

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	July 31, 2021	August 1, 2020	January 30, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,720.4	\$ 735.1	\$ 508.5
Restricted cash	36.7	11.0	110.0
Receivables, net	68.5	83.1	105.3
Merchandise inventories	596.4	474.6	602.5
Prepaid expenses and other current assets	235.0	76.1	224.9
Total current assets	2,657.0	1,379.9	1,551.2
Property and equipment, net	186.6	219.7	201.2
Operating lease right-of-use assets	645.2	689.0	662.1
Deferred income taxes	—	29.2	—
Long-term restricted cash	18.5	12.5	16.5
Other noncurrent assets	38.5	44.9	41.6
Total assets	\$ 3,545.8	\$ 2,375.2	\$ 2,472.6
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 409.7	\$ 256.4	\$ 341.8
Accrued liabilities and other current liabilities	563.1	580.7	626.8
Current portion of operating lease liabilities	221.5	218.8	227.4
Short-term debt, including current portion of long-term debt, net	—	221.3	121.7
Borrowings under revolving line of credit	—	35.0	25.0
Total current liabilities	1,194.3	1,312.2	1,342.7
Long-term debt, net	47.5	215.9	216.0
Operating lease liabilities	432.0	475.5	456.7
Other long-term liabilities	20.0	19.3	20.5
Total liabilities	1,693.8	2,022.9	2,035.9
Commitments and contingencies (Note 7)			
Stockholders' equity:			
Class A common stock — \$.001 par value; 300 shares authorized; 75.9, 65.2 and 65.3 shares issued and outstanding, respectively	0.1	0.1	0.1
Additional paid-in capital	1,561.7	2.9	11.0
Accumulated other comprehensive loss	(56.3)	(63.9)	(49.3)
Retained earnings	346.5	413.2	474.9
Total stockholders' equity	1,852.0	352.3	436.7
Total liabilities and stockholders' equity	\$ 3,545.8	\$ 2,375.2	\$ 2,472.6

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Net sales	\$ 1,183.4	\$ 942.0	\$ 2,460.2	\$ 1,963.0
Cost of sales	862.5	689.8	1,809.2	1,428.4
Gross profit	320.9	252.2	651.0	534.6
Selling, general and administrative expenses	378.9	348.2	749.2	734.7
Asset impairments	—	0.9	0.6	4.8
Gain on sale of assets	—	(11.3)	—	(11.3)
Operating loss	(58.0)	(85.6)	(98.8)	(193.6)
Interest income	(0.1)	(0.4)	(0.2)	(1.3)
Interest expense	0.6	7.9	25.4	15.5
Loss from continuing operations before income taxes	(58.5)	(93.1)	(124.0)	(207.8)
Income tax expense	3.1	17.9	4.4	68.3
Net loss from continuing operations	(61.6)	(111.0)	(128.4)	(276.1)
Loss from discontinued operations, net of tax	—	(0.3)	—	(0.9)
Net loss	\$ (61.6)	\$ (111.3)	\$ (128.4)	\$ (277.0)
Basic loss per share:				
Continuing operations	\$ (0.85)	\$ (1.71)	\$ (1.85)	\$ (4.26)
Discontinued operations	—	(0.01)	—	(0.01)
Basic loss per share	\$ (0.85)	\$ (1.71)	\$ (1.85)	\$ (4.28)
Diluted loss per share:				
Continuing operations	\$ (0.85)	\$ (1.71)	\$ (1.85)	\$ (4.26)
Discontinued operations	—	(0.01)	—	(0.01)
Diluted loss per share	\$ (0.85)	\$ (1.71)	\$ (1.85)	\$ (4.28)
Weighted-average shares outstanding:				
Basic	72.6	65.0	69.3	64.7
Diluted	72.6	65.0	69.3	64.7

See accompanying notes to unaudited condensed consolidated financial statements.

GAMESTOP CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)

	Three Months Ended		Six Months Ended	
	July 31, 2021	August 1, 2020	July 31, 2021	August 1, 2020
Net loss	\$ (61.6)	\$ (111.3)	\$ (128.4)	\$ (277.0)
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(9.1)	27.0	(7.0)	14.9
Total comprehensive loss	<u>\$ (70.7)</u>	<u>\$ (84.3)</u>	<u>\$ (135.4)</u>	<u>\$ (262.1)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended	
	July 31, 2021	August 1, 2020
Cash flows from operating activities:		
Net loss	\$ (128.4)	\$ (277.0)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization (including amounts in cost of sales)	36.3	41.7
Loss (gain) on retirement of debt	18.2	(1.5)
Asset impairments	0.6	4.8
Stock-based compensation expense	14.5	3.9
Deferred income taxes	—	45.4
Loss (gain) on disposal of property and equipment, net	0.5	(9.6)
Other, net	(0.6)	1.3
Changes in operating assets and liabilities:		
Receivables, net	36.2	60.5
Merchandise inventories	1.2	394.2
Prepaid expenses and other current assets	(4.0)	1.7
Prepaid income taxes and income taxes payable	(13.8)	69.8
Accounts payable and accrued liabilities	25.2	(193.7)
Operating lease right-of-use assets and lease liabilities	(16.1)	2.8
Changes in other long-term liabilities	(0.1)	(0.8)
Net cash flows (used in) provided by operating activities	(30.3)	143.5
Cash flows from investing activities:		
Purchase of property and equipment	(28.2)	(17.5)
Proceeds from sale of property and equipment	—	51.8
Other	(0.1)	1.7
Net cash flows (used in) provided by investing activities	(28.3)	36.0
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of costs	1,672.8	—
Proceeds from French term loans	—	23.6
Borrowings from the revolver	—	150.0
Repayments of revolver borrowings	(25.0)	(115.0)
Payments of senior notes	(307.4)	(5.3)
Settlement of stock-based awards	(136.6)	(1.0)
Other	(0.1)	(0.3)
Net cash flows provided by financing activities	1,203.7	52.0
Exchange rate effect on cash, cash equivalents and restricted cash	(4.5)	13.6
Increase in cash, cash equivalents and restricted cash	1,140.6	245.1
Cash, cash equivalents and restricted cash at beginning of period	635.0	513.5
Cash, cash equivalents and restricted cash at end of period	\$ 1,775.6	\$ 758.6

See accompanying notes to unaudited condensed consolidated financial statements.