GameStop (NYSE: GME)

The card shop Wall Street refuses to look at

Research thesis | September 19, 2026 | Price $22.00 | Market cap $11.1B

$13.70 of net cash and securities per share | 4.7x FY26E EBITDA on the operating business | ~20% free cash flow yield

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About The Value Road

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Deep value. Margin of safety. No permission required.

The Value Road is written by a self-taught deep value investor who does not buy anything without a margin of safety and does not care what Wall Street thinks of it. The research is long-form and fundamental: filings, unit economics, channel checks, primary data, and a model built from scratch rather than borrowed from a broker.

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1 What we look for

Hated, ignored or misunderstood companies where the price already assumes the worst, the balance sheet gives you time to be right, and the business is quietly better than the narrative. The best ideas have no analyst coverage and a stigma that keeps institutions away.

2 Why it works

Wall Street is a consensus machine: the same models, the same conferences, the same career risk. Sell-side estimates cluster, 13F holdings cluster, and almost no one is paid to be early on a name that is embarrassing to own. Deep fundamental work on deeply out-of-favor, undervalued companies is one of the few edges that has not been arbitraged away, because most of the street is structurally unable to use it.

3 How we work

Read every filing. Rebuild the financials. Visit the stores. Pull the primary data ourselves. Size the downside before the upside. Write it up so a reader can check every number. Own the position we write about.

Contents

Executive summary: what you actually get for $22

GameStop is priced as a meme and a video-game retailer. It is a card shop with 30% four-wall margins and a balance sheet that covers most of the market cap.

$13.70

Net financial assets per share

cash $4.7B + eBay $4.7B + BTC $0.3B − notes $2.8B

$4.2B

EV of the operating business

$8.30 a share for a retailer earning ~$885M

4.7x

EV / FY26E adjusted EBITDA

vs. 12–16x for Five Below / Boot Barn

~20%

FCF yield on EV

FY26E free cash flow ~$835M

- Collectibles are 45% of sales (from 23% a year ago); gross margin went from 29% to 44% in twelve months; Q2 operating income of $160M was a second-quarter record on revenue that fell 19%.
- Management guides FY26 adjusted EBITDA to "in excess of $650M" after a $340M first half; repeating Q2 twice with no seasonality gets to $688M. Our bridge: ~$885M.
- EBITDA converts to free cash flow at 120–170% because capex is ~$17M, the cash pile earns interest, and inventory is a source of cash.
- GameStop is ~10% of everything PSA grades (our estimate), the largest physical intake network in the fastest-growing collectible category; eBay Pokémon singles hit a record $160M in August, +130% YoY.
- The CEO takes no pay, owns 7.8% at a $3.78 average cost, and bought $20.4M two days after the Q2 print, the week the company began reopening stores.
- The eBay stake is a free option; the likely outcome is a commercial partnership worth ~$150–365M of EBITDA to GameStop without a merger.

Executive summary: the six things Wall Street is missing

The business changed

Cards, not consoles. Trading cards ~70% Pokémon drove collectibles from $718M (FY24) to a ~$1.4B run-rate; gross profit per store doubled to ~$640K after eight flat years.

The counter is the moat

GameStop buys ~$520–560M a year of goods over the counter, two-thirds paid in store credit that comes back at full margin. No app can source a single card.

The guide is a floor

$340M in H1; the guide needs $310M in H2 for a company whose Q4 was 2.6x its Q3 last year.

The balance sheet is real

$4.7B cash, $4.7B eBay, $0.3B BTC, $2.8B of 0% notes due 2030–32. Fire-sale floor ~$11.50.

Alignment is extreme

No salary, no options; $866M of the CEO's own money; ~20% of his net worth; never sold a share.

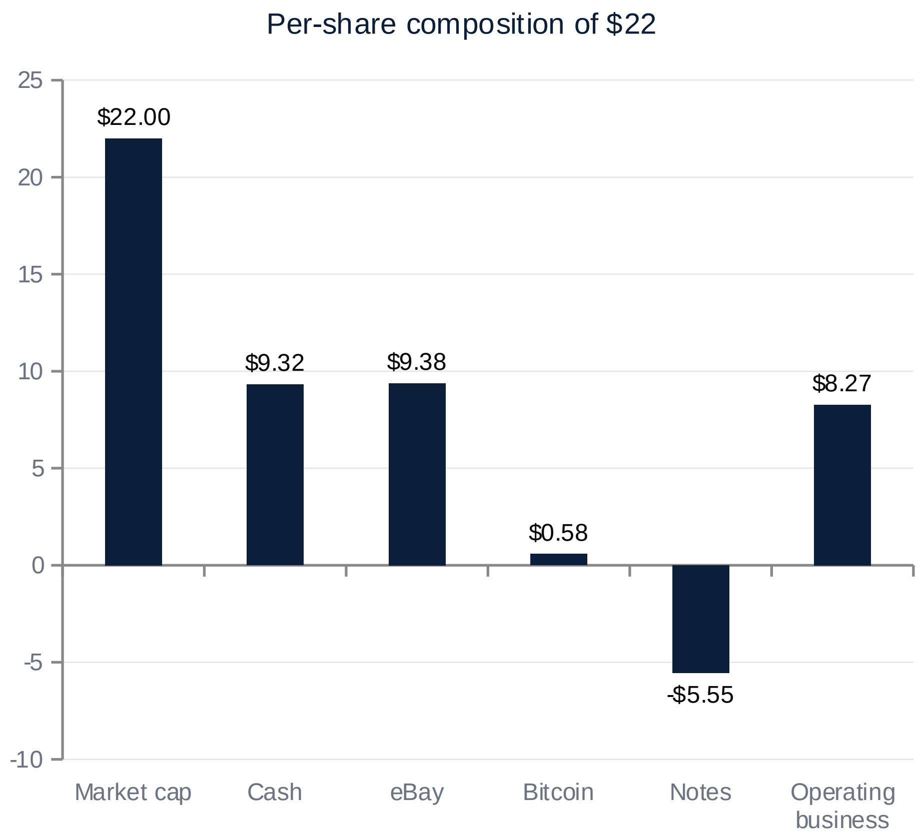
The optionality is free

PSA at 1,600 counters, an eBay partnership, live commerce. Each is a contract, not a $56B check.

The setup: $13.70 a share of cash and securities, then a retailer at 4.7x

Net financial assets cover 62% of the market cap. The "debt" is $2.8B of 0% notes that only matter above $29–30.

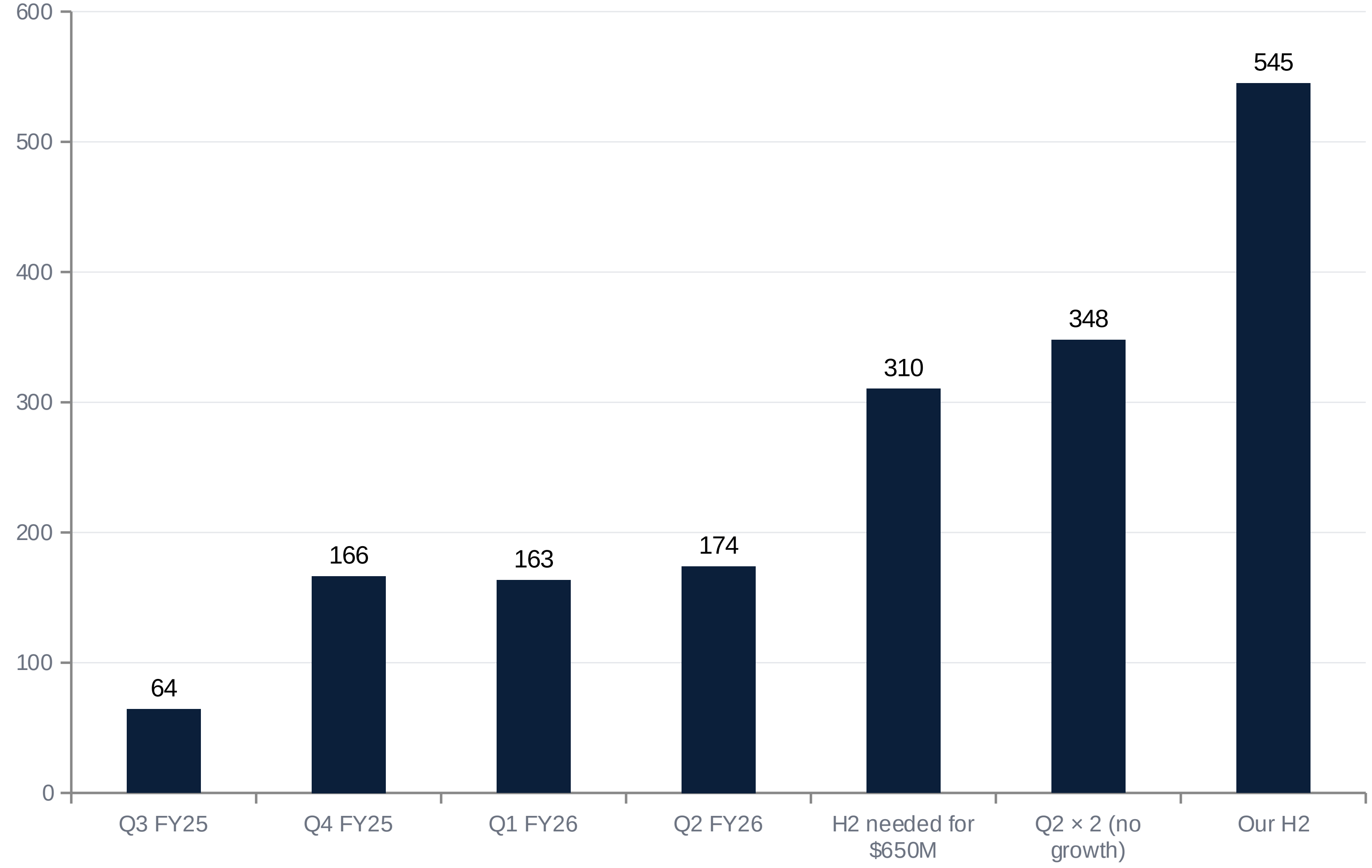
$ millions	Amount	Per share
Market capitalization (504.3M shares × $22)	11,095	$22.00
Cash & marketable securities (post-exchange)	4,702	$9.32
eBay stake (43.4M shares × $109)	4,730	$9.38
Bitcoin (4,710 BTC)	294	$0.58
Convertible notes at face (0%, due 2030/2032)	(2,800)	($5.55)
Net financial assets	6,926	$13.73
EV of operating business	4,169	$8.27
FY26E adjusted EBITDA (our estimate)	885	
EV / EBITDA	4.7x	
FY26E free cash flow / FCF yield on EV	835	~20%



Source: GameStop Q2 FY26 8-K and 10-Q (Aug 1, 2026); September 3, 2026 note exchange; eBay at $109. Estimates: FY26E EBITDA and FCF.

