

# GME ALMOST-ULTIMATE DD AND OTHERS

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U/SHORT THEN NASDAQ

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# GME Price Targets for 2021 (According to the Short Float Data)

- Jan. 2, 2021

[OC](#) [Discussion](#)

GME GANG CHECKING IN.

Dear GME gang ,

I wanted to share my Price Targets (PT) for GME but no BS here. I give you my PT according to actual facts.

Let's take a look at the table and check when the short % of free float went from a high point (~160%) at around February 2020 to a low point (~140%) - which by the way they, in absolute terms, both are huge numbers of course - I won't talk about the potential short-squeeze here (I will publish the ultimate DD on GME TOMORROW and talk about it in here, stay tuned).

Settlement Date	Released Date	Shares Short	Short % of FreeFloat	DTC
13th Nov	24th Nov	67.45m	162.40	14.05
30th Oct	10th Nov	66.81m	160.84	8.11
15th Oct	26th Oct	70.34m	169.34	3.55
30th Sep	9th Oct	68.63m	165.22	5.62
15th Sep	24th Sep	66.41m	159.88	6.10
31st Aug	10th Sep	57.86m	139.30	15.96
14th Aug	25th Aug	55.69m	134.07	15.50
31st Jul	11th Aug	54.52m	131.27	20.82
15th Jul	24th Jul	53.50m	128.80	25.82
29th May	9th Jun	56.34m	135.63	25.37
15th May	27th May	55.59m	133.84	22.13
30th Apr	11th May	57.02m	137.29	14.84
15th Apr	24th Apr	58.84m	141.67	12.31
31st Mar	9th Apr	55.99m	134.81	11.62
13th Mar	24th Mar	62.51m	150.50	18.08
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[www.reddit.com/r/wallstreetbets/comments/k4h6ff/this\\_week\\_will\\_be\\_the\\_final\\_blow\\_for\\_gme\\_shorts/](http://www.reddit.com/r/wallstreetbets/comments/k4h6ff/this_week_will_be_the_final_blow_for_gme_shorts/)

The stock went up ~94% **BUT** most of the gain took place at 2 key moments: at the recovery of the market crash and then in late August which shows that -ing is key to capture most of the gains. Why do I say this? Because when holding the stock at the time you could “feel” like you bled all along esp. when you watch the stats:

*Positive daily returns: 49.3%*

*Negative daily returns: 50.7%*

BUT IT WAS IN FACT THE SHORT SELLERS WHO BLEED HARD. CHECK THIS OUT:

*Best daily return: 23.0 %*

*Worst daily return: -13.7 %*

Imagine you sold GME when the -13.7% happened. You would not have captured the 94% returns. So just and let those shorts go bankrupt.

Okay, here I showed **FACTS**. Stuff that actually happened. Now here is **my opinion about a reasonable price target** according to the data.

I think we could **easily** hit +80% over the next 6 months when the short % of free float will return to 140% it makes a **lower bound PT of \$34 without a short-squeeze**. But this doesn't even account for the fact that some short-sellers will not be able to hold from here. Keep in mind that some shorts have a triple-digit % drawdown already.

## Conclusion

**Price targets for the 3-6 next months according to the data from 2019-2020 (assuming the short float drops by 20%) :**

- Conservative: \$34 without a short-squeeze (+80%)
- Likely to happen: \$50 without a short-squeeze (+180%)
- Optimist: \$70 without a short-squeeze (+372%)

So I'd suggest that for those of you who DO NOT believe in a short-squeeze to put a take profit at around 70-80\$.

Note that these are price targets assume the short % of free float go down to ~140%, if it goes to 130% or even less the price could go up substantially more. And...

**Keep in mind that my PTs are overall all VERY CONSERVATIVE given that:**

1. I DIDN'T even account for the fact that the next earnings will be good/great.
2. I didn't even account for the fact that Ryan Cohen's stake is now at 12.9% - those will NOT be sold, so the potential sell-pressure will be LESS than before = bullish.
3. With a short-squeeze I have actually no idea where this could go but again **very easily \$100+**.

**I WILL PUBLISH THE ULTIMATE DD ON GME TOMORROW BE SURE TO CHECK THIS OUT (100% TENDIES, 0% BS IN HERE).**

**Positions:** a lot of shares.

Disclaimer for the bears: I only try to make the best PT estimations and share it with you all. I do my estimation, not by technical analysis but with actual data and what I believe to be the best hypothesis (short float will decrease by 20%). By no means I am saying I can see into the future unlike some people seem to think. I thought it was obvious but I must clarify it apparently. Anyway, I put my money where my mouth is and I share my personal insights that's it. If you really think I am wrong, by all means go ahead and buy some puts or short the stock, I'll be glad, the money you will lose is the money we will earn.



# GME (Almost-)ULTIMATE DD - Jan. 3, 2021



EDIT 3 : CONGRATS TO ALL GME HOLDERS. TRUELY HONORED TO BE PART OF THE GME FAM.

## Introduction

[PDF VERSION HERE](#) (20+ pages) with all the references and better quality illustrations but without updates and typo corrections. This is the FIRST VERSION of the post, but there could be more edits. I wanted to do a more extensive DD but as my exams start tomorrow I don't have more time. If you want to take my work and extend it, please feel free to do so, just give a little shout out.

***FIRST AND FOREMOST, SHOUTOUT TO GME GANG , YOU'RE IN MY .***

**This DD is just my own analysis. I put my money where my mouth is but this is definitely not advice. Do your own DD.**

**Last thing:** Some stuff might be unsourced in this post but everything is sourced in the pdf version. While it's not impossible that I might have missed some stuff, most of the time I put the stuff that I quote from other sources in italics. My ego is not big enough to feel like reformulating other people's ideas and even less to steal other people's ideas. All I do is just gather insightful facts, figures, ideas and analysis.

## Big picture

### 1.1 Macroeconomic View

I will be brief here, I think everyone knows what's up basically.

#### S&P 500 Historical Prices



Figure 1: although the USD is worth a lot less, the S&P 500 is doing alright. Thanks Jerome.



Enthusiasm is the key word here as we are in an environment with a very accommodative monetary and fiscal policy (thanks for the stimulus checks). Equities and Bitcoin hit record highs thanks to positive vaccine news and the markets hope for a fiscal package. The Federal Reserve is going heavy on asset purchases, bailouts and loans. And its balance sheet is expanding as well as money supply. Interest rates are extremely low.

Check for example, the [Shiller PE ratio](#) to see the enthusiasm driving the markets.

