

GameStop[®]

| 2022 Annual Report

Letter from our Chief Executive Officer

Fellow Stockholder,

Thank you for your ongoing investment in GameStop. We are fortunate to have such a passionate and supportive community of stockholders invested in us. We never take you – or your passion and support – for granted.

The past two years have been transformative for GameStop, resulting in us becoming a stronger and more efficient business. With that said, I want to shed some light on where we've been, where we are, and where we're looking to go.

Where We've Been

At the start of 2021, GameStop had burdensome debt, dwindling cash, outdated systems and technology, and no meaningful stockholders in the boardroom. The Company was in distress and had an uncertain future. Recognizing this, we spent 2021 refreshing our board, rebuilding our teams, recapitalizing the balance sheet and paying down debt. We also established accretive partnerships, fortified our infrastructure and explored growth opportunities – some of which materialized and some of which did not. This was an important period of foundation-building and investment.

In 2022, GameStop's operating environment dramatically changed due to the onset of inflation, rising interest rates and macro headwinds. Rather than stand still, we pivoted to cutting costs, optimizing inventory and enhancing the customer experience. We also found efficient ways to improve shipping times, integrate online and in-store shopping experiences, and establish a culture of increased incentivization among store leaders and tenured associates.

Where We Are

GameStop produced net income of \$48.2 million in the fourth quarter of 2022, compared to a loss of \$147.5 million in the fourth quarter of 2021. In addition, the Company ended the year with a healthy inventory position, negligible debt and significant cash on hand. This was the upshot of us doubling down on efficiency. We now have a foundation for pursuing consistent profitability, pragmatic growth and long-term value creation.

Where We're Going

Looking ahead, GameStop is aggressively focused on achieving profitability while still pursuing pragmatic, long-term growth. We intend to execute on these goals and improve our efficiency by focusing on multiple opportunities, including:

- Continuing to cut excess costs, including in Europe, where we have already initiated exits and partial wind-downs in certain countries, such as Ireland.
- Leveraging our strengthened financial position to continue obtaining improved terms from suppliers and vendors.
- Getting full console allocations to help us meet customer demand during this extended cycle.
- Assessing partnerships with gaming and retail companies that can enable us to capture cost-effective top-line growth.
- Leveraging our unique refurbishment capabilities to drive growth in pre-owned.
- Building a stronger presence in higher-margin categories like collectibles and toys, where we have already seen pockets of growth.

Although there is a lot of hard work and necessary execution in front of us, GameStop is a much healthier business today than it was at the start of our transformation. We plan to build on our momentum while prioritizing value creation and stockholders' interests.

Thank you again for your investment.

Sincerely,



Matt Furlong

Chief Executive Officer and Director

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 28, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-32637

GameStop
GameStop Corp.

(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2733559
(I.R.S. Employer
Identification No.)

625 Westport Parkway
Grapevine, Texas
(Address of principal executive offices)

76051
(Zip Code)

Registrant's telephone number, including area code: (817) 424-2000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock	GME	NYSE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 762(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of July 29, 2022 was approximately \$9.1 billion, based upon the closing market price of \$34.01 per share of Class A Common Stock on the New York Stock Exchange. (For purposes of this calculation all of the registrant's directors and officers are deemed affiliates of the registrant.)

Number of shares of \$.001 par value Class A Common Stock outstanding as of March 22, 2023: 304,675,439

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement of the registrant to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, for the 2023 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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Disclosure Regarding Forward-looking Statements

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In some cases, forward-looking statements can be identified by the use of terms such as "anticipates," "believes," "continues," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "pro forma," "seeks," "should," "will" or similar expressions. These statements are only predictions based on current expectations and assumptions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements included in this Form 10-K are based upon information available to us as of the filing date of this Form 10-K, and we undertake no obligation to update or revise any of these forward-looking statements for any reason, whether as a result of new information, future events or otherwise after the date of this Form 10-K, except as required by law. You should not place undue reliance on these forward-looking statements. The forward-looking statements involve a number of risks and uncertainties. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. A number of factors could cause our actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors," which are incorporated herein by reference. You should carefully consider the risks and uncertainties described in this Form 10-K.

PART I

ITEM 1. BUSINESS

General

GameStop Corp. ("GameStop," "we," "us," "our," or the "Company") offers games and entertainment products through its stores and ecommerce platforms.

Our fiscal year is composed of the 52 or 53 weeks ending on the Saturday closest to the last day of January. Fiscal year 2022 consisted of the 52 weeks ended on January 28, 2023 ("fiscal 2022"). Fiscal year 2021 consisted of the 52 weeks ended on January 29, 2022 ("fiscal 2021") and fiscal year 2020 consisted of the 52 weeks ended on January 30, 2021 ("fiscal 2020").

Reportable Segments

We operate in four geographic segments: United States, Canada, Australia and Europe. We identified segments based on a combination of geographic areas, which is the basis of how we manage the organization and analyze performance. Our Australia geographic segment includes operations in New Zealand for reporting. Our sales and profits are driven through both our physical stores and ecommerce platforms. Each segment consists primarily of retail operations, with the significant majority focused on games, entertainment products and technology. These products are substantially the same regardless of geographic location, with the primary differences in merchandise carried being the timing of the release of new products in the various segments.

As of January 28, 2023, we had a total of 4,413 stores across all of our segments; 2,949 in the United States, 216 in Canada, 419 in Australia and 829 in Europe. Our stores and ecommerce sites operate primarily under the names GameStop®, EB Games® and Micromania®.

Our Australia and Europe segments also include 52 pop culture themed stores selling collectibles, apparel, gadgets, electronics, toys and other retail products for technology enthusiasts and general consumers in international markets operating under the Zing Pop Culture® brand. Our brands also include our print and digital gaming publication, Game Informer® magazine.

Financial information about our segments is included in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Part II, Item 8, Notes to the Consolidated Financial Statements, [Note 5](#), "Segment Information," of this Form 10-K.

Merchandise

We categorize our sale of products as follows:

- *Hardware and accessories.* We offer new and pre-owned gaming platforms from the major console and PC manufacturers. The current generation of consoles include the Sony PlayStation 5, Microsoft Xbox Series X and the Nintendo Switch. Accessories consist primarily of controllers, gaming headsets, and virtual reality products.
- *Software.* We offer new and pre-owned gaming software for current and certain prior generation consoles. We also sell a wide variety of in-game digital currency, digital downloadable content and full-game downloads.
- *Collectibles.* Collectibles consist of apparel, toys, trading cards, gadgets, and other retail products for pop culture and technology enthusiasts, and our digital asset wallet and NFT marketplace activities.

Trade-In Program

We provide our customers with an opportunity to trade-in their pre-owned gaming, mobility, and other products at our stores in exchange for cash or credit which can be applied towards the purchase of other products. This process drives higher market share and offers a broader range of price points for our customers. Our trade-in program provides customers a means to unlock value and recycle used product, which enables us to offer previous generation platforms and related games. We operate refurbishment centers in the United States, Canada, Australia and Europe, where used gaming, mobility and other products can be tested, repaired, sanitized, repackaged and redistributed for sale.

Sustainability

We are committed to sustainability and to operating our business in a manner that results in a positive impact to the environment and our communities. Through our trade-in program, we take gaming consoles, gaming software and consumer electronics that are otherwise destined for landfills and either refurbish them or recycle them. In 2022 alone, through our United States refurbishment center, we refurbished over 0.9 million pieces of software discs and over 2.8 million consumer electronic devices, and recycled over 0.7 million pounds of e-waste. In addition, we continuously measure and look for cost-effective ways to reduce our carbon emissions and have seen both our total emissions and emissions by store decrease in the United States over our baseline year of 2009. In 2022, we achieved a reduction in year over year carbon emissions in excess of 10% in the United States through both operational reductions and renewable sourcing.

Store Locations

Our retail stores are generally located in strip centers, shopping malls and pedestrian areas. These locations provide easy access and high frequency of visits and, in the case of strip centers and high-traffic pedestrian stores, high visibility. We target strip centers that are conveniently located, have a mass merchant or supermarket anchor tenant and have a high volume of customers. As of January 28, 2023, we offered games and entertainment products in 4,413 stores worldwide as more specifically set forth below:

Domestic Locations. The table below sets forth the number and locations of our domestic stores included in the United States segment.

Alabama	47	Louisiana	53	Ohio	139
Alaska	5	Maine	7	Oklahoma	37
Arizona	60	Maryland	53	Oregon	30
Arkansas	24	Massachusetts	52	Pennsylvania	125
California	263	Michigan	83	Rhode Island	8
Colorado	47	Minnesota	35	South Carolina	62
Connecticut	29	Mississippi	38	South Dakota	5
Delaware	12	Missouri	53	Tennessee	78
Florida	190	Montana	9	Texas	300
Georgia	103	Nebraska	18	Utah	24
Hawaii	12	Nevada	33	Vermont	4
Idaho	15	New Hampshire	20	Virginia	95
Illinois	102	New Jersey	78	Washington	59
Indiana	72	New Mexico	22	West Virginia	23
Iowa	23	New York	143	Wisconsin	42
Kansas	27	North Carolina	117	Wyoming	5
Kentucky	61	North Dakota	7		
Total Domestic Stores					2,949

International Locations. The table below sets forth the number and locations of our international stores included in our segments in Canada, Europe and Australia.

	Number of Stores
Canada	216
Total Stores - Canada	216
Australia	378
New Zealand	41
Total Stores - Australia	419
Austria	6
France	351
Germany	154
Ireland	36
Italy	268
Switzerland	14
Total Stores - Europe	829
Total International Stores	1,464

Business Strategy

GameStop is on a strategic path to fully leverage its unique position and brand recognition in gaming through a new phase of transformation. Our strategic plan is designed to optimize our core business and achieve profitability in the near term, while pursuing strategic initiatives to generate long-term sustainable growth in the gaming and entertainment industries.

GameStop is actively focused on the below objectives:

- **Establish Omnichannel Retail Excellence.** We aim to be the leading destination for games and entertainment products through our stores and ecommerce platforms. To accomplish this, we are taking steps to ensure we are a fast and convenient solution for our customers. This includes app & site redesigns, better product availability across all channels, improved fulfillment speed, partnerships and store concepts to attract new customers, and a further improved customer service experience.
- **Achieve Profitability.** During fiscal 2022, we optimized our corporate cost structure to align with our current and anticipated future needs following the completion of a majority of the necessary upgrades to our systems, fulfillment capabilities and overall foundation. We will continue to focus on cost containment as we streamline parts of the organization where we can operate with increased efficiency.
- **Leverage Brand Equity to Support Growth.** GameStop has many strengths and assets, including strong household brand recognition and a significant store network. We intend to use these assets to attract new partnership arrangements, expand product offerings and acquire new customers. We will simultaneously explore and pragmatically invest in strategic initiatives to support our growth.

We believe these efforts are important aspects of our continued business to enable long-term value creation for our shareholders.

PowerUp Rewards

Our U.S. loyalty program, called PowerUp Rewards® ("PowerUp Rewards"), had approximately 56.7 million members as of January 28, 2023, of which approximately 15.0 million members have purchased or traded at GameStop® in the past year. The PowerUp Rewards membership totals include 5.6 million paying pro members. Our loyalty program generally offers our customers the ability to sign up for a free or paid membership, the latter of which gives our customers access to exclusive gaming related rewards. The program's paid membership generally include a subscription to Game Informer® magazine and additional discounts and benefits in our stores and ecommerce platforms.

Game Informer®

We publish Game Informer®, a leading gaming publication featuring reviews of new releases, previews of the big titles on the horizon, and coverage of the latest developments in the gaming industry. The magazine is available by subscription, in both digital and physical formats and is sold both online and in-store. Game Informer® is a part of the PowerUp Rewards Pro loyalty program and is a key feature of each paid PowerUp Rewards Pro membership. Operating results from the English version of Game Informer® are included in the United States segment and other international version results from Game Informer® operations are included in the segment in which the sales are generated.

Vendors

We purchase our new products worldwide from a broad number of manufacturers, software publishers and distributors. Our largest vendors are Sony, Nintendo, and Microsoft, which collectively accounted for a majority of our new product purchases in fiscal 2022. We have established price protections and return rights with our primary gaming product vendors in order to reduce our risk of inventory obsolescence. In addition, we generally conduct business on an order-by-order basis, a practice that is typical throughout the industry. We believe that maintaining and strengthening our long-term relationships with our vendors is essential to our operations.

Distribution and Information Management

Our operating strategy involves providing a convenient and broad merchandise selection for our customers. We use our distribution facilities, store locations and inventory management systems to optimize the efficiency of the flow of products to our stores and customers, enhance fulfillment efficiency and optimize in-stock and overall investment in inventory.

Competition

The gaming industry is intensely competitive and subject to rapid changes in consumer preferences and frequent new product introductions. We compete with mass merchants and regional chains, computer product and consumer electronics stores, other gaming and related specialty stores, toy retail chains, direct sales by software publishers, the online environments operated by Sony (PlayStation Network), Microsoft (XBox Live), Nintendo (Nintendo Switch Online), as well as other online retailers, game rental companies, and Web 3.0 platforms. Gaming products are also distributed through other methods such as digital delivery. We also compete with sellers of pre-owned and value gaming products and other forms of entertainment activities, including casual and mobile games, movies, television, theater, sporting events and family entertainment centers.

In the United States, we compete with Walmart Stores, Inc. ("Walmart"), Target Corporation ("Target"), Best Buy Co., Inc. ("Best Buy"), and Amazon.com, Inc. ("Amazon.com"), among others. Throughout Europe we compete with major consumer electronics retailers such as FNAC-Darty and Media Markt-Saturn, major hypermarket chains like Carrefour and Auchan, and online retailer Amazon.com. Competitors in Canada include Walmart and Best Buy. In Australia, competitors include JB HiFi stores, Big W, Target, and Amazon.com. Globally, we also compete with certain vendors including Sony, Nintendo, and Microsoft among others, for direct-to-consumer offerings.

Seasonality

Our business, like that of many retailers, is seasonal, with the major portion of sales and operating profit realized during the fourth quarter of the fiscal year, which includes the holiday selling season. Results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. Quarterly results may fluctuate materially depending upon, among other factors, the timing of new product introductions, sales impacts related to temporary store closures, increases or decreases in comparable store sales, the nature and timing of acquisitions, adverse weather conditions, shifts in the timing of certain holidays or promotions and changes in our merchandise mix. During fiscal 2022 and 2021, we generated approximately 38% and 37%, respectively, of our sales during the fourth quarter.

Trademarks

We have a number of trademarks and service marks, including "GameStop®," "Game Informer®," "EB Games®," "EB Electronics Boutique®," "Power to the Players®," and "PowerUp Rewards®," and "PowerUp Rewards Pro®," which are registered with the U.S. Patent and Trademark Office. For many of our trademarks and service marks, including "Micromania®" and "Zing Pop Culture®," we also have registered or have registrations pending with the trademark authorities throughout the world. We maintain a policy of pursuing registration of our principal marks and opposing any infringement of our marks.

Human Capital

At GameStop, we strive to attract, retain and develop talent at all levels of our organization. We have approximately 11,000 full-time salaried and hourly associates and between 14,000 and 27,000 part-time hourly associates worldwide, depending on the time of year. The number of part-time hourly associates fluctuates primarily due to the seasonality of our business. Our human resource philosophy is based on the following tenets:

- **Development.** We are committed to providing our associates with opportunities to develop and grow their careers. We offer learning opportunities through our training programs and high-potential talent development programs as well as educational assistance programs.
- **Diversity and Inclusion.** We advocate working actively to build understanding and collaboration across functions. We believe a more diverse workforce provides many benefits in drawing upon a greater richness of resources, experiences, ideas and talents.
- **Benefits.** We have designed our compensation and benefits programs to meet the unique needs of employees in our various business segments. These programs are intended to attract, reward and retain talent that reflects local communities and customers, while instilling an ownership mentality in our work.

We are also committed to taking care of our associates in times of need. Through our Gamer Fund employee assistance program, an employee sponsored 501(c)(3) organization, we have provided temporary assistance to more than 3,900 GameStop associates who have experienced unforeseen emergency or hardship, and more than \$750,000 in scholarships.

Available Information

We make available on our corporate website (<http://news.gamestop.com>), under “Investors — SEC Filings,” our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such material to the SEC. The SEC also maintains a website that contains reports, proxy statements and other information about issuers, like GameStop, who file electronically with the SEC. The address of that site is <http://www.sec.gov>. In addition to copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, our Code of Standards, Ethics and Conduct is available on our website under “Investors — Corporate Governance” and is available to our stockholders in print, free of charge, upon written request to the Investor Relations Department at GameStop Corp., 625 Westport Parkway, Grapevine, Texas 76051. Any amendments to or waivers of our Code of Standards, Ethics and Conduct or our Code of Ethics for Senior Financial and Executive Officers that apply to our principal executive officer, principal financial officer, principal accounting officer, controllers and persons performing similar functions and that relate to any matter enumerated in Item 406(b) of Regulation S-K promulgated by the SEC will be disclosed on our website. The contents of our corporate website are not part of this Annual Report on Form 10-K, or any other report we file with, or furnish to, the SEC.

ITEM 1A. RISK FACTORS

An investment in our Company involves a high degree of risk. You should carefully consider the risks below, together with the other information contained in this report and other filings we make with the Securities and Exchange Commission (“SEC”), before you make an investment decision with respect to our Company. The risks described below are not the only ones facing us. Additional risks not presently known to us, or that we consider immaterial, may also impair our business operations. Any of the following risks could materially adversely affect our business, operating results or financial condition, and could cause a decline in the trading price of our Class A Common Stock and the value of your investment.

Economic and Industry Risks

Economic, social and political conditions in the markets in which we operate could adversely affect demand for the products we sell and impact our business and financial condition.

Sales of our products involve discretionary spending by consumers, making our results highly dependent on the health of the economies and consumer confidence in the markets in which we operate. Consumers are typically more likely to make discretionary purchases, including purchasing gaming and technology products, when there are favorable economic conditions. Our business may be affected by many economic, social, and political factors outside our control. Some of these factors include consumer disposable income levels, consumer confidence in current and future economic conditions, levels of employment, consumer credit availability, consumer debt levels, interest rates, tax rates, housing market conditions, inflation, tariffs, socio-political factors, such as civil unrest or political uncertainty, and the effect of weather, natural disasters, and public health crises. Adverse economic, social and political changes in any of the regions in which we sell our products could adversely affect our business in many ways, including reduced sales and margins.

We face strong competition from multi-channel retailers, ecommerce businesses and others, which directly affects our revenue and profitability.

The retail environment is intensely competitive and subject to rapid changes in consumer preferences and frequent new product introductions. We compete with mass merchants and regional chains, including Walmart and Target, computer product and consumer electronics stores, including Best Buy, other United States and international gaming and PC software specialty stores, such as FNAC Darty, and Media Markt-Saturn, major hypermarket chains like Carrefour and Auchan, toy retail chains, internet-based retailers such as Amazon.com, other internet marketplaces, including those operated by game publishers and console manufacturers, online retailers of digital software and game rental companies. Competition may also result from new entrants into the markets we serve, offering products and/or services that compete with us. If we lose customers to our competitors, or if we reduce our prices or increase our spending to maintain our customers, such actions may negatively impact our business and our financial performance.

Multi-channel retailers and ecommerce companies continue to focus on delivery services, with customers increasingly seeking faster, guaranteed delivery times and low-cost or free shipping. Our ability to be competitive on delivery times and delivery costs depends on many factors and our failure to successfully manage these factors and offer competitive delivery options could negatively impact the demand for our products.

The gaming industry has historically been cyclical and is affected by the introduction of next-generation consoles, which could negatively impact the demand for existing products.

The gaming industry has historically been cyclical in nature in response to the introduction and maturation of new technology. Following the introduction of new gaming platforms, sales of these platforms and related software and accessories generally increase due to initial demand, while sales of older platforms and related products generally decrease as customers migrate toward the new platforms. A new console cycle began with the launch of the Sony PlayStation 5 in November 2020, the Microsoft Xbox Series X in November 2020 and the Nintendo Switch in March 2017.

We are dependent upon the timely delivery of new and innovative products from our vendors and failure to timely obtain new product can adversely affect our sales.

We depend on manufacturers and publishers to deliver video game hardware, software and consumer electronics in quantities sufficient to meet customer demand. Some of the products we sell are in short supply and are highly allocated among us and our competitors and we compete for product inventory. If we fail to obtain products in sufficient quantities, our sales may be negatively impacted.

We depend on these manufacturers and publishers to introduce new and innovative products and software titles to drive industry sales. The number of new software titles available for sale has decreased in recent years. Any material delay in the introduction or delivery, or limited allocations, of hardware platforms or software titles could result in reduced sales. In addition, some publishers that have historically published games compatible with multiple gaming platforms have recently been acquired by console manufacturers. This consolidation could lead to a further reduction in the number of new software titles available for sale.

Technological advances in the delivery and types of video games and PC entertainment hardware and software available to consumers, as well as changes in consumer behavior related to these new technologies, have lowered and may continue to lower, our sales.

The current consoles from Sony, Nintendo and Microsoft have facilitated download technology. Downloading of video game content to the current generation video game systems continues to grow and take an increasing percentage of new video game sales. If consumers' preference for downloading video game content in lieu of physical software continues to increase, our business and financial performance may be adversely impacted.

In addition, both Sony and Microsoft currently offer consoles that only allow for the purchase of digital games and content and do not work with physical software. Sales of those types of consoles eliminate the ability of customers to purchase physical software, which may also adversely affect our sales of both new and pre-owned physical software.

Interruptions to our supply chain or the supply chain of our suppliers may adversely affect our business

Our suppliers rely on foreign sources, primarily in Asia, to manufacture a portion of the products we purchase from them. As a result, any event causing a disruption of imports, including labor shortages, natural disasters, public health crises, or the imposition of import or trade restrictions in the form of tariffs or quotas could increase the cost and reduce the supply of products available to us, which may negatively impact our business and results of operations.

An adverse trend in sales during the holiday selling season could impact our financial results.

Our business, like that of many retailers, is seasonal, with a major portion of our sales and operating profit realized during the fourth quarter of fiscal 2022, which includes the holiday selling season. During fiscal 2022 and 2021, we generated approximately 38% and 37%, respectively, of our sales during the fourth quarter. Any adverse trend in sales during the holiday selling season could lower our results of operations for the fourth quarter and the entire fiscal year and adversely impact our liquidity.

Our ability to obtain favorable terms from our suppliers and service providers may impact our financial results.

