

Announces Two Additional Executive Hires to Support Transformation

GRAPEVINE, Texas, March 23, 2021 (GLOBE NEWSWIRE) -- GameStop Corp. (NYSE: GME) ("GameStop" or the "Company") today announced that it has appointed Jenna Owens to the role of Chief Operating Officer. Ms. Owens has a start date of March 29, 2021.

Ms. Owens brings approximately two decades of technology, operations, fulfillment, and supply chain experience to GameStop. Most recently, she was Director and General Manager for Distribution and Multi-Channel Fulfillment at Amazon. She previously held senior operations roles at Google and Honeywell. At GameStop, Ms. Owens will be responsible for overseeing functions that include business intelligence, fulfillment, supply chain, and store operations.

Additionally, the Company has made two other executive hires:

Neda Pacifico, Senior Vice President of E-Commerce – Ms. Pacifico, who previously served as Chewy's Vice President of E-Commerce, has a start date of March 29, 2021. She spent nearly four-and-a-half years at Amazon in a variety of customer insights and marketing roles prior to joining Chewy. In her new role, Ms. Pacifico will lead initiatives in areas that include analytics, UI/UX and product design.

Ken Suzuki, Vice President of Supply Chain Systems – Mr. Suzuki, who previously served as Zulily's Vice President of Supply Chain Technology, has a start date of March 29, 2021. He has more than two decades of experience in the e-commerce, informational technology and software engineering areas. In his new role, Mr. Suzuki will be responsible for all systems and software related to GameStop's supply chain, including order management systems (OMS) and warehouse management systems (WMS).

Achieved 6.5% Increase in Comparable Store Sales During Fourth Quarter, With Global E-Commerce Sales Increasing 175% for the Fourth Quarter and 191% for Fiscal 2020

Expense Reduction Initiatives Drove \$409 Million, or 21%, SG&A Improvement in Fiscal 2020

Strengthened the Balance Sheet and Ended Fiscal 2020 With \$635 Million in Total Cash, Laying the Foundation for Transformation

Announces the Appointment of Technology Veteran Jenna Owens as New Chief Operating Officer

Net sales were \$2.122 billion compared to \$2.194 billion in the fiscal 2019 fourth quarter, reflecting an operating environment that included a 12% decrease in the store base due to the Company's strategic de-densification efforts and a reduction of approximately 27% in European store operating days during the quarter as a result of temporary store closures in response to the COVID-19 pandemic;

Global E-Commerce sales (included in comparable store sales) increased 175% and represented 34% of net sales in the fiscal 2020 fourth quarter versus 12% of net sales in the fiscal 2019 fourth quarter;

Gross margin was 21.1%, a decline of 610 basis points compared to the fiscal 2019 fourth quarter, reflecting an expected mix shift toward lower margin console sales in response to the launch of generation 9 consoles, increased freight and credit card fees associated with the shift to E-Commerce sales, and a broader promotional stance;

Selling, general and administrative expenses were \$419.1 million, a decline of \$92.6 million, or 18%, from \$511.7 million in the fiscal 2019 fourth quarter, driven by the Company's cost optimization initiatives;

Comparable store sales decreased 9.5%;

Net sales were \$5.090 billion compared to \$6.466 billion in fiscal 2019, reflecting an operating environment that included the impact of operating during the wind-down of the seven-year-old prior console cycle, a 12% decrease in the store base due to the Company's strategic de-densification efforts, which was partially offset by recaptured sales via nearby stores and E-commerce, and a significant reduction in global store operating days as a result of temporary store closures in response to the COVID-19 pandemic at various times throughout the year;

Global E-Commerce sales (included in comparable stores sales) increased 191% increase for the fiscal year and represented nearly 30% of total net sales;

Gross margin was 24.7%, a decline of 480 basis points compared to the prior year primarily driven by the expected mix shift toward lower margin console sales in response to the launch of generation 9 consoles, increased freight and credit card fees associated with the shift to E-Commerce sales and a broader promotional stance;

Selling, general and administrative expenses were \$1.514 billion compared to \$1.923 billion from the prior year, a reduction of \$408.5 million, or 21.2% from the prior fiscal year;