The guide is a floor: H2 needs $310M; Q2 repeated twice is $348M

Guidance went from ">$600M" (June) to ">$650M" (September); each raise was roughly the prior quarter's beat.

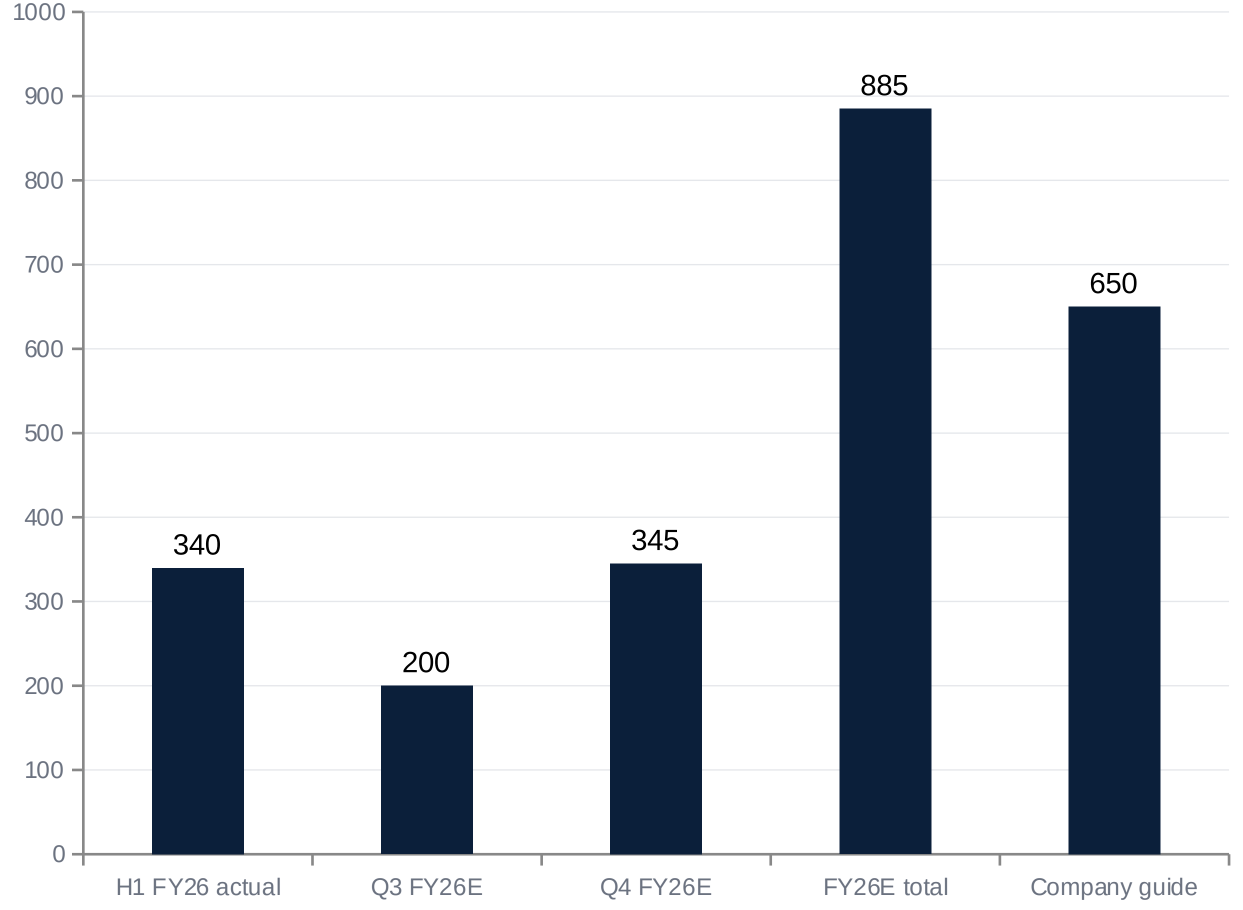


- First-half adjusted EBITDA: $339.7M ($163.4M + $174.0M).
- A $650M year needs $310M in the second half, less than the first half.
- Last year's second half was $231M and Q4 was 2.6x Q3 because it holds the holiday.
- No growth and no seasonality (Q2 × 2) = $688M for the year.
- The guide has been raised once by the size of a beat; the Q3 print is the next raise.

Source: GameStop Q1 and Q2 FY26 8-Ks; Q3/Q4 FY25 8-Ks.

The bridge to ~$885M: the first half plus a normal holiday at Q2's margins

Q3 gets the anniversary launch and the easiest comp of the year; Q4 gets the holiday, GTA 6 and a cost base already cut to ~1,900 stores.



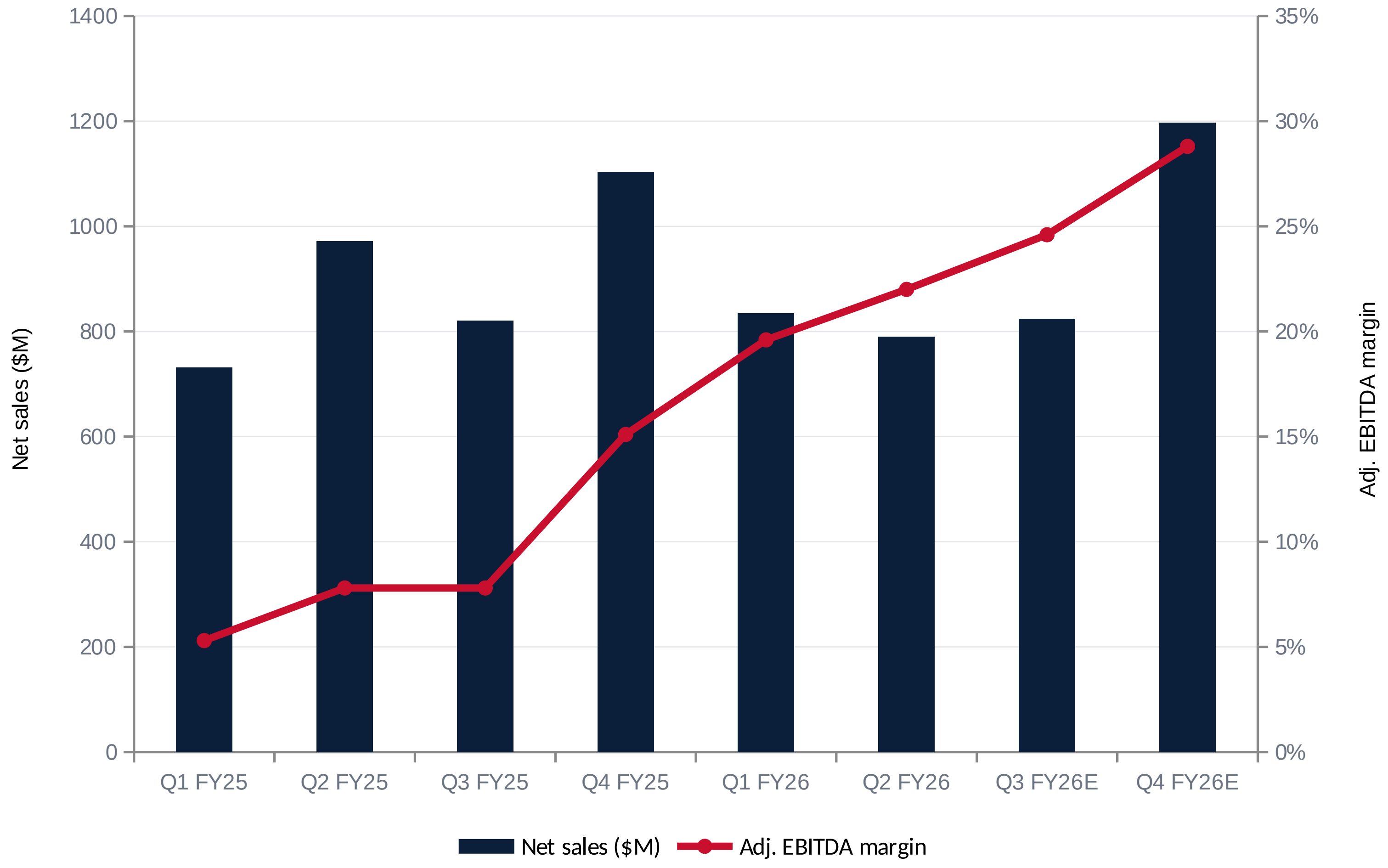
	Q3 FY25A	Q3 FY26E	Q4 FY25A	Q4 FY26E
Net sales ($M)	821	~824	1,104	~1,197
Collectibles ($M)	256	~396	365	~584
Gross margin	33.3%	~45.5%	35.0%	~44.7%
SG&A ($M)	221	~185	242	~204
SG&A % sales	27%	22%	22%	17%
Adj. EBITDA ($M)	64	~200	166	~345

- Q3: 30th Celebration wave one sold at ~3x MSRP at GameStop (a $49.99 ETB at $150 carries ~78% gross margin vs ~35% at MSRP).
- Q4: last year's highest-margin quarter; fixed costs spread over the biggest sales quarter.