Our financial results depend significantly upon the business terms we can obtain from our suppliers and service providers, including competitive prices, unsold product return policies, advertising and market development allowances, freight charges and payment terms. We purchase substantially all of our products directly from manufacturers, software publishers and, in some cases, distributors. If our suppliers and service providers do not provide us with favorable business terms or allocate reduced volumes of their products to us, we may not be able to offer products to our customers in sufficient volumes or at competitive prices. Vendors may request credit support which could require us to either use cash on hand or collateralize letters of credit with restricted cash or other credit support mechanisms, which would reduce our liquidity available for other purposes.

Our sales of collectibles depend on popularity and trends in pop culture, and if we are unable to anticipate, identify and react to them, our sales and business may be adversely affected.

Our sales of collectibles are heavily dependent upon the continued demand by our customers for collectibles, apparel, toys, trading cards gadgets, electronics and other retail products for pop culture and technology enthusiasts. The popularity of such products is often driven by movies, television shows, music, fashion and other pop culture influences. Our failure to anticipate, identify and react appropriately to changing trends and preferences of customers could lead to, among other things, excess inventories and higher markdowns.

Strategic Risks

If we are unable to successfully maintain strong retail and ecommerce experiences for our customers, our sales and results of operations could adversely be impacted.

Our business has become increasingly dependent on multiple sales channels as we strive to deliver a seamless shopping experience to our customers through both online and in-store shopping experiences. Operating an ecommerce platform is a complex undertaking and exposes us to risks and difficulties frequently experienced by internet-based businesses, including risks related to our ability to attract and retain customers on a cost-effective basis and our ability to operate, support, expand, and develop our internet operations, website, mobile applications and software and other related operational systems. If we are not able to successfully operate our ecommerce platform, we may not be able to provide a relevant shopping experience or improve customer traffic, sales or margins, and our business and financial condition could be adversely affected.

In-store and ecommerce retail are competitive and evolving environments. Insufficient, untimely or inadequately prioritized or ineffectively implemented investments could significantly impact our profitability and growth and affect our ability to attract new customers, as well as maintain our existing ones.

If we fail to keep pace with changing industry technology and consumer preferences, we will be at a competitive disadvantage.

The interactive entertainment industry is characterized by swiftly changing technology, evolving industry standards, frequent new and enhanced product introductions, rapidly changing consumer preferences and product obsolescence. Video games are now played on a wide variety of mediums, including video game consoles, personal computers, mobile phones, tablets, social networking websites, and other devices. Browser, mobile and social gaming is accessed through hardware other than the consoles and traditional hand-held video game devices we currently sell. In addition, augmented reality, virtual reality and blockchain technology continue to rapidly evolve and may result in changes in both customer preferences and the types of hardware and software that are used by customers.

To continue to compete effectively in the gaming and interactive entertainment industry, we must respond effectively to market and technological changes and understand their impact on our customers' preferences. It may take significant time and resources to respond to these technological changes and changes in consumer preferences. Our business and results of operations may be negatively impacted if we fail to keep pace with these changes.

If we are unable to successfully manage our profitability and cost reduction initiatives, our operating results could be adversely affected.

As part of our strategic plan to achieve profitability and considering the current challenging economic environment highlighted by high inflation, we have recently undertaken cost reduction measures and other initiatives to improve the efficiency of our operations, including initiatives to reduce headcount. These initiatives could strain our existing resources, and we could experience operating difficulties in managing our business, including difficulties in hiring, managing, and retaining employees. If we do not adapt, we may experience erosion to our brand, the quality of our products and services may suffer and our operating results may be negatively impacted.

Changes in our senior management or our inability to attract and retain qualified personnel could have a material adverse impact on our business and results of operations.

Our success depends, in part, on the continuing services and contributions of our leadership team to execute on our strategic plan and to identify and pursue new opportunities. Turnover in key leadership positions in the Company could adversely affect our ability to manage the Company efficiently and effectively, could be disruptive and distracting to management and may lead to additional departures of current personnel, any of which could have a material adverse effect on our business and results of operations.

Our success also depends, in part, upon our ability to attract, motivate and retain a highly trained and engaged workforce, including key executives, management for our stores and skilled merchandising, marketing, financial and administrative personnel. The turnover rate in the retail and fulfillment industries is relatively high, and there is an ongoing need to recruit and train new store and fulfillment associates. Factors that affect our ability to maintain sufficient numbers of qualified associates include associate morale, our reputation, unemployment rates, competition from other employers and our ability to offer appropriate compensation and benefits packages.

Our inability to attract and retain qualified personnel or retain key personnel in the future could have a material adverse effect on our business and results of operations.

Damage to our reputation could adversely affect our business and our ability to attract and retain customers and employees.

Our continued success depends upon customers' perception of our Company. Any negative publicity relating to our vendors, products, associates and Board members, practices or our Company could damage our reputation and adversely impact our ability to attract and retain customers and employees. Failure to detect, prevent or mitigate issues that might give rise to reputational risk or failure to adequately address negative publicity or perceptions could adversely impact our reputation, business, results of operations and financial condition.

Our new digital asset products and services may not achieve our desired results and may expose us to new risks.

In late May 2022, we launched a beta browser extension version of a non-custodial digital asset wallet, which allows gamers and other users to manage, send, receive and use cryptocurrencies, non-fungible tokens ("NFTs") and other digital assets across decentralized apps. In July 2022, we launched a beta version of our peer-to-peer NFT marketplace, which allows gamers, creators, collectors and other users to publish, view, buy and sell NFTs, and allows creators selected by us to create NFTs on certain decentralized cryptographic protocols. In November 2022, we launched a beta iOS version of the non-custodial digital asset wallet on the iOS App Store. We are also pursuing, and plan to continue to pursue, other business and strategic initiatives associated with digital assets and blockchain technology.

The digital asset economy is highly competitive and rapidly evolving with frequent launches of new or improved products and services, and frequent entries of new competitors in the United States and internationally. If and to the extent we are unable to successfully implement and operate these digital assets initiatives, we may incur unanticipated costs and losses, and face other adverse consequences, such as negative reputational effects. In addition, the actual effects of pursuing these initiatives may differ, possibly materially, from the benefits that we expect to realize from them, such as the generation of additional revenues.

Our digital asset initiatives also subjects us to risks similar to those associated with any new product offerings, including, but not limited to, our ability to accurately anticipate market demand and acceptance, creator and buyer acceptance, technical issues with the operation of the products, and legal and regulatory risks as discussed herein.

Operational Risks

If we do not maintain the security or privacy of our customer, associate or company information, we could impact our operations, damage our reputation, incur substantial additional costs and become subject to litigation.

An important part of our business involves the receipt, processing and storage of personal information of our customers and associates, including, in the case of customers, payment information. We have systems and processes in place that are designed to protect against security and data breaches and unauthorized access to confidential information, and are constantly working to upgrade these systems and processes. Despite these efforts, we have been the target of cybersecurity attacks in the past and there is no guarantee that the procedures we have implemented to protect against unauthorized access are adequate. A successful cybersecurity attack could lead to significant disruptions in the operations of our systems and business, including our ability to accept payment from customers, unauthorized release of confidential information, including customer payment information and corruption of data. Any such cybersecurity attack may also require significant investment and resources to identify and remediate, may expose us to costly litigation, government investigations, government enforcement actions, fines and/or lawsuits and may significantly harm our reputation with our customers.

Weather, natural disasters, public health crises and other unexpected events could adversely affect our operating results.

The risk or actual occurrence of various unexpected events could have a material adverse effect on our financial condition. Such events may be caused by, for example: natural disasters or extreme weather events; diseases or pandemics (including COVID-19) that have affected and may continue to affect our employees, customers or partners; floods, fires or other catastrophes affecting our properties, employees or customers; cybersecurity attacks, power outages and telecommunications failures affecting our systems; or terrorism, civil unrest, mass violence or violent acts, or other conflicts.

Such events can adversely affect our workforce and prevent employees and customers from reaching our stores, logistics facilities and other properties and can disrupt or disable portions of our supply chain, distribution network and refurbishment operations. They can also affect our information technology systems, resulting in disruption to various aspects of our operations, including our ability to transact with customers and fulfill orders. As a consequence of these or other events, we may endure interruption to our operations or losses of property, equipment or inventory, which could adversely affect our operations and financial condition.

We seek to mitigate our exposure to these disruptions in several ways. For example, where feasible, we design the configuration of our logistics facilities to reduce the consequences of disasters and other disruptions. We also maintain insurance for these facilities against casualties, and we evaluate our risks and develop contingency plans for dealing with them. Although we have reviewed and analyzed a broad range of disruption risks applicable to our logistics operations, the ones that actually affect us may not be those that we have concluded are most likely to occur. Furthermore, our plans may not be adequate at the time of occurrence for the magnitude of any particular disruption event that we may encounter.

If our systems fail to perform or are inadequate, our ability to manage our business could be disrupted.

We rely on computerized systems to coordinate and manage the activities in our operations, including our ecommerce, store and fulfillment operations. If any of these systems fail to adequately perform their functions, including our point-of-sale, inventory management, information technology or enterprise management systems, our business could be adversely affected.

We depend on third-party delivery services to deliver products to our retail locations, fulfillment centers and customers on a timely and consistent basis, and changes in the terms we have with these service providers could adversely affect our business and financial position.

We rely on third parties for the transportation of products and we cannot be sure that these services will continue to be provided on terms favorable to us, or at all. Delivery and shipping costs have increased from time to time and may continue to increase, and we may not be able to pass these costs directly to our customers. Any increased delivery and shipping costs could harm our business and financial performance by increasing our costs of doing business and reducing our margins.

If our relationships with these third parties are terminated or impaired, if we are unable to negotiate acceptable terms with these third parties or if these third parties are unable to deliver products for us, whether due to a labor shortage, slow down or stoppage, or for any other reason, we would be required to use alternative carriers for the shipment of products to our retail locations, fulfillment centers and customers. Changing carriers could have a negative effect on our business and operating results due to the negative impact on customer experience, including reduced visibility of order status and package tracking and delays in order processing and product delivery, and we may be unable to engage alternative carriers on a timely basis, upon terms favorable to us, or at all. In addition, these third parties have increasingly had demand for their services exceed capacity, in particular during the holiday selling season, and we may be unable to obtain sufficient services to meet our demand or to timely meet our customers' expectations.

If our vendors fail to provide marketing and merchandising support at historical levels, our sales and earnings could be negatively impacted.

The manufacturers of gaming products have typically provided retailers with significant marketing and merchandising support for their products. As part of this support, we receive cooperative advertising and market development payments from these vendors which enable us to actively promote and merchandise the products we sell and drive sales at our stores and on our websites. If our vendors fail to continue to provide this support at historical levels, our business and financial condition may be negatively impacted.

Restrictions on our ability to purchase and sell pre-owned products could negatively affect our business and financial condition.

Our financial results depend on our ability to purchase and sell pre-owned products. Actions by manufacturers or publishers of products or governmental authorities to prohibit or limit our ability to purchase or sell pre-owned products, or to limit the ability of consumers to use pre-owned products, could have a negative impact on our business and financial condition.

If we are unable to renew or enter into new leases on favorable terms, our earnings may be adversely affected.

All of our retail stores are located in leased premises. If the cost of leasing existing stores increases, we cannot ensure that we will be able to maintain our existing store locations as leases expire. In addition, we may not be able to enter into new leases on favorable terms or at all, or we may not be able to locate suitable alternative sites in a timely manner. Our revenues and earnings may decline if we fail to maintain existing store locations, enter into new leases, or locate alternative sites.

Digital assets are a novel asset class that carries unique risks, including extreme price volatility.

Cryptocurrencies, digital currencies, coins, tokens, NFTs, stablecoins, and other digital or crypto assets or instruments that are issued and transferred using distributed ledger or blockchain technology (collectively referred to herein as “digital assets”) are a new and evolving asset class. The characteristics of particular digital assets within this broad asset class may differ significantly.

We receive payments in digital assets in connection with certain of our digital asset products and services. We also invest, and may invest in the future, directly or indirectly, in or through digital assets. There is no guarantee that these investments will maintain their value as measured against fiat currencies. Digital assets continue to be an emerging asset class based on emerging technologies, and investment in digital assets is subject to a number of factors relating to the capabilities and development of blockchain technologies, such as the infancy of their development, their dependence on the internet and other technologies, their dependence on the role played by miners, validators and developers and the potential for malicious activity, among other factors. Further, there can be no assurance that the blockchain technology on which digital assets are transacted does not have undiscovered flaws that may allow for such digital assets to be compromised, resulting in the loss of some or all of our investments in such digital assets. Finally, the intrinsic value of digital assets is particularly uncertain and difficult to determine due to the novel and rapidly changing nature of digital asset markets. There can be no assurance that digital assets will maintain their value in the future, or that acceptance of using digital assets as currency or to make payments will continue. Moreover, due to the novelty of the asset class and the evolving patchwork of regulatory oversight of digital asset markets, fraud and market manipulation are not uncommon in such markets, all of which could negatively impact the value of our digital asset investments and have an adverse impact on the value of an investment in our business.

We use third parties to custody most of our digital asset investments. The financial institutions, exchanges or other third parties we select to custody our digital assets may become insolvent or subject to cybersecurity attacks, which may in turn cause us to lose all or a portion of our digital assets held by those custodians. While we select custodians that do not rehypothecate or otherwise use our digital asset deposits, we cannot guarantee that these third parties securely maintain our deposits at all times. If, despite our contractual agreements, our selected custodians do rehypothecate or otherwise use our digital asset deposits, they may be unable to accommodate our digital asset withdrawals depending on the nature of the rehypothecation. Furthermore, in the event of bankruptcy of such a custodian, our digital assets held by that third party could, depending on the manner in which such assets are held, be considered the property of the bankruptcy estate and we could be treated as a general unsecured creditor in bankruptcy proceedings. Even if the digital assets held by the custodian are not considered the property of the service provider’s bankruptcy estate, the return of our digital assets may be delayed or affected while the bankruptcy proceeding is pending. Such results may lead to losses for us and have an adverse impact on our business.

If we are unable to find, or maintain relationships with, banks or other financial institutions to support our digital asset initiatives, it may impact our ability to offer certain of our digital asset products and services.

Some established banks and other financial institutions have been unwilling to provide banking services to digital asset companies. Following several high-profile bankruptcies in the digital asset industry and recent bank failures, which involved banks that provided banking services to digital asset companies, there has been heightened regulatory scrutiny of the digital asset industry as a whole, and more banks may become reluctant to provide services to digital asset industry participants. In addition, we rely on third party custodians to hold and regularly liquidate the digital assets we receive into U.S. dollars, and our digital asset custodians must have access to banking services to provide these services. If we, or our custodial partners, are unable to maintain banking relationships on acceptable terms, it may negatively affect our ability to offer certain digital asset products and services.

Digital assets may be subject to hacking, social engineering and other cyber attacks, which could subject us to monetary losses, user disputes, reputational harm, and regulatory scrutiny.

Digital products and services are inherently digital and therefore subject to a heightened risk of hacking, cyber attacks and other cybersecurity threats. We have taken certain steps to mitigate against those risks. Despite these efforts, the safeguards we have implemented or may implement in the future to protect against cybersecurity threats may be insufficient to prevent malicious activities, and if our products and services are exploited and our digital assets are stolen, we could experience significant financial harm.

Actual or perceived breaches or cybersecurity attacks directed to other digital asset platforms or services could also create a general loss of customer confidence in the digital asset industry and the use of blockchain technologies, which could negatively impact the demand for our products and harm our reputation.

If our systems, the blockchain networks on which our digital asset products and services are offered, or our third party partners fail to perform or are inadequate, we may experience adverse consequences, including financial losses, customer dissatisfaction and reputational harm.

Similar to other aspects of our business, our digital asset products and services are reliant on certain third party partners, including, but not limited to, fiat-to-crypto onramp providers, cloud computing services and data centers. Because we rely on third parties to provide these services and to facilitate certain of our business activities, we face increased operational risks. These third parties may be subject to legal, regulatory, financial, and labor issues, cybersecurity incidents, privacy breaches, interruptions, disruptions, and other similar issues. They are also vulnerable to damage or interruption from human error, fires, natural disasters (including, but not limited to, floods, earthquakes, hurricanes and tornados), power loss, telecommunications failures, terrorism, vandalism, pandemics and similar events. Additionally, these third parties may breach their agreements with us or refuse to continue to renew their agreements on commercially reasonable terms, or at all. There can be no assurances that third parties that provide products or services to us or our users will continue to do so on acceptable terms, or at all. If any of these third parties do not adequately or appropriately provide their services or perform their responsibilities to us or our users, or if such third party partners decide to or are required by law to suspend or shut down products or services that we are relying on, we may be unable to procure alternatives in a timely and efficient manner and on acceptable terms, or at all, and we may be subject to business disruptions, losses or costs to remediate any of the deficiencies, customer dissatisfaction, reputational damage, legal or regulatory proceedings, or other adverse consequences which could harm our business.

In addition, we rely on one or more transaction protocols referred to as “smart contracts,” which include the cryptographic operations that verify and secure transactions, in connection with our digital asset products or services. A smart contract is software that digitally facilitates or enforces a rules-agreement or terms between transacting parties. If the smart contracts fail to behave as expected, suffer cybersecurity attacks or security issues, become obsolete, or encounter other issues, certain transactions may not be completed or may be erroneously executed, and we and our users may experience significant harm, including irretrievable loss of digital assets.

Peer-to-peer NFT marketplaces create unique risks and challenges related to content moderation and control. If we are unable to navigate these issues, demand for the marketplace could be adversely impacted.

The creator of an NFT will often have, or purport to have, all necessary rights to the content of the NFT and can determine what rights to assign to a buyer, such as the right to display, modify, publicly perform, or copy the content. Risks associated with purchasing or selling items associated with content created by third parties through peer-to-peer transactions, include, among other things, the risk of purchasing counterfeit items or items alleged to be counterfeit, mislabeled items, items that are vulnerable to metadata decay, items on smart contracts with bugs or malware, items related to content that infringes intellectual property rights, and items that may become untransferable, inoperable or obsolete. Our involvement, directly or indirectly, in a dispute between creators and buyers on our NFT marketplace, could adversely affect the success of our NFT marketplace and harm our business, operating results, and financial condition.

We may also experience media, legislative, or regulatory scrutiny of our actions or decisions related to our content moderation practices with respect to our NFT marketplace either as a result of our perceived failure to respond expeditiously or appropriately to the sharing of content perceived as objectionable or as a result of our decisions to remove content or suspend participation on our NFT marketplace by persons who violate our content standards and Terms of Service. Any such negative publicity could have an adverse effect on the size, engagement, and loyalty of our user base and demand for our NFT marketplace, which could result in decreased revenue and adversely affect our business, operating results, and financial condition.

Risks Related to Laws and Regulations

Unfavorable changes in our global tax rate could have a negative impact on our business, results of operations and cash flows.

As a result of our operations in many foreign countries, our global tax rate is derived from a combination of applicable tax rates in the various jurisdictions in which we operate. Depending upon the sources of our income, any agreements we may have with taxing authorities in various jurisdictions and the tax filing positions we take in various jurisdictions, our overall tax rate may be higher than other companies or higher than our tax rates have been in the past. We base our estimate of an annual effective tax rate at any given point in time on a calculated mix of the tax rates applicable to our business and to estimates of the amount of income to be derived in any given jurisdiction. A change in the mix of our business from year to year and from country to country, changes in rules related to accounting for income taxes, changes in tax laws in any of the multiple jurisdictions in which we operate, or adverse outcomes from the tax audits that regularly are in process in any jurisdiction in which we operate could result in an unfavorable change in our overall tax rate, which could have a material adverse impact on our business and results of our operations.

We also continue to monitor developments related to tax legislation and government policy, including corporate tax reform. The impact of these potential changes to our business and consolidated financial results cannot be determined until the relevant legislation and policies are finalized.

Legislative actions may cause our general and administrative and compliance costs to increase and impact our operations and financial condition.

To comply with laws adopted by the United States government or other United States or foreign regulatory bodies, we may be required to increase our expenditures and hire additional personnel and additional outside legal, accounting and advisory services, all of which may cause our general and administrative and compliance costs to increase. Significant workforce-related legislative changes could increase our expenses and adversely affect our operations. Examples of possible workforce-related legislative changes include changes to an employer's obligation to recognize collective bargaining units, the process by which collective bargaining agreements are negotiated or imposed, minimum wage requirements, and health care mandates. In addition, changes in the regulatory environment affecting Medicare reimbursements, workplace safety, product safety, privacy and security of customer data, responsible sourcing, environmental protection, and supply chain transparency, and increased compliance costs related to wage and hour statutes, limitations on arbitration/class action waiver agreements and overtime regulations, among others, could cause our expenses to increase without an ability to pass through any increased expenses through higher prices.

Failure to comply with federal, state, local and international laws, regulations, and statutes applicable to our business could result in an adverse impact to our business and financial condition.

As a seller of consumer products, we are also subject to various federal, state, local and international laws, regulations and statutes, including laws relating to product safety and consumer protection and privacy. While we take steps to comply with these laws, there can be no assurance that we will be in compliance, and failure to comply with these laws could result in litigation, regulatory action and penalties which could have a negative impact on our business and financial condition. In addition, our suppliers might not adhere to product safety requirements and the Company and those suppliers may therefore be subject to involuntary or voluntary product recalls or product liability lawsuits. Direct costs, lost sales and reputational damage associated with product recalls, government enforcement actions, or product liability lawsuits, individually or in the aggregate, could have a negative impact on future revenues and results of operations.

Our international operations are also subject to compliance with the U.S. Foreign Corrupt Practices Act and other anti-bribery laws applicable to our operations. While we have policies and procedures to ensure compliance with these laws, our associates, contractors, representatives and agents may take actions that violate our policies. Any violations of these laws by any of these persons could have a negative impact on our business.

Government regulation of certain of our potential business initiatives are evolving, and we may experience unfavorable changes in or failure to comply with existing or future regulations and laws.

The Company continues to explore new business initiatives, including initiatives related to blockchain, digital assets, NFTs and Web 3.0 technology. These potential business initiatives involve a complex and rapidly evolving mixture of laws and regulations enacted and implemented by U.S., state and local and foreign governments and regulatory authorities. Given the unique and novel nature of the underlying technologies associated with these potential business initiatives, governments and regulatory authorities continue to expand, modify, interpret and re-interpret frequently the legal and regulatory frameworks applied to these initiatives. Such legal and regulatory frameworks may be applied in an inconsistent manner from one jurisdiction to another, which may result in conflicting frameworks with one another. Moreover, since there is significant uncertainty associated with the laws and regulations concerning such potential business initiatives, we are required to exercise our judgment as to whether certain laws or regulations apply to the Company and the potential business initiatives or may apply in the future, and it is possible that legislators, regulators and the courts may disagree with our conclusions. As blockchain-based services and products continue to evolve, increasing legislation, regulation and enforcement efforts by federal, state and foreign legislators and agencies, respectively, and the prospect of private litigation claims related to such services and products become more likely, which may negatively impact such potential business initiatives.