- Delivered a \$408.5 million, or a 21.2% reduction in SG&A expense in fiscal 2020 compared to fiscal 2019, primarily driven by continued cost optimization initiatives
- Strategically de-densified the Company's store base by closing a net 693 stores in fiscal 2020 while transferring sales to online platforms and neighboring locations;
- Achieved 30% decrease in inventory at fiscal year-end, leading to annualized inventory turns of 5.9x as compared to 4.4x in the prior year, and a 10% decrease in accounts payable at fiscal year-end as compared to fiscal 2019.
- Ended fiscal 2020 with \$635 million of cash and restricted cash;
- Reduced overall debt by \$57 million, including a \$125 million voluntary redemption of the Company's 6.75% senior notes due 2021;
- Completed exchange offer and consent solicitation for \$216.4 million of unsecured notes;

Capital Structure and Liquidity Update

As of January 30, 2021, the Company had \$635 million in cash and restricted cash compared to \$513.5 million in cash and restricted cash in the prior year. The Company's outstanding borrowings under its asset-based revolving credit facility were \$25 million, which were subsequently repaid as of March 15, 2021.

As of January 30, 2021, the Company had \$146.7 million of short-term debt and \$216.0 million of long-term debt on its balance sheet. During the fourth quarter, as previously announced on November 10, 2020, the Company announced the voluntary early redemption of \$125 million in principal amount of its 6.75% senior notes due 2021, on December 11, 2020. On March 15, 2021, the Company fully redeemed the remaining \$73.2 million of its 6.75% senior notes due 2021, reflecting the Company's strategy to strengthen its balance sheet, improve its debt profile and optimize its capital structure.

As of March 15, 2021, following the pay down of outstanding borrowings under the Company's asset-based revolving credit facility and the redemption of its 6.75% senior notes due in 2021, the Company had \$48.5 million of short-term debt and \$216.0 million of long-term debt remaining on its balance sheet.

	13 weeks ended January 30, 2021	13 weeks ended February 1, 2020
Net sales	\$ 2,122.1	\$ 2,194.1
Cost of sales	1,673.5	1,596.8
Gross profit	448.6	597.3
Selling, general and administrative expenses	419.1	511.7
Goodwill and asset impairments	10.7	10.4
Operating earnings	18.8	75.2
Interest expense, net	8.2	6.5
Earnings from continuing operations before income taxes	10.6	68.7
Income tax (benefit) expense	(69.7)	43.8
Net income from continuing operations	80.3	24.9
Income from discontinued operations, net of tax	0.2	(3.9)
Net income	<u>\$ 80.5</u>	<u>\$ 21.0</u>

	52 weeks ended January 30, 2021	52 weeks ended February 1, 2020
Net sales	\$ 5,089.8	\$ 6,466.0
Cost of sales	3,830.3	4,557.3
Gross profit	1,259.5	1,908.7
Selling, general and administrative expenses	1,514.2	1,922.7
Goodwill and asset impairments	15.5	385.6
Gain on sale of assets	(32.4)	—
Operating loss	(237.8)	(399.6)
Interest expense, net	32.1	27.2
Loss from continuing operations before income taxes	(269.9)	(426.8)
Income tax (benefit) expense	(55.3)	37.6
Net loss from continuing operations	(214.6)	(464.4)
Loss from discontinued operations, net of tax	(0.7)	(6.5)
Net loss	<u>\$ (215.3)</u>	<u>\$ (470.9)</u>

	January 30, 2021	February 1, 2020
Current assets:		
Cash and cash equivalents	\$ 508.5	\$ 499.4
Restricted cash	110.0	0.3
Receivables, net	105.3	141.9
Merchandise inventories	602.5	859.7
Prepaid expenses and other current assets	224.9	120.6
Assets held-for-sale	—	11.8
Total current assets	1,551.2	1,633.7
Property and equipment, net	201.2	275.9
Operating lease right-of-use assets	662.1	767.0
Deferred income taxes	—	83.0
Long-term restricted cash	16.5	13.8
Other noncurrent assets	41.6	46.3
Total assets	<u>\$ 2,472.6</u>	<u>\$ 2,819.7</u>
Current liabilities:		
Accounts payable	\$ 341.8	\$ 380.8
Accrued liabilities and other current liabilities	626.8	617.5
Current portion of operating lease liabilities	227.4	239.4
Short-term debt, including current portion of long-term debt, net	121.7	—
Borrowings under revolving line of credit	25.0	—
Total current liabilities	1,342.7	1,237.7
Long-term debt, net	216.0	419.8
Operating lease liabilities	456.7	529.3
Other long-term liabilities	20.5	21.4
Total liabilities	2,035.9	2,208.2
Stockholders' equity	436.7	611.5
Total liabilities and stockholders' equity	<u>\$ 2,472.6</u>	<u>\$ 2,819.7</u>