Source: Company 8-Ks; our estimates for FY26E.

Operating leverage: +4% revenue is +15% EBITDA (Q2→Q3); +8% is +100% (Q4 vs Q4)

SG&A is ~$185–205M a quarter regardless of sales; gross profit rises with the card mix while the cost base falls with the store count.



- Q2 FY25 → Q2 FY26 (actual): gross profit +$62M, SG&A −$32M, operating income +$94M on 19% less revenue.
- Q4 FY25 EBIT margin of 12.2% was the year's highest; holiday mix plus a fixed base does it again in Q4 FY26E.
- Incremental margins above 100% are the arithmetic, not a typo.

Source: Company 8-Ks; FY26E quarters are our estimates.

A cash machine in a retailer costume: FCF conversion of 173% (FY25), 121% (TTM)

Three reasons: ~$17M of capex on a $50M asset base, ~$272M of interest income on the cash pile, and inventory that is a source of cash.

$ millions	FY2024	FY2025	TTM Q2 FY26	FY2026E
Adjusted EBITDA	36	345	568	~885
+ Interest income, net	163	272	306	~215
− Cash taxes	(6)	(32)	(58)	~(130)
± Working capital, SBC & other	(47)	30	(11)	~(115)
= Cash from operations	146	615	705	~855
− Capital expenditures	(16)	(18)	(17)	~(20)
= Free cash flow	130	597	688	~835
FCF / adjusted EBITDA	3.6x	1.73x	1.21x	~0.95x

$17.5M

Capex, FY2025

on $3.6B of revenue and $50M of net PP&E

$915M → $439M

Inventory, FY2021 → Q2 FY26

while collectibles sales doubled

$272M

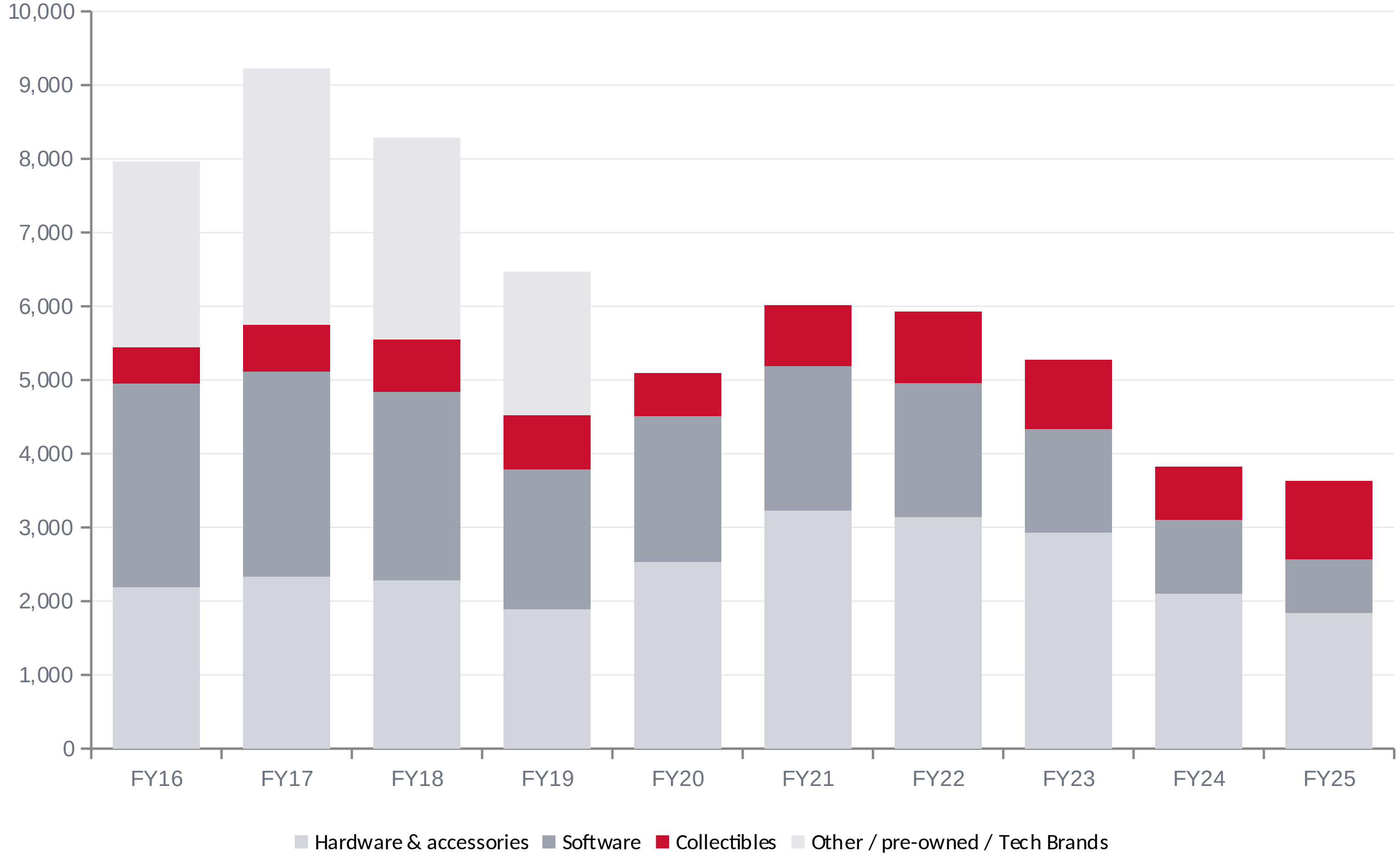
Interest income, FY2025

80% of adjusted EBITDA on its own

Source: Company 8-K cash-flow statements; FY26E is our estimate (NOLs exhausted; ~$4.4B of cash moved into eBay stock).

The business changed: collectibles went from 6% of sales to 45%

Hardware and software have shrunk with the console cycle and digital; trading cards replaced them at roughly double the margin.



45.1%

Collectibles, Q2 FY26

of net sales; $356M, +57% YoY

29.1% → 43.7%

Gross margin, Q2 FY25 → Q2 FY26

mix, not price

~56%

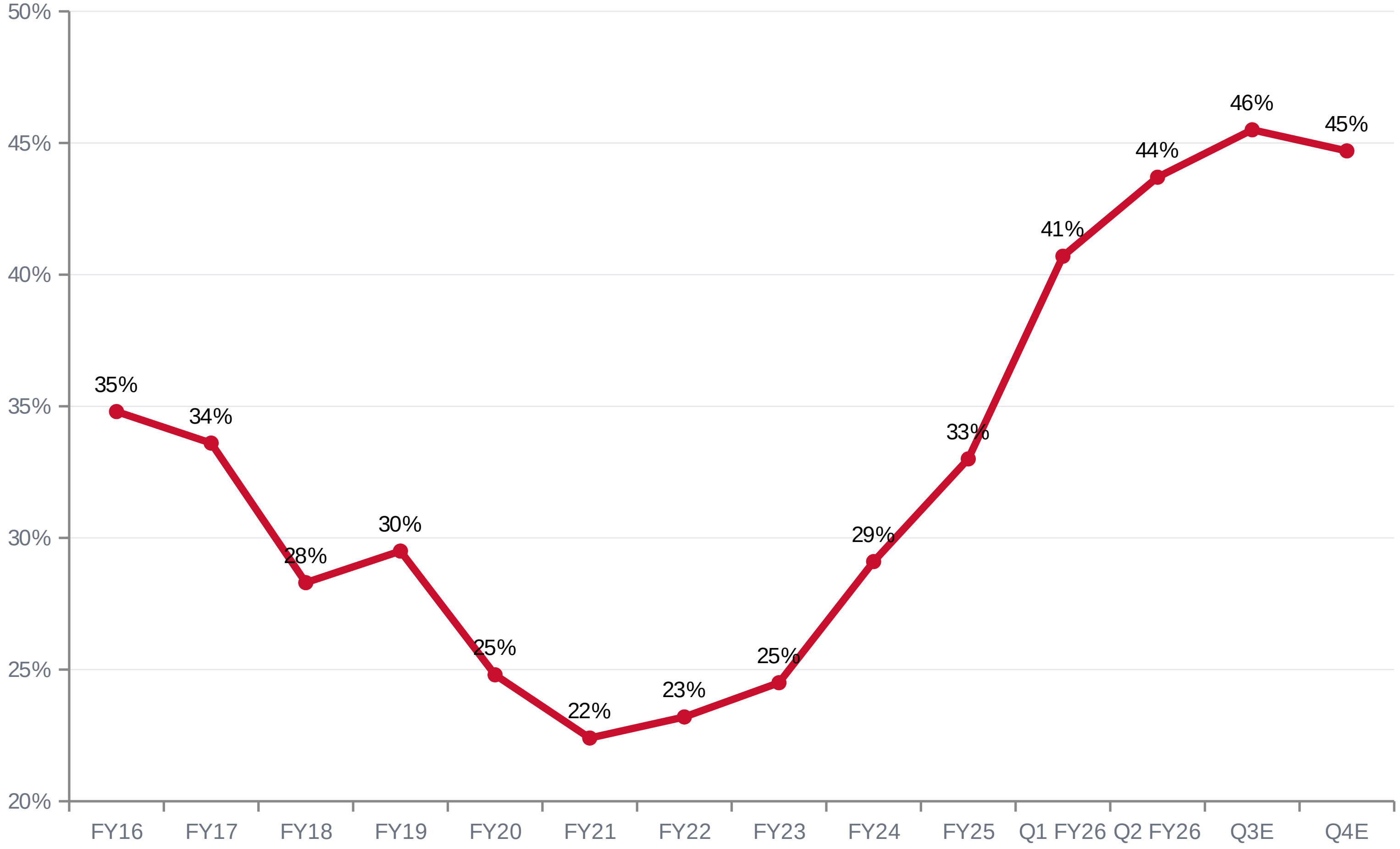
Implied collectibles gross margin

vs 33–36% in the Funko era (FY16–19)

Source: GameStop 10-Ks (category sales); FY16–19 'other' includes pre-owned, accessories, digital, Technology Brands. Margin implied from segment data.

