

Title: Since Gamestop removed the Konami Code I did some digging and found an interesting article from 5/2/2019. Share buyback/DRS is endgame. The plan was there but old board had moles and BCG trying to make GME the next blockbuster. Then came RC/co. and a bunch of retarded apes that like the stonk.
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market cap of less than \$910M, the market is handing GameStop the "power-up" of the decade. If GameStop does not utilize as much of the \$300M authorization as possible this quarter there will need to be an immediate change to the board of directors. There are rules for share purchases that, due to the unusually late Q4 earnings report, give GameStop only 20 trading days before the end of Q1 (May 3rd) to repurchase shares. They can only purchase up to 25% of the average daily volume which is currently at 4,458,441 and has been increasing daily. GameStop should have easily been able to purchase at least 1 million shares a day, and with an average share price of around \$9.50 they should have utilized at least \$190M of the \$300M authorization. That is the minimum that shareholders should accept. However, there is no reason that a competent board could not purchase even more.

GameStop needs to immediately issue a Rule 10b5-1 trading plan. This will allow them to make pre-planned purchases that could utilize the entire \$300M authorization, even during the blackout period, prior to releasing Q1, 2019 earnings. The board could have also made block trades (once a week) with no limits (such as the 25% rule) on the number of shares included in the block. We notified Investor Relations of this last week and were told that our message was passed along internally.

Short Positions

There are currently 41.268M GameStop shares sold short on only 102.27M shares outstanding. If GameStop completes the share buybacks there will only be approximately 70M shares outstanding. If GameStop were to complete the share repurchase authorization, they could immediately issue a new \$300M share repurchase authorization. A second \$300M share repurchase authorization at current prices would take shares outstanding below the level of shares held by short sellers. This announcement (even if a single share is never purchased with the second authorization) would result in an epic short squeeze that could potentially push shares well above the 52-week high of \$17.27.

Fortunately, it simply doesn't matter for GameStop, because they can just press "↑, ↑, ↓, ↓, ←, →, ←, →, B, A, Start, Select" and more than double their stock.

GameStop's "Konami Code"

While GameStop's actual Konami Code is not a sequence of buttons like in the old arcade games, it will be just as effective as someone tripling their lives from 15 to 45 in Contra.

GameStop's Konami Code is the repurchase of shares.

GameStop has already authorized a \$300M share repurchase plan. With the price of GameStop currently trading at less than \$9 a share and a market cap of less than \$910M, the market is handing GameStop the "power-up" of the decade. If GameStop does not utilize as much of the \$300M authorization as possible this quarter there will need to be an immediate change to the board of directors. There are rules for share purchases that, due to the unusually late Q4 earnings report, give GameStop only 20 trading days before the end of Q1 (May 3rd) to

GameStop has a 36% market share on hardware and accessory sales, and only minor declines in the sale of new video games. This is not a digital or streaming issue: Buyers are coming into the stores to do an array of other business. Perhaps the eSports initiative will help, but George Sherman's number one priority aside from share repurchases and SG&A savings should be stabilizing this business. The margin on pre-owned sales is 43%.

Collectibles are a meaningful and growing category that may be set-up to benefit the most from GameStop's shift to eSport partnerships. Collectible offerings should be a major part of each store and they should also be aligned with the prize tournaments that are being planned. If gamers are heading to a GameStop store for a Fortnite prize tournament, then the manager of that store must make Fortnite collectibles front-and-center and well-stocked the day of the tournament.

This now brings us to the root cause of GameStop's woes, and it's not streaming, or digital sales, and certainly not a broken business model. GameStop is not Blockbuster. We've disproved all of that by looking at the sales figures as well as market share figures.

So, what is plaguing GameStop?

It is SG&A.

Look at these custom tables we created for SG&A and gross profit less