	13 weeks ended January 30, 2021	13 weeks ended February 1, 2020
Cash flows from operating activities:		
Net income	\$ 80.5	\$ 21.0
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization (including amounts in cost of sales)	19.6	26.1
Goodwill and asset impairments	10.7	10.4
Stock-based compensation expense	1.8	0.8
Deferred income taxes	34.9	73.2
Loss on disposal of property and equipment, net	3.3	—
Loss on divestiture	—	7.8
Other	(1.7)	1.0
Changes in operating assets and liabilities:		
Receivables, net	(26.0)	(4.2)
Merchandise inventories	270.8	422.7
Prepaid expenses and other current assets	11.3	14.3
Prepaid income taxes and income taxes payable	(98.7)	(31.7)
Accounts payable and accrued liabilities	(157.5)	(304.4)
Operating lease right-of-use assets and liabilities	17.9	3.4
Changes in other long-term liabilities	(2.1)	(0.1)
Net cash flows used in operating activities	<u>164.8</u>	<u>240.3</u>
Cash flows from investing activities:		
Purchase of property and equipment	(27.4)	(17.1)
Proceeds from sale of property and equipment	—	5.2
Proceeds from company-owned life insurance	—	12.0
Proceeds from divestitures	—	(5.2)
Other	1.0	1.1
Net cash flows provided by (used in) investing activities	<u>(26.4)</u>	<u>(4.0)</u>
Cash flows from financing activities:		
Repurchase of common shares	—	(21.8)
Repayments of senior notes	(125.0)	—
Settlement of stock-based awards	4.1	(0.2)
Net cash flows provided by (used in) financing activities	<u>(120.9)</u>	<u>(22.0)</u>
Exchange rate effect on cash, cash equivalents and restricted cash	14.9	(5.2)
Increase in cash, cash equivalents and restricted cash	32.4	209.1
Cash, cash equivalents and restricted cash at beginning of period	602.6	304.4
Cash, cash equivalents and restricted cash at end of period	<u>\$ 635.0</u>	<u>\$ 513.5</u>

	52 weeks ended January 30, 2021	52 weeks ended February 1, 2020
Cash flows from operating activities:		
Net loss	\$ (215.3)	\$ (470.9)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization (including amounts in cost of sales)	80.7	96.2
Goodwill and asset impairments	15.5	385.6
Stock-based compensation expense	7.9	8.9
Deferred income taxes	80.3	61.4
Loss on disposal of property and equipment, net	(27.3)	1.9
Loss on divestiture	—	9.1
Other	0.9	4.1
Changes in operating assets and liabilities:		
Receivables, net	39.8	(10.9)
Merchandise inventories	282.4	361.1
Prepaid expenses and other current assets	8.4	3.6
Prepaid income taxes and income taxes payable	(87.0)	(75.9)
Accounts payable and accrued liabilities	(78.6)	(792.8)
Operating lease right-of-use assets and liabilities	19.0	4.1
Changes in other long-term liabilities	(3.0)	—
Net cash flows (used in) provided by operating activities	<u>123.7</u>	<u>(414.5)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(60.0)	(78.5)
Proceeds from sale of property and equipment	95.5	—
Proceeds from divestiture	—	5.2
Proceeds from company-owned life insurance	—	12.0
Other	1.4	0.4
Net cash flows (used in) provided by investing activities	<u>36.9</u>	<u>(60.9)</u>