Gross margin: 44% and rising with the mix

Q4 is seasonally the highest-margin quarter because holiday demand skews to collectibles.

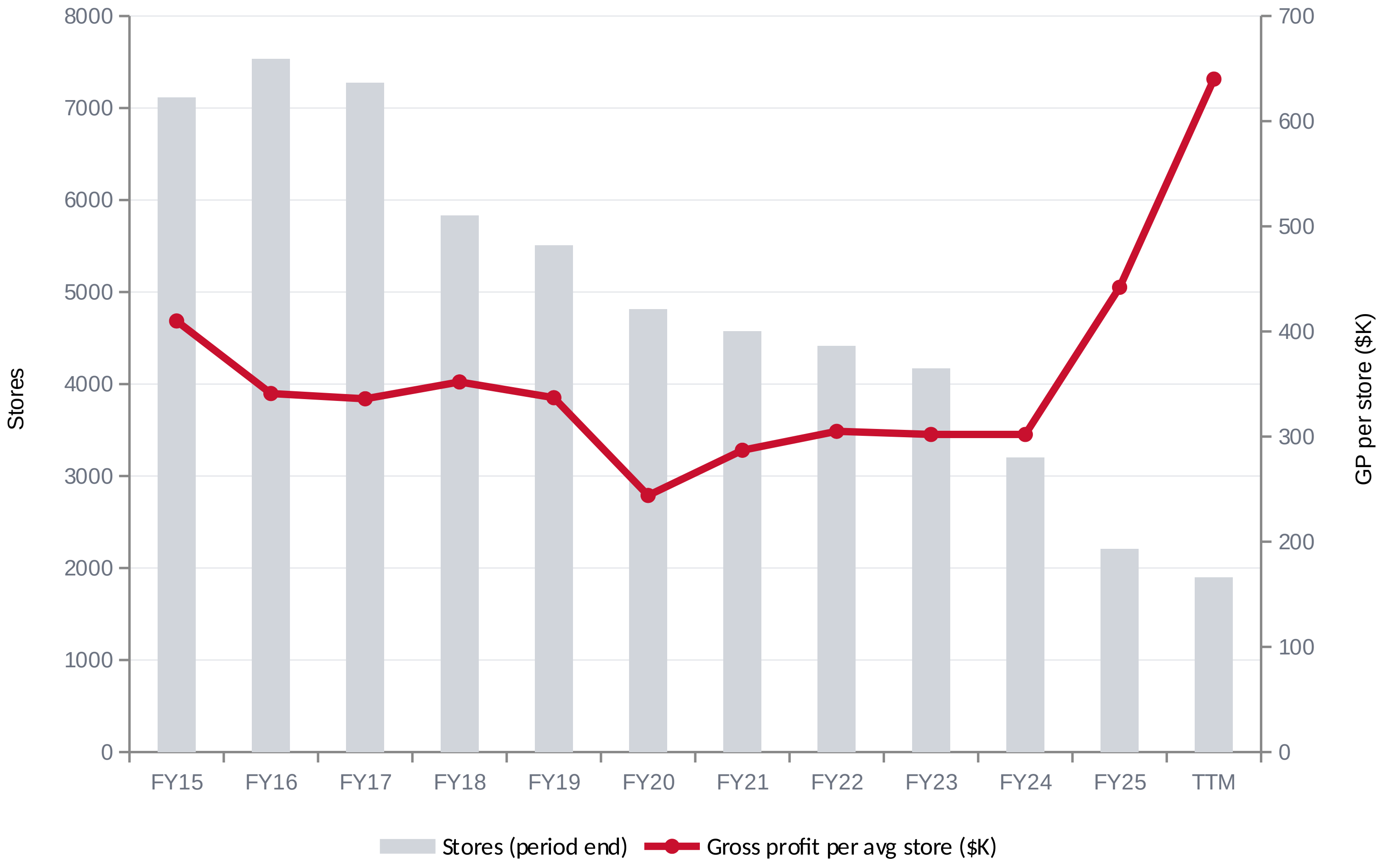


- Q4 FY25 (35.0%) was the highest-margin quarter of FY25 even with the holiday hardware mix.
- Sealed at MSRP earns ~35%; graded singles bought at 60–70% of market earn 55–60%; wave-one anniversary product sold at ~3x MSRP earns ~78%.
- Everything-else (pre-owned heavy) runs ~33%.

Source: Company filings; Q3E/Q4E our estimates.

They closed 5,600 stores and gross profit per store doubled anyway

Eight years of closures moved gross profit per store by nothing; two years of cards doubled it.



- Peak fleet ~7,500 (FY16, incl. ~1,500 Technology Brands); ~1,900 today (1,598 U.S., 300 Australia; France sold).
- FY26 10-K: no significant closures anticipated; September 11, 2026: select closed stores begin reopening.
- Same box, same lease, different product on the shelf.

Source: GameStop 10-Ks; TTM = four quarters to Aug 1, 2026.

Four-wall economics that belong in a different industry

A U.S. store does ~$1.9M of sales and ~$580K of four-wall EBITDA, a ~30% margin, in ~1,500 sq ft renting for ~$90K.

Per U.S. store (annualized)	$K
Net sales	~1,900
Gross profit (44.9%)	~850
Store-related SG&A	~(270)
Four-wall EBITDA	~580
Four-wall margin	~30%
Corporate SG&A allocation	~(64)
Operating income	~514
Capex	~(4)
Gross profit per sq ft	~$430

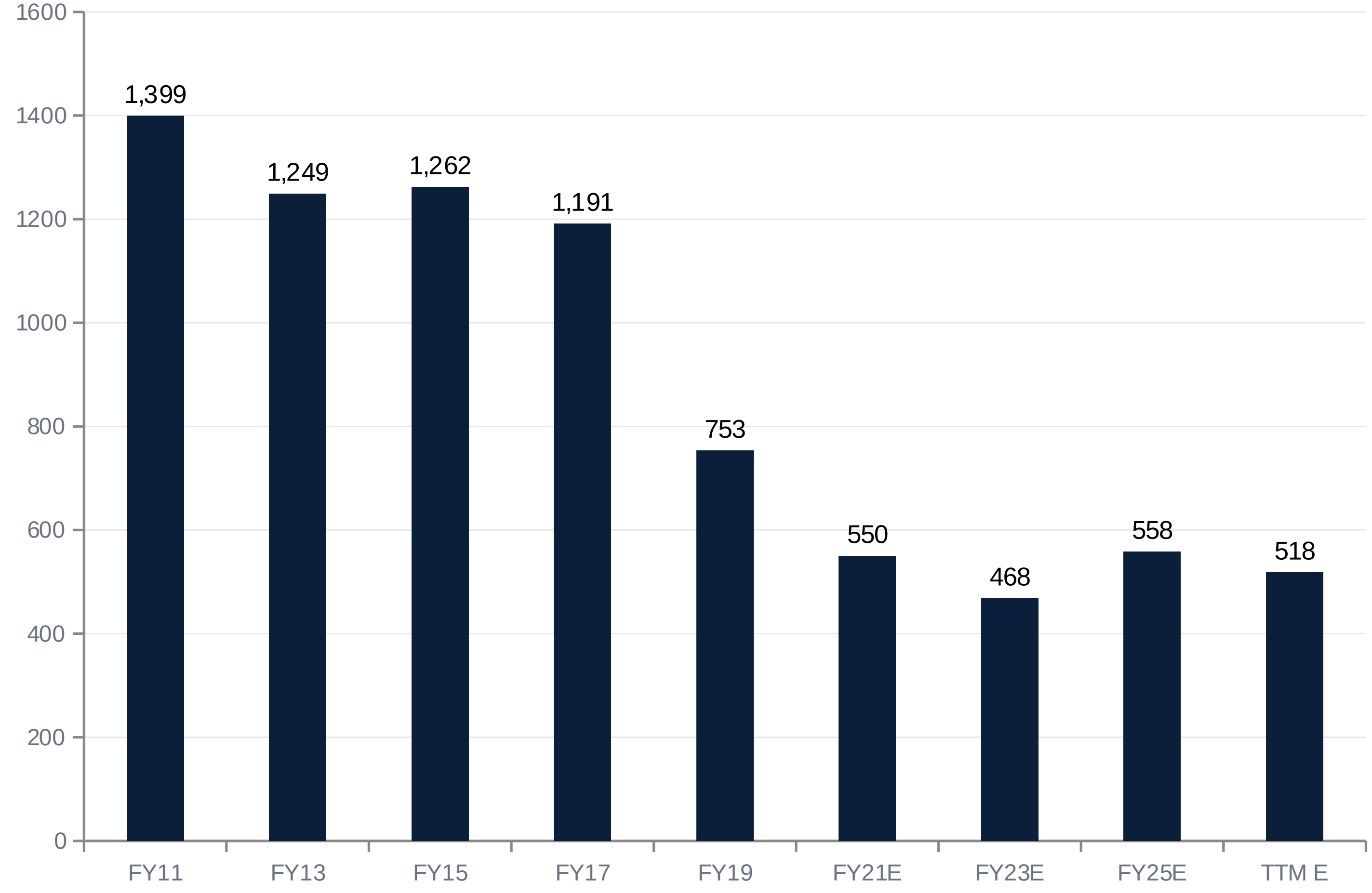
Opening a door	Reopen (Jan-26 closure)	New store
Fit-out / fixtures	~$50–60K	~$180–200K
Net inventory (after payables)	~$118K	~$118K
Total cash	~$150–175K	~$300K
Four-wall EBITDA, conservative	~$330K	~$330K
Payback	~6 months	~11 months
200-store program: cost / EBITDA added	~$35–60M / ~$65M	

- Five Below and Boot Barn earn four-wall margins in the mid-20s and have traded at 12–16x EBITDA; GameStop's operating business is at 4.7x.
- September 8–10, 2026: Cheng ($1.0M), Grube, Attal and Cohen ($20.4M) buy stock; September 11: reopenings begin.