In addition, the adoption of any laws or regulations, or the imposition of other legal requirements, that may adversely affect our ability to market, sell, and deliver digital assets or other blockchain-based services or products could decrease our ability to offer, or customer demand for, our product offerings, resulting in lower net revenue, and existing or future laws or regulations could impair our ability to provide or expand our product offerings, which could also result in lower net revenue and make us more vulnerable to increased competition. Future regulations, or changes in laws and regulations or their existing interpretations or applications, could also require us to change our business practices, raise compliance or litigation costs or other costs of doing business and materially adversely affect our business, financial condition and operating results.

Litigation and the outcomes of such litigation could negatively impact our future financial condition and results of operations.

In the ordinary course of our business, we are, from time to time, subject to various litigation and legal proceedings, including matters involving wage and hour associate class actions, stockholder and consumer class actions, tax audits and unclaimed property audits by states. The outcome of litigation and other legal proceedings and the magnitude of potential losses therefrom, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify.

Certain of these legal proceedings, if decided adversely to us or settled by us, may require changes to our business operations that negatively impact our operating results or involve significant liability awards that impact our financial condition. The cost to defend litigation may be significant. As a result, legal proceedings may adversely affect our business, financial condition, results of operations or liquidity.

Our digital asset products and services may expose us to legal, regulatory, and other risks that could adversely affect our business, operating results, and financial condition.

As digital assets are a relatively new and emerging asset class, the regulatory, commercial, and legal framework governing digital assets and associated products and services is likely to evolve both in the United States and internationally and implicates issues regarding a range of matters, including, but not limited to, intellectual property rights, consumer protection, privacy and cybersecurity, anti-money laundering (“AML”), sanctions and currency, tax, money transmission, commodity, and securities law compliance. In addition, following the failure of several prominent crypto trading venues and lending platforms in 2022, the United States Congress expressed the need for both greater federal oversight of digital assets and comprehensive cryptocurrency legislation. In the near future, various governmental and regulatory bodies, including in the United States, may introduce new policies, laws, and regulations relating to digital assets generally, and digital asset platforms in particular. We may need to comply with new licensing or registration requirements, revise our compliance and risk mitigation measures, institute a ban on certain digital assets or transactions thereof, and/or suspend or shut down our products or services in one or more jurisdictions. We may also face substantial costs to operationalize and comply with new legal or regulatory requirements. It is difficult to predict how the legal and regulatory framework and oversight/enforcement infrastructure around digital assets will develop and how such developments will impact our business and these new product offerings since the market for digital assets, and NFTs in particular, is relatively nascent.

Particular digital assets that we support could be deemed securities, and we may be subject to regulatory scrutiny, inquiries, investigations, fines, and other penalties, which may adversely affect our business.

We operate our digital asset-related products and services in a complex and frequently evolving regulatory environment and are subject to a wide range of laws and regulations enacted and enforced by U.S. federal, state, and local and foreign governments and regulatory authorities.

With respect to securities laws, the SEC, U.S. state, and foreign government regulators have taken varying positions regarding whether certain digital assets fall within the definition of a “security” under U.S. federal, state or foreign securities laws, respectively. The determination as to whether a digital asset is a security is a fact-driven analysis and the outcome may be difficult to predict. Also, securities laws and regulations are constantly evolving. Accordingly, the SEC, U.S. state, and/or foreign government regulators could take the position that certain digital assets we support through our digital asset-based products or services are deemed “securities” under their definitions and interpretations. We have policies and procedures in place that are intended to enable us to make a reasonable, risk-based assessment regarding the likelihood that a particular digital asset could be deemed a security under applicable laws. These policies and procedures are not legal determinations as to whether any particular digital asset is a security under federal securities laws. However, the application of securities laws to the specific facts and circumstances of digital assets is complex and subject to change, and it is possible that regulators may disagree with our conclusions. There is no certainty that any digital assets are not securities, notwithstanding the conclusions drawn based on our risk-based assessment. We could be subject to legal or regulatory action in the event a regulatory authority or court were to determine that a digital asset offered, sold or traded on our non-custodial digital asset wallet product or NFT marketplace is a security under applicable laws, which could have an adverse impact on our business. Furthermore, to the extent that any of the digital assets we support are deemed securities, we may be required to register as a broker-dealer and/or national securities exchange with the SEC and/or foreign regulatory counterpart, or rely on an available exemption from registration.

Law enforcement and regulators may initiate investigations or litigation related to our digital asset investments, products or services.

New or revised regulations or policies affecting digital assets and blockchain technology, or new interpretations of existing laws and regulations by governmental and regulatory bodies in respect of digital assets and blockchain technology could have substantial and adverse effect on our digital asset investments, products or services. As such, we could in the future be subject to inquiries or investigations from regulators and governmental authorities, be required to divest our digital asset holdings, make product changes, restrict or discontinue product offerings, including our users’ acquisition, use or redemption of certain digital assets, and be required to implement additional and potentially costly controls. In addition, if we expand our digital asset business to new products and services, we could come under the jurisdiction of additional regulators, both with respect to jurisdiction and subject matter. Any failure or perceived failure to comply with existing or new laws, regulations, or orders of any governmental authority (including changes to or expansion of the interpretation of those laws, regulations, or orders), including those discussed in these risk factors, may (i) subject us to significant fines, penalties, criminal and civil lawsuits, enforcement proceedings, and forfeiture of significant assets, (ii) result in additional compliance and licensure requirements, increased regulatory scrutiny of our business and restrictions of our operations, and (iii) force us to modify our business practices, make product or operational changes, and/or delay planned product launches or improvements. We currently maintain policies and procedures designed to reasonably help ensure compliance with applicable laws and regulations, but there can be no assurance that our employees, contractors, or agents will not violate such laws and regulations.

Violations of law by third parties using our digital asset products or services could expose us to litigation risk and negatively impact our reputation.

We have no control over the third parties utilizing our digital asset products or services, such as digital gaming and entertainment developers and other NFT creators and sellers. Any failure or perceived failure by such third parties to comply with existing civil and criminal laws and regulations, including, but not limited to, anti-fraud and anti-financial crime laws, may also subject us to significant reputational and litigation risks, including criminal and civil lawsuits. We require third parties using our digital products or services to confirm that their digital asset activities will comply with all applicable laws and regulations in connection with their use of our digital products or services, but there can be no assurance that these third parties will do so.

Future developments regarding the treatment of digital assets under U.S. and foreign tax laws could adversely impact our business.

Current tax rules related to digital assets are in some instances unclear and require significant judgments to be made in interpretation of the law, including but not limited to the areas of income tax, information reporting, transaction level taxes and the withholding of tax at source. Additional legislation or guidance may be issued by U.S. and non-U.S. governing bodies that may differ significantly from our practices or interpretation of the law, which could have unforeseen effects on our financial condition and results of operations.

Our digital asset products and services require compliance with anti-money laundering and sanctions laws and regulations.

We comply with laws and regulations related to U.S. AML and counter-terrorist financing (“CTF”) laws and regulations, enforced by the United States Department of Treasury’s Financial Crimes Enforcement Network (“FinCEN”), and economic sanctions enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”) in connection with our digital asset products and services. U.S. sanctions laws and regulations generally restrict persons subject to U.S. jurisdiction from dealings with certain jurisdictions that are the target of comprehensive embargoes, as well as with persons, entities, and governments identified on certain prohibited party lists. We have an OFAC compliance program in place that includes monitoring of IP addresses to identify prohibited jurisdictions and of digital wallet addresses that have either been identified by OFAC as prohibited or that otherwise are believed by us to be associated with prohibited persons or jurisdictions. Regardless, there can be no guarantee that our compliance program will prevent transactions with particular persons or addresses or prevent every potential violation of OFAC sanctions. Any present or future government inquiries relating to sanctions could result in negative consequences for us, including costs related to government investigations, financial penalties, and harm to our reputation. Further, new or revised U.S. or foreign AML, CTF or sanctions laws and regulations could require us to invest substantially in new compliance measures and that may require significant retroactive compliance efforts that could adversely affect our financial position, as well as give rise to liabilities based on our compliance program.

Risks Related to Our Common Stock

The market price of our Class A Common Stock has been extremely volatile and may continue to be volatile due to numerous circumstances beyond our control.

The market price of our common stock has fluctuated, and may continue to fluctuate, widely, due to many factors, some of which may be beyond our control. These factors include, without limitation:

- “short squeezes”;
- comments by securities analysts or other third parties, including blogs, articles, message boards and social and other media;
- large stockholders exiting their position in our Class A Common Stock or an increase or decrease in the short interest in our Class A Common Stock;
- actual or anticipated fluctuations in our financial and operating results;
- the timing and allocations of new product releases including new console launches;
- shifts in the timing or content of certain promotions or service offerings;
- the effect of changes in tax rates in the jurisdictions in which we operate;
- acquisition costs and the integration of companies we acquire or invest in;
- the mix of earnings in the countries in which we operate;
- the costs associated with the exit of unprofitable markets, businesses or stores;
- changes in foreign currency exchange rates;
- negative public perception of us, our competitors, or industry; and
- overall general market fluctuations.

Stock markets in general and our stock price in particular have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies and our Company. These broad market fluctuations may adversely affect the trading price of our Class A Common Stock. In particular, a large proportion of our Class A Common Stock has been and may continue to be traded by short sellers which has put and may continue to put pressure on the supply and demand for our Class A Common Stock, further influencing volatility in its market price. These and other external factors have caused and may continue to cause the market price and demand for our Class A Common Stock to fluctuate substantially, which may limit or prevent our stockholders from readily selling their shares of our common stock and may otherwise negatively affect the liquidity of our Class A Common Stock.

A “short squeeze” due to a sudden increase in demand for shares of our Class A Common Stock that largely exceeds supply has led to, and may continue to lead to, extreme price volatility in shares of our Class A Common Stock.

Investors may purchase shares of our Class A Common Stock to hedge existing exposure or to speculate on the price of our Class A Common Stock. Speculation on the price of our Class A Common Stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of our Class A Common Stock available for purchase on the open market, investors with short exposure may have to pay a premium to repurchase shares of our Class A Common Stock for delivery to lenders of our Class A Common Stock. Those repurchases may in turn, dramatically increase the price of shares of our Class A Common Stock until additional shares of our Class A Common Stock are available for trading or borrowing. This is often referred to as a “short squeeze.”

A large proportion of our Class A Common Stock has been and may continue to be traded by short sellers which may increase the likelihood that our Class A Common Stock will be the target of a short squeeze. A short squeeze has previously led and could continue to lead to volatile price movements in shares of our Class A Common Stock that are unrelated or disproportionate to our operating performance or prospects and, once investors purchase the shares of our Class A Common Stock necessary to cover their short positions, the price of our Class A Common Stock may rapidly decline. Stockholders that purchase shares of our Class A Common Stock during a short squeeze may lose a significant portion of their investment.

Information available in public media that is published by third parties, including blogs, articles, message boards and social and other media may include statements not attributable to the Company and may not be reliable or accurate.

We have received, and may continue to receive, a high degree of media coverage that is published or otherwise disseminated by third parties, including blogs, articles, message boards and social and other media. This includes coverage that is not attributable to statements made by our officers or associates. Information provided by third parties may not be reliable or accurate and could materially impact the trading price of our Class A Common Stock which could cause stockholders to lose their investments.

A large number of shares of our Class A Common Stock available for future sale could adversely affect the market price of our Class A Common Stock and may be dilutive to current stockholders.

The sales of a substantial number of shares of our Class A Common Stock, or the perception that such sales could occur, could adversely affect the price for our Class A Common Stock. Our Board of Directors may authorize the issuance of additional authorized but unissued Class A Common Stock or other authorized but unissued securities at any time, including pursuant to equity incentive plans. In addition, we have filed a registration statement with the SEC, allowing us to offer, from time to time and at any time, equity securities (including common or preferred stock), subject to market conditions and other factors. Accordingly, we may, from time to time and at any time, seek to offer and sell our equity securities, including sales of our Class A common stock pursuant to an at-the-market program, based upon market conditions and other factors.

Future sales of a substantial amount of our Class A Common Stock in the public markets by our insiders, or the perception that these sales may occur, may cause the market price of our Class A Common Stock to decline.

Our employees, directors and officers, and their affiliates, hold substantial amounts of shares of our Class A Common Stock. Sales of a substantial number of such shares by these stockholders, or the perception that such sales will occur, may cause the market price of our Class A Common Stock to decline. Other than restrictions on trading that arise under securities laws (or pursuant to our securities trading policy that is intended to facilitate compliance with securities laws), including the prohibition on trading in securities by or on behalf of a person who is aware of material nonpublic information, we have no restrictions on the right of our employees, directors and officers, and their affiliates, to sell their unrestricted shares of Class A Common Stock.

Risks Related to Financial Performance and Reporting

Our results of operations may fluctuate from quarter to quarter.

Our results of operations may fluctuate from quarter to quarter depending upon several factors, some of which are beyond our control. These factors include, but are not limited to:

- the timing and allocations of new product releases including new console launches;
- the amounts devoted to strategic investments, including in multi-channel capabilities and other business initiatives, and failure to achieve anticipated profitability and benefits from such initiatives within the expected time-frames, or at all;
- the timing and extent of the achievement of anticipated profits from investments, if at all;
- shifts in the timing or content of certain promotions or service offerings;
- the effect of changes in tax rates in the jurisdictions in which we operate;
- the mix of earnings in the countries in which we operate;
- the costs associated with the exit of unprofitable markets, businesses or stores; and
- changes in foreign currency exchange rates.

These and other factors could affect our business, financial condition and results of operations, and this makes the prediction of our financial results on a quarterly basis difficult. Also, it is possible that our quarterly financial results may be below the expectations of public market analysts.

The agreement governing our revolving credit facility restricts our current and future operations.

The agreement governing our revolving credit facility contains a number of restrictive covenants that impose significant operating and financial restrictions on us and certain of our subsidiaries and may limit our ability to engage in acts that may be in our long-term best interest, including limitations on additional liens, investments, acquisitions, loans, guarantees, the incurrence of additional indebtedness, certain fundamental changes, certain dispositions, certain dividends and distributions and certain related party transactions. A breach of the covenants or restrictions under the agreement governing our revolving credit facility could result in an event of default. Such an event of default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the revolving credit facility would permit the lenders under our revolving credit facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our revolving credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. If our lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

As a result of these restrictions we may be limited in how we conduct our business, unable to raise additional debt or equity financing necessary to operate during general economic or business downturns, or unable to compete effectively or to take advantage of new business opportunities. Accordingly, these restrictions may affect our ability to operate in accordance with our strategy.

To fund our operations, we require cash. We may not be able to generate sufficient cash flow to meet such obligations.

Our ability to generate sufficient cash flow from operations to fund our business will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we do not generate sufficient cash flow from operations to fund our business, we may have to sell assets, reduce or delay capital investments or seek to raise additional capital. We cannot provide assurance that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales or, that additional capital could be raised.

We and our subsidiaries may incur additional debt. This could further increase the risks associated with our leverage.

Although our revolving credit facility agreement contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. Additionally, these restrictions will not prevent us from incurring obligations that do not constitute indebtedness. Such future indebtedness or obligations may have restrictions similar to, or more restrictive than, those included in our revolving credit facility agreement. The incurrence of additional indebtedness could impact our financial condition and results of operations.

Our implementation of a new ERP system may adversely affect our business and results of operations or the effectiveness of our internal controls over financial reporting.

During the third quarter of fiscal 2022, we implemented a new ERP system, SAP, as part of a plan to integrate and upgrade our systems and processes. Additional implementation activities are expected to continue in phases over the next few years. ERP implementations are complex, labor intensive and time-consuming projects and involve substantial expenditures on system software and implementation activities. The ERP system is critical to our ability to provide important information to our management, obtain and deliver products, provide services and customer support, send invoices and track payments, fulfill contractual obligations, accurately maintain books and records, provide accurate, timely and reliable reports on our financial and operating results, and otherwise operate our business. ERP implementations also require transformation of business and financial processes in order to reap the benefits of the ERP system. Any such implementation involves risks inherent in the conversion to a new computer system, including loss of information and potential disruption to our normal operations. The implementation and maintenance of the new ERP system has required, and will continue to require, the investment of significant financial and human resources, the re-engineering of processes of our business, and the attention of many employees who would otherwise be focused on other aspects of our business. Our results of operations could be adversely affected if we experience time delays or cost overruns during the ERP implementation process, or if we are unable to reap the benefits we expect from the ERP system. Any material deficiencies in the design and implementation of the new ERP system could also result in potentially materially higher costs than we had incurred previously and could adversely affect our ability to operate our business and otherwise negatively impact our financial reporting and internal controls. Any of these consequences could have a material adverse effect on our results of operations and financial condition.

If our internal control over financial reporting is ineffective, our business may be adversely affected and we may lose market confidence in our reported financial information, which could adversely impact our business and stock price.

Effective internal control over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of consolidated financial statements and may not prevent or detect misstatements because of inherent limitations. These limitations include, among others, the possibility of human error, inadequacy or circumvention of controls and fraud.

If we are unable to maintain effective internal control over financial reporting, our ability to report financial information timely and accurately could be adversely affected. As a result, we could lose investor confidence and become subject to litigation or investigations, which could adversely affect our business, operations, financial condition and our stock price.

Recent digital asset market developments have had, and may continue to have, a negative effect on the price of digital assets and cause reputational harm to the industry.

In the past year, multiple digital asset platforms have commenced bankruptcy or insolvency proceedings, including Voyager Digital Holdings, Inc., Celsius Network, Ltd. ("Celsius"), FTX Trading Ltd. ("FTX"), BlockFi Inc., and Genesis Global Holdco, LLC. These digital asset platforms commenced bankruptcy proceedings under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), in large part because the platforms did not have sufficient funds or digital assets available to satisfy the claims and entitlements of their customers and account holders. The bankruptcy proceedings for each of these platforms remain ongoing, and the treatment and recoveries of account holders and creditors of these digital asset platforms is largely undetermined.

While there have been recent rulings by the bankruptcy court in the Celsius case regarding ownership of digital assets in two different types of digital asset accounts offered by Celsius, the determination whether digital assets held on a platform or exchange are property of the debtor's estate is highly fact-specific, and the bankruptcy courts have not fully addressed or resolved this issue in each of the bankruptcy proceedings mentioned above.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

All of our retail stores are leased. Store leases typically provide for a lease term of one to five years, plus renewal options. This arrangement gives us the flexibility to pursue extension or relocation opportunities that arise from changing market conditions. We believe that, as current leases expire, we will be able to obtain either renewals at present locations or leases for similar locations in the same area.

The terms of the store leases for the 4,413 leased stores open as of January 28, 2023 expire as follows.

Lease Terms to Expire During	Number of Stores
Fiscal 2023	1,723
Fiscal 2024	891
Fiscal 2025	690
Fiscal 2026	395
Fiscal 2027 and later	714
Total	4,413

In July of 2020, we sold and leased-back, in separate unrelated transactions, to unaffiliated third parties: i) our corporate headquarters and ancillary office space in Grapevine, Texas and ii) a nearby refurbishment center. In August of 2020, we sold and leased-back our Australian headquarters in Eagle Farm, Queensland to an unaffiliated third party. In September of 2020, we sold and leased-backed our Canadian headquarters in Brampton, Ontario to an unaffiliated third party.

As of January 28, 2023, we owned three and leased 14 office and distribution facilities, totaling approximately 2.7 million square feet. The lease expiration dates for the leased facilities range from 2023 to 2032, with an average remaining lease life, including reasonably certain options, of approximately seven years.

The following table presents our principal facilities. Additional information regarding our properties can be found in Item 1, "Business—Store Locations" in this Form 10-K.

Location	Segment	Square Footage	Owned or Leased	Use
Grapevine, Texas, USA	United States	360,000	Leased	Distribution and administration
Grapevine, Texas, USA	United States	182,000	Leased	Manufacturing and distribution
Shepherdsville, Kentucky, USA ⁽¹⁾	United States	631,000	Leased	Fulfillment and distribution
York, Pennsylvania, USA	United States	708,000	Leased	Fulfillment and distribution
Brampton, Ontario, Canada	Canada	119,000	Leased	Distribution and administration
Eagle Farm, Queensland, Australia	Australia	185,000	Leased	Distribution and administration
Milan, Italy	Europe	123,000	Owned	Distribution and administration

(1) In January of 2023, we announced plans to close the Shepherdsville, Kentucky distribution facility to consolidate our fulfillment activities to two domestic sites, York, Pennsylvania and Grapevine, Texas.

ITEM 3. LEGAL PROCEEDINGS

The matters included in Part II, Item 8, Notes to the Consolidated Financial Statements, [Note 16](#), "Commitments and Contingencies - Legal Proceedings" included in this Form 10-K are incorporated by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A Common Stock is traded on the New York Stock Exchange ("NYSE") under the symbol "GME". As of March 22, 2023, there were 197,058 record holders of our Class A Common Stock. Excluding the approximately 228.7 million shares of our Class A Common Stock held by Cede & Co on behalf of the Depository Trust & Clearing Corporation (or approximately 75% of our outstanding shares), approximately 76.0 million shares of our Class A Common Stock were held by record holders as of March 22, 2023 (or approximately 25% of our outstanding shares).

