

Title: GME Q4 and 2022 Financial Outlook: It's a full moon apes!

Author: Cataclysmic98

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\*\*\*Leading into January 31st Q4 financial results, this post is a review of last quarters financials and commentary from GameStop's 8-K.\*\*\* \*\*\*Looking forward to Q4 and 2022! Outlook: Full moon!\*\*\*

#### \*\*THIRD QUARTER OVERVIEW OCTOBER 30, 2021\*\*

\* Net sales were \$1.297 billion for the quarter, compared to \$1.005 billion in the prior year's third quarter.

\* Sales attributable to new and expanded brand relationships, such as Samsung, LG, Razer, Vizio and others, contributed to the Company's growth in the quarter.

\* Inventory was \$1.141 billion at the close of the quarter, compared to \$861 million at the close of the prior year's third quarter, reflecting the Company's focus on front-loading investments in inventory to meet increased customer demand and mitigate supply chain issues.

\* Ended the period with cash and cash equivalents of \$1.413 billion as well as no debt other than a \$46.2 million low-interest, unsecured term loan associated with the French government's response to COVID-19.

\* \*Established new offices\* in Seattle, Washington and Boston, Massachusetts, which are \*technology hubs with established talent markets.\*

\* Secured a new \$500 million ABL facility, which closed in November just after the end of the third quarter, with improved liquidity and terms, including reduced borrowing costs, \*lighter covenants\* and additional flexibility.

#### \*\*FINANCIAL STATEMENTS (Q3 over Q3 in millions):\*\*

\* \*\*\*Total ASSETS:\*\*\* \*\*\$\*\*3,762.0 compared to prior year \$2,601.4 = \*\$1,160.6\*

\* \*\*\*Total LIABILITIES:\*\*\* \$2,007.1 compared to prior year \$2,269.2 = (\$262.1)

\*\*\*Cash flows from operating expenses:\*\*\* \*\*\*Net loss\*\*\*: \$(233.8) compared to prior year \$(295.8) = \$61.0

\* \*Merchandise inventories\* \$(545.2) compared to prior year \$11.6 = \$(556.8)

\* \*Accounts payable and accrued liabilities.\* \$376.9 compared to prior year \$78.9 = \$298.0

\*Cash, cash equivalents and restricted cash at end of period:\* \$1,468.1 compared to prior year \$602.6

[\*\*\*<https://news.gamestop.com/static-files/53741459-2f7c-454c-a8ec-1e42b4228160>\*\*\*](<https://news.gamestop.com/static-files/53741459-2f7c-454c-a8ec-1e42b4228160>)

TL;DR: IMO when you drill down, the Q3 financial results for GameStop were fantastic. Net sales were up and the increase in operating costs was primarily related to increasing inventory. GameStop has attracted [hundreds of talented executives](<https://gmedd.com/transformation/gamestop-bags-chewy-vp-of-engineering/>) from \*thriving\* tech companies, they now have a balance sheet of around \$1.4 billion in cash with virtually no debt, and are undergoing a radial strategic transformation to compete and thrive in the \$\$\$ era of mobile gaming, digital downloads and the NFT / crypto marketplace.

[GME IS A FANTASTIC INVESTMENT OPPORTUNITY EVEN WITHOUT THE SQUEEZE!](<https://www.linkedin.com/pulse/gamestop-ordinary-stock-nor-failing-brick-and-mortar-retail-michal>) Soon mass retail is going to realize this!

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