Source: Q2 FY26 10-Q segment note (U.S.: $1,259M sales, $565M gross profit, $216M store SG&A, $298M operating income, six months); annualized with a 20% H2 uplift; store-cost build is our estimate.

The trade-in counter is the moat: ~$520–560M a year bought from customers

At the 2011 peak the counter bought $1.4B a year and pre-owned was 46% of gross profit; it is being rebuilt around graded cards.

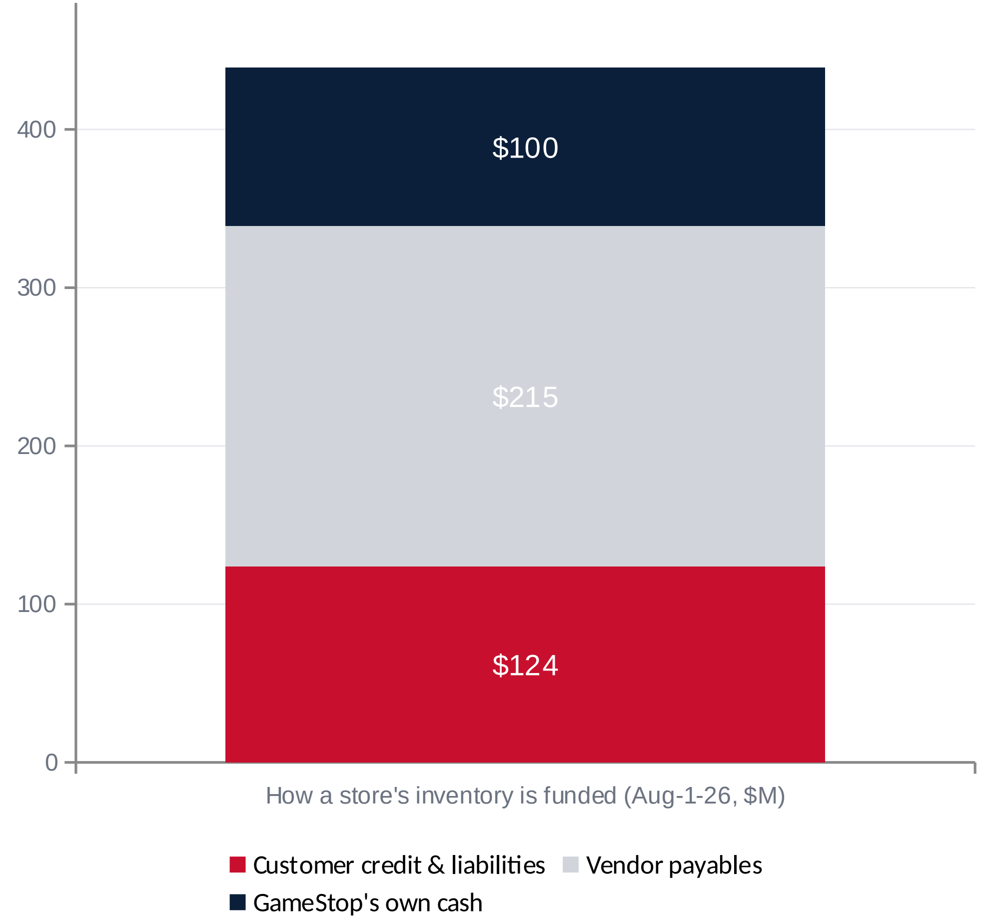


- Pre-owned gross margin 45–47% (disclosed through FY19) vs ~20% for the same revenue as new product: $600–700M a year of extra gross profit at the peak.
- ~Two-thirds of trade value is taken as store credit and spent back at full margin; $124M of unredeemed customer credit sits on the balance sheet.
- ~$280K of purchases per store today; FY25+ includes ~$110–140M of graded-card buybacks (est.).
- eBay (135M buyers) and Whatnot ($15B GMV) cannot source a card. BookOff, Hard Off, Mandarake and CeX run this model and have survived every cycle since 1990.

Source: GameStop 10-Ks (pre-owned sales and margins through FY19; FY20–24 estimated); Q2 FY26 8-K.

The trade-in counter is also a float business, and nobody values it as one

Customers hand GameStop inventory today and are paid later in merchandise at retail; vendors finance half of what's on the shelf.



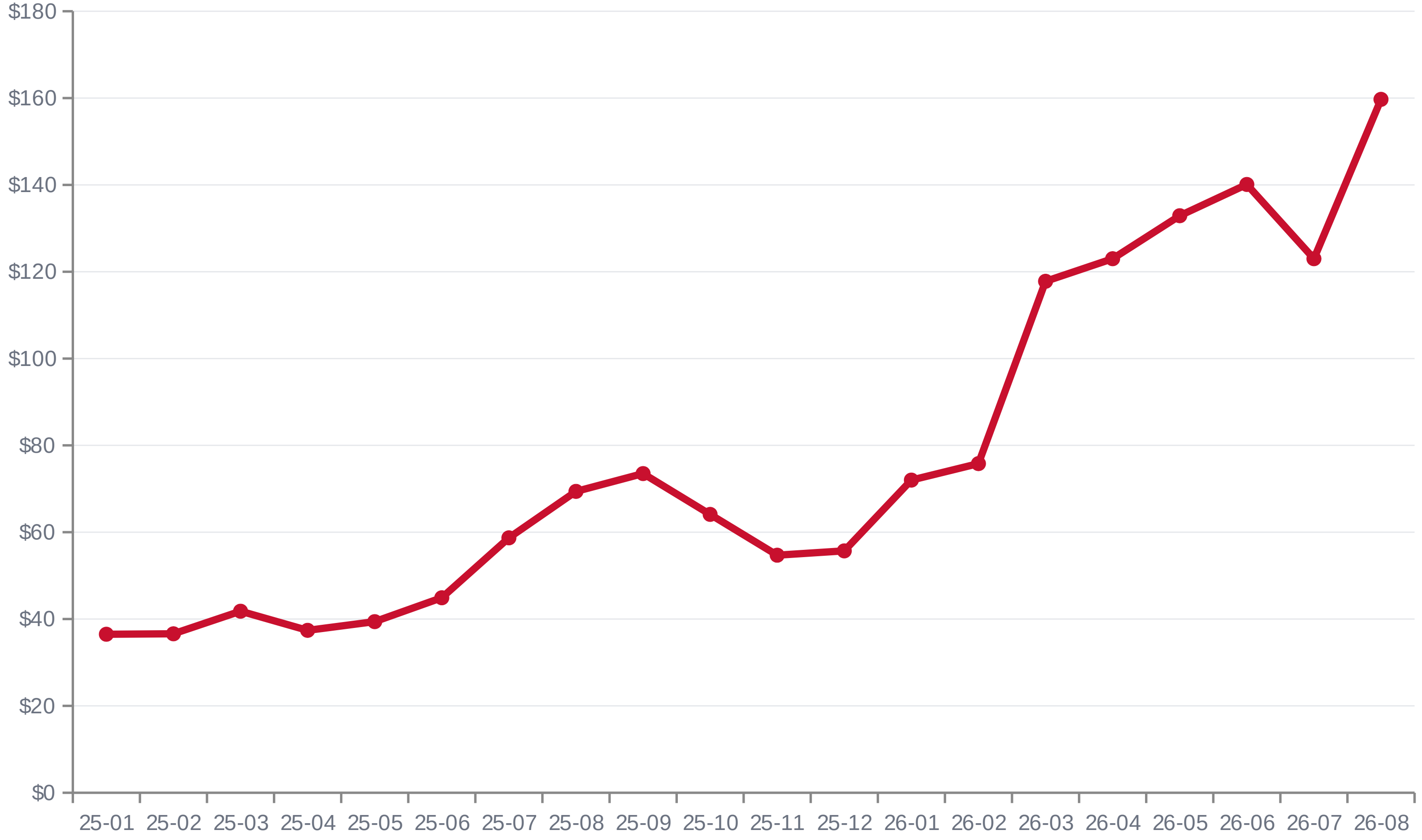
Float metric	Value
Unredeemed customer liabilities, FY2023 year-end	$149.5M
Unredeemed customer liabilities, FY2024 year-end	$123.9M
Per store today (~1,900 stores)	~$65K
Store credit issued per year (est.)	~$350M
Share of trade value taken as credit (est.)	~2/3
Vendor payables vs. inventory (Aug-1-26)	$215M vs. $439M
Interest paid on customer credit	0%

- Every dollar of credit is inventory GameStop never paid cash for and a future sale already locked in at full margin; unredeemed credit becomes breakage income.
- Walmart has vendor float; Costco has membership float. No other retailer has customers walking in to hand it inventory in exchange for an IOU.
- It is why working capital was a source of cash while the business doubled.

Source: GameStop 10-K revenue note (customer liabilities), Q2 FY26 10-Q; credit issued and inventory-funding split are The Value Road estimates.

Demand: eBay Pokémon singles hit a record $160M in August, +130% YoY

Sum of 1,022 characters' eBay sold-listing dollar volume (singles only), January 2025 – August 2026.