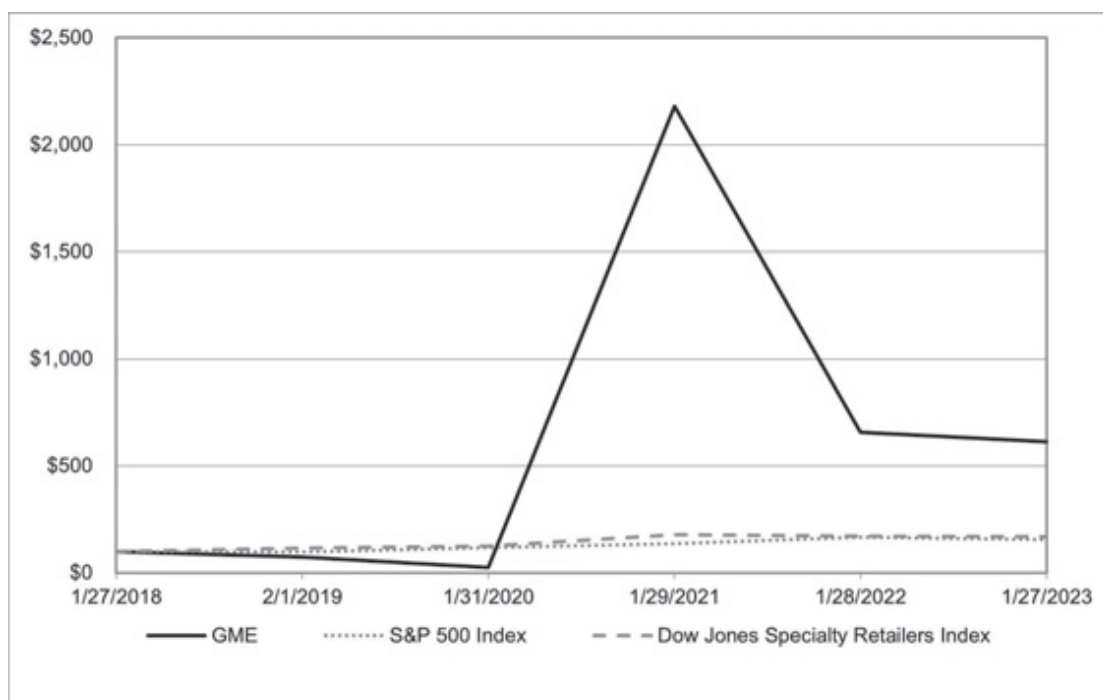
Dividends

On June 3, 2019, our Board of Directors elected to eliminate our quarterly dividend in an effort to strengthen our balance sheet and provide increased financial flexibility. During the past three fiscal years, we have not declared, and do not anticipate declaring in the near term, dividends on shares of our common stock. Dividends paid in fiscal 2020 of \$0.3 million represent dividends previously declared on unvested restricted stock awards granted under the Amended and Restated GameStop Corp. 2011 Incentive Plan. These dividends are paid upon vesting of the restricted stock awards. We currently use, and will continue to use, all available funds and any future earnings for working capital and general corporate purposes, maintaining a strong balance sheet, potential strategic initiatives, and capital expenditures. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, contractual restrictions, including those under the agreements governing our existing indebtedness and other factors our Board of Directors deems relevant.

Stock Comparative Performance Graph

The following graph compares the cumulative total stockholder return on our Class A Common Stock for the period commencing February 2, 2018 through January 27, 2023 (the last trading date of fiscal 2022) with the cumulative total return on the Standard & Poor's 500 Stock Index (the "S&P 500") and the Dow Jones Retailers, Other Specialty Industry Group Index (the "Dow Jones Specialty Retailers Index") over the same period. Total return values were calculated based on cumulative total return assuming (i) the investment of \$100 in our Class A Common Stock, the S&P 500 and the Dow Jones Specialty Retailers Index on February 2, 2018 and (ii) reinvestment of dividends.

The following stock performance graph and related information shall not be deemed "soliciting material" or "filed" with the SEC, nor should such information be incorporated by reference into any future filings under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference in such filing.



	<u>2/2/2018</u>	<u>2/1/2019</u>	<u>1/31/2020</u>	<u>1/29/2021</u>	<u>1/28/2022</u>	<u>1/27/2023</u>
GME	\$ 100.00	\$ 72.87	\$ 25.76	\$2,180.11	\$ 656.78	\$ 612.31
S&P 500 Index	\$ 100.00	\$ 96.12	\$ 116.83	\$ 136.96	\$ 165.70	\$ 154.69
Dow Jones Specialty Retailers Index	\$ 100.00	\$ 114.63	\$ 125.83	\$ 177.32	\$ 170.06	\$ 169.63

As noted above under the heading "Risk Factors — Risk Related to Our Common Stock", the market price of our Class A Common Stock has been extremely volatile due to circumstances outside of our control, including a short squeeze that led to volatile price movements that were unrelated or disproportionate to our operating performance.

Issuer Purchases of Equity Securities

On March 4, 2019, our Board of Directors approved a share repurchase authorization allowing us to repurchase up to \$300.0 million of our Class A Common Stock. The authorization has no expiration date. We did not repurchase shares during fiscal 2022 or fiscal 2021. As of January 28, 2023, we have \$101.3 million remaining under the repurchase authorization. Refer to Item 7. Management's Discussion and Analysis - "Share Repurchases" for additional information.

The Company did not purchase any of its equity securities during the fourth quarter of fiscal 2022, and did not withhold any shares of Class A Common Stock during the fourth quarter of fiscal 2022 from employees to satisfy minimum tax withholding obligations relating to the vesting of their restricted stock awards under our equity plans.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the information contained in our consolidated financial statements, including the notes thereto. Statements regarding future economic performance, management's plans and objectives, and any statements concerning assumptions related to the foregoing contained in Management's Discussion and Analysis of Financial Condition and Results of Operations constitute forward-looking statements. Certain factors, which may cause actual results to vary materially from these forward-looking statements, accompany such statements or appear elsewhere in this Form 10-K, including the disclosures under Part I, Item 1A, "Risk Factors."

In Management's Discussion and Analysis of Financial Condition and Results of Operations, we provide a detailed analysis for fiscal 2022 compared to fiscal 2021. For a comparison of our results of operations for fiscal 2021 compared to fiscal 2020, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the fiscal year ended January 29, 2022, as filed with the SEC on March 17, 2022.

OVERVIEW

GameStop Corp. ("GameStop," "we," "us," "our," or the "Company"), a Delaware corporation established in 1996, is a leading specialty retailer offering games and entertainment products through its thousands of stores and ecommerce platforms.

BUSINESS PRIORITIES

The initial phase of GameStop's transformation largely occurred over the course of 2021 and the first half of 2022. This period was primarily focused on rebuilding the Company's decaying infrastructure and strengthening GameStop's value proposition, including investing in the Company's enterprise systems, technology capabilities, store leaders and store associates, and product catalog and offerings.

GameStop entered a new phase of its transformation during the back half of 2022. As a result, GameStop is focused on three overarching goals: establishing omnichannel retail excellence, achieving profitability, and leveraging brand equity to support growth.

We are taking the following steps, with a significant emphasis on cost containment:

- Improving margins through operational discipline and increased emphasis on higher margin collectibles and pre-owned product categories;
- Ensuring the Company's cost structure is sustainable relative to revenue, including taking steps to optimize our workforce to operate efficiently and nimbly;
- Prudently increasing the size of our addressable market by growing our product catalog across PC gaming, collectibles, consumer electronics, toys, augmented reality, virtual reality and other categories that represent natural extensions of our business; and
- Sustaining a favorable customer experience through seamless in-store and ecommerce platforms and speedy delivery to our customers.

In connection with our cost reduction efforts, we expect to see favorable impacts to our selling, general, and administrative ("SG&A") expenses in the quarters to come as we pursue profitability. We also maintain and continue to strengthen our strong balance sheet.

In our pursuit of profitability we seek to improve the efficiency and effectiveness of operations across the organization globally. While we expect our intense focus on expense reductions to yield decreases in SG&A expenses we continue to explore strategic options, which may include further store closings and exiting unprofitable businesses. As a result of these actions, we have incurred and may continue to incur severance, store closure costs and other related expenses.

By executing on these priorities, we believe we can create a compelling experience for customers and be positioned to invest pragmatically in growth initiatives. In May 2022, we announced the launch of our non-custodial digital asset wallet to allow gamers and others to store, send, receive, and use cryptocurrencies and NFTs across decentralized apps. In July 2022, we launched our NFT marketplace to allow gamers, creators, collectors and others to buy, sell and trade NFTs. Our NFT marketplace enables parties to own their digital assets, which are represented and secured on the blockchain, and allows parties to connect to their own digital asset wallets to enable transactions. In November 2022, we launched the integration of the Immutable X blockchain protocol, which provides access to various Web 3.0 products and NFT gaming assets to our customers.

We believe the combination of these efforts to stabilize and optimize our core business are critical to achieve sustained profitability to enable long-term value creation for our stockholders.

STORE COUNT INFORMATION

The following table presents the number of stores by segment as of the end of fiscal 2022 compared to the end of fiscal 2021.

	January 29, 2022	Openings	Disposals	January 28, 2023
United States	3,018	—	(69)	2,949
Canada	231	—	(15)	216
Australia	417	6	(4)	419
Europe	907	2	(80)	829
Total Stores	4,573	8	(168)	4,413

CONSOLIDATED RESULTS OF OPERATIONS

The following table presents certain statement of operations items (in millions) and as a percentage of net sales:

	Fiscal 2022		Fiscal 2021		Change	
	Amount	Percent of Net Sales	Amount	Percent of Net Sales	\$	%
Net sales	\$5,927.2	100.0 %	\$6,010.7	100.0 %	\$ (83.5)	(1.4)%
Cost of sales	4,555.1	76.9	4,662.9	77.6	(107.8)	(2.3)
Gross profit	1,372.1	23.1	1,347.8	22.4	24.3	1.8
Selling, general, and administrative expenses	1,681.0	28.4	1,709.6	28.4	(28.6)	(1.7)
Asset impairments	2.7	—	6.7	0.1	(4.0)	(59.7)
Operating loss	(311.6)	(5.3)	(368.5)	(6.1)	56.9	15.4
Interest (income) expense and other, net	(9.5)	(0.2)	26.9	0.4	(36.4)	135.3
Loss before income taxes	(302.1)	(5.1)	(395.4)	(6.6)	93.3	23.6
Income tax expense (benefit)	11.0	0.2	(14.1)	(0.2)	25.1	(178.0)
Net loss	<u>\$ (313.1)</u>	<u>(5.3)%</u>	<u>\$ (381.3)</u>	<u>(6.3)%</u>	<u>\$ 68.2</u>	<u>17.9 %</u>

Net Sales

The following table presents net sales by significant product category:

	Fiscal 2022		Fiscal 2021		Change	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	\$	%
Hardware and accessories	\$3,140.0	53.0 %	\$3,171.7	52.8 %	\$ (31.7)	(1.0)%
Software	1,822.6	30.7	2,014.8	33.5	(192.2)	(9.5)
Collectibles	964.6	16.3	824.2	13.7	140.4	17.0
Total	<u>\$5,927.2</u>	<u>100.0 %</u>	<u>\$6,010.7</u>	<u>100.0 %</u>	<u>\$ (83.5)</u>	<u>(1.4)%</u>

The following table presents net sales by reportable segment:

	Fiscal 2022		Fiscal 2021		Change	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	\$	%
United States	\$4,093.0	69.1 %	\$4,186.5	69.7 %	\$ (93.5)	(2.2)%
Canada	344.1	5.8	332.3	5.5	11.8	3.6
Australia	588.7	9.9	591.8	9.8	(3.1)	(0.5)
Europe	901.4	15.2	900.1	15.0	1.3	0.1
Total	<u>\$5,927.2</u>	<u>100.0 %</u>	<u>\$6,010.7</u>	<u>100.0 %</u>	<u>\$ (83.5)</u>	<u>(1.4)%</u>

Net sales decreased \$83.5 million, or 1.4%, in fiscal 2022 compared to fiscal 2021. Net sales during fiscal 2022 in our Canada and Europe segments increased by 3.6% and 0.1%, respectively, while net sales in our United States and Australia segments decreased by 2.2% and 0.5%, respectively, when compared to fiscal 2021.

The decrease in consolidated net sales in fiscal 2022 compared to fiscal 2021 was primarily attributable to the translation impact of a stronger U.S. dollar, a decline in sales from new software releases as a result of fewer significant title launches in fiscal 2022, and a decline in sales of video game accessories, partially offset by an increase in sales of new gaming hardware and an increase in sales of toys and collectibles.

Gross Profit

Gross profit increased \$24.3 million, or 1.8%, in fiscal 2022 compared to fiscal 2021, and gross profit as a percentage of net sales increased to 23.1% in fiscal 2022 compared to 22.4% in fiscal 2021. The increase in gross profit is primarily attributable to a decrease in freight expense as a result of lower ecommerce volume and added cost optimizations, partially offset by the translation impact of a stronger U.S. dollar.

Selling, General, and Administrative Expenses

SG&A expenses decreased \$28.6 million, or 1.7%, in fiscal 2022 compared to fiscal 2021, and SG&A as a percentage of net sales for fiscal 2022 and 2021 remained constant at 28.4%. SG&A expenses decreased primarily due to the translation impact of a stronger U.S. dollar, a decrease in marketing expenses, and reduction in labor-related and consulting service costs driven by our focus on cost structure optimization efforts, and the recognition of deferred income related to our partnership with Immutable X Pty Limited ("IMX").

Asset Impairments

Asset impairments related to store-level assets decreased \$4.0 million, or 59.7% in fiscal 2022 compared to fiscal 2021. During fiscal 2022 and 2021, we recognized \$2.7 million and \$6.7 million, respectively, in asset impairment charges related to store-level assets. See Item 8, Notes to the Consolidated Financial Statements, [Note 9](#), "Asset Impairments," for additional information related to the impact on our segments.

Interest (Income) Expense and Other, Net

Interest (income) expense and other, net decreased by \$36.4 million, or 135.3%, shifting from net interest expense in fiscal 2021 to net interest income in fiscal 2022. The change is primarily due to interest income increasing by \$13.1 million in fiscal 2022 as a result of higher returns on invested cash, and interest expense decreasing in fiscal 2022 as a result of lower debt. In the first quarter of fiscal 2021, we repaid \$73.2 million aggregate principal of our then outstanding 6.75% Senior Notes due 2021 (the "2021 Senior Notes") and the remaining \$216.4 million aggregate principal of our then outstanding 10% Senior Notes due 2023 (the "2023 Senior Notes") including a \$17.8 million make-whole premium.

Income Tax

We recognized an income tax expense of \$11.0 million representing an effective tax rate of (3.6)% in fiscal 2022, compared to an income tax benefit of \$14.1 million representing an effective tax rate of 3.6% in fiscal 2021. The effective tax rate of (3.6)% in fiscal 2022 is primarily due to not recognizing benefits on certain current period losses, as well as income taxes due in certain foreign and state jurisdictions in which we operate. The effective tax rate of 3.6% in fiscal 2021 is primarily due to not recognizing benefits on certain current period losses, the release of a valuation allowance on deferred tax assets in Australia and New Zealand, incremental tax benefits recognized in association with the CARES Act, as well as income taxes due in certain foreign and state jurisdictions in which we operate. See Item 8, Notes to the Consolidated Financial Statements, [Note 15](#), "Income Taxes," for additional information.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and marketable securities

	January 28, 2023	January 29, 2022
Cash and cash equivalents	\$ 1,139.0	\$ 1,271.4
Marketable securities	251.6	—
Cash, cash equivalents and marketable securities	<u>\$ 1,390.6</u>	<u>\$ 1,271.4</u>

Sources of Liquidity; Uses of Capital

Our principal sources of liquidity are cash from operations, cash on hand, and borrowings from the capital markets, which include our revolving credit facilities. As of January 28, 2023, we had total unrestricted cash and cash equivalents on hand of \$1,139.0 million, marketable securities of \$251.6 million, and an additional \$330.7 million of effective available borrowing capacity under our revolving credit facilities.

Our cash and cash equivalents are carried at fair value and consist primarily of U.S. government bonds and notes, money market funds, cash deposits with commercial banks, and highly rated direct short-term instruments that mature in 90 days or less. Our marketable securities are also carried at fair value and include investments in certain highly-rated short-term government bonds and notes that mature in less than one year. Our investment policy is designed to preserve principal and liquidity of our short-term investments.

In August 2022, the Company opened investment portfolios consisting of U.S. government treasury notes and bills in an aggregate amount of \$250.0 million. As of January 28, 2023, the investment portfolios aggregate balance was \$252.6 million, of which \$251.6 million are recognized in marketable securities and \$1.0 million are recognized in cash and cash equivalents on our Consolidated Balance Sheets.

In fiscal 2021, we sold an aggregate of 34,000,000 shares of our common stock under our at-the-market equity offering program (the "ATM Transactions"). We generated \$1.67 billion in aggregate net proceeds from sales under the ATM Transactions. The net proceeds generated from sales under the ATM Transactions have been, and are expected to be, used for working capital and general corporate purposes, including repayment of indebtedness, funding our transformation, growth initiatives and product category expansion efforts, capital expenditures and the satisfaction of our tax withholding obligations upon the vesting of shares of restricted stock held by our executive officers and other employees.

Additionally, during fiscal 2021, we repaid the remaining \$73.2 million aggregate principal amount of our then outstanding 2021 Senior Notes and the remaining \$216.4 million aggregate principal amount of our then outstanding 2023 Senior Notes. Also, in fiscal 2021, the six separate unsecured term loans held by our French subsidiary, Micromania SAS, for a total of €40.0 million were extended for five years. As of January 28, 2023, €36.3 million, or \$39.5 million, remains outstanding.

In November 2021 we entered into a credit agreement for a secured asset-based credit facility comprised of a \$500 million revolving line of credit which matures in November 2026 ("2026 Revolver"). As of January 28, 2023, no loan amounts were outstanding under the 2026 Revolver and \$119.3 million of standby letters of credit were issued and undrawn under the 2026 Revolver. See Item 8, Notes to the Consolidated Financial Statements, [Note 14](#), "Debt," for additional information.

Separate from the 2026 Revolver, we maintain uncommitted facilities with certain lenders that provide for the issuance of letters of credit and bank guarantees, at times supported by cash collateral. As of January 28, 2023, we had bank guarantees outstanding in the amount of \$14.5 million outside of the 2026 Revolver, and \$57.0 million of collateralized cash which is classified as restricted cash in prepaid expenses and other current assets and other noncurrent assets on our Consolidated Balance Sheets.

On an ongoing basis, we evaluate and consider certain strategic operating alternatives, including divestitures, restructuring or dissolution of unprofitable business segments, uses for our excess cash in low-risk, short-term investments, as well as equity and debt financing alternatives that we believe may enhance stockholder value. The nature, amount and timing of any strategic operational change, or financing transactions that we might pursue will depend on a variety of factors, including, as of the applicable time, our available cash and liquidity and operating performance, our commitments and obligations, our capital requirements, limitations imposed under our credit facilities and overall market conditions.

Certain vendors have been impacted by volatility in the supply chain financing market. Some of our vendors have requested and may continue to request credit support collateral for our inventory purchase obligations and the levels of such collateral will depend on a variety of factors including our inventory purchase levels, available payment terms for inventories, availability of borrowing capacity under our credit facilities, favorable credit terms and costs of providing collateral.

Cash Flows

The following table presents a summary of our cash flows from operating, investing, and financing activities, as reflected in the Consolidated Statements of Cash Flows:

	2022	2021	Change
Cash provided by (used in) operating activities	\$ 108.2	\$ (434.3)	\$ 542.5
Cash used in investing activities	(222.7)	(64.8)	(157.9)
Cash (used in) provided by financing activities	(7.9)	1,200.6	(1,208.5)
Exchange rate effect on cash, cash equivalents and restricted cash	(1.5)	(16.6)	15.1
(Decrease) increase in cash, cash equivalents and restricted cash	<u>\$ (123.9)</u>	<u>\$ 684.9</u>	<u>\$ (808.8)</u>

Operating Activities

In fiscal 2022, cash flows provided by operating activities were an inflow of \$108.2 million, compared with an outflow of \$434.3 million in fiscal 2021. The increase in cash provided by operating activities during fiscal 2022 was primarily due to a reduction in merchandise inventory levels and collection of \$176.0 million in tax refunds, partially offset by the impact of our net loss. The reduction in merchandise inventory was due to improved inventory management, including a more disciplined purchasing strategy, more advantageous product mix ahead of the fiscal 2022 holiday season, and an improvement in supply chain constraints. Cash used in operating activities in fiscal 2021 was primarily attributable to an increase in merchandise inventory levels when compared to prior year to, among other things, support our product category expansion efforts, and to mitigate the full impact of global supply chain issues.

Investing activities

In fiscal 2022, cash flows used in investing activities were an outflow of \$222.7 million compared to an outflow of \$64.8 million in fiscal 2021. Cash used in investing activities during fiscal 2022 was primarily attributable to purchases of marketable securities and ongoing technological investments, partially offset by proceeds from the sale of digital assets and proceeds from the maturity of marketable securities. Cash used in investing activities during fiscal 2021 was primarily attributable to technological investments, and investments in our fulfillment operations.

Financing activities

In fiscal 2022, cash flows from financing activities were an outflow of \$7.9 million compared to an inflow of \$1.2 billion in fiscal 2021. Cash used in financing activities in fiscal 2022 was primarily attributable to settlement of stock-based awards. Cash provided by financing activities during fiscal 2021 was primarily due to the sale of shares of our common stock in connection with the ATM transactions for aggregate net proceeds of approximately \$1.7 billion. These proceeds were partially offset by payments of \$136.8 million for withholding obligations upon the vesting of shares of restricted stock, repayment of \$73.2 million of our then outstanding 2021 Senior Notes, and the voluntary early redemption of our outstanding 2023 Senior Notes for an aggregate of \$234.2 million (inclusive of a \$17.8 million make-whole premium). We also repaid \$25.0 million of outstanding borrowings under our then existing revolving credit facility in 2021.

Share Repurchases

On March 4, 2019, our Board of Directors approved a share repurchase authorization allowing us to repurchase up to \$300.0 million of our Class A Common Stock. The authorization has no expiration date.

We did not repurchase shares during fiscal 2022, fiscal 2021, or fiscal 2020. As of January 28, 2023, we have \$101.3 million remaining under the repurchase authorization.

OFF-BALANCE SHEET ARRANGEMENTS

We had no material off-balance sheet arrangements as of January 28, 2023 other than those disclosed Item 8, Notes to the Consolidated Financial Statements, [Note 16](#), "Commitments and Contingencies".

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. Changes in the estimates and assumptions used by us could have a significant impact on our financial results, and actual results could differ from those estimates. Our senior management has discussed the development and selection of these critical accounting policies, as well as the significant accounting policies disclosed in Item 8, Notes to the Consolidated Financial Statements, [Note 2](#), "Summary of Significant Accounting Policies," with the Audit Committee of our Board of Directors. We believe the following accounting policies are the most critical to aid in fully understanding and evaluating our reporting of transactions and events, and the estimates these policies involve our most difficult, subjective or complex judgments.

Valuation of Merchandise Inventories

Our merchandise inventories are carried at the lower of cost or market generally using the average cost method. Under the average cost method, as new product is received from vendors, its current cost is added to the existing cost of product on-hand and this amount is re-averaged over the cumulative units. Pre-owned gaming systems traded in by customers are recorded as inventory at the amount of the store credit given to the customer. In valuing inventory, we are required to make assumptions regarding the necessity of reserves required to value potentially obsolete or over-valued items at the lower of cost or market. We consider quantities on hand, recent sales, potential price protections and returns to vendors, among other factors, when making these assumptions.

Our ability to gauge these factors is dependent upon our ability to forecast customer demand and to provide a well-balanced merchandise assortment. Any inability to forecast customer demand properly could lead to increased costs associated with write-downs of inventory to reflect volumes or pricing of inventory which we believe represents the net realizable value. A 10% change in our obsolescence reserve percentage at January 28, 2023 would have affected net earnings by approximately \$2.5 million in fiscal 2022.