Cash flows from financing activities:		
Repayments of senior notes	(130.3)	(404.5)
Repurchase of common shares	—	(198.7)
Proceeds from French term loans	47.1	—
Dividends paid	(0.3)	(40.5)
Borrowings from the revolver	150.0	—
Repayments of revolver borrowings	(125.0)	—
Tax withholdings on share-based awards	3.1	(1.0)
Net cash flows used in financing activities	(55.4)	(644.7)
Exchange rate effect on cash, cash equivalents and restricted cash	16.3	(6.9)
(Decrease) increase in cash, cash equivalents and restricted cash	121.5	(1,127.0)
Cash, cash equivalents and restricted cash at beginning of period	513.5	1,640.5
Cash, cash equivalents and restricted cash at end of period	\$ 635.0	\$ 513.5

4816 stores total

3192 in the US

	Fiscal Year				
	2020	2019	2018	2017 ⁽³⁾	2016
(In millions, except statistical and per share data)					
Statement of Operations Data:					
Net sales	\$ 5,089.8	\$ 6,466.0	\$ 8,285.3	\$ 8,547.1	\$ 7,965.0
Net (loss) income from continuing operations ⁽¹⁾	\$ (214.6)	\$ (464.4)	\$ (794.8)	\$ 230.4	\$ 304.5
Diluted Per Share Data:					
(Loss) earnings per share from continuing operations	\$ (3.30)	\$ (5.31)	\$ (7.79)	\$ 2.27	\$ 2.93
Dividends per common share	\$ —	\$ 0.38	\$ 1.52	\$ 1.52	\$ 1.48
Weighted-average common shares outstanding:					
Diluted	65.0	87.5	102.1	101.5	103.8
Store Operating Data:					
Comparable store sales (decrease) increase	(9.5)%	(19.4)%	(0.3)%	5.8 %	(11.0)%
Number of stores at fiscal year end	4,816	5,509	5,830	5,947	6,132
Balance Sheet Data at Fiscal Year End:					
Total assets	\$ 2,472.6	\$ 2,819.7	\$ 4,044.3	\$ 5,041.6	\$ 4,975.9
Total debt, net ⁽²⁾	\$ 362.7	\$ 419.8	\$ 820.8	\$ 817.9	\$ 815.0
Total liabilities	\$ 2,035.9	\$ 2,208.2	\$ 2,708.1	\$ 2,827.1	\$ 2,721.8

STORE COUNT INFORMATION

The following table presents the number of stores by segment as of the end of fiscal 2020 compared to the end of fiscal 2019.

	February 1, 2020	Net Disposals	January 30, 2021
United States	3,642	(450)	3,192
Canada	299	(46)	253
Australia	426	(9)	417
Europe	1,142	(188)	954
Total Stores	5,509	(693)	4,816

	Fiscal Year 2020		Fiscal Year 2019		Fiscal Year 2018	
	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales	Net Sales	Percent of Net Sales
Hardware and accessories	\$ 2,530.8	49.7 %	\$ 2,722.2	42.1 %	\$ 3,717.8	44.9 %
Software	1,979.1	38.9	3,006.3	46.5	3,856.5	46.5
Collectibles	579.9	11.4	737.5	11.4	711.0	8.6
Total	\$ 5,089.8	100.0 %	\$ 6,466.0	100.0 %	\$ 8,285.3	100.0 %

CONTRACTUAL OBLIGATIONS

The following table sets forth our contractual obligations as of January 30, 2021 (in millions):

	Payments Due by Fiscal Period						
	Total	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Thereafter
Operating leases	\$ 755.3	\$ 258.2	\$ 168.0	\$ 112.1	\$ 78.8	\$ 51.0	\$ 87.2
Purchase obligations ⁽¹⁾	462.5	462.5	—	—	—	—	—
French term loans	48.6	48.6	—	—	—	—	—
2021 Senior Notes	73.2	73.2	—	—	—	—	—
2023 Senior Notes	216.4	—	—	216.4	—	—	—
Interest payments on senior notes	56.5	24.1	21.6	10.8	—	—	—
Total ⁽²⁾	\$ 1,612.5	\$ 866.6	\$ 189.6	\$ 339.3	\$ 78.8	\$ 51.0	\$ 87.2