

# Equity Research Report: GameStop Corporation

## Income Statement Analysis

Based on the income statement analysis, GameStop's revenue declined 27.5% year-over-year to \$3.8 billion in fiscal 2024, with hardware, software and collectible sales all decreasing. However, the gross profit margin improved to 29.1% from 24.5% a year ago, indicating higher margins from collectibles and pre-owned products. Operating expenses fell but the operating margin remained slightly negative at -0.7% due to fixed costs. The net profit margin increased substantially to 3.4% from 0.1% previously, reflecting strong interest income growth. Overall, while top-line performance faces challenges, focus on cost optimization and higher-margin categories enhanced profitability. Continued cost controls and expansion into new growth areas can help power sustainable revenue and profit gains in the future if overall sales stabilize.

## Balance Sheet Analysis

Based on the balance sheet data provided for fiscal 2024 and prior years, GameStop's financial position shows notable improvements in liquidity and solvency. Current assets of \$5.355 billion significantly exceed current liabilities of \$0.665 billion, representing strong liquidity to meet near-term obligations. Total assets grew substantially to \$5.875 billion in 2024 from \$2.709 billion in 2023, with cash and inventory comprising the bulk. Total liabilities also increased moderately, leaving shareholders' equity at a robust \$4.929 billion, up from \$1.339 billion the prior year. The debt-to-equity ratio remains favorable, enhancing long-term solvency. Overall, GameStop leveraged recent stock offerings to dramatically strengthen its balance sheet, accumulating ample reserves to support ongoing operations, strategic investments per its revised policy, and potential opportunities that may arise. The company has established a solid financial foundation for navigating challenges while exploring initiatives to optimize its business model and expand profitability prospects in the evolving industry landscape.

## Cashflow Analysis

GameStop generated \$145.7 million in operating cash flow in fiscal 2024, an improvement from the prior year's usage, driven by lower inventory and receivables. Investing activities yielded \$265.1 million primarily from security sales and maturities. Financing activities provided \$3.4 billion mainly through equity offerings, boosting liquidity. Compared to fiscal 2023, cash flow improved across all categories. With \$4.8 billion in cash and no debt, the company has ample liquidity for growth initiatives. Recent cash generation demonstrates strengthened underlying profitability and prudent capital management. Going forward, continued focus on cost optimization and expanding higher-margin categories can sustain cash flows, while the sizable cash position provides strategic flexibility to pursue opportunistic investments.

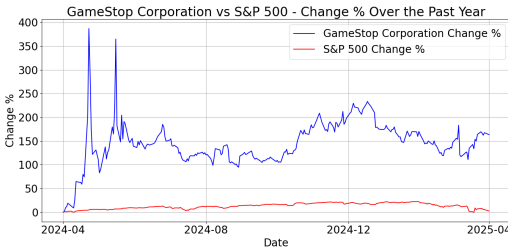
## Summarization

Based on the analyses, GameStop has strengthened its financial position in fiscal 2024. While revenues declined, focus on higher-margin categories boosted profits as costs fell. Liquidity and solvency significantly improved via stock offerings, with ample cash for strategic initiatives to optimize operations and expand offerings. Cash flows turned positive as the balance sheet strengthened. Overall, disciplined cost management and capital allocation have enhanced GameStop's fiscal health despite top-line challenges. To further shareholder value, management should continue exploring new revenue streams in adjacent markets leveraging its strong financial base, while maintaining prudent controls to sustain profitability as sales trends stabilize.

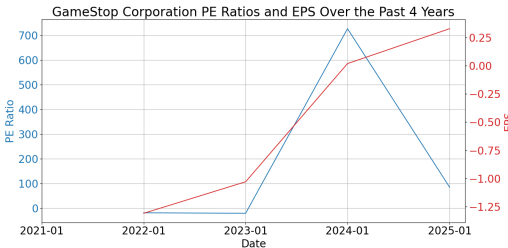
## Key data

6m avg daily val (USDmn)	10.43
Closing Price (USD)	26.38
Market Cap (USDmn)	11790.14
52 Week Price Range (USD)	10.01 - 64.83
BVPS (USD)	11.029