Customer Liabilities

Our PowerUp Rewards[®] loyalty program allows enrolled members to earn points on purchases in our stores and on some of our websites that can be redeemed for rewards and discounts. We allocate the transaction price between the product and loyalty points earned based on the relative stand-alone selling prices and expected point redemption. The portion allocated to the loyalty points is initially recorded as deferred revenue and subsequently recognized as revenue upon redemption or expiration. The two primary estimates utilized to record the deferred revenue for loyalty points earned by members are the estimated retail price per point and estimated amount of points that will never be redeemed, which is a concept known in the retail industry as "breakage." Additionally, we sell gift cards to our customers in our retail stores, through our website and through selected third parties. At the point of sale, a liability is established for the value of the gift card. We recognize revenue from gift cards when the card is redeemed by the customer and recognize estimated breakage on gift cards in proportion to historical redemption patterns.

The two primary estimates utilized to record the balance sheet liability for loyalty points earned by members are the estimated redemption rate and the estimated weighted-average retail price per point redeemed. We use historical redemption rates experienced under our loyalty program as a basis for estimating the ultimate redemption rate of points earned. We estimate breakage of loyalty points and unredeemed gift cards based on historical redemption rates. The weighted-average retail price per point redeemed is based on our most recent actual loyalty point redemptions and is adjusted as appropriate for recent changes in redemption values, including the mix of rewards redeemed. Our estimate of the amount and timing of gift card redemptions is based primarily on historical transaction experience.

We continually evaluate our methodology and assumptions based on developments in redemption patterns, retail price per point redeemed and other factors. Changes in the ultimate redemption rate and weighted-average retail price per point redeemed have the effect of either increasing or decreasing the deferred revenue balance through current period revenue by an amount estimated to cover the retail value of all points previously earned but not yet redeemed by loyalty program members as of the end of the reporting period. A 10% change in our customer loyalty program redemption rate or a 10% change in our weighted-average retail value per point redeemed at January 28, 2023, in each case, would have affected net earnings by approximately \$2.8 million in fiscal 2022. A 10% change in our gift card breakage rate at January 28, 2023 would have affected net earnings by approximately \$11.9 million in fiscal 2022.

Income Taxes

We account for income taxes utilizing an asset and liability approach, and deferred taxes are determined based on the estimated future tax effect of differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates. As a result of our operations in many foreign countries, our global tax rate is derived from a combination of applicable tax rates in the various jurisdictions in which we operate.

Additionally, a valuation allowance is recorded against a deferred tax asset if it is not more likely than not that the asset will be realized. We assess the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. Several factors are considered in evaluating the realizability of our deferred tax assets, including the remaining years available for carry forward, the tax laws for the applicable jurisdictions, the future profitability of the specific business units, and tax planning strategies. Based on our analysis, we have determined that it is more likely than not that some portion of our deferred tax assets will not be realized. Our valuation allowances increased to \$408.5 million as of January 28, 2023, primarily due to cumulative losses in certain jurisdictions. See Item 8, Notes to the Consolidated Financial Statements, [Note 15](#), "Income Taxes," for additional information.

We maintain accruals for uncertain tax positions until examination of the tax year is completed by the taxing authority, available review periods expire, or additional facts and circumstances cause us to change our assessment of the appropriate accrual amount. Our liability for uncertain tax positions was \$13.2 million as of January 28, 2023. Considerable management judgment is necessary to assess the inherent uncertainties related to the interpretations of complex tax laws, regulations and taxing authority rulings, as well as to the expiration of statutes of limitations in the jurisdictions in which we operate. We base our estimate of an annual effective tax rate at any given point in time on a calculated mix of the tax rates applicable to our operations and to estimates of the amount of income to be derived in any given jurisdiction. We file our tax returns based on our understanding of the appropriate tax rules and regulations. However, complexities in the tax rules and our operations, as well as positions taken publicly by the taxing authorities, may lead us to conclude that accruals for uncertain tax positions are required.

Our judgments and estimates concerning uncertain tax positions may change as a result of evaluation of new information, such as the outcome of tax audits or changes to or further interpretations of tax laws and regulations. Our judgments and estimates concerning realizability of deferred tax assets could change if any of the evaluation factors change. If such changes take place, there is a risk that our effective tax rate could increase or decrease in any period, impacting our net earnings.

RECENT ACCOUNTING STANDARDS AND PRONOUNCEMENTS

See Item 8, Notes to the Consolidated Financial Statements, [Note 3](#), "New Accounting Pronouncements," for recent accounting standards and pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk due to foreign currency fluctuations, described more fully below.

Foreign Currency Risk

We use forward exchange contracts to manage currency risk primarily related to intercompany loans denominated in non-functional currencies. The forward exchange contracts are not designated as hedges and, therefore, changes in the fair values of these derivatives are recognized in earnings, thereby offsetting the current earnings effect of the re-measurement of related intercompany loans. We recognized a gain of \$7.3 million and a gain of \$9.6 million in SG&A expenses in our Consolidated Statement of Operations related to derivative instruments for the fiscal years ended January 28, 2023 and January 29, 2022, respectively. The aggregate fair value of the forward exchange contracts as of January 28, 2023 and January 29, 2022 was a net liability of \$5.9 million and \$3.4 million, respectively, as measured by observable inputs obtained from market news reporting services, such as *Bloomberg*, and industry-standard models that consider various assumptions, including quoted forward prices, time value, volatility factors, and contractual prices for the underlying instruments, as well as other relevant economic measures. A hypothetical strengthening or weakening of 10% in the foreign exchange rates underlying the foreign currency contracts from the market rate as of January 28, 2023 would result in a gain of \$10.2 million or a loss of \$8.4 million in value of the forward exchange contracts.

We do not use derivative financial instruments for trading or speculative purposes. We are exposed to counterparty credit risk on all of our derivative financial instruments and cash equivalent investments. We manage counterparty risk according to the guidelines and controls established under comprehensive risk management and investment policies. We continuously monitor our counterparty credit risk and utilize a number of different counterparties to minimize our exposure to potential defaults. We do not require collateral under derivative or investment agreements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of GameStop Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of GameStop Corp. and subsidiaries (the "Company") as of January 28, 2023, and January 29, 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows, for the 52 week periods ended January 28, 2023, January 29, 2022 and January 30, 2021, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 28, 2023, and January 29, 2022, and the results of its operations and its cash flows for the 52 week periods ended January 28, 2023, January 29, 2022 and January 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 28, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 28, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Merchandise Inventories - Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company carries merchandise inventories at the lower of cost or market generally using the average cost method. In valuing merchandise inventories, the Company is required to adjust inventory to reflect potential obsolescence or the over-valuation resulting from carrying value exceeding market value. In valuing inventory, management makes significant judgements and estimates and involves the consideration of excess quantities on hand, recent sales prices, potential price protections, returns to vendors and other factors. Such judgements and estimates are more significant for certain inventory product types.

We identified the reserve for certain merchandise inventory products as a critical audit matter because of the significant estimates and assumptions management makes to estimate the excess, slow-moving, and obsolete inventory adjustments, involving the consideration of excess quantities on hand, recent sales prices, potential price protections, returns to vendors and other factors to estimate future customer demand. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the methodology and the reasonableness of related assumptions, as well as the inputs and related calculations, to evaluate whether merchandise inventory reserves for certain inventory products were appropriately recorded as of January 28, 2023.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the excess, slow-moving, and obsolete merchandise inventory reserve for certain inventory products included the following, among others:

- We tested the design and operating effectiveness of controls over the valuation of inventories.
- We evaluated the appropriateness and consistency of management's methods and assumptions used in developing their estimate of the excess, slow-moving, and obsolete inventory reserve, which included consideration of reserve trends.
- We performed analysis of key product metrics, such as inventory turnover and product margins, to identify and evaluate slow moving inventory categories, negative margins, or other trends.
- We tested a sample of inventory items to assess the reasonableness of the excess, slow-moving, and obsolete inventory reserve through evaluation of historical margin, turnover, discounts, and markdowns.

Indefinite-lived Intangible Assets – Refer to Note 11 to the financial statements

Critical Audit Matter Description

In January 2022, the Company entered into contractual arrangements with Immutable X Pty Limited ("IMX") and Digital Worlds NFTs Ltd. ("Digital Worlds") pursuant to which the Company was entitled to receive digital assets in the form of IMX tokens once certain contractual milestones have been achieved. As contractual milestones were achieved, the Company received the IMX tokens and recognized deferred income in the consolidated balance sheet.

Auditing the recognition of the deferred income associated with the digital assets received by the Company, specifically the timing, time period and pattern of future recognition required a high degree of auditor judgment and increased extend of effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the evaluation of the timing, time period and pattern of recognition of the deferred income included the following, among others:

- We tested the design and operating effectiveness of the control over the evaluation of the accounting for the deferred income
- We involved senior, more experienced audit team members to perform audit procedures
- We evaluated whether the Company's conclusions regarding the timing, time period and pattern of recognition was representative of the nature and terms of the contractual arrangements
- Recalculated the amortization of the deferred income in accordance with the accounting conclusion

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas
March 28, 2023

We have served as the Company's auditor since 2013.

GAMESTOP CORP.
CONSOLIDATED BALANCE SHEETS
(in millions, except par value per share)

	January 28, 2023	January 29, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,139.0	\$ 1,271.4
Marketable securities	251.6	—
Receivables, net of allowance of \$2.2 and \$3.3, respectively	153.9	141.1
Merchandise inventories	682.9	915.0
Prepaid expenses and other current assets	96.3	271.3
Total current assets	2,323.7	2,598.8
Property and equipment, net of accumulated depreciation of \$1,006.8 and \$1,029.8, respectively	136.5	163.6
Operating lease right-of-use assets	560.8	586.6
Deferred income taxes	18.3	16.3
Other noncurrent assets	74.1	134.0
Total assets	<u>\$ 3,113.4</u>	<u>\$ 3,499.3</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 531.3	\$ 471.0
Accrued liabilities and other current liabilities	602.3	668.9
Current portion of operating lease liabilities	194.7	210.7
Current portion of long-term debt	10.8	4.1
Total current liabilities	1,339.1	1,354.7
Long-term debt	28.7	40.5
Operating lease liabilities	382.4	393.7
Other long-term liabilities	40.9	107.9
Total liabilities	1,791.1	1,896.8
Stockholders' equity:		
Class A common stock — \$.001 par value; authorized 1,000 shares; 304.6 and 303.6 shares issued and outstanding, respectively	0.1	0.1
Additional paid-in capital	1,613.6	1,577.5
Accumulated other comprehensive loss	(71.9)	(68.7)
Retained (loss) earnings	(219.5)	93.6
Total stockholders' equity	1,322.3	1,602.5
Total liabilities and stockholders' equity	<u>\$ 3,113.4</u>	<u>\$ 3,499.3</u>

See accompanying notes to consolidated financial statements.

GAMESTOP CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	Fiscal		
	2022	2021	2020
Net sales	\$ 5,927.2	\$ 6,010.7	\$ 5,089.8
Cost of sales	4,555.1	4,662.9	3,830.3
Gross profit	1,372.1	1,347.8	1,259.5
Selling, general, and administrative expenses	1,681.0	1,709.6	1,514.2
Asset impairments	2.7	6.7	15.5
Gain on sale of assets	—	—	(32.4)
Operating loss	(311.6)	(368.5)	(237.8)
Interest (income) expense and other, net	(9.5)	26.9	32.1
Loss from continuing operations before income taxes	(302.1)	(395.4)	(269.9)
Income tax expense (benefit)	11.0	(14.1)	(55.3)
Net loss from continuing operations	(313.1)	(381.3)	(214.6)
Loss from discontinued operations, net of tax	—	—	(0.7)
Net loss	<u>\$ (313.1)</u>	<u>\$ (381.3)</u>	<u>\$ (215.3)</u>
Net loss per share:			
Basic	\$ (1.03)	\$ (1.31)	\$ (0.83)
Diluted	(1.03)	(1.31)	(0.83)
Weighted-average shares outstanding:			
Basic	304.2	290.4	260.0
Diluted	304.2	290.4	260.0

See accompanying notes to consolidated financial statements.

GAMESTOP CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)

	Fiscal		
	2022	2021	2020
Net loss	\$ (313.1)	\$ (381.3)	\$ (215.3)
Other comprehensive loss:			
Foreign currency translation adjustments	(2.3)	(19.4)	29.5
Net change in unrealized loss on available-for-sale securities	(0.9)	—	—
Total comprehensive loss	<u>\$ (316.3)</u>	<u>\$ (400.7)</u>	<u>\$ (185.8)</u>

See accompanying notes to consolidated financial statements.

GAMESTOP CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Fiscal		
	2022	2021	2020
Cash flows from operating activities:			
Net loss	\$ (313.1)	\$ (381.3)	\$ (215.3)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Depreciation and amortization	61.7	77.2	80.7
Stock-based compensation expense	40.1	30.5	7.9
Gain on sale of digital assets	(7.2)	—	—
Digital asset impairments	34.0	—	—
Asset impairments	2.7	6.7	15.5
Loss (gain) on retirement of debt	—	18.2	(1.5)
Deferred income taxes	(2.6)	(16.3)	80.3
Loss (gain) on disposal of property and equipment, net	2.5	5.4	(27.3)
Other	1.2	(3.5)	2.4
Changes in operating assets and liabilities:			
Receivables, net	(16.8)	(38.4)	39.8
Merchandise inventories	229.6	(329.6)	282.4
Prepaid expenses and other assets	(25.2)	(6.5)	8.4
Prepaid income taxes and income taxes payable	172.4	(21.7)	(87.0)
Accounts payable and accrued liabilities	(66.2)	224.4	(78.6)
Operating lease right-of-use assets and lease liabilities	(4.9)	(0.9)	19.0
Changes in other long-term liabilities	—	1.5	(3.0)
Net cash flows provided by (used in) operating activities	<u>108.2</u>	<u>(434.3)</u>	<u>123.7</u>
Cash flows from investing activities:			
Capital expenditures	(55.9)	(62.0)	(60.0)
Purchases of marketable securities	(276.8)	—	—
Proceeds from maturities of marketable securities	27.5	—	—
Proceeds from sale of property and equipment	—	—	95.5
Proceeds from sale of digital assets	81.9	—	—
Other	0.6	(2.8)	1.4
Net cash flows (used in) provided by investing activities	<u>(222.7)</u>	<u>(64.8)</u>	<u>36.9</u>
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of costs	—	1,672.8	—
Net repayments of senior notes	—	(307.4)	(130.3)
Proceeds from French term loans	—	—	47.1
Repayments of French term loans	(3.9)	—	—
Dividends paid	—	—	(0.3)
Borrowings from the revolver	—	—	150.0
Repayments of revolver borrowings	—	(25.0)	(125.0)
Settlement of stock-based awards	(4.0)	(136.8)	3.1
Payments of financing costs	—	(3.0)	—
Net cash flows (used in) provided by financing activities	<u>(7.9)</u>	<u>1,200.6</u>	<u>(55.4)</u>
Exchange rate effect on cash, cash equivalents and restricted cash	(1.5)	(16.6)	16.3
(Decrease) increase in cash, cash equivalents and restricted cash	(123.9)	684.9	121.5
Cash, cash equivalents and restricted cash at beginning of period	1,319.9	635.0	513.5
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,196.0</u>	<u>\$ 1,319.9</u>	<u>\$ 635.0</u>

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash received for interest income	\$ 8.2	\$ —	\$ 1.4
Cash paid for interest	(2.6)	(18.3)	(32.8)
Cash received (paid) for interest, net	<u>\$ 5.6</u>	<u>\$ (18.3)</u>	<u>\$ (31.4)</u>
Cash paid for income taxes	\$ (13.5)	\$ (21.4)	\$ (8.3)
Cash tax refunds received	176.0	4.5	57.4
Cash refunded (paid) for income taxes, net	<u>\$ 162.5</u>	<u>\$ (16.9)</u>	<u>\$ 49.1</u>
Cash paid for operating leases	\$ (257.7)	\$ (262.3)	\$ (251.4)
Leased assets obtained in exchange for new operating lease liabilities	242.8	205.4	132.5
Non-cash investing and financing activities:			
Accruals related to purchases of property and equipment	\$ 1.1	\$ 9.6	\$ 5.1

See accompanying notes to consolidated financial statements.

GAMESTOP CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions, except for per share data)

	Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance at February 1, 2020	257.2	\$ 0.1	\$ —	\$ (78.8)	\$ 690.2	\$ 611.5
Net loss	—	—	—	—	(215.3)	(215.3)
Foreign currency translation	—	—	—	29.5	—	29.5
Stock-based compensation expense	—	—	7.9	—	—	7.9
Settlement of stock-based awards	4.0	—	3.1	—	—	3.1
Balance at January 30, 2021	261.2	0.1	11.0	(49.3)	474.9	436.7
Net loss	—	—	—	—	(381.3)	(381.3)
Foreign currency translation	—	—	—	(19.4)	—	(19.4)
Stock-based compensation expense	—	—	30.5	—	—	30.5
Issuance of common stock, net of cost	34.0	—	1,672.8	—	—	1,672.8
Settlement of stock-based awards	8.4	—	(136.8)	—	—	(136.8)
Balance at January 29, 2022	303.6	0.1	1,577.5	(68.7)	93.6	1,602.5
Net loss	—	—	—	—	(313.1)	(313.1)
Foreign currency translation	—	—	—	(2.3)	—	(2.3)
Stock-based compensation expense	—	—	40.1	—	—	40.1
Settlement of stock-based awards	1.0	—	(4.0)	—	—	(4.0)
Net change in unrealized loss on available-for-sale securities	—	—	—	(0.9)	—	(0.9)
Balance at January 28, 2023	304.6	\$ 0.1	\$1,613.6	\$ (71.9)	\$ (219.5)	\$ 1,322.3

See accompanying notes to consolidated financial statements.

1. General Information

The Company

GameStop Corp. ("GameStop," "we," "us," "our," or the "Company"), a Delaware corporation established in 1996, is a leading specialty retailer offering games and entertainment products through its thousands of stores and ecommerce platforms.

We operate our business in four geographic segments: United States, Canada, Australia and Europe. The information contained in these consolidated financial statements refers to continuing operations unless otherwise noted. See [Note 5](#), "Segment Information," for additional information.

Basis of Presentation and Consolidation

Our consolidated financial statements include our accounts and the accounts of our wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Consolidated Statements of Cash flows is presented on a combined basis for all periods presented and, therefore, does not segregate cash flows from continuing and discontinued operations. The information contained in these notes to our consolidated financial statements refers to continuing operations unless otherwise noted.

Our fiscal year is composed of the 52 or 53 weeks ending on the Saturday closest to the last day of January. Fiscal year 2022 consisted of the 52 weeks ended on January 28, 2023 ("fiscal 2022"). Fiscal year 2021 consisted of the 52 weeks ended on January 29, 2022 ("fiscal 2021"). Fiscal year 2020 consisted of the 52 weeks ended on January 30, 2021 ("fiscal 2020").

Reclassifications

Certain amounts presented in our prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported total assets.

Stock Split

On July 6, 2022, our Board of Directors declared a four-for-one stock split of our Class A common stock in the form of a stock dividend (the "Stock Split"). This dividend was distributed on July 21, 2022 to stockholders of record at the close of business on July 18, 2022. There was no net effect on total stockholders' equity, and the par value per share of our Class A stock remains unchanged at \$0.001 per share after the Stock Split. All references made to share or per share amounts in the accompanying consolidated financial statements and applicable disclosures have been retroactively adjusted to reflect the effects of the Stock Split.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. Changes in the estimates and assumptions used by us could have a significant impact on our financial results. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents and Restricted Cash

Our cash and cash equivalents are carried at fair value and consist primarily of cash, money market funds, cash deposits with commercial banks, U.S. government bonds and notes, and highly rated direct short-term instruments that mature in 90 days or less. Such investments with an original maturity of 90 days or less are classified as cash and cash equivalents on our Consolidated Balance Sheets. Restricted cash consists primarily of bank deposits that collateralize our obligations to vendors and landlords.

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The following table presents a reconciliation of cash, cash equivalents and restricted cash in our Consolidated Balance Sheets to total cash, cash equivalents and restricted cash in our Consolidated Statements of Cash Flows:

	2022	2021
Cash and cash equivalents	\$ 1,139.0	\$ 1,271.4
Restricted cash ⁽¹⁾	41.3	33.1
Long-term restricted cash ⁽²⁾	15.7	15.4
Total cash, cash equivalents and restricted cash	<u>\$ 1,196.0</u>	<u>\$ 1,319.9</u>

(1) Recognized in prepaid expenses and other current assets on our Consolidated Balance Sheets.

(2) Recognized in other noncurrent assets on our Consolidated Balance Sheets.

Investments

We generally invest our excess cash in highly-rated money market funds and investment grade short-term fixed income securities, which consist of U.S. government and agency securities. Such investments with an original maturity in excess of 90 days and less than one year are classified as marketable securities on our Consolidated Balance Sheets.

Our investments are classified as available-for-sale debt securities and reported at fair value. Unrealized holding gains and losses are recognized in accumulated other comprehensive loss on our Consolidated Balance Sheets. Realized gains and losses upon sale or extinguishment are reported in interest (income) expense and other, net in our Consolidated Statements of Operations. Each reporting period, we evaluate whether declines in fair value below carrying value are due to expected credit losses, as well as our ability and intent to hold the investment until a forecasted recovery occurs.

Merchandise Inventories

Our merchandise inventories are carried at the lower of cost or market generally using the average cost method. Under the average cost method, as new product is received from vendors, its current cost is added to the existing cost of product on-hand and this amount is re-averaged over the cumulative units. Pre-owned gaming systems and other products traded in by customers are recorded as inventory at the amount of the store credit given to the customer. We are required to make adjustments to inventory to reflect potential obsolescence or over-valuation as a result of cost exceeding market. In valuing inventory, we consider quantities on hand, recent sales, potential price protections, returns to vendors and other factors. Our ability to assess these factors is dependent upon our ability to forecast customer demand and to provide a well-balanced merchandise assortment. Inventory is adjusted based on anticipated physical inventory losses or shrinkage and actual losses resulting from periodic physical inventory counts. Inventory reserves as of January 28, 2023 and January 29, 2022 were \$46.7 million and \$34.6 million, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation on fixtures and equipment is computed using the straight-line method over their estimated useful lives. Maintenance and repairs are expensed as incurred, while improvements and major remodeling costs are capitalized. Leasehold improvements are capitalized and amortized over the shorter of their estimated useful lives or the terms of the respective leases, which includes reasonably certain renewal options. Costs incurred in purchasing or developing management information systems are capitalized and included in fixtures and equipment. These costs are amortized over their estimated useful lives from the date the technology becomes operational. We periodically review our property and equipment when events or changes in circumstances indicate that its carrying amounts may not be recoverable or its depreciation or amortization periods should be accelerated. We assess recoverability based on several factors, including our intention with respect to our stores and those stores' projected undiscounted cash flows. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its fair value, determined based on an estimate of discounted future cash flows or readily available market information for similar assets.