On a macro-level side from the risks related to the pandemic, the only worrying signs would be the shrinking money velocity or a suddenly-rising inflation (hyperinflation is bullish for stocks but not for the real economy).

That being said, we know how the FED and the government reacted to support the economy and the markets. Low interest rates and weak US dollar which is continuing to depreciate is very bullish for stocks overall.

I keep the macroeconomic view very short for that GME correlation with the S&P 500 is low - about 28% over the last 6 months. Moreover despite GME's heavy reliance on brick-and-mortar stores, GME continues to get closer to profitability even with the pandemic.

If the pandemic would make the stock market to crash again during the trade, I wouldn't sell at a loss but wait a few days and then buy a LEAPS. This is my plan. Don't follow it, just make sure you have a plan in case it happens, it's important to avoid buying too much the first dip (because you might get a better price later) or worse, avoid a panic-selling and take a loss instead of tendies.

## 1.2 Sector(s) View

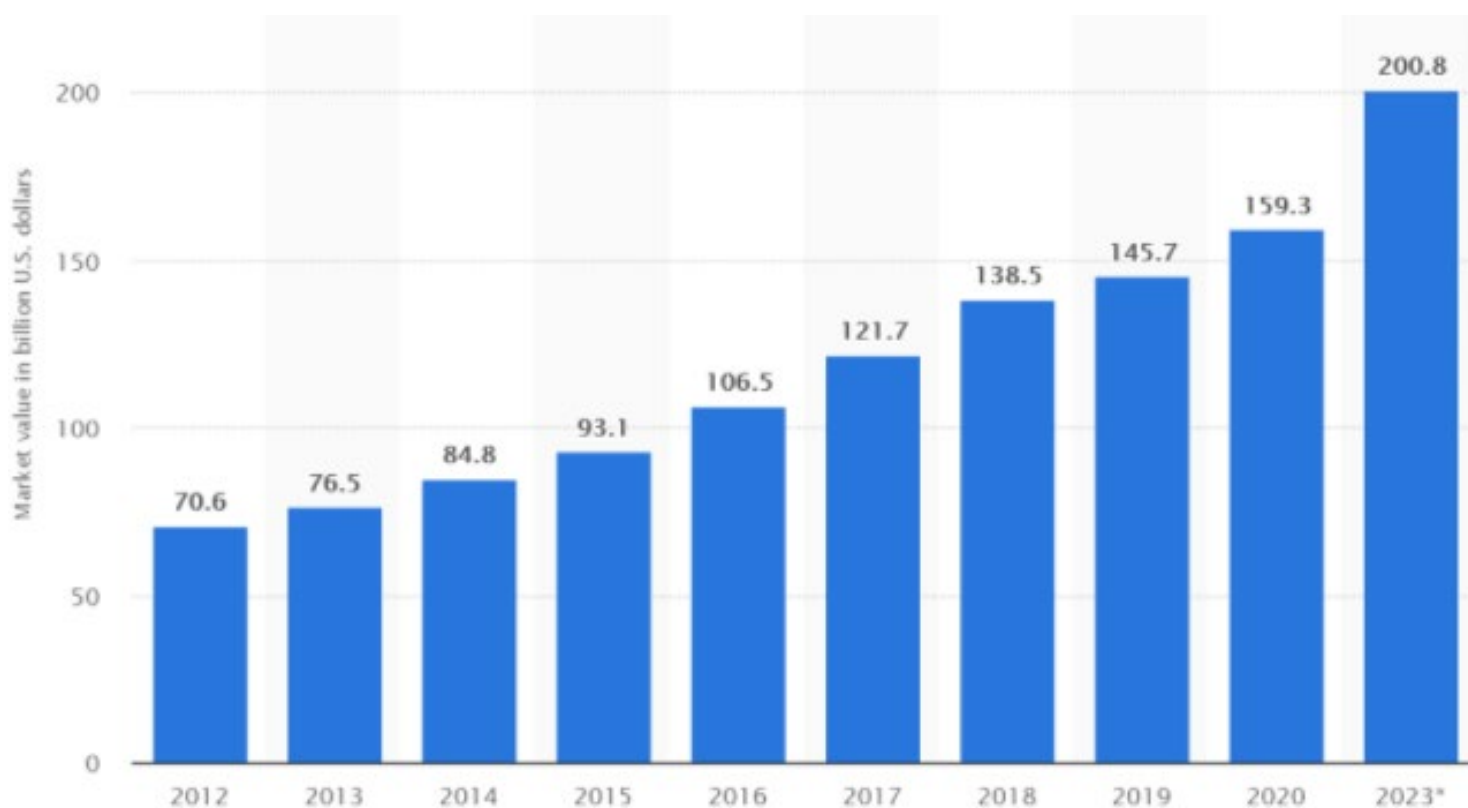


Figure 4: Video game market value worldwide from 2012 to 2023 (in billion USD)