$69M → $160M

Aug-25 → Aug-26

+130% year over year

$944M vs $365M

Jan–Aug 2026 vs 2025

+159%

$1.19B

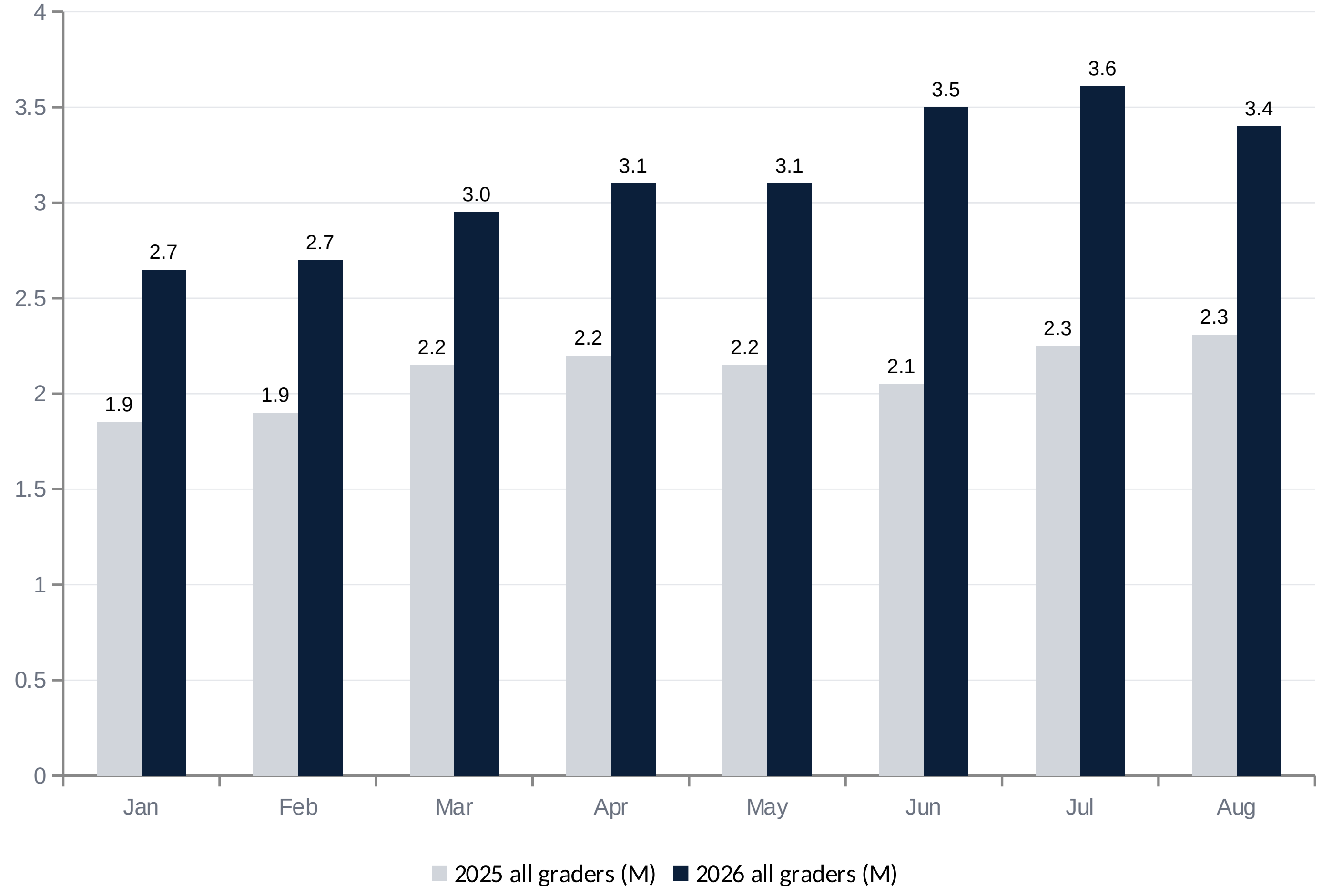
Trailing twelve months

from $613M eight months earlier

Source: GemRate eBay sales trends (Pokémon), exported and aggregated by us. Charizard and Pikachu are ~23% of dollars; top 20 characters ~59%.

Grading: ~40M cards annualized (+40–50%); GameStop is ~10% of PSA's volume (est.)

PSA has a 12.4M-card backlog, opened a Plano facility 25 miles from GameStop's DC, and steers bulk submitters to "outlets like GameStop."



GameStop × PSA	Fact
May 2024	GameStop begins buying PSA 8/9/10s for cash or credit
Oct 15, 2024	In-store submissions launch at $19.99 + $4.99 shipping
Nov 2024	Collectors CEO Nat Turner joins GameStop's board
May 7, 2025	1,000,000th card in <7 months; 1,360 stores, +280 in June
Jun 2, 2026	PSA pauses tiers under $80; GameStop price → $79.99
Jul 2026	PSA opens Plano, TX; $200M expansion; 12.4M backlog
Early 2026 (est.)	~250–300K cards/month, ~12–13% of PSA's volume

Source: GemRate monthly recaps (published months blue in our tracker; others interpolated); GameStop, cllct, PSA, SI, Sports Collectors Daily.

The 30th Celebration landed inside Q3 and sold out before sunrise

First simultaneous worldwide Pokémon release; fifteen U.S. SKUs across five waves from September 16 to December 4.

Sizing (our estimate)	Value
TPC annual print at capacity	~10B cards
Share of print devoted to the set (all languages)	~12%
Cards / packs worldwide	~1.2B / ~240M
Worldwide retail at MSRP	~$1.3B
U.S. retail at MSRP	~$600M
GameStop allocation at MSRP (~22% share)	~$130M
GameStop revenue incl. wave-one premium pricing	~$180M
Split Q3 / Q4	~40% / ~60%

- Wave one gone from Target before dawn; Best Buy out of stock on every SKU; gamestop.com pages up with nothing purchasable.
- GameStop listed the $49.99 ETB at $150 and the $179.99 UPC at $599.99; loose packs traded above $18 on launch day.
- Channel checks: a dozen GameStop stores visited after launch, every one sold out; card shops with lines in the hundreds; phones ringing continuously.
- One store: a $1,400 pickup followed immediately by a $6,000 pickup.
- November 6 premium wave and December 4 tins land in the holiday quarter.

Source: TrackaLacker, TechTimes, The Lab TCG, Cardlines (Sept 2026); The Pokémon Company print disclosures; our channel checks and estimates.

Four centuries of cycles: the counter and the grader survive; the hot product does not

Twenty cycles, tulips to Labubu: average drawdown on boom-era product −66%; pre-boom scarce items held or rose in 17 of 20.

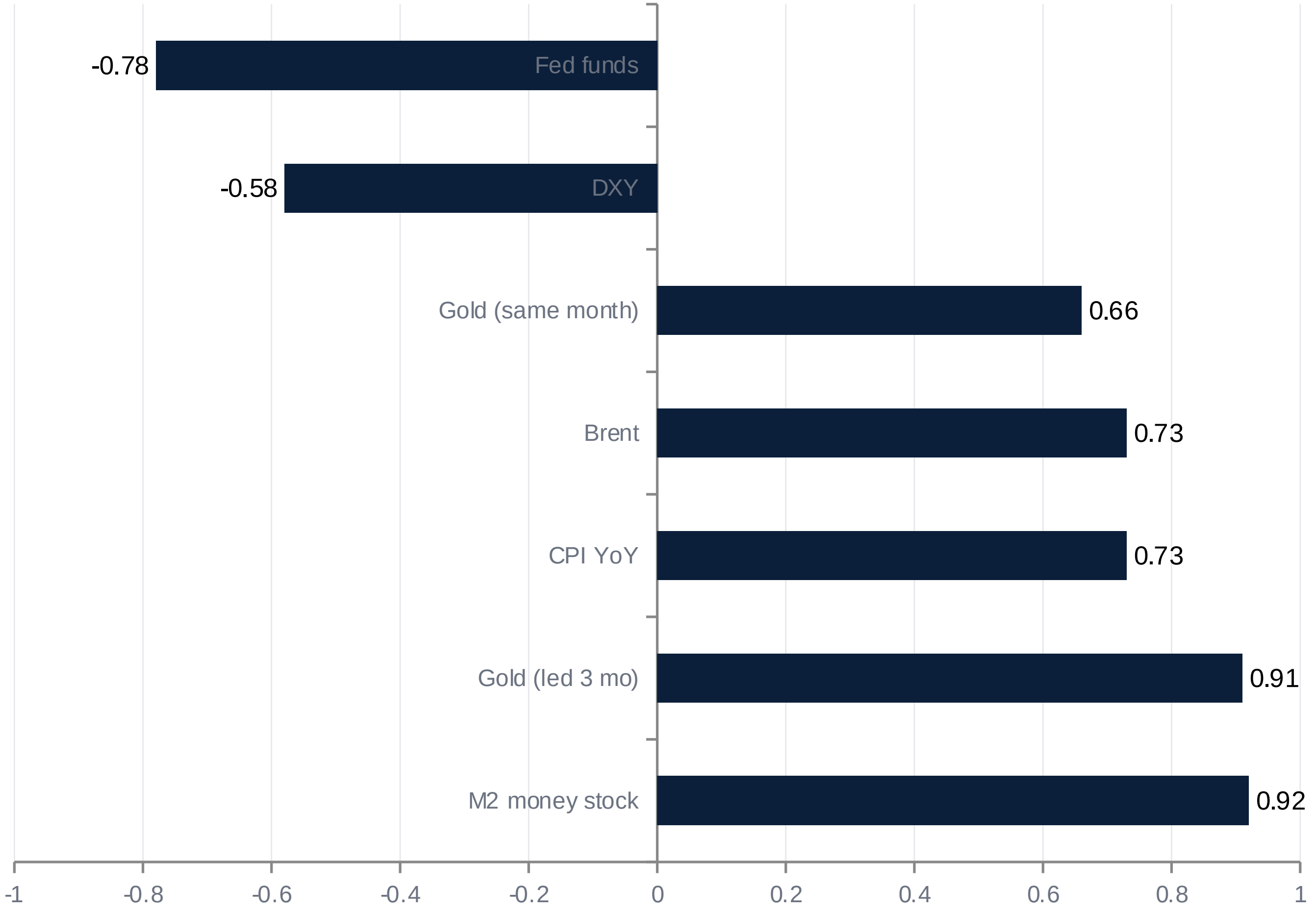
Cycle	Peak	Bust	Boom-era drawdown	Who kept the gains
Junk-wax baseball cards	1991	1994	−90%	Upper Deck/Topps early; Beckett; PSA (founded 1991)
Comics	1993	1993–96	−90%	Marvel IPO sellers; Diamond; CGC (2000)
Beanie Babies	1998	1999–2000	−95%	Ty Warner; eBay (built on Beanies)
Pokémon, first wave	2000	2001–02	−85%	Nintendo/TPC; Hasbro via Magic
Japanese art bubble	1990	1990–92	−60%	Auction houses (both directions)
Chinese art / Pu-erh tea	2007–11	2008–14	−50–80%	Auction houses; early producers
Funko	2022	2022–23	−80%	Licensors; pre-IPO owners
Sports cards, 2nd wave	2021	2022	−45%	PSA's buyers; Fanatics; eBay
NFTs	2021	2022	−97%	OpenSea; early minters
Pokémon, pandemic wave	2021	2022	−35%	TPC; PSA; eBay/TCGplayer

- Graders/marketplaces captured the gains in 14 of 20 cycles; the manufacturer in 6; the pure specialty retailer in almost none.
- 16 of 18 datable busts followed a central-bank tightening within a year.
- The businesses that lived through all of them run the exchange model: BookOff, Hard Off, Mandarake, CeX.
- Rotation is already in the stores: One Piece sold out in every store we visited; Magic +59% in 2025; Fanatics consolidating sports licenses.