Assets Held for Sale

We consider assets to be held for sale when management, with appropriate authority, approves and commits to a formal plan to actively market the assets for sale at a price reasonable in relation to their estimated fair value, the assets are available for immediate sale in their present condition, an active program to locate a buyer has been initiated, the sale of the assets is probable and expected to be completed within one year, and it is unlikely that significant changes will be made to the plan. Upon designation as held for sale, we record the assets at the lower of their carrying value or their estimated fair value, reduced for the cost to dispose the assets.

Intangible Assets

Indefinite-lived intangible assets are expected to contribute to cash flows indefinitely and, therefore, are not subject to amortization but are required to be evaluated at least annually for impairment. If the carrying value of an individual indefinite-lived intangible asset exceeds its fair value, such individual indefinite-lived intangible asset is impaired by the amount of the excess. We test our indefinite-lived intangible assets on an annual basis during the fourth quarter or when circumstances indicate the carrying value might be impaired. Our indefinite-lived intangible assets consist of digital assets and trade names.

Digital Assets

We account for digital assets in accordance with ASC 350, Intangibles-Goodwill and Other (Topic 350). Our digital assets are initially recorded at cost. Accordingly, if the fair market value at any point during the reporting period is lower than the carrying value, an impairment loss equal to the difference will be recognized in selling, general, and administrative ("SG&A") expenses in our Consolidated Statement of Operations. This new cost basis will not be adjusted upward for any subsequent increase in fair value. Gains or losses on the sale of digital assets, if any, will be recognized based on the fair value upon sale or disposal of the assets in SG&A expenses in our Consolidated Statement of Operations. See [Note 11](#), "Intangible Assets" for additional information.

Trade Names

The fair value of our trade names are estimated by using a relief-from-royalty approach, which assumes the value of the trade name is the discounted cash flows of the amount that would be paid by a hypothetical market participant had they not owned the trade name and instead licensed the trade name from another company. As a result of our annual impairment testing in fiscal 2020, we recognized impairment charges of \$1.1 million associated with our trade names. We recognized no impairment charges during fiscal 2022 and 2021. See [Note 11](#), "Intangible Assets" for additional information.

Definite-lived Intangible Assets

Our definite-lived intangible assets consist primarily of leasehold rights. The estimated useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over the life of the asset.

Revenue Recognition

We recognize revenue when performance obligations are satisfied by transferring goods or services to the customer in an amount that we expect to collect in exchange for those goods or services. The satisfaction of a performance obligation with a single customer may occur at a point in time or may occur over time. The significant majority of our revenue is recognized at a point in time, generally when a customer purchases and takes possession of merchandise through our stores or when merchandise purchased through our ecommerce platforms is delivered to a customer. We have arrangements with customers where our performance obligations are satisfied over time, which primarily relate to extended warranties and our Game Informer[®] magazine. In arrangements where we have multiple performance obligations, the transaction price is allocated to each performance obligation based on their relative stand-alone selling price (see "Loyalty Program").

Revenue is recognized net of sales discounts and net of an estimated sales return reserve. Our sales return policy is generally limited to 30 days or less and as such our sales returns are, and historically have been, immaterial. Revenues do not include sales taxes or other taxes collected from customers.

Advertising revenues for Game Informer[®] are recorded upon release of magazines for sale to consumers. Subscription revenues for our PowerUp Rewards[®] loyalty program and magazines are recognized on a straight-line basis over the subscription period. Revenue from the sales of product replacement plans is recognized on a straight-line basis over the coverage period. Customer liabilities and other deferred revenues for our PowerUp Rewards[®] loyalty program, gift cards, customer credits, magazines and product replacement plans are included in accrued liabilities and other current liabilities on our Consolidated Balance Sheets.

We also sell a variety of digital products which generally allow consumers to download software or play games on the internet. The significant majority of the digital products we sell are unbundled and do not require us to purchase inventory or take physical possession of, or take title to, inventory. When purchasing these products from us, consumers pay a retail price and we earn a commission based on a percentage of the retail sale as negotiated with the digital product publisher. We recognize the sale of these digital products on a net basis, whereby the commissions earned are recorded as revenue.

Loyalty Program

Our PowerUp Rewards[®] loyalty program allows paid members to earn points on purchases that can be redeemed for rewards that include discounts or coupons. When loyalty program members purchase our product, we allocate the transaction price between the product and loyalty points earned based on the relative stand-alone selling prices and expected point redemption. The portion allocated to the loyalty points is initially recorded as deferred revenue and subsequently recognized as revenue upon redemption or expiration.

The two primary estimates utilized to record the deferred revenue for loyalty points earned by members are the estimated retail price per point and estimated breakage. The estimated retail price per point is based on the actual historical retail prices of product purchased through the redemption of loyalty points. We estimate breakage of loyalty points based on historical redemption rates. We continually evaluate our methodology and assumptions based on developments in retail price per point redeemed, redemption patterns and other factors. Changes in the retail price per point and redemption rates have the effect of either increasing or decreasing the deferred revenue liability through current period revenue by an amount estimated to represent the retail value of all points previously earned but not yet redeemed by loyalty program members as of the end of the reporting period. The cost of administering the loyalty program, including program administration fees, program communications and cost of loyalty cards, is recognized in SG&A expenses in our Consolidated Statement of Operations.

Customer Liabilities

We establish a liability upon the issuance of merchandise credits and the sale of gift cards. Revenue is subsequently recognized when the credits and gift cards are redeemed. In addition, we recognize breakage in revenue upon redemption and in proportion to historical redemption patterns, regardless of the age of the unused gift cards and merchandise credit liabilities. To the extent that future redemption patterns differ from those historically experienced, there will be variations in the recorded breakage.

Vendor Arrangements

We participate in vendor cooperative advertising programs and other vendor marketing programs in which vendors provide us with cash consideration in exchange for marketing and advertising the vendors' products. Our accounting for cooperative advertising arrangements and other vendor marketing programs results in a significant portion of the consideration received from our vendors reducing the product costs in inventory rather than as an offset to our marketing and advertising costs. The consideration serving as a reduction in inventory is recognized in cost of sales as inventory is sold. The amount of vendor allowances to be recorded as a reduction of inventory is determined based on the nature of the consideration received and the merchandise inventory to which the consideration relates. We apply a sell-through rate to determine the timing in which the consideration should be recognized in cost of sales. Consideration received that relates to gaming products that have not yet been released to the public is deferred as a reduction of inventory.

The cooperative advertising programs and other vendor marketing programs generally cover a period from a few days up to a few weeks and include items such as product catalog advertising, in-store display promotions, internet advertising, co-op print advertising and other programs. The allowance for each event is negotiated with the vendor and requires specific performance by us to be earned. Vendor allowances of \$70.3 million, \$71.7 million and \$72.5 million were recorded as a reduction of cost of sales for fiscal 2022, 2021 and 2020, respectively, in our Consolidated Statements of Operations.

Cost of Sales and Selling, General, and Administrative Expenses Classification

The classification of cost of sales and SG&A expenses varies across the retail industry. We include certain purchasing, receiving and distribution costs in SG&A in the Consolidated Statements of Operations. We include processing fees associated with purchases made by credit cards and other payment methods in cost of sales in our Consolidated Statements of Operations.

Advertising Expenses

We expense advertising costs for television, print, digital advertising, and other media when the advertising takes place. Advertising expenses for fiscal 2022, 2021 and 2020 totaled \$75.0 million, \$93.6 million, and \$58.4 million, respectively.

Income Taxes

Income tax expense includes federal, state, local and international income taxes. Income taxes are accounted for utilizing an asset and liability approach and deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities using enacted tax rates. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. In accordance with GAAP, we maintain liabilities for uncertain tax positions until examination of the tax year is completed by the applicable taxing authority, available review periods expire or additional facts and circumstances cause us to change our assessment of the appropriate accrual amount. See [Note 15](#), "Income Taxes," for additional information.

We do not assert indefinite reinvestment on the undistributed earnings of our foreign subsidiaries. Income tax and/or withholding tax associated with any amounts available for distribution as of January 28, 2023 is not expected to be material to our financial statements.

Leases

We conduct the substantial majority of our business with leased real estate properties, including retail stores, warehouse facilities and office space. We also lease certain equipment and vehicles. These are generally leased under non-cancelable agreements and include various renewal options for additional periods. These agreements generally provide for minimum, and in some cases, percentage rentals, and require us to pay insurance, taxes and other maintenance costs. Percentage rentals are based on sales performance in excess of specified minimums at various stores and are accounted for in the period in which the amount of percentage rentals can be accurately estimated. All of our lease agreements are classified as operating leases.

We determine if an arrangement is considered a lease at inception. We recognize ROU assets, on the commencement date based on the present value of future minimum lease payments over the lease term, including reasonably certain renewal options. As the rate implicit in the lease is not readily determinable for most leases, we utilize our incremental borrowing rate ("IBR") to determine the present value of future payments. The incremental borrowing rate represents a significant judgment that is based on an analysis of our credit rating, country risk, corporate bond yields and the effect of collateralization. For our real estate leases, we do not separate the components of a contract, thus our future payments include minimum rent payments and fixed executory costs. For our non-real estate leases, future payments include only fixed minimum rent payments. We record the amortization of our ROU assets and the accretion of our lease liabilities as a single lease cost on a straight-line basis over the lease term, which includes option terms we are reasonably certain to exercise. We recognize our cash or lease incentives as a reduction to the ROU asset. We assess ROU assets for impairment in accordance with our long-lived asset impairment policy, which is performed periodically or when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Foreign Currency

Generally, we have determined that the functional currencies of our foreign subsidiaries are the subsidiaries' local currencies. The assets and liabilities of the subsidiaries are translated into U.S. dollars at the applicable exchange rate as of the end of the balance sheet date and revenue and expenses are translated into U.S. dollars at an average rate over the period. Currency translation adjustments are recorded as a component of other comprehensive income in our Consolidated Statement of Comprehensive Loss. Currency translation adjustments related to divested foreign businesses are reclassified into earnings as a component of SG&A in our Consolidated Statements of Operations once the liquidation of the respective foreign businesses is substantially complete.

Transaction gains and losses arising from transactions denominated in nonfunctional currencies and derivatives resulted in net losses of \$2.6 million, \$3.4 million, and \$1.0 million, for fiscal 2022, 2021 and 2020, respectively. These costs were recognized in SG&A expenses in our Consolidated Statements of Operations.

We use forward exchange contracts to manage currency risk primarily related to foreign-currency denominated intercompany assets and liabilities. The forward exchange contracts are not designated as hedges and, therefore, changes in the fair values of these derivatives are recognized in earnings, thereby offsetting the current earnings effect of the re-measurement of related intercompany loans. See [Note 12](#), "Fair Value Measurements," for additional information regarding our forward exchange contracts.

3. New Accounting Pronouncements

Recent Accounting Pronouncements

In March 2022, the SEC staff released Staff Accounting Bulletin No. 121 ("SAB 121"), which requires entities that hold crypto assets on behalf of platform users to recognize a liability to reflect the entity's obligation to safeguard the crypto assets held for its platform users, whether directly or through an agent or another third party acting on its behalf, along with a corresponding safeguarding asset. Both the liability and corresponding safeguarding asset shall be measured at fair value. SAB 121 also requires disclosure of the nature and amount of crypto assets being safeguarded, how the fair value is determined, an entity's accounting policy for safeguarding liabilities and corresponding safeguarding assets, and may require disclosure of other information about risks and uncertainties arising from the entity's safeguarding activities. For crypto assets that are not maintained on our platform and for which the Company does not maintain a private key or the ability to recover a customer's private key, these balances are not recorded, as there is no related safeguarding obligation in accordance with SAB 121. This guidance is effective from the first interim period after June 15, 2022 and should be applied retrospectively. We adopted SAB 121 during fiscal 2022, with no impact on our consolidated financial statements.

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This standard provides practical expedients for contract modifications with the transition from reference rates, such as LIBOR, that are expected to be discontinued. This guidance is applicable for our revolving line of credit, which uses LIBOR as a reference rate. The provisions of ASU 2020-04 are effective as of March 12, 2020 and may be adopted prospectively through December 31, 2022. In December 2022, the FASB issued ASU 2022-06, Deferral of the Sunset Date of Topic 848, which extended the expiration date of ASU 2020-04 to December 31, 2024. As of January 30, 2022, we adopted ASU 2020-04 with no material impact to our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This standard is intended to simplify the accounting and disclosure requirements for income taxes by eliminating various exceptions in accounting for income taxes as well as clarifying and amending existing guidance to improve consistency in application of ASC 740. The provisions of ASU 2019-12 are effective for fiscal years beginning after December 15, 2021, with early adoption permitted. As of January 30, 2022, we adopted this ASU with no material impact to our consolidated financial statements.

4. Revenue

The following table presents net sales by significant product category:

	Fiscal		
	2022	2021	2020
Hardware and accessories ⁽¹⁾	\$ 3,140.0	\$ 3,171.7	\$ 2,530.8
Software ⁽²⁾	1,822.6	2,014.8	1,979.1
Collectibles	964.6	824.2	579.9
Total	<u>\$ 5,927.2</u>	<u>\$ 6,010.7</u>	<u>\$ 5,089.8</u>

(1) Includes sales of new and pre-owned hardware, accessories, hardware bundles in which hardware and digital or physical software are sold together in a single SKU, interactive game figures, strategy guides, mobile and consumer electronics.

(2) Includes sales of new and pre-owned gaming software, digital software and PC entertainment software.

See [Note 5](#), "Segment Information," for net sales by geographic location.

Performance Obligations

We have arrangements with customers where our performance obligations are satisfied over time, which primarily relate to extended warranties and our Game Informer[®] magazine. Revenues do not include sales taxes or other taxes collected from customers. We expect to recognize revenue in future periods for remaining performance obligations we have associated with unredeemed gift cards, trade-in credits, reservation deposits and our PowerUp Rewards[®] loyalty program (collectively, "unredeemed customer liabilities"), extended warranties and subscriptions to our Game Informer[®] magazine.

Performance obligations associated with unredeemed customer liabilities are primarily satisfied at the time our customers redeem their gift cards, trade-in credits, reservation deposits or loyalty program points for products that we offer. Unredeemed customer liabilities are generally redeemed within one year of issuance.

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We offer extended warranties on certain new and pre-owned gaming products with terms generally ranging from 12 to 24 months, depending on the product. Revenues for extended warranties sold are recognized on a straight-line basis over the life of the contract.

Performance obligations associated with subscriptions to our Game Informer[®] magazine are satisfied when magazines are delivered in print form or when made available in digital format.

The following table presents our performance obligations recognized in accrued liabilities and other current liabilities on our Consolidated Statements of Operations:

	Fiscal	
	2022	2021
Unredeemed customer liabilities	\$ 189.3	\$ 246.6
Extended warranties	98.5	82.6
Subscriptions	50.4	49.1
Total performance obligations	<u>\$ 338.2</u>	<u>\$ 378.3</u>

Significant Judgments and Estimates

We accrue PowerUp Rewards[®] loyalty points at the estimated retail price per point, net of estimated breakage, which can be redeemed by our loyalty program members for discounts on products that we offer. The estimated retail price per point is based on the actual historical retail prices of products purchased through the redemption of loyalty points. We estimate breakage of loyalty points and unredeemed gift cards based on historical redemption rates.

Contract Balances

Our contract liabilities primarily consist of unredeemed customer liabilities and deferred revenues associated with gift cards, extended warranties and subscriptions to our Game Informer[®] magazine.

The following table presents a roll forward of our contract liabilities:

	Fiscal	
	2022	2021
Contract liability beginning balance	\$ 378.3	\$ 348.2
Increase to contract liabilities ⁽¹⁾	730.5	931.0
Decrease to contract liabilities ⁽²⁾	(769.7)	(896.1)
Other adjustments ⁽³⁾	(0.9)	(4.8)
Contract liability ending balance	<u>\$ 338.2</u>	<u>\$ 378.3</u>

(1) Includes issuances of gift cards, trade-in credits and loyalty points, new reservation deposits, new subscriptions to Game Informer[®] and extended warranties sold.

(2) Includes redemptions of gift cards, trade-in credits, loyalty points and reservation deposits as well as revenues recognized for Game Informer[®] and extended warranties. During fiscal 2022, there were \$52.6 million of gift cards redeemed that were outstanding as of January 29, 2022. During fiscal 2021, there were \$48.8 million of gift cards redeemed that were outstanding as of January 30, 2021.

(3) Primarily includes foreign currency translation adjustments.

5. Segment Information

We operate our business in four geographic segments: United States, Canada, Australia and Europe.

We identified segments based on a combination of geographic areas and management responsibility. Segment results for the United States include retail operations in 50 states; our ecommerce website www.gamestop.com; Game Informer[®] magazine; and our digital asset wallet and NFT marketplace. The United States segment also includes general and administrative expenses related to our corporate headquarters in Grapevine, Texas. We measure segment profit using operating earnings, which is defined as income from continuing operations before net interest expense and income taxes. Transactions between reportable segments consist primarily of royalties, management fees, inter-segment loans and related interest. There were no material inter-segment sales during fiscal 2022, 2021 and 2020. Information on total assets by segment is not disclosed as such information is not used by our chief operating decision makers to evaluate segment performance or to allocate resources and capital.

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The following table presents segment information:

	United States	Canada	Australia	Europe	Total
As of and for the Fiscal Year Ended January 28, 2023					
Net sales	\$4,093.0	\$ 344.1	\$ 588.7	\$ 901.4	\$5,927.2
Operating (loss) earnings	(286.2)	(8.6)	13.8	(30.6)	(311.6)
Depreciation and amortization	40.6	4.1	6.7	10.3	61.7
Asset impairments	—	—	—	2.7	2.7
Capital expenditures	37.6	—	12.7	5.6	55.9
Property and equipment, net	83.3	3.7	20.9	28.6	136.5
As of and for the Fiscal Year Ended January 29, 2022					
Net sales	\$4,186.5	\$ 332.3	\$ 591.8	\$ 900.1	\$6,010.7
Operating (loss) earnings	(358.1)	(1.1)	30.6	(39.9)	(368.5)
Depreciation and amortization	50.7	2.9	7.0	15.9	76.5
Asset impairments	0.2	—	—	6.5	6.7
Capital expenditures	42.3	3.1	9.4	7.2	62.0
Property and equipment, net	100.1	8.3	15.6	39.6	163.6
As of and for the Fiscal Year Ended January 30, 2021					
Net sales	\$3,417.1	\$ 258.4	\$ 625.3	\$ 789.0	\$5,089.8
Operating (loss) earnings	(211.0)	(0.3)	52.2	(78.7)	(237.8)
Depreciation and amortization	51.2	3.1	7.6	18.1	80.0
Asset impairments	11.3	0.1	—	4.1	15.5
Capital expenditures	54.5	1.0	2.3	2.2	60.0
Property and equipment, net	125.2	8.2	14.8	53.0	201.2

6. Associates' Defined Contribution Plan

We sponsor a defined contribution plan (the "Savings Plan") for the benefit of substantially all of our U.S. associates who meet certain eligibility requirements, primarily age and length of service. The Savings Plan allows associates to invest up to 60%, subject to IRS limitations, of their eligible gross cash compensation on a pre-tax basis. Our optional contributions to the Savings Plan are generally in amounts based upon a certain percentage of the associates' contributions. Our contributions to the Savings Plan during fiscal 2022, 2021 and 2020, were \$3.9 million, \$4.5 million and \$5.6 million, respectively.

7. Earnings Per Share

Basic net income (loss) per common share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding and potentially dilutive securities outstanding during the period. Potentially dilutive securities include unvested restricted stock and unvested restricted stock units outstanding during the period, using the treasury stock method. Potentially dilutive securities are excluded from the computations of diluted earnings per share if their effect would be antidilutive. A net loss from continuing operations causes all potentially dilutive securities to be antidilutive. We have certain undistributed stock awards that participate in dividends on a non-forfeitable basis, however, their impact on earnings per share under the two-class method is negligible.

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The following is a reconciliation of shares used in calculating basic and diluted net income (loss) per common share:

	Fiscal		
	2022	2021	2020
Weighted-average common shares outstanding	304.2	290.4	260.0
Dilutive effect of restricted stock units and restricted stock	—	—	—
Weighted-average diluted common shares	<u>304.2</u>	<u>290.4</u>	<u>260.0</u>
Anti-dilutive shares:			
Restricted stock units	5.9	3.6	—
Restricted stock	0.3	1.6	6.4

8. Property and Equipment

The following table presents property and equipment, net:

	Estimated Useful Lives (Years)	January 28, 2023	January 29, 2022
Land	N/A	\$ 0.6	\$ 4.2
Buildings and leasehold improvements	1-10	437.3	457.8
Fixtures and equipment	3-10	380.1	431.2
Software and hardware	3	306.3	291.2
Construction-in-progress	3-10	19.0	9.0
Total property and equipment		<u>1,143.3</u>	<u>1,193.4</u>
Accumulated depreciation		<u>(1,006.8)</u>	<u>(1,029.8)</u>
Property and equipment, net		<u>\$ 136.5</u>	<u>\$ 163.6</u>

Our total depreciation expense was \$60.3 million, \$73.6 million and \$76.8 million for fiscal 2022, 2021 and 2020, respectively in SG&A expenses in our Consolidated Statements of Operations.

Assets Held-for-Sale

On June 5, 2020, we sold our corporate aircraft, that was previously classified as held-for-sale, with net cash proceeds from the sale totaling \$8.6 million, net of costs to sell. We recognized impairment charges of \$3.2 million on our corporate aircraft in fiscal 2020.

During the fourth quarter of fiscal 2022, we committed to a plan to sell property in our Europe Segment consisting of a warehouse building and land with a total carrying value of €6.3 million, or \$6.8 million. There were no impairment charges recognized as the estimated fair value of the asset group exceeded its carrying value. The building and land were classified as assets held for sale in other noncurrent assets on our Consolidated Balance Sheets as of January 28, 2023.