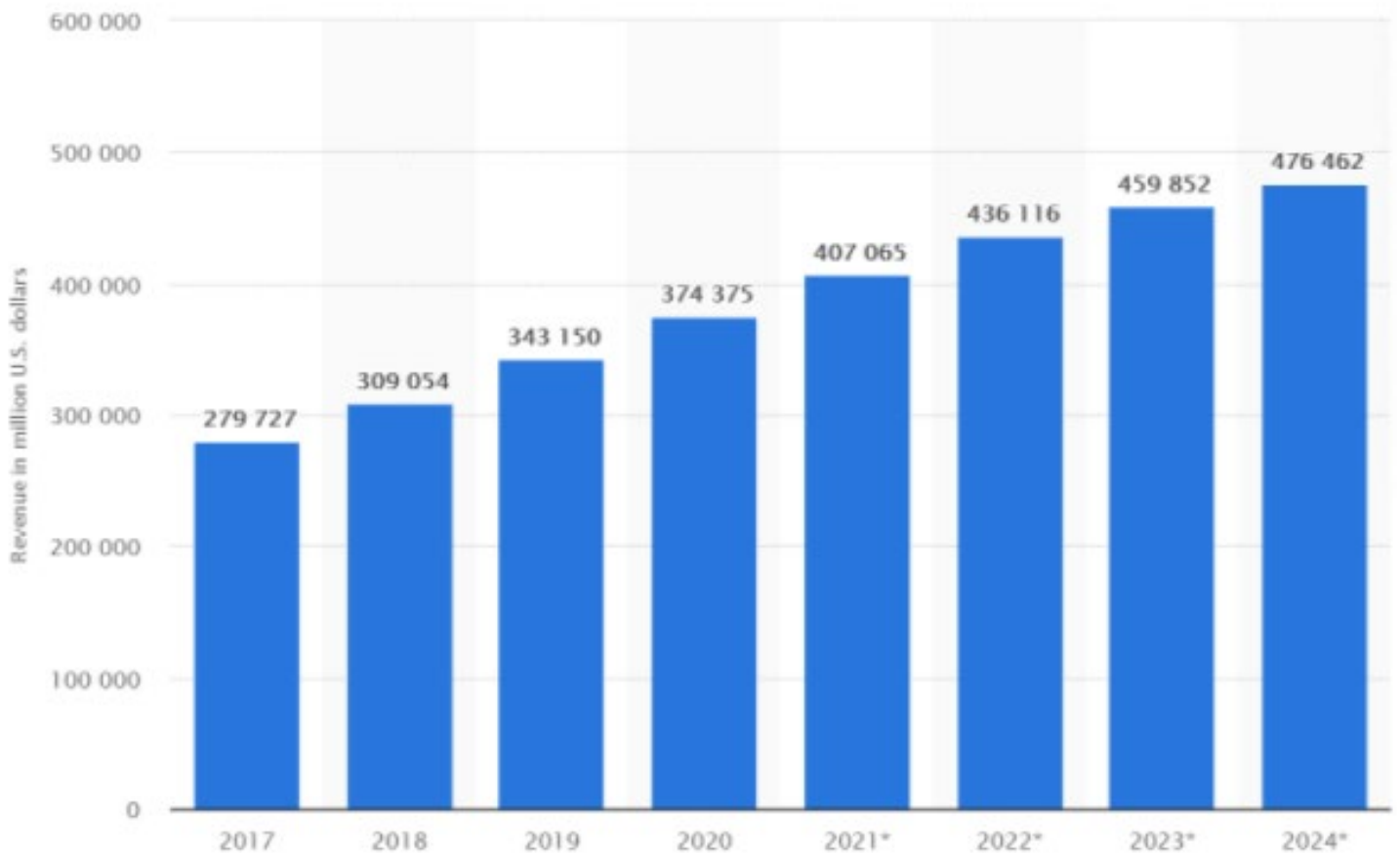


Figure 5: Retail ecommerce sales in the United States from 2017 to 2024 (in million USD)

Video game total addressable market and ecommerce total addressable market keep growing, that's all we need to know on a macro-level. Now, the real question is not about the market itself but about the company business model.

## GameStop Corp.

- Market cap \$1.31B
- 1-year performance 209.87%
- Shares outstanding 69.75M
- Short interest 68.13M (97.68% of the outstanding shares)
- Held by insiders Between 13.6% to 27.3%
- Held by institutions Between 110.5% to 122.0%
- Owned by Ryan Cohen 12.9%
- Owned by BlackRock 17.1%

## 2.2 Timeline

<b>Date</b>	<b>Event</b>
January 13	<i>Annual Holiday Sales Report. ICR Digital Conference, Sherman expected to announce further corporate strategy details</i>
March 26 (based on Q4/19 report)	<i>Q4 quarterly report expected to show first profit since 2018</i>
February-April	<i>Proposals for votes must be made 120 days before the Annual Shareholders Meeting. Cohen needs to move by this date to replace the Board, unless he acts earlier with a consent solicitation</i>
June 2021	<i>Annual Shareholders Meeting – Cohen's End Game</i>
Any moment	<i>Cohen can solicit consent of the shareholders to replace the board.</i>  <i>Moody's upgrades GME credit rating for the second time in a row.</i>

Table 1: GameStop timeline.

*Short-term the sector is pretty hot with quarantines and the launch of next-generation consoles which will impact positively year-on-year sales growth. The pandemic could have been an opportunity but GME has still too many physical stores and not enough ecommerce presence yet to take advantage of it.*

For the next earning release, the question is : how much PS5 and Xbox GameStop was able to get? And how much they sold in bundles (at high margins)?

Although it's still unclear from what I've found it's pretty bullish:

*GameStop Corp. employees across the country were caught by surprise on Saturday when the video-game chain suddenly announced new shipments of the highly coveted PlayStation 5 and Xbox Series X consoles - [bloomberg.com/news/articles/2020-12-14/gamestop-employees-rattled-by-surprise-shipment-of-ps4-xbox](https://www.bloomberg.com/news/articles/2020-12-14/gamestop-employees-rattled-by-surprise-shipment-of-ps4-xbox)*

*[inverse.com/gaming/xbox-series-x-restock-walmart-target-gamestop-january-2021](https://www.inverse.com/gaming/xbox-series-x-restock-walmart-target-gamestop-january-2021)*