Source: Our synthesis of trade, press and index data (Beckett, GemRate, Card Ladder, Liv-ex, Mei Moses, company filings).

Macro: collectibles trade as a liquidity asset, and the liquidity is coming

Monthly eBay Pokémon dollar volume vs macro series, January 2025 – August 2026 (level correlations).



- Gold leads cards by about a quarter: the same-month correlation is 0.66, the three-month-lagged 0.91.
- The 2022 bust came on the 2022 hikes; the 2025–26 leg came on the 2024–25 cuts.
- Our view: the September 16 hike is a footnote against 7%-of-GDP deficits, $1T+ of interest, CPI at 3.4% with Brent above $100, and central banks buying a record 289 tonnes of gold in a quarter.
- When the next round is printed it flows into things that cannot be printed; The Pokémon Company will never reprint a 1999 1st Edition Base Set.

Source: GemRate (eBay Pokémon), LBMA, BLS, Federal Reserve, ICE; macro series approximate monthly averages; n = 20 months.

The CEO takes no pay; $866M of his own money in the stock at an average cost of $3.78

Every purchase since 2022 has been between $20 and $25. He has never sold a share.

Date	Buyer	Shares	Price	$M
Aug–Dec 2020	Ryan Cohen	~36.0M (split-adj.)	~$2.12	~$76
Mar 22, 2022	Ryan Cohen	400,000	$24.20	$9.7
Jun 9, 2023	Ryan Cohen	443,842	$22.54	$10.0
Apr 3, 2025	Ryan Cohen	500,000	$21.55	$10.8
Jan 20–21, 2026	Ryan Cohen	1,000,000	$21.12–21.60	$21.4
Sep 8, 2026	Lawrence Cheng (director)	55,000	$18.80	$1.0
Sep 9–10, 2026	Grube, Attal (directors)	15,255	~$19–20	$0.3
Sep 10, 2026	Ryan Cohen	1,000,000	$20.38	$20.4
Total, Cohen	39,347,842 shares (7.8%)		avg $3.78	$148.6

~$866M

Cohen's stake at $22

5.8x his cost

$0

Compensation

no salary, bonus or equity; $35B award withdrawn June 2026

Sep 10, 2026

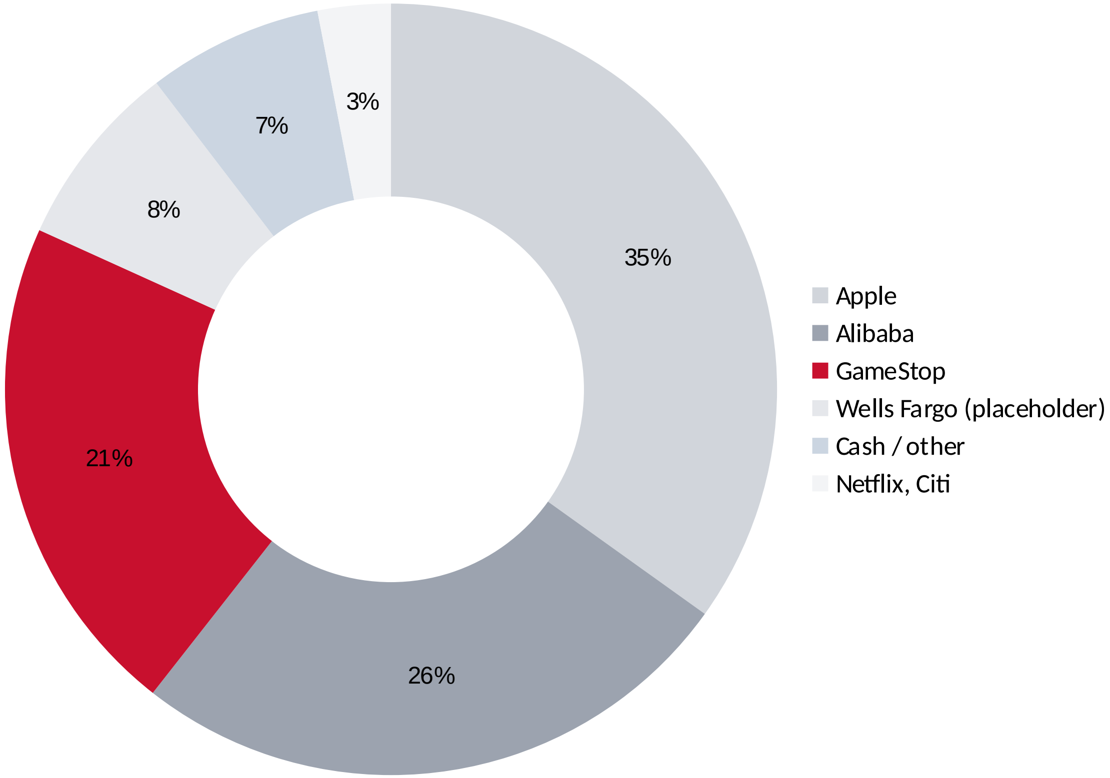
Timing

$20.4M bought two days after Q2, the day before reopenings began

Source: Schedule 13D/A and Form 4 filings; Motley Fool (Sept 2026).

Cohen's net worth is concentrated; GameStop is ~20% of it and the only position he adds to

Only the GameStop stake is SEC-reported; other positions are from press and may be stale.

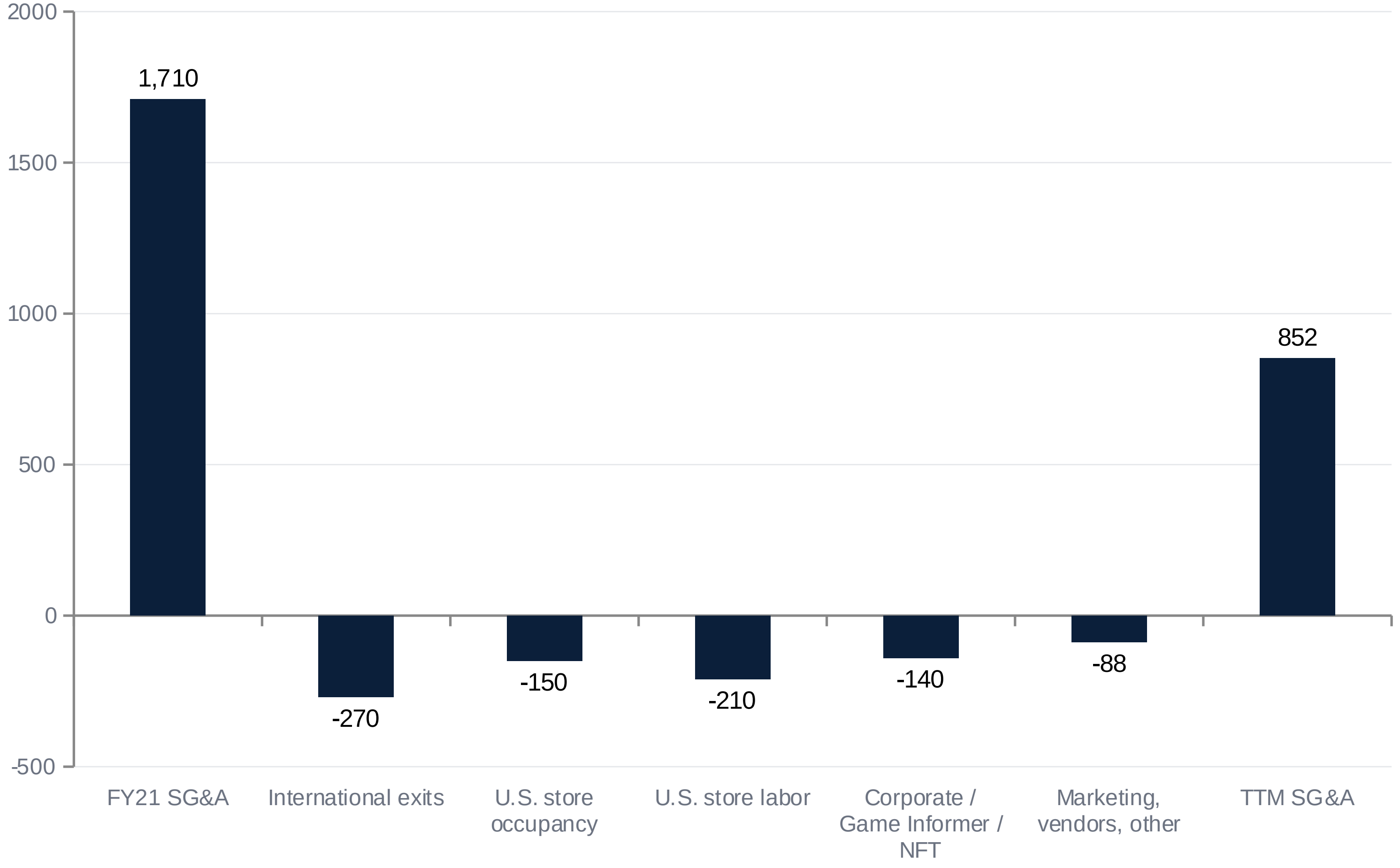


- Apple: ~6.2M shares bought with Chewy proceeds at ~$40; the largest individual holder (~$1.4B).
- Alibaba: ~7M ADRs (~$1.0B); pushed the buyback to $40B.
- GameStop: 39.35M shares, ~$866M, the only position he adds to publicly.
- Look-through: his 7.8% of the company's $4.7B eBay stake is another ~$370M of exposure.
- Total ~$4.3B; the only way he gets paid is the way shareholders do.

