

GameStop Corp Class A GME ★★★ Q 30 Mar 2023, 22:38 UTC

| | | | | | | | | |
|-----------------------------------|---------------------------------|--------------------------------------|--|----------------------------------|-------------------|-------------------------|-------------------|------------------|
| Economic Moat ^Q | Uncertainty ^Q | Price/Fair Value ^Q | ESG Risk Rating Assessment ¹ | Trailing Dividend Yield % | Market Cap | Investment Style | Sector | Industry |
| None | Extreme | 0.5 | 1 Mar 2023 06:00, UTC | 6.53 | 6.8430 Bil | Small Core | Consumer Cyclical | Specialty Retail |

| | |
|--------------------------------|-------|
| Fair Value ^Q | 47.42 |
| Last Close | 22.50 |

| | | | | | | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------------------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | YTD | Performance |
| Price/Fair Value ^Q | 1.20 | 1.00 | 0.80 | 0.82 | 0.94 | 0.86 | 0.54 | 0.96 | 0.82 | 0.52 | 0.47 | Price/Fair Value ^Q |
| Total Return % | 100.72 | -28.70 | -12.78 | -4.64 | -22.92 | -21.23 | -48.81 | 209.87 | 687.63 | -50.24 | 21.89 | Total Return % |
| +/- Index | 67.58 | -41.56 | -13.47 | -17.08 | -44.40 | -16.17 | -80.04 | 188.97 | 661.85 | -30.81 | 16.11 | +/- Index |

As of 30 Mar 2023 | Index: Morningstar US Market TR USD. Fair Value data as of 30 Mar 2023, 22:38 UTC.

The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Head of Manger and Quantitative Research, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Code of Ethics and Investment Research Integrity Policy of Morningstar Research Services LLC, a subsidiary of Morningstar, Inc. Morningstar's Quantitative Research team, which consist of employees of Morningstar, Inc., are guided by Morningstar, Inc.'s Code of Ethics. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

Valuation ^Q as of 30 Mar 2023

Fair Value ^Q
47.42

Uncertainty ^Q
Extreme

Economic Moat ^Q
None

Financial Health ^Q
Moderate

1-Star Price ^Q
> 226.63

5-Star Price ^Q
< 9.92

Last Close
22.50

GME is Under Valued at a 53% discount.

Financials as of 30 Mar 2023 (Fiscal Year End 28 Jan 2024)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | YTD | Fiscal |
|---------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------------------|
| Revenue (Mil) | — | 9,040 | 9,296 | 9,364 | 7,965 | 8,547 | 8,285 | 6,466 | 5,090 | 6,011 | 5,927 | Revenue (Mil) |
| Operating Income (Mil) | — | 602 | 621 | 653 | 501 | 453 | 314 | -14 | -255 | -362 | -309 | Operating Income (Mil) |
| Operating Margin (%) | — | 6.66 | 6.67 | 6.97 | 6.29 | 5.3 | 3.79 | -0.22 | -5.0 | -6.02 | -5.21 | Operating Margin (%) |
| Net Income (Mil) | — | 354 | 393 | 403 | 353 | 35 | -673 | -471 | -215 | -381 | -313 | Net Income (Mil) |
| Diluted Earnings/Share | — | 0.75 | 0.87 | 0.95 | 0.85 | 0.09 | -1.65 | -1.35 | -0.83 | -1.31 | -1.03 | Diluted Earnings/Share |
| Operating Cash Flow (Mil) | — | 763 | 481 | 657 | 537 | 435 | 325 | -415 | 124 | -434 | 108 | Operating Cash Flow (Mil) |
| Capital Spending (Mil) | — | -126 | -160 | -173 | -143 | -113 | -94 | -79 | -60 | -62 | -56 | Capital Spending (Mil) |
| Free Cash Flow (Mil) | — | 637 | 321 | 484 | 394 | 322 | 231 | -493 | 64 | -496 | 52 | Free Cash Flow (Mil) |
| Avg Shares Outstand (Mil) | — | 474 | 453 | 427 | 415 | 406 | 408 | 350 | 260 | 290 | 304 | Avg Shares Outstand (Mil) |
| Dividend Per Share | 0.28 | 0.33 | 0.36 | 0.37 | 0.38 | 0.38 | 0.10 | — | — | — | — | Dividend Per Share |

Valuation as of 30 Mar 2023

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Current | Calendar |
|-------------------------------|-------|-------|------|------|------|------|------|------|------|------|---------|-------------------------------|
| Price/Fair Value ^Q | 1.20 | 1.00 | 0.80 | 0.82 | 0.94 | 0.86 | 0.54 | 0.96 | 0.82 | 0.52 | 0.47 | Price/Fair Value ^Q |
| Price/Sales | 0.66 | 0.41 | 0.32 | 0.29 | 0.21 | 0.14 | 0.08 | 0.24 | 1.77 | 0.94 | 1.15 | Price/Sales |
| Price/Earnings | 15.79 | 10.66 | 7.75 | 6.79 | 5.28 | — | — | — | — | — | — | Price/Earnings |
| Price/Cash Flow | 7.03 | 12.58 | 4.78 | 4.40 | 4.70 | 4.71 | — | 6.15 | — | — | 63.26 | Price/Cash Flow |
| Price/Book | 2.66 | 1.83 | 1.51 | 1.21 | 0.79 | 0.82 | 0.65 | 3.69 | 6.46 | 4.52 | 5.18 | Price/Book |

Operating Performance as of — (Fiscal Year End 28 Jan 2024)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Q3 | Fiscal (%) |
|-------------------------|------|-------|-------|-------|-------|------|--------|--------|--------|--------|------|-------------------------|
| Return on Assets | — | 8.61 | 9.43 | 9.39 | 7.59 | 0.69 | -14.81 | -13.72 | -8.14 | -12.77 | 1.5 | Return on Assets |
| Return on Equity | — | 15.61 | 18.2 | 19.42 | 16.29 | 1.55 | -37.91 | -48.35 | -41.08 | -37.4 | 3.75 | Return on Equity |
| Rtn on Invested Capital | — | 15.71 | 17.08 | 17.2 | 14.19 | 2.46 | -22.96 | -22.8 | -11.56 | -19.03 | 2.56 | Rtn on Invested Capital |

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Business Description

GameStop Corp is a U.S. multichannel video game, consumer electronics, and services retailer. The company operates across Europe, Canada, Australia, and the United States. GameStop sells new and second-hand video game hardware, physical and digital video game software, and video game

accessories, mainly through GameStop, EB Games, and Micromania stores and international e-commerce sites, including www.gamestop.com, www.ebgames.com.au, and www.micromania.fr. The company has two main business segments: Video game brands and Technology brands. The technology brands segment sells wireless products

and services and operates Spring Mobile managed AT&T and Cricket Wireless branded stores, along with the Simply Mac business.

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- ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.
 - Narrow** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.
 - Wide** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.
 - None** – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

- iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

One-Star – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

Two-Star - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

Three-Star – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

Four-Star – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

Five-Star – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

- iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

- v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

- i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.
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 - Undervalued – Last Price** is below Morningstar's quantitative fair value estimate.
 - Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.
 - Overvalued – Last Price** is above Morningstar's quantitative fair value estimate.

This Report **has not been made available** to the issuer of the security prior to publication.

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