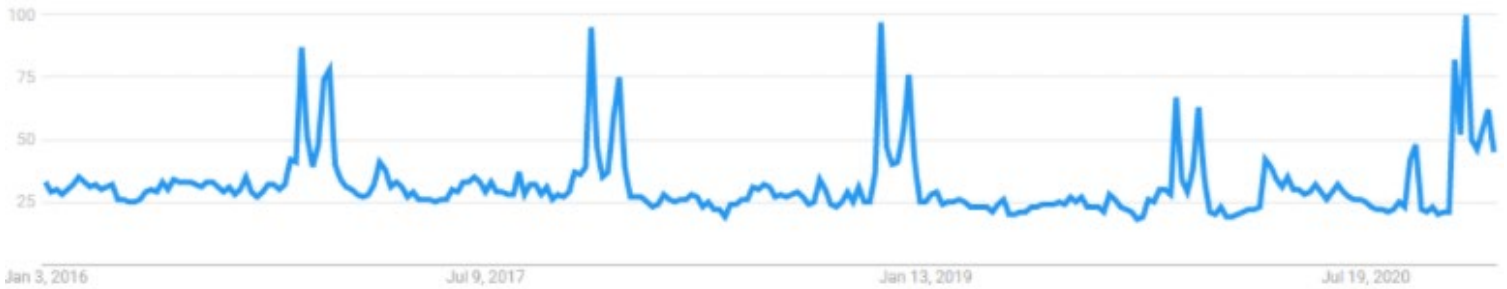
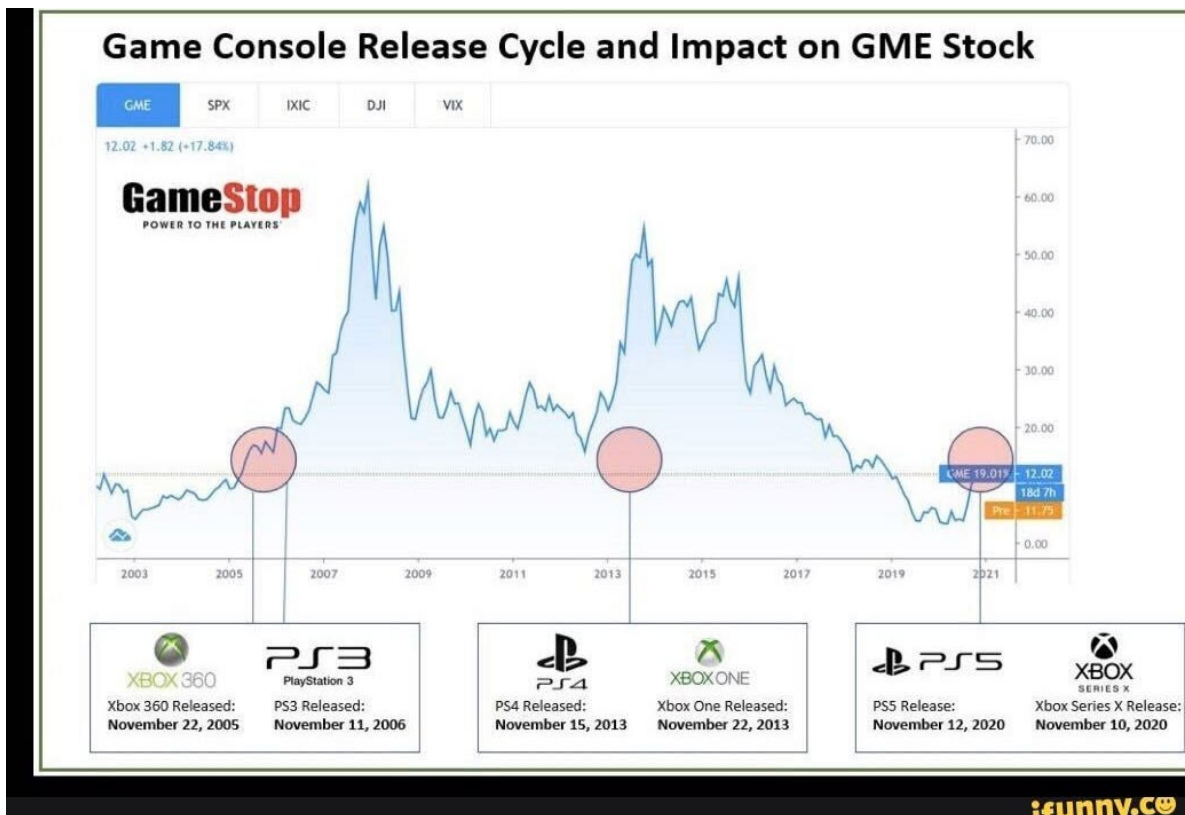


Figure 6 : <https://trends.google.com/trends/explore?date=today%205-y&geo=US&q=gamestop>



The recent **Microsoft deal** is extremely bullish for GameStop and could help the company to reach profitability sooner than expected. Here are the details about how it could impact GameStop's profitability:

- *In years 3 and 4 combined, if just 5 million customers extend the subscription for two years, GameStop makes \$180 million in incremental profit with zero cost involved. That's nearly a quarter of GameStop's current market cap in recurring income at 100% margin.* - Justin Dopierala, "[GameStop Revenue Sharing Agreement With Microsoft Shifts Sentiment](#)." SeekingAlpha.

## 2.2 Business Model and Management

- Gamestop is omnichanneling into **online activities** according to Ryan Cohen recommendations although it doesn't mean they will execute it perfectly this is bullish.
  - *"GameStop needs to evolve into a technology company that delights gamers and delivers exceptional digital experiences – not remain a video game retailer that overprioritizes its brick-and-mortar footprint and stumbles around the online ecosystem."* Ryan Cohen.

Q3 2018 net loss	\$489M
Q3 2019 net loss	\$83M
Q3 2020 net loss	\$19M (\$1B net sales) <sup>4</sup>

Table 2: GameStop is dangerously (for the shorts) getting close to profitability.

- *The company attributes the losses this quarter to the end of the console cycle and the limited hardware and accessory availability that came with that, as well as various game delays, and an 11% reduction in its store base - partially offset by recaptured sales at other locations and online.* → **The company should be profitable very soon despite being priced for bankruptcy for a long time** → **Expectations are incredibly low until recently, more investors are believing in the vision esp. with Ryan Cohen.**
- **GME e-commerce sales were up 257% year-over-year.**
- **GME reduced its selling, general, and administrative expenses by \$115 million.**
- **GME repaid \$10 million in debt in Q3 2020.**
- *GME is diversifying sales to include more high margin items like PC accessories, PC monitors, etc (If I speculate, there may be partnerships with certain brands).*
- **Focusing on loyalty programs like power ups and rebranding.**
- As of Feb. 2020, GameStop had 5,509 physical stores.
- **GME is closing unprofitable locations:** they are closing 1,000 stores in Q1 2021 (by the end of March of 2021).
  - I'd like to quote a fellow GME gang member on this: *It's no secret that brick and mortar is falling off, and if GameStop were to fight tooth and nail to remain a largely brick and mortar retailer they would go bankrupt in no time. It is also a fact that underperforming stores drain cash, which lowers net income and thus lowers earnings per share. Any store that is LOSING MONEY or is barely breaking even is keeping the stock price down because it's preventing future growth and killing net incomes. Closing underperforming stores will lead to a higher EPS and more cash that can be allocated to growth.* - horny131313.
- *Gamestop is rebranding, and shifting to becoming the one stop video game and video game related product online retailer. While we haven't seen exactly what this will be, it is bullish to see them pivoting into other products besides just video games. Headsets, TVs, PC parts, you name it. You've seen the omnichannel memes, but we know that if they are bullshitting, Cohen will step in. Expect to see real progress made.*

Some words from the last earnings:

- *"We anticipate, for the first time in many quarters, that the fourth quarter will include positive year-on-year sales growth and profitability\*", reflecting the introduction of\* new gaming consoles\*, our\* elevated omni-channel capabilities and continued benefits from our cost and efficiency initiatives\*, even with the potential further negative impacts on our operations due to the global COVID-19 pandemic.\*" George Sherman, CEO.*

Possible catalysts (from KYJELLYTIME69):

- A possible new Nintendo console release in ~1-2 years
- Currently distressed commercial REITs = ability to negotiate lower rent = more \$\$\$
- Likely return of inflation (debatable but money supply ballooned and we are seeing velocity pick up a bit) with JPOW promising to keep rates at 0% even when inflation comes back = bullish for all stocks, bears will get slaughtered

- OG printer Yellen manning the treasury in a month + possible dem senate = more stimmy checks = more money going into GME
- If sales improve and balance sheets continue improve, we might see more credit upgrades
- Better sales = possible dividend reinstatement, I couldn't care less about dividends but guess who's going to be paying? The shorts lol. If Sherman had balls, he would pull an OSTK and announce a special dividend , which will actually lead to a short squeeze while wsb laughs collectively as we get meme returns from this boomer move.