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9. Asset Impairments

The following is a summary of our asset impairment charges, by reportable segment:

	United States	Canada	Australia	Europe	Total
Fiscal 2022					
Store and other asset impairment charges	\$ —	\$ —	\$ —	\$ 2.7	\$ 2.7
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2.7</u>	<u>\$ 2.7</u>
Fiscal 2021					
Store and other asset impairment charges	\$ 0.2	\$ —	\$ —	\$ 6.5	\$ 6.7
Total	<u>\$ 0.2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6.5</u>	<u>\$ 6.7</u>
Fiscal 2020					
Intangible asset impairment charges ⁽¹⁾	\$ 0.5	\$ —	\$ —	\$ 0.6	\$ 1.1
Corporate aircraft impairment charges	3.2	—	—	—	3.2
Store and other asset impairment charges	7.6	0.1	—	3.5	11.2
Total	<u>\$ 11.3</u>	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 4.1</u>	<u>\$ 15.5</u>

- (1) During 2020, we also recognized impairment charges of \$0.5 million and \$0.6 million related to our ThinkGeek trade name and Micromania trade name, respectively.

10. Leases

In July of 2020, we sold, in separate unrelated transactions, to unaffiliated third parties: i) our corporate headquarters and ancillary office space in Grapevine, Texas for \$28.5 million, net of costs to sell and ii) a nearby refurbishment center for \$15.2 million, net of costs to sell. In connection with each of the sales, we leased back from the applicable purchasers our corporate headquarters for an initial term of ten years and refurbishment center for an initial term of two years. The leaseback agreement for the corporate headquarters contains three renewal periods of five years each; we recognized only the initial term of the lease as part of our right-of-use asset and lease liability for the corporate headquarters. The annual rent for the corporate headquarters will start at \$1.7 million, plus taxes, utilities, management fees and other operating and maintenance expenses and will increase by 2.25% per year. In July 2021, we extended the term of the lease for our refurbishment center by three years through July 2025, with a five year renewal period. These leaseback agreements are accounted for as operating leases.

With respect to the leaseback of the corporate headquarters, we agreed to provide a letter of credit to the buyer-lessor within 18 months from the closing date to secure our lease obligation. Given that the purchase price of the corporate headquarters was reduced by \$2.8 million to account for the deferred issuance of this letter of credit, we recognized a contract asset for the same amount in prepaid expenses and other current assets on our Consolidated Balance Sheets in 2020, which represents the variable consideration on the purchase price. In 2021, we issued a letter of credit of \$2.8 million and derecognized the contract asset. Upon delivering the letter of credit, we were entitled to a rent credit of an equivalent amount. This variable consideration was recognized in the total gain on sale of assets in our Consolidated Statements of Operations during the second quarter of 2020. The net proceeds from the sale of these assets were used for general corporate purposes.

In August 2020, we sold our Australian headquarters in Eagle Farm, Queensland to an unrelated party for approximately \$27.0 million, net of costs to sell, and immediately leased back the facility for a term of ten years on market rate terms at an average annual base rent of \$1.7 million, plus taxes, utilities, management fees and other operating and maintenance expenses. Additionally, in September 2020, we sold our Canadian headquarters in Brampton, Ontario for approximately \$16.7 million, net of costs to sell, and leased back the facility for a term of five years on market rate terms at an average annual base rent of \$0.9 million, plus taxes, utilities, management fees and other operating and maintenance expenses. We recognized only the initial term of the lease as part of our right-of-use asset and lease liability for both the Australian and Canadian headquarters. The net proceeds from the sale of these assets were used for general corporate purposes.

As a result of these transactions, we recognized total gain on sale of assets of \$32.4 million in our Consolidated Statements of Operations in fiscal 2020.

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The following table presents rent expenses under operating leases:

	Fiscal		
	2022	2021	2020
Operating lease cost	\$ 278.3	\$ 296.3	\$ 311.5
Variable lease cost ⁽¹⁾	64.3	64.1	79.2
Total rent expense	\$ 342.6	\$ 360.4	\$ 390.7

(1) Variable lease cost includes percentage rentals and variable executory costs.

In fiscal 2022, we recognized \$0.1 million of store-level ROU asset impairment charges compared to \$1.3 million of store-level ROU asset impairment charges in fiscal 2021.

The following table presents the weighted-average remaining lease term, which includes reasonably certain renewal options, and the weighted-average discount rate for operating leases included in the measurement of our lease liabilities:

	January 28, 2023	January 29, 2022
Weighted-average remaining lease term (years) ⁽¹⁾	4.3	4.2
Weighted-average discount rate ⁽²⁾	5.7 %	4.3 %

(1) The weighted-average remaining lease term is weighted based on the lease liability balance for each lease as of January 28, 2023 and January 29, 2022. This weighted average calculation differs from our simple average remaining lease term due to the inclusion of reasonably certain renewal options and the effect of the lease liability value for longer term leases.

(2) The weighted-average discount rate weights the IBR determined for each lease based on each lease's respective liability balance as of January 28, 2023 and January 29, 2022.

The following table presents expected lease payments associated with our operating lease liabilities, excluding percentage rentals, for the next five fiscal years:

Period	Operating Leases ⁽¹⁾
Fiscal 2023	\$ 202.8
Fiscal 2024	159.9
Fiscal 2025	105.3
Fiscal 2026	70.9
Fiscal 2027	49.4
Thereafter	69.8
Total remaining lease payments	658.1
Less: Interest	(81.0)
Present value of lease liabilities ⁽²⁾	\$ 577.1

(1) Operating lease payments exclude legally binding lease payments for leases signed but not yet commenced.

(2) The present value of lease liabilities consist of \$194.7 million classified as current portion of operating lease liabilities and \$382.4 million classified as long-term operating lease liabilities on our Consolidated Balance Sheets.

11. Intangible Assets

The following table presents the gross carrying amount and accumulated amortization of our intangible assets:

	January 28, 2023			January 29, 2022		
	Gross Carrying Amount ⁽¹⁾	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Digital Assets	\$ 0.1	\$ —	\$ 0.1	\$ —	\$ —	\$ —
Trade names	5.1	—	5.1	5.3	—	5.3
Intangible assets with finite lives:						
Leasehold rights	70.3	(67.9)	2.4	74.7	(67.9)	6.8
Other	21.3	(21.3)	—	31.7	(31.7)	—
Total	\$ 96.8	\$ (89.2)	\$ 7.6	\$ 111.7	\$ (99.6)	\$ 12.1

(1) The change in the gross carrying amount of intangible assets from January 29, 2022 to January 28, 2023 is due to the impact of exchange rate fluctuations.

Indefinite-lived Intangible Assets

Digital Assets

In January 2022, we entered into contractual agreements with Immutable X Pty Limited (“IMX”) and Digital Worlds NFTs Ltd. pursuant to which the Company was entitled to receive up to \$150 million in digital assets in the form of IMX tokens once certain contractual milestones have been achieved. Upon announcement, we achieved our first milestone under the agreement with IMX and recognized a \$79.0 million noncurrent receivable and corresponding deferred income liability related to our entitlement of IMX tokens as of January 29, 2022. During fiscal 2022, we achieved our second and third milestones under our agreement with IMX, and recognized an additional \$33.8 million of deferred income liability on our Consolidated Balance Sheet. The deferred income is recognized over the term of the contractual agreement. We liquidated all tokens received during fiscal 2022 and have no IMX token assets recorded on the Consolidated Balance Sheet at January 28, 2023. During fiscal 2022 we also recognized a loss of \$7.2 million on the noncurrent receivable, impairment of \$33.7 million on the digital assets, gain of \$6.9 million on the sale of digital assets, and deferred income of \$56.0 million in SG&A expenses in our Consolidated Statements of Operations. As of January 28, 2023, remaining deferred income liability related to our partnership with IMX was \$57.3 million in accrued liabilities and other current liabilities on our Consolidated Balance Sheets.

During 2022, we also launched beta versions of a non-custodial digital asset wallet and a peer-to-peer non-fungible token (“NFT”) marketplace that enables the purchases, sales, and trades of NFTs. Revenues earned related to our NFT digital asset wallet and marketplace are recognized in net sales in our Consolidated Statement of Operations. Revenues earned from our digital asset wallet and NFT marketplace were not material to the consolidated financial statements for fiscal 2022.

Trade Names

Our trade names consisted of Micromania, our retail operations business in France, which we acquired in 2008; and formerly ThinkGeek, a collectibles retailer, which we acquired in 2015. We no longer operate stores under the ThinkGeek brand. As a result of an impairment test performed during fiscal 2020, we recognized an impairment charge of \$0.6 million and \$0.5 million and related to our Micromania and ThinkGeek trade names, respectively. There were no impairment charges recognized during fiscal 2022 or 2021.

Finite-lived Intangible Assets

Leasehold rights, the majority of which were recorded as a result of the purchase of SFMI Micromania SAS (“Micromania”) in 2008, represent the value of rights of tenancy under commercial property leases for properties located in France. Rights pertaining to individual leases can be sold by us to a new tenant or recovered by us from the landlord if the exercise of the automatic right of renewal is refused. Leasehold rights are amortized on a straight-line basis over the expected lease term, not to exceed 20 years, with no residual value.

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Other intangible assets include design portfolio and favorable leasehold interests. The design portfolio reflects the collection of product designs and ideas that were created by Geeknet and recorded as a result of the Geeknet acquisition, which have been fully amortized. Favorable leasehold interests represent the value of the contractual monthly rental payments that are less than the current market rent at stores acquired as part of the Micromania acquisition. Favorable leasehold interests are amortized on a straight-line basis over their remaining lease term with no expected residual value. As of January 28, 2023, these amounts have been fully amortized.

As of January 28, 2023, the total weighted-average amortization period for our finite-lived intangible assets was approximately 7 years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized, with no expected residual value.

Intangible asset amortization expense during fiscal 2022, 2021 and 2020 was \$1.4 million, \$3.6 million and \$4.0 million, respectively. The following table presents the estimated aggregate intangible asset amortization expense for the next five fiscal years:

Period	Projected Amortization Expense
Fiscal 2023	\$ 1.1
Fiscal 2024	0.6
Fiscal 2025	0.4
Fiscal 2026	0.3
Fiscal 2027	0.1

12. Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Applicable accounting standards require disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Each fair value measurement is reported in one of the following three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable inputs other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs.
- Level 3 inputs are unobservable inputs for the asset or liability reflecting our assumptions about pricing by market participants.

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Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The following tables presents our assets and liabilities measured at fair value on a recurring basis:

January 28, 2023				
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Assets				
Level 1:				
U.S. government securities ⁽¹⁾	\$ 253.5	\$ —	\$ (0.9)	\$ 252.6
Level 2:				
Foreign currency contracts ⁽²⁾	—	—	—	—
Company-owned life insurance ⁽³⁾	0.5	—	—	0.5
Total assets	\$ 254.0	\$ —	\$ (0.9)	\$ 253.1
Liabilities				
Level 2:				
Foreign currency contracts ⁽⁴⁾	\$ 5.9	\$ —	\$ —	\$ 5.9
Nonqualified deferred compensation ⁽⁴⁾	0.4	—	—	0.4
Total liabilities	\$ 6.3	\$ —	\$ —	\$ 6.3
January 29, 2022				
	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value
Assets				
Level 1:				
U.S. government securities ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Level 2:				
Foreign currency contracts ⁽²⁾	3.8	—	—	3.8
Company-owned life insurance ⁽³⁾	0.6	—	—	0.6
Total assets	\$ 4.4	\$ —	\$ —	\$ 4.4
Liabilities				
Level 2:				
Foreign currency contracts ⁽⁴⁾	\$ 0.4	\$ —	\$ —	\$ 0.4
Nonqualified deferred compensation ⁽⁴⁾	0.6	—	—	0.6
Total liabilities	\$ 1.0	\$ —	\$ —	\$ 1.0

(1) Recognized in cash and cash equivalents and marketable securities on our Consolidated Balance Sheets.

(2) Recognized in prepaid expenses and other current assets on our Consolidated Balance Sheets.

(3) Recognized in other noncurrent assets on our Consolidated Balance Sheets.

(4) Recognized in accrued liabilities and other current liabilities on our Consolidated Balance Sheets.

In August 2022, the Company opened investment portfolios consisting of U.S. government treasury notes and bills in an aggregate amount of \$250.0 million. These investments are classified as available-for-sale debt securities and reported at fair value on a recurring basis and utilize level 1 inputs for measurement. As of January 28, 2023, the investment portfolios aggregate balance was \$252.6 million, of which \$251.6 million are recognized in marketable securities and \$1.0 million are recognized in cash and cash equivalents on our Consolidated Balance Sheets. There were no gross gains and no gross losses realized on sales of U.S. government Securities during fiscal 2022, 2021 and 2020.

Assets and liabilities that are measured at fair value on a recurring basis include our cash equivalents, marketable securities, foreign currency contracts, company-owned life insurance policies with a cash surrender value, and certain nonqualified deferred compensation liabilities.

We measure the fair value of cash equivalents and certain marketable securities based on quoted prices in active markets for identical assets or liabilities. Other marketable securities were valued either based on recent trades of securities in inactive markets or based on quoted market prices of similar instruments and other significant inputs derived from or corroborated by observable market data.

We measure the fair value of our foreign currency contracts, life insurance policies with cash surrender values and certain nonqualified deferred compensation liabilities based on Level 2 inputs using quotations provided by major market news services, such as Bloomberg, and industry-standard models that consider various assumptions, including quoted forward prices, time value, volatility factors, and contractual prices for the underlying instruments, and other relevant economic measures, all of which are observable in active markets. When appropriate, valuations are adjusted to reflect credit considerations, generally based on available market evidence.

Assets that are Measured at Fair Value on a Nonrecurring Basis

Assets that are measured at fair value on a nonrecurring basis relate primarily to property and equipment, operating lease right-of-use ("ROU") assets and other intangible assets, including digital assets, which are remeasured when the estimated fair value is below its carrying value. When we determine that impairment has occurred, the carrying value of the asset is reduced to its fair value. Fair value of digital assets held are based on Level 1 inputs, as described above, and impairment losses for digital assets cannot be recovered for any subsequent increase in fair value until the sale or disposal of the asset.

The fair value estimates of trade name intangibles and store-level property and equipment are based on significant unobservable inputs (Level 3) developed using company-specific information. These assets were valued using variations of the discounted cash flow method, which require assumptions associated with, among others, projected sales and cost estimates, capital expenditures, royalty rates, discount rates, terminal values and remaining useful lives.

The carrying values of our cash, restricted cash, net receivables, accounts payable and current portion of debt approximate their fair values due to their short-term maturities.

As of January 28, 2023, our government-subsidized low interest French term loans due October 2022 through October 2026 ("French Term Loans") had a carrying value of \$39.5 million and a fair value of \$33.1 million. The fair values of our French Term Loans were estimated based on a model that discounted future principal and interest payments at interest rates available to us at the end of the period for similar debt of the same maturity, which is a Level 2 input as defined by the fair value hierarchy.

13. Accrued and Other Current Liabilities

The following table presents our accrued and other current liabilities:

	January 28, 2023	January 29, 2022
Customer-related liabilities	\$ 192.2	\$ 247.5
Deferred revenue	211.9	142.3
Employee benefits, compensation and related taxes	95.6	97.9
Income and other taxes payable	28.3	30.7
Other accrued liabilities	74.3	150.5
Total accrued and other current liabilities	<u>\$ 602.3</u>	<u>\$ 668.9</u>

14. Debt

French Term Loans

During fiscal 2020, our French subsidiary, Micromania SAS, entered into six separate unsecured term loans for a total of €40.0 million. In the second quarter of 2021, at the request of Micromania SAS, these term loans were extended for five years, with an amortization plan for the principal starting in October 2022. In connection with the extension, the interest rate increased from zero to 0.7% for three of the term loans totaling €20.0 million, and 1% for the remaining three term loans totaling €20.0 million. The French government has guaranteed 90% of the term loans pursuant to a state guaranteed loan program instituted in connection with the COVID-19 pandemic.

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As of January 28, 2023 and January 29, 2022, there was €36.3 million, or \$39.5 million, and €40.0 million, or \$44.6 million, of outstanding debt, respectively, which represents the French term loans described below. Total outstanding debt includes \$10.8 million and \$4.1 million of short-term debt as of January 28, 2023 and January 29, 2022, respectively, which represents the current portion of such French term loans.

Each of Micromania SAS's term loans, as described above, restrict the ability of Micromania SAS to make distributions and loans to its affiliates, and include various events that would result in the automatic acceleration of the loans thereunder, including failure to pay any principal or interest when due, acceleration of other indebtedness, a change of control and certain bankruptcy, insolvency or receivership events.

The following table presents the future principal payments for French term loans:

Period	Annual Maturities
Fiscal 2023	\$ 10.8
Fiscal 2024	10.9
Fiscal 2025	10.9
Fiscal 2026	6.9
Total	\$ 39.5

Credit Facility

In November 2021 we entered into a credit agreement (the "Credit Agreement") for a secured asset-based credit facility comprised of a \$500 million revolving line of credit which matures in November 2026 ("2026 Revolver"). The 2026 Revolver includes a \$50 million swing loan revolving sub-facility, a \$50 million Canadian revolving sub-facility, and a \$250 million letter of credit sublimit. Borrowings under the 2026 Revolver accrue interest at an adjusted LIBOR rate plus an applicable margin (ranging from 1.25% to 1.50%) or an adjusted prime rate plus an applicable margin (ranging from 0.25% to 0.50%). The 2026 Revolver replaced the 2022 Revolver.

The obligations of the borrowers under the Credit Agreement are guaranteed by the Company and certain of its subsidiaries, subject to exceptions that, among other things, limit the ability of the Company's foreign subsidiaries to guarantee obligations owing by the Company and its domestic subsidiaries. The obligations of the Company and each subsidiary of the Company that is a borrower and/or a guarantor under the Credit Agreement are secured by substantially all of the assets of the Company and each such subsidiary, subject to customary exceptions.

The Credit Agreement places certain restrictions on the Company and its subsidiaries, including, but not limited to, limitations on additional liens, investments, acquisitions, loans, guarantees, the incurrence of additional indebtedness, certain fundamental changes, certain dispositions, certain dividends and distributions, and certain related party transactions. The Credit Agreement also provides for customary events of default, including, but not limited to, payment defaults, breaches of covenants and certain events of bankruptcy, insolvency and reorganization. In addition, in the event that excess availability under the 2026 Revolver is at any time less than the greater of (1) \$12.5 million or (2) 10% of the lesser of the total commitment or the borrowing base, we will be subject to a fixed charge coverage ratio covenant of 1.0:1.0 (the "Availability Reduction").

As of January 28, 2023, total availability under the 2026 Revolver, after giving effect to the Availability Reduction was \$330.7 million, with no outstanding borrowings and outstanding standby letters of credit of \$119.3 million.

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15. Income Taxes

The following table presents the (benefit) provision for income taxes from continuing operations:

	Fiscal		
	2022	2021	2020
Current tax (benefit) expense:			
Federal	\$ (2.1)	\$ (13.2)	\$ (154.9)
State	4.0	7.6	(1.5)
Foreign	11.7	7.8	18.8
	<u>13.6</u>	<u>2.2</u>	<u>(137.6)</u>
Deferred tax (benefit) expense:			
Federal	—	—	45.5
State	—	—	7.6
Foreign	(2.6)	(16.3)	29.2
	<u>(2.6)</u>	<u>(16.3)</u>	<u>82.3</u>
Total income tax expense (benefit)	<u>\$ 11.0</u>	<u>\$ (14.1)</u>	<u>\$ (55.3)</u>

The following table presents the components of loss from continuing operations before income taxes:

	Fiscal		
	2022	2021	2020
United States	\$ (272.7)	\$ (362.7)	\$ (224.6)
International	(29.4)	(32.7)	(45.3)
Total	<u>\$ (302.1)</u>	<u>\$ (395.4)</u>	<u>\$ (269.9)</u>

The following is a reconciliation of income tax expense (benefit) from continuing operations computed at the U.S. Federal statutory tax rate to income tax (benefit) expense reported in our Consolidated Statements of Operations:

	Fiscal		
	2022	2021	2020
Federal statutory tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal effect	2.3	3.1	5.0
Foreign income tax rate differential	0.2	0.4	(3.9)
Change in valuation allowance	(27.2)	(33.6)	(41.8)
Change in unrecognized tax benefits	(0.4)	(1.4)	—
Withholding tax expense	(0.3)	(0.3)	(0.3)
Stock-based compensation	(0.2)	6.4	—
U.S. impact of foreign operations	—	—	7.6
Incremental benefit of net operating loss carryback	1.1	3.6	23.5
Loss on worthless debt and related investment	—	5.5	10.7
Other (including permanent differences) ⁽¹⁾	(0.1)	(1.1)	(1.3)
	<u>(3.6)%</u>	<u>3.6 %</u>	<u>20.5 %</u>

(1) Other is comprised of numerous items, none of which is individually or in the aggregate greater than 5% of income tax expense calculated at the statutory rate.

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Differences between financial accounting principles and tax laws cause differences between the bases of certain assets and liabilities for financial reporting purposes and tax purposes. The tax effects of these differences, to the extent they are temporary, are recorded as deferred tax assets and liabilities which are presented in the table below.

	January 28, 2023	January 29, 2022
Deferred tax asset:		
Inventory	\$ 6.8	\$ 8.6
Deferred rents	1.0	0.9
Operating lease liabilities	162.9	180.0
Stock-based compensation	10.0	4.7
Net operating losses and other loss carryforwards	280.7	219.8
Customer liabilities	34.3	15.1
Credits	25.2	25.1
Accrued compensation	6.4	9.3
Intangible assets	13.9	25.5
Goodwill	0.7	0.9
Other	48.4	48.1
Total deferred tax assets	590.3	538.0
Valuation allowance	(408.5)	(338.3)
Total deferred tax assets, net	181.8	199.7
Deferred tax liabilities:		
Property and equipment	(4.8)	(5.4)
Prepaid expenses	(0.2)	(0.9)
Operating lease right-of-use assets	(157.8)	(177.1)
Other	(0.8)	—
Total deferred tax liabilities	(163.6)	(183.4)
Net deferred tax assets	\$ 18.2	\$ 16.3
The above amounts are reflected in the consolidated financial statements as:		
Deferred income taxes - assets	\$ 18.3	\$ 16.3
Deferred income taxes - liabilities	\$ —	\$ —

During fiscal 2022, we increased our valuation allowances by approximately \$70.2 million in various jurisdictions where it was determined that it was more likely than not that existing gross and/or net deferred tax assets would not be realized, primarily due to cumulative losses in those jurisdictions. As of January 28, 2023, we maintain full valuation allowances on our deferred tax assets in all jurisdictions except for Australia and New Zealand. We will continue to assess the realizability of our gross and net deferred tax assets in all tax jurisdictions in which we do business in future periods.

With respect to state and local jurisdictions and countries outside of the United States, we and our subsidiaries are typically subject to examination for three years to six years after the income tax returns have been filed. Although the outcome of tax audits is always uncertain, we believe that adequate amounts of tax, interest and penalties have been provided for in the accompanying consolidated financial statements for any adjustments that might be incurred due to state, local or foreign audits.

