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The GameStop Bull Thesis – January 28, 2022:

It has been one year since that fateful day when the buy-button on our favorite stock was removed by nefarious parties caught in the midst of a terrible trade, unwilling or unable to face the music and give retail investors their much-deserved win. I would like to take this anniversary date to discuss the Bull Thesis around GameStop, on a purely fundamental basis. I welcome your additional thoughts and discussion on GameStop's Bull Thesis in the comments below.

I personally believe the “GameStop Shorts” did not substantially close out their positions during the January 2021 “Sneeze”, which is evidenced by the unusual behavior of the mainstream media towards GameStop in the year since, the inexplicable and cyclical pumps and dumps of GME’s share price on zero news, and the obvious shenanigans with ETFs containing GME. In addition, there is the simple fact that the share price tanked from $483 to $38 during a period when a 140% (or 226%?) short-float interest was supposedly being closed out. You know what? Maybe some of the original “value shorts” opened from $4-20 *did* close, to be replaced by shorts at higher prices. However, it seems quite clear that there was far more shorting than closing happening between January 28 and February 24, 2021, given the price action. Further, every short, no matter what price they shorted at, is simply a future buyer of the stock if the longs are patient enough, and the company successful.

However, given the disappointing lack of transparency regarding short positions and derivative products in the US stock market, there is no objective way of quantifying what any hidden short interest might mean for the stock price in the future. Accordingly, I will rely solely upon publicly available data points to underpin my Bull Thesis for GameStop as of January 28, 2022. In the words of our dear Roaring Kitty, I do not profess to offer any specific price targets – **just up.**

Without further ado, here are my reasons for remaining incredibly bullish on GameStop in 2022:

1. GameStop is under the guidance of Chairman Ryan Cohen, a proven e-commerce genius (and master shit-poster) who founded pet food giant, **Chewy**, from the ground floor in 2011, and proceeded to beat Amazon in the pet e-commerce space within 5 short years. Cohen sold Chewy to PetSmart for over $3.3bn in 2017, which at the time was the largest e-commerce business sale in history. Chewy is currently worth around $18bn, but reached a peak market-cap of over $40bn during the growth stock peak in Feb 2021. Ryan Cohen remains backed by the same venture capitalists who funded his Chewy venture, including Larry Cheng, who is also on the GameStop Board of Directors. Cohen owns a significant stake in GameStop with 9 million shares. He still hasn’t decided whether he plans to HOLD or HODL his GME shares, however.

2. GameStop currently has some $1.4bn in cash, and no long term debt, after minimally and responsibly diluting its shares outstanding in 2021 by 8.5m, which increased its shares outstanding from around 68m to 76m. This was a master-class chess-move, coming after GameStop bought back considerably more shares (around 30 million) at a *far* cheaper price point in 2019.

3. GameStop has brought in an experienced new executive team with significant e-commerce and tech clout. The C-suite and Board have been entirely house-cleaned since 2020 and replaced with hires from the likes of Amazon, Chewy, Apple, Google and other prestigious and successful tech companies. In all, GameStop has made over 350 key hires since Ryan Cohen came on board with the company. The majority of the compensation for these new hires is in the form of GameStop stock. If the company’s share price does not appreciate, these execs will see their compensation dwindle. Talk about a motivation to execute well!

4. GameStops' strategy of closing its less-profitable brick and mortar stores is almost complete, thereby concluding the company's brick and mortar de-densification strategy which began in 2019, in order to improve its profit-per-store metrics, and reduce the company's operating / overhead expenses moving forward.

5. GameStop recently opened a new 500-employee Customer Care Centre in Florida to further improve on delivering an industry-best, customer-obsessed experience to its shoppers. In the modern e-commerce landscape, standing out from established giants like BestBuy, WalMart, and Amazon requires a personalized approach and excellent customer experience, something that Chewy is well regarded for. GameStop seems to be emulating the Chewy model, and that should enable them to claw out a successful niche in the e-commerce gaming space, at the expense of bloated incumbents like Amazon.

