromania SAS, for a total of €40.0 million were extended for five years. As of April 29, 2023, \$37.2 million remains outstanding.

In November 2021, we entered into a credit agreement for a secured asset-based credit facility comprised of a \$500 million revolving line of credit which matures in November 2026 ("2026 Revolver"). The 2026 Revolver includes a \$50 million swing loan revolving sub-facility, a \$50 million Canadian revolving sub-facility, and a \$250 million letter of credit sublimit.

As of the end of the first quarter of 2023, based on our borrowing base and amounts reserved for outstanding letters of credit, total effective availability under the 2026 Revolver was \$436.2 million, with no outstanding borrowings and outstanding standby letters of credit of \$13.8 million.

Separate from the 2026 Revolver, we maintain uncommitted facilities with certain lenders that provide for the issuance of letters of credit and bank guarantees, at times supported by cash collateral. As of April 29, 2023, we had bank guarantees outstanding in the amount of \$16.0 million outside of the 2026 Revolver.

Cash Flows

	Three Months Ended		
	April 29, 2023	April 30, 2022	Change
Cash used in operating activities	\$ (102.7)	\$ (303.9)	\$ 201.2
Cash (used in) provided by investing activities	(6.7)	66.1	(72.8)
Cash used in financing activities	(2.8)	(1.1)	(1.7)
Exchange rate effect on cash, cash equivalents and restricted cash	(4.0)	2.6	(6.6)
Decrease in cash, cash equivalents and restricted cash	\$ (116.2)	\$ (236.3)	\$ 120.1

Operating Activities

During the three months ended April 29, 2023, cash flows from operating activities were an outflow of \$102.7 million, compared with an outflow of \$303.9 million during the same period last year. Cash used in operating activities during the three months ended April 29, 2023 was primarily due to the impact of our net loss and an increase in merchandise inventory, partially offset by an increase in trade payables and a reduction in accounts receivable. Cash used in operating activities during the three months ended April 30, 2022 was primarily due to a \$179.8 million decrease in trade payables and customer liabilities for the pay down of merchandise inventory purchases.

Investing Activities

Cash flows from investing activities were an outflow of \$6.7 million during the three months ended April 29, 2023 compared to an inflow of \$66.1 million during the same period last year. Cash used in investing activities during the three months ended April 29, 2023 was primarily attributable to purchases of marketable securities and ongoing technological investments, partially offset by proceeds from sales and maturities of marketable securities. Cash provided by investing activities during the three months ended April 30, 2022 was primarily attributable to proceeds from the sale of digital assets, partially offset by technological investments, and investments in two new fulfillment centers.

Financing Activities

Cash flows from financing activities were an outflow of \$2.8 million during the three months ended April 29, 2023 compared to an outflow of \$1.1 million during the comparable prior year period. Cash used in financing activities during the three months ended April 29, 2023 was primarily attributable to the settlement of stock-based awards and the repayments on our government-guaranteed low interest French term loans due October 2022 through October 2026. Cash used in financing activities during the three months ended April 30, 2022 was primarily attributable to settlement of stock-based awards.

CRITICAL ACCOUNTING POLICIES

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and exclude certain disclosures required under GAAP for complete consolidated financial statements. Preparation of these statements requires us to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in these condensed consolidated financial statements. For a summary of significant accounting policies and the means by which we develop estimates thereon, see "Part II—Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2022 Annual Report on Form 10-K. There have been no material changes to our critical accounting policies from those included in our 2022 Annual Report on Form 10-K.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