## 2.3 The Short-Squeeze Thesis

EXCHANGE REPORTED SHORT INTEREST HISTORY FOR NYSE:GME				
Settlement Date	Released Date	↓ Shares Short	Short % of FreeFloat	DTC
13th Nov	24th Nov	67.45m	162.40	14.05
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Figure 6: Stare statistics from Oct. 2019 to Nov. 2020



**In terms of metrics**, the DTC (days-to-cover) actually decreases, lowering the probability to get a short-squeeze short-term. Don't get me wrong, this DOESN'T mean that it can't happen, the % of shares shorted is still crazy high.

**Days to cover:** *It gives investors an idea of potential future buying pressure. In the event of a rally in the stock, short sellers must buy back shares on the open market to close out their positions. Understandably, they will seek to purchase the shares back for the lowest price possible, and this urgency to get out of their positions could translate into sharp moves higher. The longer the buyback process takes, as referenced by the 'days to cover' metric, the longer the price rally may continue based solely on the need of short sellers to close their positions. Additionally, a high 'days to cover' ratio can often signal a potential short squeeze. This information can benefit a trader looking to make a quick profit by buying that company's shares ahead of the anticipated event actually coming to fruition.* (Investopedia).

**In terms of corporate actions**, here is a quote from September mentioning the hostile takeover from Ryan which would trigger a massive short-squeeze, here is the explanation:

**Short Squeeze Potential** - *If Ryan Cohen successfully negotiates a purchase price with the Board then the shareholders will have to vote on it. Unlike the proxy battle where Hestia and Permit were running a minority slate of directors, an offer to purchase GameStop would force institutions like Vanguard and Blackrock to call in their shares. By doing so, the shorts would be forced to close out their positions and GameStop would finally have the greatest short squeeze of all-time. Ironically, Cohen could use this opportunity to sell all of his shares and use the proceeds to entirely fund the acquisition of GameStop going down as the first person in history to acquire a billion dollar company... for absolutely nothing. In fact, his acquisition price would be less than zero. It will be exciting to see how it all plays out as according to Bloomberg/WSJ there are now 58 million shares short as of 8/31/2020 with only 65 million shares outstanding.*

*If I were short, I'd be sweating bullets right now. This won't end well and will ruin many.*

Justin Dopierala is President and Founder of DOMO Capital.

### **How to know when the potential short-squeeze could happen?**

- *Massive volume in short dated calls. [...] If you have shares, DO NOT SELL COVERED CALLS FROM THEM. by doing this you make the likelihood of a squeeze decrease. - horny131313*
- *Unwind their short position with some behind closed doors deal. A scenario like this could include: Melvin offering shares of other stocks at discounted prices in exchange for GME shares or to unload a portion of their short shares. The second party to this deal could also offer to buy GME shares for higher than market prices - horny131313*

If you want to do a further analysis on short-metrics I put some additional figures - you might find some kind of pattern idk.

## Share Statistics

Avg Vol (3 month) <sup>3</sup>	12.19M
Avg Vol (10 day) <sup>3</sup>	10.53M
Shares Outstanding <sup>5</sup>	69.75M
Float	48.15M
% Held by Insiders <sup>1</sup>	27.33%
% Held by Institutions <sup>1</sup>	122.09%
Shares Short (Dec 14, 2020) <sup>4</sup>	68.13M
Short Ratio (Dec 14, 2020) <sup>4</sup>	6.31
Short % of Float (Dec 14, 2020) <sup>4</sup>	249.67%
Short % of Shares Outstanding (Dec 14, 2020) <sup>4</sup>	97.68%
Shares Short (prior month Nov 12, 2020) <sup>4</sup>	67.45M