6. GameStop has recently acquired two new huge logistics warehouses, in Pennsylvania and Nevada, as part of its pivot to e-commerce sales. GameStop offers competitive same-day shipping in many areas of the US, and free shipping on orders over $35.

7. GameStop has greatly expanded its line of products in the past 12 months from just physical video games/consoles/limited gaming merch. Its offerings now includes a whole range of new product lines such as PC gaming systems and components, home décor and appliances, smart phones and iPads, board games, etc. In general, GameStop's US website and inventory has seen major upgrades since 2020 (still waiting on you, GameStop Canada! Shut up and take my money already).

8. GameStop consistently increased its Quarter over Quarter revenue in 2021 by around 25%. If that trend continues, GameStop's 2021Quarter 4 revenue should come in around $2.5bn, giving it an annual revenue for 2021 of $6.26bn, even as it closes hundreds of unprofitable stores. I should point out that Yahoo Finance's financial analysis for $GME still predicts a 2021 revenue of just $5.09bn... Talk about a clown-show! Yet more evidence for why no main stream financial analysts should be given the time of day.

9. GameStop is positioned within the enviable Gaming market space, which is growing at a rapid rate. The global gaming market is forecast to be worth some $256.97 billion by 2025. Back in 2019, this figure was around $151.55 billion. Gaming industry stats show that the industry is forecast to grow at a rate of 9.17% from 2020 to 2025.

10. GameStop has over 55 million PowerUp Rewards members within its ecosystem, which can be leveraged for new revenue streams such as e-sports, an NFT marketplace, subscription services, etc.

11. GameStop is exploring block-chain technologies, including an NFT marketplace, which could provide massive, untapped revenue streams. For example, OpenSea, which has a fraction of GameStop's customer / member-rewards base, was recently valued at over $10bn based on its NFT marketplace alone. GameStop appears to be an upcoming beneficiary of Loopring's revolutionary "Layer 2 Rollup" technology, which greatly eliminates "gas fees" and reduces the cost of NFT transactions. GameStop poached Matt Finestone from Loopring in early 2021, and reportedly was looking at buying Loopring outright in late 2021 (as per that WSJ article from early January), before deciding to partner with them instead for an as-yet unspecified project.

12. In 2013, at the beginning of the PS4/XBone console cycle, GameStop had a peak market-cap (inflation-adjusted) of $**7.6bn**. In 2007, at the beginning of the PS3/Xbox360 console cycle, GameStop had a peak market-cap (inflation adjusted) of **$13.45bn.** GameStop's market-cap as of the time of this writing is merely **$7.2bn.** In other words, at the start of the PS5/Series-X cycle, GameStop is now cheaper than it has been at the start of a console-cycle since before 2007. To be fair, GameStop's annual revenue and earnings-per-share has fallen since those earlier console cycles, and its traditional business

model of selling new/used physical discs *was* beginning to be outdated. However, the company has taken giant steps to address these issues, and to transform itself since 2020. In the words of its new CEO, Matt Furlong, GameStop is in the process of pivoting into a technology and e-commerce company. The company has no debt, has billions in cash, ***and*** it still maintains the largest retail store footprint of any gaming-oriented retailer on the planet, which can be leveraged for all manner of novel purposes (gaming lounges, experience centres, local logistics/shipping centres, Gaming-PC building kiosks, etc). Despite all these bullish factors, GameStop is cheaper now than it was in 2013, or even 2007.

13. GameStop has garnered an immense amount of free media coverage and publicity since January 2021. Granted, much of that coverage has been negative, as crafted by the main stream media. However, as they say, *“there is no such thing as bad publicity”*. GameStop’s name and brand is now firmly planted in the eyes and minds of the public and the media. What GameStop chooses to do with this free publicity is up to Ryan Cohen and his team. GameStop has also attracted an intensely loyal following of millions of customers and retail investors since early 2021, many of whom will continue to shop at the company, and to buy and **direct register** its stock outside the grasp of the nefarious DTCC clearing system, regardless of the narrative spun about the company in the media, or its current (manipulated) share price.

I wouldn’t want to be short on this stock right now.

****Disclaimer: this is just my opinion and should not be construed in any way as financial advice. As always, make your own investment decisions; do your own research.****