We did not adopt any Accounting Standard Updates ("ASU") in the first quarter of fiscal 2023. Additionally, there are no current ASUs issued, but not adopted, that are expected to have a material impact on the Company.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of April 29, 2023 other than those disclosed in Part I, Item 1 "Notes to the Condensed Consolidated Financial Statements", [Note 5](#) "Debt" and [Note 6](#) "Commitments and Contingencies" of our condensed consolidated financial statements for additional information.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our quantitative and qualitative disclosures about market risk as set forth in Part II, [Item 7A](#) "Quantitative and Qualitative Disclosures About Market Risks" in our 2022 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) are designed to provide reasonable assurance that required disclosures in the reports that we file or submit under the Exchange Act have been appropriately recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and are effective in ensuring that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Our principal executive officer and principal financial officer, with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report and, based on that evaluation, determined that our disclosure controls and procedures were effective as of April 29, 2023 at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The matters described in Part I, Item 1 "Notes to the Condensed Consolidated Financial Statements", [Note 6](#) "Commitments and Contingencies - Legal Proceedings" in this Quarterly Report on Form 10-Q are incorporated by reference.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those risk factors set out below and those described in Part I, [Item 1A](#) "Risk Factors" in our 2022 Annual Report on Form 10-K for the year ended January 28, 2023, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock.

We may not successfully manage the transition associated with certain of our executive officers, which could have an adverse impact on us.

On June 5, 2023, our Board of Directors terminated Matthew Furlong's employment with the Company as its President and Chief Executive Officer without Cause (as such term is defined in Mr. Furlong's letter of employment dated June 9, 2021), effective immediately. On June 7, 2023, in connection with Mr. Furlong's termination, our Board of Directors appointed Ryan Cohen as Executive Chairman of the Company and Mark Robinson as the new principal executive officer of the Company with the title of General Manager. Leadership transitions can be inherently difficult to manage, and failure to timely or successfully implement transitions may cause disruption within the Company, including execution of our transformational plans. This may adversely impact our financial performance and ability to meet operational goals and strategic plans, our ability to retain and hire other key members of management, and the market price of our Class A common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

As of June 1, 2023, there were approximately 304,751,243 shares of our Class A common stock outstanding. Of those outstanding shares, approximately 228.1 million were held by Cede & Co on behalf of the Depository Trust & Clearing Corporation (or approximately 75% of our outstanding shares) and approximately 76.6 million shares of our Class A common stock were held by registered holders with our transfer agent (or approximately 25% of our outstanding shares) as of June 1, 2023.

[Table of Contents](#)**ITEM 6. EXHIBITS**

Exhibit Number	Description	Previously Filed as an Exhibit to and Incorporated by Reference From	Date Filed
3.1	Third Amended and Restated Certificate of Incorporation.	Quarterly Report on Form 10-Q for the fiscal quarter ended August 3, 2013	September 11, 2013
3.2	Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation.	Current Report on Form 8-K	June 3, 2022
3.3	Fifth Amended and Restated Bylaws.	Current Report on Form 8-K	March 6, 2017
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.	
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.	
32.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.	
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.	
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.	Submitted electronically herewith.	
101.SCH	Inline XBRL Taxonomy Extension Schema	Submitted electronically herewith.	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	Submitted electronically herewith.	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	Submitted electronically herewith.	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	Submitted electronically herewith.	
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).	Submitted electronically herewith.	

**CERTIFICATION PURSUANT TO
17 CFR 240.13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark H. Robinson, certify that:

- 1 I have reviewed this report on Form 10-Q of GameStop Corp.;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2023

By: /s/ Mark H. Robinson
Mark H. Robinson
General Manager
(Principal Executive Officer)
GameStop Corp.

**CERTIFICATION PURSUANT TO
17 CFR 240.13a-14(a) /15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Diana Saadeh-Jajeh, certify that:

- 1 I have reviewed this report on Form 10-Q of GameStop Corp.;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2023

By: /s/ Diana Saadeh-Jajeh
Diana Saadeh-Jajeh
Chief Financial Officer
(Principal Financial Officer)
GameStop Corp.

**CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934
AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of GameStop Corp. (the "Company") on Form 10-Q for the period ended April 29, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark H. Robinson, Principal Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 7, 2023

By: /s/ Mark H. Robinson
Mark H. Robinson
General Manager
(Principal Executive Officer)
GameStop Corp.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