Figure 8: Share statistics of December 2020

Date: 2021-01-01 Fee: 18.9%  
Date: 2021-01-01 Available: 350,000

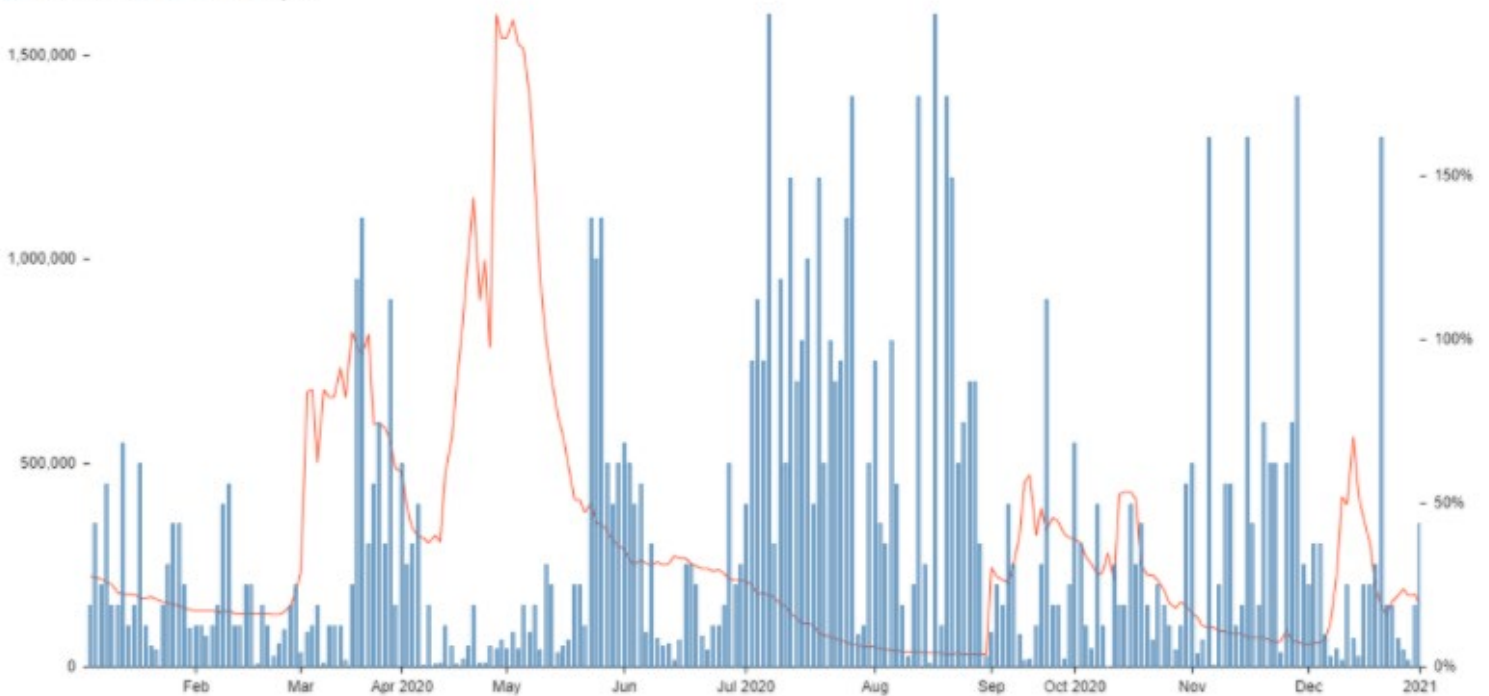


Figure 9: Available shares to short vs. fees in %.

## 2.4 Is GME Manipulated?



Maybe.

### GME from January 1 2020 to September 1 2020

Cumulative return	21 %
Positive daily returns	46.1 %
Negative daily returns	53.3 %
Top 1% highest daily returns	22.6 %
Top 1% lowest daily returns	-13.6 %

I know there is actually a prob. with the % daily returns (it isn't equal to 100% BUT the proportions still hold true on a non 100 point basis). The main point is that: negative daily returns were much higher than positive ones.

If you are familiar with the stock market, you might have noticed that winners do not act like this usually: total return was +21% yet there has been 53.3% red days. If you look at regular stocks which have positive cumulative returns it doesn't happen that often (outliers aside).

This is why I suspect that the stock is being manipulated but the weird stats might be explained just because the stock kept being shorted although it was not enough to keep the price down.

Another opinion on this:

- *Melvin and BoA both have short positions, and are desperately trying to drive the price down. Unfortunately, it is getting harder and harder to convince people that gamestop is a failing business. They are sweating and will continue to sweat. Given the buy side volume, they could close these short positions gradually without triggering a massive squeeze, however it WILL drive the price up significantly higher than it is now. - horny131313.*

## 2.5 What 2020 Has Taught Us?

I think at this point it is the wrong question to ask (*is the stock being manipulated?*). To me, the most important thing is what is the upside potential and the risks associated? Then, how to trade GME?

- *If you're new to gamestop, the volatility will seem scary but the shorts fight hard with this one. -10% days followed by +20% days are not unusual. - horny131313*

I would like to elaborate on this very idea. For this, check GME statistics for 2020:

Top best daily returns	Top worst daily returns
+44%	-19%
+26%	-15%
+25%	-15%
+24%	-14%
<b>Cumulative returns</b>	200%+
<b>Positive daily returns</b>	49%
<b>Negative daily returns</b>	51%

- Whether the stock is manipulated or not, MOST of the 2020 trading days were negative.
- The worst daily returns were hard to handle honestly we are talking multiple worst than 14% daily drawdowns.
- You could more than triple your money WITHOUT LEVERAGE.
- Let's say you bought late Apr. and sold late Aug. you could have been at -13% returns and +31% the next week if you had diamond hands. For the real diamond hands you had +147% returns the next 2 months.

Psychologically this was a hard trade for sure. But for those who had diamond hands, it was pretty amazing. If you don't feel comfortable being at -20% or even -30% returns for months before the stock literally BLOWS UP... Reduce your position and diamond hand with a smaller size. Better to win with less than lose with a lot...

**TLTR: DIAMOND-HAND THIS OR DON'T TRADE THIS AT ALL.**

## Risks

### 3.1 Upside Risks

- RC Ventures LLC increases its stake.
  - It could be VERY soon. On the 31 December 2020, someone bought 900K shares, it could be Ryan Cohen given the size of its last purchases:

<u>Nature of Transaction</u>	<u>Amount of Securities Purchased</u>	<u>Price per Share (\$)</u>	<u>Date of Purchase</u>
<b><u>RC VENTURES LLC</u></b>			
Purchase of Common Stock	128,546	13.8070	12/15/2020
Purchase of Common Stock	320,000	13.8800	12/16/2020
Purchase of Common Stock	26,054	14.0940	12/16/2020
Purchase of Common Stock	800,000	14.2420	12/17/2020
Purchase of Common Stock	470,311	14.7730	12/17/2020
Purchase of Common Stock	256,089	15.8850	12/18/2020
Purchase of Common Stock	500,000	16.0200	12/18/2020

Figure 10: Last RC Ventures GME Purchases. Notice how the biggest numbers (e.g. 800K & 500K) while the smaller ones weren't (e.g. 320K, 256K or 128K).



Figure 11: Check who tweeted this on the same date as the 900K shares purchase?

**EDIT : the recent 900K-share purchase after hours were not "purchases", it was quarterly option settlement. - KYJELLYTIME69.**

- This is very bullish because after the disclosure of additional buying from Cohen last time, even though it strangely took 1 full trading day for the market to pop up, GME shot up 29%.
- Surprise investors with their holiday sales and/or EPS.
  - *GME will more than likely beat earnings next quarter. I won't go into much detail into this because it is not my expertise, however [u/Uberkikz11](#) has done some amazing DD and has been doing so for a long time. This guy literally goes into GameStop stores to get his information. Read this: [https://www.reddit.com/r/wallstreetbets/comments/kh9na8/gme\\_4q20\\_financial\\_model/](https://www.reddit.com/r/wallstreetbets/comments/kh9na8/gme_4q20_financial_model/) - horny131313*
- RC Ventures LLC gets more than one seat on the board.
- RC Ventures LLC begins a hostile takeover.
  - On top of its increasing stake, Ryan is supported by both a lot of small and now large investors too.
  - Moreover *"there is a decent amount of evidence that Ryan Cohen spent the summer of 2020 hiring a badass lawyer and crafting a pretty solid plan to wrest control of a struggling Mall-based gaming retailer from its out of touch Boomer Board and CEO so he can turn it into an ecommerce juggernaut like his baby Chewy. the attorney listed on each of the 13Ds filed by RC Ventures. [...] Chris Davis, Activist Attorney Extraordinaire and His Successful Use of the Consent Solicitation to Remove Dipshit Boards/CEOs" - CPTHubbard.*
- Moody's Upgrades GameStop's credit rating a second time in a row
  - *Hoping for a PR soon confirming the recent redemption of the 2021 notes. Potential credit upgrade from Moodys could come now that GME has officially redeemed 63% of their 2021 notes. If we don't get that now, we should get it in March when the entirety of the 2021 notes are retired. Debt considered investment grade and not junk is a big positive and one most overlook. - Stonksflyingup*
- Short sellers close a part of their position huge short position.
- A major hedge fund takes a significant position on GME.
- Dividend reintroduction.