## Share Performance



## PE & EPS



Income Statement

FY (USD mn)	2025	2024	2023
Tax Effect Of Unusual Items	-417100.0	-1.008	-567000.0
Tax Rate For Calcs	0.043	0.21	0.21
Normalized EBITDA	32.1	31.3	-244.5
Total Unusual Items	-9.7	-4.8	-2.7
Total Unusual Items Excluding Goodwill	-9.7	-4.8	-2.7
Net Income From Continuing Operation Net Minority Interest	131.3	6.7	-313.1
Reconciled Depreciation	38.9	56.2	61.7
Reconciled Cost Of Revenue	2709.1	3978.6	4555.1
EBITDA	22.4	26.5	-247.2
EBIT	-16.5	-29.7	-308.9
Net Interest Income	163.4	49.5	9.5
Interest Expense	nan	nan	nan
Interest Income	163.4	49.5	9.5
Normalized Income	140.5829	10.492	-310.967
Net Income From Continuing And Discontinued Operation	131.3	6.7	-313.1
Total Expenses	3839.5	5302.5	6236.1
Total Operating Income As Reported	-26.2	-34.5	-311.6
Diluted Average Shares	394.7	305.2	304.2
Basic Average Shares	394.1	305.1	304.2
Diluted EPS	0.33	0.02	-1.03
Basic EPS	0.33	0.02	-1.03
Diluted NI Availto Com Stockholders	131.3	6.7	-313.1
Net Income Common Stockholders	131.3	6.7	-313.1
Net Income	131.3	6.7	-313.1
Net Income Including Noncontrolling Interests	131.3	6.7	-313.1
Net Income Discontinuous Operations	nan	nan	0.0
Net Income Continuous Operations	131.3	6.7	-313.1
Tax Provision	5.9	6.4	11.0
Pretax Income	137.2	13.1	-302.1
Other Income Expense	-9.7	-6.7	-2.7
Other Non Operating Income Expenses	nan	-1.9	nan
Special Income Charges	-9.7	-4.8	-2.7
Gain On Sale Of Ppe	nan	nan	0.0
Write Off	9.7	4.8	2.7
Impairment Of Capital Assets	nan	nan	2.7
Net Non Operating Interest Income Expense	163.4	49.5	9.5
Total Other Finance Cost	nan	-49.5	-9.5
Interest Expense Non Operating	nan	nan	nan
Interest Income Non Operating	163.4	49.5	9.5
Operating Income	-16.5	-29.7	-308.9
Operating Expense	1130.4	1323.9	1681.0
Selling General And Administration	1130.4	1323.9	1681.0
Gross Profit	1113.9	1294.2	1372.1
Cost Of Revenue	2709.1	3978.6	4555.1
Total Revenue	3823.0	5272.8	5927.2
Operating Revenue	3823.0	5272.8	5927.2

Cash Flow Sheet

FY (USD mn)	2025	2024	2023
Free Cash Flow	129.6	-238.6	52.3
Repurchase Of Capital Stock	nan	nan	nan
Repayment Of Debt	-10.8	-10.7	-3.9
Issuance Of Debt	nan	nan	0.0
Issuance Of Capital Stock	3453.8	0.0	0.0
Capital Expenditure	-16.1	-34.9	-55.9
Interest Paid Supplemental Data	1.2	3.2	2.6
Income Tax Paid Supplemental Data	6.2	6.2	13.5
End Cash Position	4789.8	938.9	1196.0
Other Cash Adjustment Outside Changein Cash	nan	nan	nan
Beginning Cash Position	938.9	1196.0	1319.9
Effect Of Exchange Rate Changes	-2.9	-8.6	-1.5
Changes In Cash	3853.8	-248.5	-122.4
Financing Cash Flow	3443.0	-11.6	-7.9
Cash Flow From Continuing Financing Activities	3443.0	-11.6	-7.9
Net Other Financing Charges	nan	nan	nan
Proceeds From Stock Option Exercised	0.0	-900000.0	-4.0
Cash Dividends Paid	nan	nan	0.0
Common Stock Dividend Paid	nan	nan	0.0
Net Common Stock Issuance	3453.8	0.0	0.0
Common Stock Payments	nan	nan	nan
Common Stock Issuance	3453.8	0.0	0.0
Net Issuance Payments Of Debt	-10.8	-10.7	-3.9
Net Short Term Debt Issuance	nan	0.0	0.0
Short Term Debt Payments	nan	0.0	0.0
Short Term Debt Issuance	nan	nan	0.0
Net Long Term Debt Issuance	-10.8	-10.7	-3.9
Long Term Debt Payments	-10.8	-10.7	-3.9
Long Term Debt Issuance	nan	nan	0.0
Investing Cash Flow	265.1	-33.2	-222.7
Cash Flow From Continuing Investing Activities	265.1	-33.2	-222.7
Net Other Investing Changes	3.5	nan	600000.0
Net Investment Purchase And Sale	255.4	-14.2	-249.3
Sale Of Investment	316.8	312.6	27.5
Purchase Of Investment	-61.4	-326.8	-276.8
Net Business Purchase And Sale	7.0	0.0	0.0
Sale Of Business	7.0	0.0	0.0
Net Intangibles Purchase And Sale	0.0	2.8	81.9
Sale Of Intangibles	0.0	2.8	81.9
Net PPE Purchase And Sale	15.3	13.1	0.0
Sale Of PPE	15.3	13.1	0.0
Purchase Of PPE	nan	nan	nan
Capital Expenditure Reported	-16.1	-34.9	-55.9
Operating Cash Flow	145.7	-203.7	108.2
Cash Flow From Continuing Operating Activities	145.7	-203.7	108.2
Change In Working Capital	-42.9	-295.8	288.9
Change In Other Working Capital	5.3	-10.5	167.5
Change In Other Current Liabilities	3.0	-2.9	0.0
Change In Payables And Accrued Expense	-179.5	-397.7	-66.2
Change In Prepaid Assets	4.9	10.4	-25.2
Change In Inventory	94.5	39.9	229.6
Change In Receivables	28.9	65.0	-16.8
Other Non Cash Items	1.2	800000.0	1.2
Stock Based Compensation	16.4	22.2	40.1
Asset Impairment Charge	9.7	4.8	36.7
Deferred Tax	-1.8	-100000.0	-2.6
Deferred Income Tax	-1.8	-100000.0	-2.6
Depreciation Amortization Depletion	38.9	56.2	61.7
Depreciation And Amortization	38.9	56.2	61.7

Amortization Cash Flow	500000.0	900000.0	1.4
Amortization Of Intangibles	500000.0	900000.0	1.4
Depreciation	38.4	55.3	60.3
Operating Gains Losses	-7.1	1.5	-4.7
Gain Loss On Sale Of PPE	-7.1	1.5	-4.7
Gain Loss On Sale Of Business	nan	nan	nan
Net Income From Continuing Operations	131.3	6.7	-313.1