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As of January 28, 2023, we have approximately \$7.0 million of net operating loss carryforwards in various foreign jurisdictions that expire in years 2027 through 2042, as well as \$419.7 million of foreign net operating loss carryforwards that have no expiration date. In addition, we have approximately \$22.2 million of foreign tax credit carryforwards that expire in years 2024 through 2027. We also have approximately \$53.0 million of U.S. federal net operating loss carryovers acquired through the ThinkGeek acquisition that will expire in years 2023 through 2034. Section 382 under the Internal Revenue Code imposes limits on the amount of tax attributes that can be utilized where there has been an ownership change. The federal and state net operating loss carryovers acquired through the ThinkGeek acquisition experienced an ownership change on July 17, 2015, and we have determined that these net operating loss carryforwards will be subject to future limitation. During fiscal 2022, we received a \$171.5 million U.S. federal income tax refund resulting from the carryback of net operating losses allowed pursuant to the CARES Act. Income tax receivable is recognized in prepaid expenses and other current assets on our Consolidated Balance Sheets.

As of January 28, 2023, the gross amount of unrecognized tax benefits was approximately \$9.5 million. If we were to prevail on all uncertain tax positions, the net effect would be a benefit to our effective tax rate of approximately \$9.5 million, exclusive of any benefits related to interest and penalties.

The following table presents a reconciliation of the changes in the gross balances of unrecognized tax benefits:

	Fiscal		
	2022	2021	2020
Beginning balance of unrecognized tax benefits	\$ 9.1	\$ 5.7	\$ 6.5
Increases related to current period tax positions	0.1	4.0	—
Increases related to prior period tax positions	1.6	0.7	1.2
Reductions as a result of a lapse of the applicable statute of limitations	(1.3)	(0.8)	(0.6)
Reductions as a result of settlements with taxing authorities	—	(0.5)	(1.4)
Ending balance of unrecognized tax benefits	<u>\$ 9.5</u>	<u>\$ 9.1</u>	<u>\$ 5.7</u>

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense in our Consolidated Statement of Operations. As of January 28, 2023, January 29, 2022, and January 30, 2021, we had approximately \$3.7 million, \$3.8 million and \$3.4 million, respectively, in interest and penalties related to unrecognized tax benefit accrued, of which approximately \$0.1 million of benefit, \$0.4 million of expense and \$0.6 million of expense were recognized through income tax expense in fiscal 2022, 2021 and 2020, respectively. If we were to prevail on all uncertain tax positions, the reversal of these accruals related to interest and penalties would also be a benefit to our effective tax rate.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of our unrecognized tax positions could significantly increase or decrease within the next 12 months as a result of settling ongoing audits. However, as audit outcomes and the timing of audit resolutions are subject to significant uncertainty and given the nature and complexity of the issues involved, we are unable to reasonably estimate the possible amount of change in the unrecognized tax benefits, if any, that may occur within the next 12 months as a result of ongoing examinations. Nevertheless, we believe we are adequately reserved for our uncertain tax positions as of January 28, 2023.

We do not assert indefinite reinvestment on the undistributed earnings of our foreign subsidiaries. Income tax and/or withholding tax associated with any amounts available for distribution as of January 28, 2023 is not expected to be material to our financial statements.

16. Commitments and Contingencies

Commitments

As of January 28, 2023, we had standby letters of credit outstanding in the amount of \$119.3 million and other bank guarantees outstanding in the amount of \$14.5 million, and \$57.0 million of collateralized cash.

As of January 28, 2023, we have purchase obligations of \$387.2 million with payment dates through fiscal 2023 that represent outstanding purchase orders for merchandise from vendors. These purchase orders are generally cancellable until shipment of the products.

See [Note 10](#), "Leases," for information regarding commitments related to our non-cancelable operating leases.

Legal Proceedings

In the ordinary course of business, we are, from time to time, subject to various legal proceedings, including matters involving wage and hour associate class actions, stockholder actions and consumer class actions. We may enter into discussions regarding settlement of these and other types of lawsuits, and may enter into settlement agreements, if we believe settlement is in the best interest of our stockholders. We do not believe that any such existing legal proceedings or settlements, individually or in the aggregate, will have a material effect on our financial condition, results of operations or liquidity.

17. Common Stock and Share-Based Compensation

Common Stock

The holders of Class A Common Stock are entitled to one vote per share on all matters to be voted on by stockholders. Holders of Class A Common Stock will share in any dividend declared by our Board of Directors. In the event of our liquidation, dissolution or winding up, all holders of common stock are entitled to share ratably in any assets available for distribution to holders of shares of common stock.

During fiscal 2021, we sold an aggregate of 34,000,000 shares of our common stock under two at-the-market equity offering programs (the "ATM Transactions"). We generated \$1.68 billion in aggregate gross proceeds from sales under the ATM Transactions and paid an aggregate of \$10.1 million in commissions to the sales agent, among other legal and administrative fees. These commissions and fees were recognized in additional paid-in capital on our Consolidated Balance Sheets and SG&A expenses in our Consolidated Statements of Operations.

Share-Based Compensation

In June 2022, we adopted the GameStop Corp. 2022 Incentive Plan (the "2022 Plan"), which provides for the grant of equity awards to our officers, associates, consultants, advisors and directors and which replaced the GameStop Corp. 2019 Incentive Plan (the "2019 Incentive Plan") and the Amended and Restated GameStop Corp. 2011 Incentive Plan (the "2011 Plan"). Awards under the 2022 Plan may take the form of stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance awards and other share-based awards, or any combination of the foregoing. The 2022 Plan allows for 32,000,000 shares of Class A Common Stock, plus any shares subject to 2019 Plan awards that expire, are forfeited, canceled or terminated after the adoption of the 2019 Plan. No awards were granted under the 2019 or 2011 Plan after the adoption of the 2022 Plan. We have also granted restricted stock pursuant to certain "inducement" (i.e., non-plan) award agreements, in accordance with NYSE Listing Rule 303A.08. These inducement awards have generally mirrored the terms of restricted stock awards issued under our stockholder approved equity plans.

Stock Options

There were no options granted during fiscal 2022, 2021 and 2020. As of January 28, 2023, there were no outstanding options.

There were no options exercised during fiscal 2022 and 2021 and 553,920 options exercised during fiscal 2020. There were no options outstanding as of January 28, 2023.

Restricted Stock Units

Restricted Stock Units (RSUs) represent a right to receive one share or the value of one share upon the terms and conditions set forth in the applicable plan and award agreement. We grant RSUs to certain of our associates, officers and non-associate directors. We used the stock price on the grant date to estimate the fair value of our RSUs. The grant date fair value of RSUs is amortized to expense on a straight-line basis over the vesting period. The weighted average grant date fair value per share of our RSUs granted during the year was \$31.43 in fiscal 2022. RSUs granted in fiscal 2022 are not dividend eligible.

Restricted Stock Award

The fair value of restricted stock awards (RSAs) is recognized as compensation expense on a straight-line basis between the grant date and the date the RSAs become fully vested. We have granted RSAs to certain of our associates, officers and non-associate directors. We estimate the fair value of RSAs on the grant date based on the quoted market price of our common stock.

GAMESTOP CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)

Shares of restricted stock granted by us are considered to be legally issued and outstanding as of the date of grant, notwithstanding that the shares remain subject to risk of forfeiture if the vesting conditions for such shares are not met and are included in the number of shares of Class A Common Stock outstanding disclosed on the cover page of this annual report on Form 10-K as of March 22, 2023. The total number of shares presented on our consolidated financial statements represents shares of our Class A common stock that are legally issued and outstanding.

Time-based RSAs and RSUs generally vest in installments, generally over a three or four year period following the date of issuance, subject to continued service with us, and subject further to accelerated vesting in the case of retirement eligibility and certain termination events.

Performance-based RSAs vest based on the achievement of certain performance measures. RSAs subject to performance measures may generally be earned in greater or lesser percentages if performance goals are exceeded or not achieved by specified amounts.

The following table presents a summary of our RSAs activity:

	Time-Based Restricted Stock Awards		Performance-Based Restricted Stock Awards ⁽¹⁾	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Nonvested shares at January 29, 2022	782,444	\$ 16.29	772,540	\$ 1.17
Granted	—	\$ —	—	\$ —
Vested	(410,412)	\$ 6.70	—	\$ —
Forfeited	(92,012)	\$ 37.43	(772,540)	\$ 1.17
Nonvested shares at January 28, 2023	280,020	\$ 23.40	—	\$ —

(1) On March 11, 2022, the Company determined that the performance measures have not been achieved and the performance-based RSA shares have been forfeited.

GAMESTOP CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts in millions, except per share amounts)

The following table presents a summary of our RSUs activity:

	<u>Time-Based Restricted Stock Units</u>	
	<u>Shares</u>	<u>Weighted-Average Grant Date Fair Value</u>
Nonvested shares at January 29, 2022	3,747,456	\$ 44.56
Granted	5,536,250	31.43
Vested	(221,687)	42.77
Forfeited	(3,150,641)	39.84
Nonvested shares at January 28, 2023	<u>5,911,378</u>	<u>\$ 34.84</u>

In fiscal 2022, 2021 and 2020, there were 6.2 million, 5.2 million and 18.4 million, respectively, of unvested restricted stock and restricted stock units.

In fiscal 2021 and 2020, we granted 742,972 and 8,272,704 shares, respectively, of time-based restricted stock with weighted-average grant date fair values of \$29.42 and \$1.16, respectively. There were no grants of time-based restricted stock in fiscal 2022. In fiscal 2020, we granted 2,006,448 shares of performance-based restricted stock with a weighted-average grant date fair value of \$1.15. There were no grants of performance-based restricted stock in fiscal 2022 and 2021.

During fiscal 2022, 2021 and 2020, we included compensation expense inclusive of forfeitures relating to the grants of restricted share awards and units in the amounts of \$40.1 million, \$30.5 million and \$7.9 million, respectively, in SG&A expenses in our Consolidated Statements of Operations. As of January 28, 2023, there was \$4.1 million of unrecognized compensation expense related to nonvested time-based restricted shares that is expected to be recognized over a weighted-average period of 1.8 years. As of January 28, 2023, there was \$161.4 million of unrecognized compensation expense related to nonvested time-based restricted stock units that is expected to be recognized over a weighted-average period of 2.9 years.

The total income tax expense, inclusive of excess tax deficiencies and valuation allowances, associated with stock-based compensation was zero, zero and \$1.0 million for fiscal 2022, 2021 and 2020, respectively. The total fair value of RSAs and RSUs vested, as of their respective vesting dates, was \$12.7 million, \$16.8 million, and \$5.1 million during fiscal 2022, 2021 and 2020.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, our management conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act has been appropriately recorded, processed, summarized and reported on a timely basis and are effective in ensuring that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective at the reasonable assurance level. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures to disclose material information otherwise required to be set forth in our periodic reports.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP.

A company's internal control over financial reporting includes policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with duly documented authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting, as of January 28, 2023, based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, known as "COSO". Based on such evaluation, the Company's management concluded that as of January 28, 2023, the Company's internal control over financial reporting was effective at a reasonable assurance level.

Deloitte & Touche LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of January 28, 2023. Deloitte & Touche LLP's opinion, as stated in their report which appears on the following page, is consistent with management's report on internal control over financial reporting as set forth above.

Changes in Control Over Financial Reporting

During the third quarter of 2022, we implemented new enterprise resource planning ("ERP") software, SAP, as part of a plan to integrate and upgrade our systems and processes. Additional implementation activities are expected to continue in phases over the next few years. This project is expected to improve the efficiency and effectiveness of financial and business transaction processes, as well as the underlying systems environment. While we expect SAP to strengthen our internal financial controls, there are inherent risks in implementing any new system. Management will continue to evaluate and monitor our internal controls over financial reporting as processes and procedures in each of the affected areas evolve.

There were no other changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of GameStop Corp.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of GameStop Corp. and subsidiaries (the "Company") as of January 28, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 28, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the 52 week period ended January 28, 2023, of the Company and our report dated March 28, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas

March 28, 2023

ITEM 9B. OTHER INFORMATION

On May 26, 2021, we received a request from the Staff of the SEC for the voluntary production of documents and information concerning an SEC investigation into the trading activity in our securities and the securities of other companies. On August 25, 2021, the SEC issued a subpoena calling for additional documents, as a follow up to the initial request. We have completed production of the requested documents and have been and intend to continue cooperating fully with the SEC Staff regarding this matter. This inquiry is not expected to adversely impact us.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

Code of Ethics

We have adopted a Code of Ethics for Senior Financial and Executive Officers that is applicable to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, any Senior Vice President or Vice President employed in a finance or accounting role and any managing director or finance director of all our foreign subsidiaries. We have also adopted a Code of Standards, Ethics and Conduct applicable to all of our associates. Each of the Code of Ethics and Code of Standards, Ethics and Conduct are available on our website at www.gamestop.com.

In accordance with SEC rules, we intend to disclose any amendment (other than any technical, administrative, or other non-substantive amendment) to either of the above Codes, or any waiver of any provision thereof with respect to any of the executive officers listed in the paragraph above, on our website (www.gamestop.com) within four business days following such amendment or waiver.

ITEM 11. EXECUTIVE COMPENSATION*

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES*

* The information not otherwise provided herein that is required by Items 10, 11, 12, 13 and 14 will be set forth in the definitive proxy statement relating to our 2023 Annual Meeting of Stockholders to be held on or around June 15, 2023 which is to be filed with the SEC pursuant to Regulation 14A under the Exchange Act. This definitive proxy statement relates to a meeting of stockholders involving the election of directors and the portions therefrom required to be set forth in this Form 10-K by Items 10, 11, 12, 13 and 14 are incorporated herein by reference pursuant to General Instruction G(3) to Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) The following documents are filed as a part of this Form 10-K

(1) Index to Consolidated Financial Statements

Our consolidated financial statements, together with the report of Deloitte & Touche LLP, our independent registered public accounting firm, are included in Part II, Item 8 of this Form 10-K.

(2) Financial Statement Schedules required to be filed by Item 8 of this Form 10-K:

The following financial statement schedule for the 52 weeks ended January 28, 2023, 52 weeks ended January 29, 2022 and the 52 weeks ended January 30, 2021 is filed as part of this Form 10-K and should be read in conjunction with our Consolidated Financial Statements appearing elsewhere in this Form 10-K. Other schedules have been omitted because they are not applicable.

Schedule II — Valuation and Qualifying Accounts

For fiscal 2022, 2021 and 2020:

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts- Payable ⁽¹⁾	Deductions- Write-Offs Net of Recoveries	Balance at End of Period
	(In millions)				
Inventory Reserve					
Fiscal 2022	\$ 34.6	\$ 37.0	\$ 10.7	\$ (35.6)	\$ 46.7
Fiscal 2021	45.2	26.9	21.2	(58.7)	34.6
Fiscal 2020	58.0	25.5	15.1	(53.4)	45.2
Valuation Allowance for Deferred Tax Assets					
Fiscal 2022	\$ 338.3	\$ 70.2	\$ —	\$ —	\$ 408.5
Fiscal 2021	225.7	128.9	—	(16.3)	338.3
Fiscal 2020	112.7	113.0	—	—	225.7

(1) Consists primarily of amounts received from vendors for defective allowances.

(b) Exhibits

EXHIBIT INDEX

Exhibit Number	Description	Previously Filed as an Exhibit to and Incorporated by Reference From	Date Filed
3.1	<u>Third Amended and Restated Certificate of Incorporation.</u>	Quarterly Report on Form 10-Q for the fiscal quarter ended August 3, 2013	September 11, 2013
3.2	<u>Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation</u>	Current Report on Form 8-K	June 3, 2022
3.3	<u>Fifth Amended and Restated Bylaws.</u>	Current Report on Form 8-K	March 6, 2017
4.1	<u>Description of Securities</u>	Annual Report on Form 10-K for the fiscal year ended February 1, 2020	March 27, 2020
10.1*	<u>Letter Agreement, dated June 9, 2021, between GameStop Corp. and Matthew Furlong.</u>	Current Report on Form 8-K	June 9, 2021
10.2*	<u>Letter Agreement between Diana Saadeh-Jajeh and GameStop Corp. executed July 7, 2022</u>	Current Report on Form 8-K	July 7, 2022

Exhibit Number	Description	Previously Filed as an Exhibit to and Incorporated by Reference From	Date Filed
10.3*	<u>GameStop Corp. 2022 Incentive Plan</u>	Current Report on Form 8-K	June 3, 2022
10.4*	<u>Letter Agreement, dated May 12, 2022, between GameStop Corp. and Nir Patel</u>	Current Report on Form 8-K	May 16, 2022
10.5	<u>Credit Agreement, dated November 3, 2021, by and among GameStop Corp., the Borrowers party thereto, the Guarantors party thereto, the other borrowers and guarantors from time to time party thereto, the lenders and issuers from time to time party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent and Australian Security Trustee, Wells Fargo Bank, National Association, Bank of America, N.A., JPMorgan Chase Bank, N.A., Regions Bank, and Fifth Third Bank, National Association, as Co-Syndication Agents, Wells Fargo Bank, National Association, BofA Securities Inc., JPMorgan Chase Bank, N.A., Regions Bank, and Fifth Third Bank, National Association, as Joint Lead Arrangers and Joint Bookrunners.</u>	Current Report on Form 8-K	November 4, 2021
10.6	<u>Protocol Services and License Agreement dated January 27, 2022, by and among immutable X and GameStop Corp.</u>	Current Report on Form 8-K	February 3, 2022
10.7	<u>Grant Agreement, dated January 28, 2022, by and among Digital Worlds NFTs LTD and GameStop Corp</u>	Current Report on Form 8-K	February 3, 2022
10.8	<u>Amendment #1 to Immutable X Protocol Services and License Agreement between GME Entertainment and Immutable X.</u>	Quarterly Report on Form 10-Q for the fiscal quarter ended October 29, 2022.	December 7, 2022
10.9*	<u>Amended and Restated 2011 Incentive Plan</u>	Current Report on Form 8-K	June 27, 2013
10.10*	<u>GameStop Corp 2019 Incentive Plan</u>	Definitive Proxy Statement for 2019 Annual Meeting of Stockholders	May 14, 2019
10.11*	<u>Form of Long-Term Incentive Award Agreement.(2011 Plan)</u>	Annual Report on Form 10-K for the fiscal year ended February 3, 2018	April 2, 2018
10.12	<u>Open Market Sale AgreementSM, dated December 8, 2020, by and among GameStop Corp. and Jefferies LLC</u>	Current Report on Form 8-K	December 8, 2020
10.13*	<u>Form of Restricted Stock Unit Award Agreement (2019 Plan)</u>	Annual Report on Form 10-K for the fiscal year ended January 29, 2022	March 17, 2022
10.14*†	<u>Form of Restricted Stock Unit Award Agreement for Employees (2022 Plan)</u>	Filed herewith.	
10.15*	<u>Form of Restricted Stock Unit Award Agreement for Board of Directors (2022 Plan)</u>	Filed herewith.	
21.1	<u>Subsidiaries</u>	Filed herewith.	
23.1	<u>Consent of Deloitte & Touche LLP.</u>	Filed herewith.	
31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	Filed herewith.	
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>	Filed herewith.	
32.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	Furnished herewith.	

Exhibit Number	Description	Previously Filed as an Exhibit to and Incorporated by Reference From	Date Filed
32.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	Furnished herewith.	
101.INS	XBRL Instance Document.- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.	Submitted electronically herewith.	
101.SCH	inline XBRL Taxonomy Extension Schema.	Submitted electronically herewith.	
101.CAL	inline XBRL Taxonomy Extension Calculation Linkbase.	Submitted electronically herewith.	
101.DEF	inline XBRL Taxonomy Extension Definition Linkbase.	Submitted electronically herewith.	
101.LAB	inline XBRL Taxonomy Extension Label Linkbase.	Submitted electronically herewith.	
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).	Submitted electronically herewith.	

* This exhibit is a management or compensatory contract.

† Portions of this exhibit have been redacted in compliance with Item 601(b)(10) of Regulation S-K.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

GAMESTOP CORP.

By: /s/ DIANA SAADEH-JAJEH

Diana Saadeh-Jajeh

Chief Financial Officer

Date: March 28, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
<u>/s/ MATTHEW FURLONG</u> Matthew Furlong	Chief Executive Officer and Director (Principal Executive Officer)	March 28, 2023
<u>/s/ DIANA SAADEH-JAJEH</u> Diana Saadeh-Jajeh	Chief Financial Officer (Principal Financial Officer)	March 28, 2023
<u>/s/ ALAN ATTAL</u> Alan Attal	Director	March 28, 2023
<u>/s/ LARRY CHENG</u> Larry Cheng	Director	March 28, 2023
<u>/s/ RYAN COHEN</u> Ryan Cohen	Director	March 28, 2023
<u>/s/ JIM GRUBE</u> Jim Grube	Director	March 28, 2023
<u>/s/ YANG XU</u> Yang Xu	Director	March 28, 2023

Corporate Information

Board Of Directors

Matt Furlong

Chief Executive Officer
GameStop Corp.

Alan Attal

Former Chief Marketing Officer
Chewy, Inc.

Larry Cheng

Co-founder and Managing
Partner, Volition Capital

Ryan Cohen

Board Chair

Founding Partner
RC Ventures; Founder /
Former CEO
Chewy, Inc.

Jim Grube

Former Chief Financial Officer
Rad Power Bikes

Yang Xu

Senior Vice President
Corporate Development and
Global Treasurer
The Kraft Heinz Company

Executive Officers

Matt Furlong

Chief Executive Officer

Diana Saadeh-Jajeh

Chief Financial Officer

Nir Patel

Chief Operating Officer

Shareholder Information

Corporate Office

625 Westport Parkway
Grapevine, TX 76051
817.424.2000
www.GameStop.com

Auditors

Deloitte & Touche, LLP
Dallas, TX

Annual Meeting

The Annual Meeting of
Shareholders will be held on
Thursday, June 15, 2023.
See news.gamestop.com
for details.

Transfer Agent

Computershare
www.computershare.com/investor
800.522.6645

First Class/Registered/
Certified Mail:

Computershare Investor Services
PO Box 43006
Louisville, KY 02940-3006

Courier Services:

Computershare Investor Services
P.O. Box 43006
Providence RI 02940-3006

Listed on the New York Stock Exchange

Symbol: GME

Officer Certifications

The Company's Chief Executive Officer has submitted to the New York Stock Exchange the annual certification required by Section 303A.12(a) of the NYSE Company Manual. Our Annual Report on Form 10-K filed with the SEC is included herein, excluding all exhibits. Copies of exhibits to our Annual Report on Form 10-K and other corporate governance documents are available without charge upon request.

GameStop

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Grapevine, TX 76051

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