## 3.2 Downside Risks

- New short sellers open a position and current ones scale up theirs.
- Momentum towards profitability dies out and the company goes bankrupt.
  - Honestly if you read this far you know this is extremely unlikely.
- Share dilution.

## 3.3 Overview

Risk	Probability	Time horizon	Hypothesis
<b>Upside risks</b>			
RC Ventures LLC keeps increasing its stake.	9/10	Days to months	RC doesn't give up on taking a strong existing brand to a double digit-billion market cap as he managed to do so from scratch with Chewy, Inc..
Surprise investors with their holiday sales and/or EPS.		Weeks to months	-
RC Ventures LLC gets more than one seat on the board	7/10	Months	GME doesn't deliver according to RC's expectations.
RC Ventures LLC begins a hostile takeover.	7/10	Months	
Moody's upgrades GameStop's credit rating a second time in a row	7/10	Months	GME continues its path to profitability.
Short sellers close a part of their position huge short position.	7/10	Weeks to months	GME net losses keep decreasing and GME continues to gain ecommerce presence.  Or short sellers realize that GME is not going bankrupt.
Short squeeze		Months	<i>GME reaches profitability?</i>
Dividend reintroduction	2/10	Quarters to years	<i>GME reaches profitability</i>
Nintendo console release	4/10	Year(s)	-
Microsoft-like partnership but with Sony	3/10	Months	Sony decides to follow Microsoft's move.

Table 6: Upside risks

### Downside risks

New short sellers open a position and current ones scale up theirs.	2/10	Days to months	It means shorts ignore Moody's recent credit upgrade on GME AND that one of or even THE most shorted stock of this valuation (in terms of % short interest) keeps being shorted while the company's net losses decrease at a rapid pace year over year. AND bankrupt hypothesis seems to be only a wet dream from the shorts.
Momentum towards profitability dies out in the next quarters.	1/10	Months	It means both GME does not continue to close unprofitable stores AND RC doesn't take on GME. Very unlikely to me that both happen. Also it means that GME stops pursuing its ecommerce presence.
Shares dilution	2/10	Months	George Sherman desperately wants to dilute Ryan Cohen's stake or just the need to raise more cash through the equity market.

Table 7: Downside risks

## 3.4 Commentary

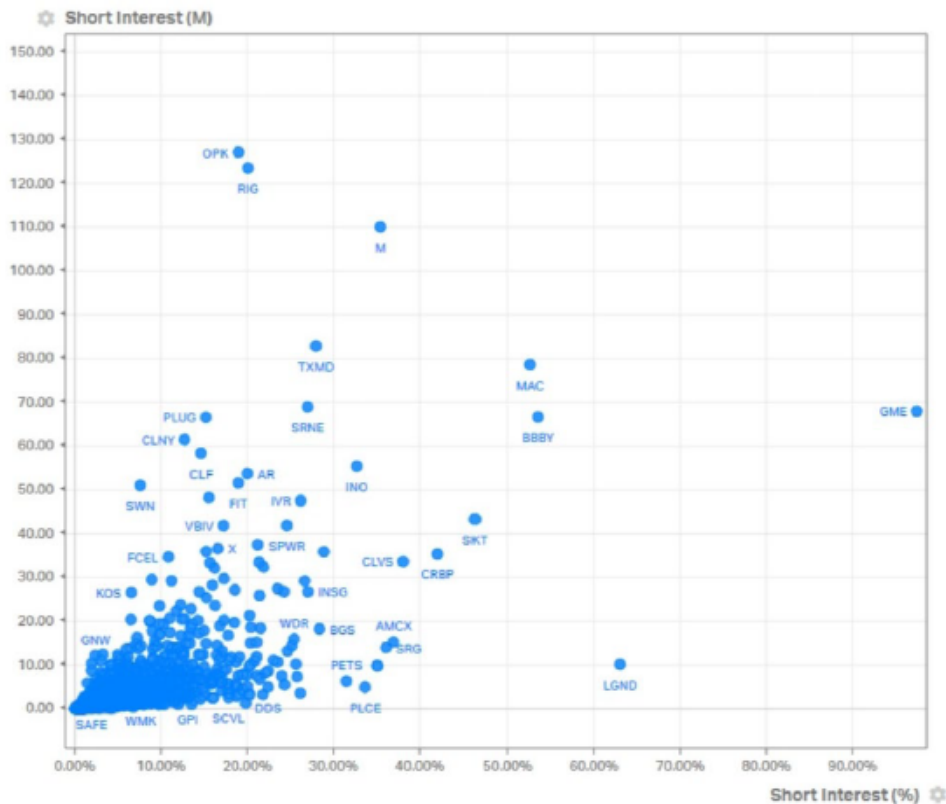


Figure 12: GME is one of or even THE most shorted stock for its valuation (in terms of % short interest).

This means two things:

- It is very unlikely for the shorts to continue to short the company especially when its credit rating is being upgraded - we will see if it keeps getting upgraded or not in March.
- If the shorts get to short it more (or new short sellers open a position) it will:
  - Drive the stock price down (lower market cap), drive the short ratio higher making the unwinding of the short sellers even harder and as a result making the probability to have a short-squeeze VERY BIG if good events happen moving forward.
  - Push Ryan Cohen to accelerate its plans.
    - *I will personally increase my share-position if it happens.*

## Conclusion

### 4.1 Prices Targets

Here is a summary of [my post](#):

When the short % of free float went from a high point (~160%) at around February 2020 to a low point (~140%) - which by the way are in absolute terms both huge numbers- the stock went up ~94% **BUT** most of the gain took place at 2 key moments: at the recovery of the market crash and then in late August which shows that -ing is key to capture most of the gains.



