Title: Where can GME find $368.5m to break even?
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TLDR:

\- Under the current retail business, GME needs to make $1.6B in new sales to break even.
\- If RC can drive revenues as he did with Chewy, BBBY makes an interesting acquisition target
\- The cost of NFT market place is front loaded for IT infrastructure so all sales may flow directly to profit. If this is the case, GME will break even with incremental sales of $368.5m.

\- Question: how is revenue generated from the NFT market place?

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I was just looking thru some financials and wanted to discuss with you all some conclusions and insights that I hope you all think are worth sharing.

There are 2 avenues through which GME can break even. 1st is increasing sales volume. Assuming the costs as a percentage of sales stay the same, GME will need to make an additional $1.6B.

[Under current operations, approx. $1.6b needed to break even](https://preview.redd.it/ghprml6cpy991.png?width=805&format;=png&auto;=webp&s;=8fa15c767829bbec2ee0320c5dfb524e332de03a)

Cost of good sold stay flat at 78% and I hold SG&A; at $1.7B. Likely that SG&A; would rise but historical SG&A; as a percentage of sales was lower, so we can make an argument that it would stay flat.

I wanted to compare GME to some other companies just to see where they stand:

https://preview.redd.it/lh7g7pjjpy991.png?width=1021&format;=png&auto;=webp&s;=d97ba07084a39989a5cd588d580f2dbc7cdde66a

Couple of things to note:

\- GME is the second worst for Cost of Goods as a percentage of sales (78%) - it actually has been getting steadily worse since 2018 when it was 72%. However, they are not the worst, that'd be Amazon (86%).

\- I threw BBBY in the mix as a retail comp. They actually are not bad - the margins on what they sell are pretty darn good. Among the retailers, it has the best COGS per sale 68%! They need volume! Is this where maybe RC can help? This is interesting when I read elsewhere highly speculative talk about GME or RC Ventures purchasing BBBY.

\- Both GME and BBBY have the worst SG&A; per revenue. Look at Amazon with 9%!

\- Netflix really is not a good comp for GME in its current incarnation. i.e. before NFT market place launch. They are not in the retail business. But I thought perhaps using it as a good comp for a media business where you have a mostly fixed SG&A;, much I would assume is IT heavy.

\- Check this out: you can carve out Amazon's subscription business and compare it to Netflix and see that their Cost of Sales are the same (58%)!

[Cost of Sales as % are the same!](https://preview.redd.it/9uzz82tyuy991.png?width=1043&format;=png&auto;=webp&s;=99e048af254809a8cbbf1870c7a1d70adfd80f13)

I like Amazon a lot as comp to GME. With Amazon you have basically two businesses, one retail and the other subscription, which might be what GME will look like. It looks like Amazon doesn't make $ off the retail business and the profit center is with the subscription / fulfillment side. In fact, based on this high level analysis, it seems Amazon is actually loss making on the retail side.

Modelling off of Amazon, GME, while of course wants to increase sales volume, doesn't necessarily have to to reach profitability.

So early on I said that GME will beak even with 2 revenue sources. We discussed one which is the current retail business, but now what about the second? At it's core, this second revenue source will be from the NFT marketplace. But the question I had around this is what are the revenue sources exactly?

I think one is a broker-like revenue for peer-to-peer sales of NFTs. But are there are others? The games for example, how will GME make money from that? And what about the various partnerships? So much is unknown for me.

Finally, GME has front loaded the costs to build and maintain this market place, so any additional revenue they make may go straight to the bottom line with minimal incremental costs. If this is the case, to break even they need to make only $369m.