Figure 13: GME returns from 3 Feb. 2020 to 1 Sept. 2020

Why do I say this? Because when holding the stock you could “feel” like you bled when you watch the stats:

Positive daily returns	Negative daily returns
49.3 %	50.7 %

But IT WAS IN FACT THE SHORT SELLERS WHO BLED HARD:

Best daily return	Worst daily return
23.0 %	-13.7 %

Imagine you sold GME when the -13.7% happened. You would not have captured the 94% returns. So just and let those shorts go bankrupt.

Source	Hypothesis	Time horizon	Price target
Myself	Short % of free float drops by 20% or more.	3-6 months	\$34-70
horny131313	<a href="#">Link</a>	3-8 months	\$30-60 <sup>24</sup>
Hedgeye	"If the company can execute a turnaround strategy to make GameStop the leading store and online destination for the gaming community"	?	\$50+ <sup>25</sup>

Table 8: PTs.

## 4.2 Valuations

"r/Wallstreetbets - GME 4Q20 Financial Model ."

Reddit, [www.reddit.com/r/wallstreetbets/comments/kh9na8/gme\\_4q20\\_financial\\_model/](https://www.reddit.com/r/wallstreetbets/comments/kh9na8/gme_4q20_financial_model/).

"GameStop Rips Higher as Hedgeye Pitches the Long Side of the Trade." SeekingAlpha, 23 Dec. 2020, [seekingalpha.com/news/3647009-gamestop-rips-higher-hedgeye-pitches-long-side-of-trade](https://seekingalpha.com/news/3647009-gamestop-rips-higher-hedgeye-pitches-long-side-of-trade).

Thanks for reading.

## 4.4 Letter to the GME Gang

*BIG SHOUT OUT TO THE ALL THE MEMBERS OF THE GME GANG.*

*I WILL MAKE MORE DDs IN THE FUTURE IF YOU LIKE THIS ONE.*

*I AM NOT DELUSIONAL OR COMPLETELY DUMB I KNOW THE TRADE IS RISKY BUT IF WE ARE RIGHT, WE WILL MOON THAT IS FOR SURE.*

*LET'S MAKE HISTORY WITH THIS ONE.*

*GME GANG 4 LIFE.*

*Sincerely yours,*

*ShortTheNasdaq, a proud member of the GME gang.*

EDIT 2: Delos Capital Advisors turns BULLISH for GME throughout 2021

(<https://www.cnbc.com/video/2021/01/05/stocks-to-buy-in-2021-strategist-names-three-top-picks.html>).

MORE LINKS (not included in the pdf):



<https://finance.yahoo.com/news/IMPLIED-VOLATILITY-SURGING-GAMESTOP-GME-135401645.html>

[https://www.reddit.com/r/wallstreetbets/comments/krdqp5/gme\\_4q20\\_financial\\_model\\_update/](https://www.reddit.com/r/wallstreetbets/comments/krdqp5/gme_4q20_financial_model_update/)

[https://www.reddit.com/r/wallstreetbets/comments/krgvq6/gme\\_gang\\_digital\\_is\\_the\\_rebirth\\_of\\_gamestop\\_not/](https://www.reddit.com/r/wallstreetbets/comments/krgvq6/gme_gang_digital_is_the_rebirth_of_gamestop_not/)

[https://www.reddit.com/r/wallstreetbets/comments/kr98ym/gme\\_gang\\_we\\_need\\_to\\_complain\\_about\\_naked\\_short/](https://www.reddit.com/r/wallstreetbets/comments/kr98ym/gme_gang_we_need_to_complain_about_naked_short/)

[https://www.reddit.com/r/wallstreetbets/comments/kr02y8/gme\\_gang\\_18\\_consecutive\\_days\\_on\\_nyse\\_threshold/](https://www.reddit.com/r/wallstreetbets/comments/kr02y8/gme_gang_18_consecutive_days_on_nyse_threshold/)

<https://www.barrons.com/articles/gamestop-stock-soars-as-short-sellers-take-a-hit-51610572262>

<https://www.bloomberg.com/news/articles/2021-01-13/heavily-shorted-gamestop-soars-most-ever-as-day-traders-circle>

**FAQ 1 : Is GameStop going bankrupt?** 300%+ yearly growth ecom sales, already closing top ~20% of their most unprofitable locations, high margin partnership with Microsoft, new gaming console generation, Moody's recent credit upgrade on 8 Jul 2020 from C (negative outlook) to B3 (stable outlook)... So extremely unlikely.

**FAQ 2 : GameStop employees complain about the company, so is the stock going down?** Well listen to Apple's iPhone manufacturers or Amazon employees... There is no correlation between their words and the stock price, if any there is a negative one.

**Positions:** shares, Nov. calls and some cash on the sidelines to buy the dips.

**[PDF VERSION HERE](#)** (20+ pages) without the corrections and updates but with ALL the references if you want to work from this post or dive deeper on certain points.



# REPORT ON GME (OVER 100 PAGES) - Feb. 1, 2021



[Link to download the 100-page report.](#)

EDIT:

- **There has not been of lot of interest for the research I published. I am not going to lie, I'd rather move on to new investment opportunities and make money elsewhere rather than pushing something that the WSB community doesn't care about.**
- **There has been 1.5K likes on my 20-page research when GME was NOT mainstream and traded at 17/18\$ vs. 0.2K for a 100-page document.**
- **I am not going to push my work given the metrics. This is basic supply and demand.**
- **For those of you who had interest in it, sorry but I think WSB is more interested in memes and gains/loss posts. However for those who are interested stay tuned, I will keep publishing my views about new investment opportunities (not financial advice of course).**
- **I will continue to defend WSB reputation and be against market manipulation.**
- **Something important I want to had about the fundamentals of the company: with the buzz that GameStop have made, there is a real chance that its sales with perform better than expected. No valuation models, as far as I know, accounts for this because it's very difficult to price in.**
- **Updated the link with a new version (minor corrections).**

Due to the increasing demand I am posting the EARLY VERSION of the full report, there will be an updated version later. The report contains the story of GameStop, my previous analysis on the company (from 3 Jan.) and all the references. For the analysis I included the work of GMEDD.com so that you have an updated version of the analysis on top of my previous one. I hope the boomers who say we can't do our own research will shut up now, even if I know they say stuff like this just because they lost big.

If you have any suggestions, corrections or feedback PM me. This is not investment advice. This is an organized collection of informations and my personal opinion on the matter.

Big shout out for those who supported me before the story became mainstream [here](#). Truly appreciate.

*A random proud member of the GME gang.*