Source: Schedule 13D/A (GME); WSJ, Bloomberg, CCN and press reports for other holdings; our estimates.

Cohen took $858M of SG&A out and didn't touch the stores that earn

SG&A per remaining store went up; whole countries and a headquarters were deleted, not the counters.



- Seven countries exited (IT, DE, AT, IE, CH, CA, NZ, FR); ~2,900 stores; corporate from ~1,200 to ~300 heads.
- SG&A per remaining store: ~$374K → ~$448K.
- D&A $77M → $15M; capex $62M → $17M; inventory $915M → $439M.

Source: GameStop 10-Ks; allocation of savings is our estimate.

eBay: a free option; the likely outcome is a partnership worth ~$150–365M of EBITDA

Every large synergy is a contract, not a merger. The board is declassified, there is no pill, and the stake has been votable since July 17.

Synergy	Realistic run-rate EBITDA ($M)	Upside ($M)	GME share	Needs ownership?
Live commerce: stores as studios/fulfillment; exclusive allocation for eBay Live breaks	75	275	35%	Partly
Trade-in supply listed on eBay / TCGplayer	60	120	70%	No
TCGplayer local pickup / ship-from-store	40	80	60%	No
Package drop-off and returns at 1,600 doors	30	100	50%	No
Authentication at the counter (Authenticity Guarantee)	25	60	60%	No
PSA vault intake	25	50	50%	No
Sold-price data → trade-in grid	15	25	100%	No
Cross-selling, platform, overhead (need ownership)	65	130	—	Yes
Total combined / GameStop's share without a merger	335 / ~150	840 / ~365		

- $125 bid rejected; TD letter non-binding and IG-conditioned; GME authorization passed with 68.7%.
- Paths: proxy contest at eBay's 2027 meeting (nomination window ~Feb); activist settlement with a commercial deal; or sell the $4.7B stake into the $2B buyback.
- GME's share at 8x: ~$1.2–2.9B, $2.40–5.80 a share.

Source: GameStop Form 425 (July 2026 interview); eBay releases; our estimates.

eBay owns TCGplayer; GameStop owns a tenth of eBay

eBay bought the #1 singles marketplace in October 2022 for up to $295M. GameStop's 9.8% stake is a look-through economic interest in all of it.

What TCGplayer is

The marketplace where trading-card singles clear: tens of thousands of independent sellers (local game stores, online dealers), millions of buyers, the hobby's reference price (TCGplayer Market Price), a Syracuse authentication center, TCGplayer Direct fulfillment, and BinderPOS, the point-of-sale system in a large share of America's card shops.

What eBay stacked on top

Goldin (auctions), the eBay vault, the Authenticity Guarantee, eBay Live. Trading cards are eBay's named focus category with ten straight quarters of GMV growth.

What GameStop already owns

43.4M eBay shares = 9.8%: a look-through tenth of TCGplayer, Goldin, the vault and eBay Live, with no operating rights.

What a commercial agreement would do

- 1,600 stores as TCGplayer sellers with local pickup and ship-from-store: the platform's largest storefront overnight.
- TCGplayer Market Price as the live input to GameStop's trade-in grid: tighter spreads, less markdown risk.
- TCGplayer Direct orders routed through GameStop's DC and stores instead of Syracuse.
- Raw card in at the counter → PSA → eBay vault → listed on TCGplayer/eBay without going home.
- Exclusive sealed allocation for eBay Live breaks; TCGplayer perks for Pro members.
- The negatives: TCGplayer's sellers are GameStop's competitors and would resent a chain on the platform; its DNA is Magic singles, not Pokémon sealed; and if the relationship sours, eBay owns every piece of the infrastructure except the counter.

Source: eBay press releases (TCGplayer acquisition, FY2025 results); GameStop 10-Q and Form 425; synergy list is The Value Road's assessment.

If he does get control of eBay, the prize is the Whatnot market

TikTok crossed with Robinhood and a sportsbook, pointed at collectibles. eBay has everything except the product and the culture; GameStop has the physical layer.

$20B

Whatnot valuation (Aug 2026)

$545M Series G; ~$5B in early 2025

~$15B

2026E GMV

$8B in H1, more than all of 2025

1 billion+

Orders

20+ items sold every second

650K/week

New users

take rate ~12–12.5%

	Whatnot	eBay	GameStop
Buyers	tens of millions	135M active	~30M customers, Pro members
Live commerce	the category leader	eBay Live, ~8x YoY from a small base	1,600 stores as studios / fulfillment
Authentication / grading	—	Authenticity Guarantee, vault, TCGplayer, Goldin	PSA at the counter, ~10% of PSA's volume
Physical intake	none	none	~$520–560M/yr bought over the counter
Sealed allocation	none	none	direct TPCi account; wave one sold at 3x
Valuation	$20B private	~$48B market cap, ~15x EBITDA	$4.2B operating EV, 4.7x EBITDA

Source: Whatnot funding announcement (Aug 2026), Bloomberg, Sacra; eBay Q2 2026 release; GameStop filings; our estimates. Half of Whatnot's GMV through eBay Live at a 12% take rate ≈ $1B of revenue.

Comps: priced below Japanese secondhand chains that earn a third of the margin

The exchange chains earn 3–12% operating margins at 3–11x EBITDA; GameStop earns ~20% at 4.7x.

Company	Stores	Revenue ($M)	Op. margin	EV / EBITDA	Cards / collectibles share	Note
BookOff Group (9278.T)	~790	~870	3.4%	~3x	23% (#1 category)	+10.8% comps, record profit; cards overtook books
Hard Off (2674.T)	~1,000	~250	~9%	~5x	~15%	70% franchised; Hobby Off
Mandarake (2652.T)	13	~100	~12%	~11x	~30%	specialist mega-stores; exports
Geo / 2nd STREET (2681.T)	~2,000	~2,900	~3.5%	~4x	~5%	rental-to-reuse pivot at scale
CeX (private, UK)	624	~240 (co. only)	~3%	n/a	~2%	pricing engine; 24-month warranty
eBay (infrastructure)	—	11,100	~20% GAAP	~15x	focus category	toll road; owns TCGplayer, Goldin
Collectors / PSA (private)	—	~$1B est.	—	$853M take-private (2021)	100%	19.3M cards graded in 2025
GameStop (TTM)	~1,900	3,551	~14% (20%+ now)	4.7x (op. business, FY26E)	~45%	U.S. four-wall ~30%

- Japanese multiples carry decades of cross-holdings, cash hoarding and no buybacks; the TSE is forcing that discount closed. BookOff in Delaware with a CEO who owns 8% does not trade at 3x.
- U.S. specialty retailers with mid-20s four-wall margins (Five Below, Boot Barn) have traded at 12–16x.

Source: Company filings and results briefings; approximate; FX ¥150/$, £0.74/$.

Forecast: FY26 is the step-change year; we deliberately build a slowdown into FY27

We are not modeling a straight line. Even the hangover year earns nearly twice FY25.

$ millions	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
Net sales	3,823	3,630	~3,647	~3,273	~3,307
Collectibles	718	1,060	~1,687	~1,555	~1,660
Gross margin	29.1%	33.0%	~43.4%	~42.0%	~42.8%
SG&A	1,130	910	~778	~782	~800
Operating income	(26)	232	~815	~592	~612
Adjusted EBITDA	36	345	~885	~646	~669
EPS (diluted; FY26E incl. H1 marks)	$0.33	$0.76	~$1.90	~$0.98	~$1.05
Free cash flow	130	597	~835	~581	~645
Net financial assets per share (notes at face; eBay at carrying value)		~$11.60	~$15.40	~$16.60	~$17.80

- FY27 assumes a post-anniversary hangover (2022 precedent): collectibles per store −12% in Q3/Q4, everything-else −6–12%, margins compress 3–4 points.
- Operating leverage runs in reverse: −10% revenue is −27% EBITDA.
- At $22 the stock is ~6.5x that trough EBITDA plus the balance sheet.

Source: Company filings; FY26E–FY28E our estimates.

Every catalyst has a date

1	**Oct 30, 2026**	59.15M warrants at $32 expire; below $32 the overhang disappears
2	**Nov 6, 2026**	30th Celebration premium wave; is GameStop's allocation thin vs Target's?
3	**Monthly**	GemRate recaps: grading volume, PSA share, eBay Pokémon dollars
4	**~Dec 9, 2026**	Q3 results and 10-Q: gross margin ≥45%, collectibles +50%+, Collectors related-party note, guide raise
5	**Q4-26 / Q1-27**	PSA Value-tier reopening; CGC at the counter?
6	**Feb–Mar 2027**	eBay director-nomination window
7	**Undated**	Cohen withdraws from eBay and starts the $2B buyback (~$2/share on its own)

Risks (1): the cycle, the licensor, and the deal

We model FY2027 as a hangover year on purpose. These are the three things that could make it worse.

The card cycle turns in 2027

After the 25th anniversary, modern prices fell 30–40% in 2022 and TPC's growth went from +70% to +15%. Japan already shows the shape: high-end singles −75%, shops closing, sealed premiums 6x → 2.4x into the 30th launch. Our FY27: revenue −10%, EBITDA ~$646M. A bust (collectibles −40%, 5x) is worth ~$15–16 a share.

The Pokémon Company controls allocation

One of five direct accounts. TPCi bought its printer (2022) and its largest distributor, Excell (Feb 2026), to control allocation and retail pricing; Japan sells by ID lottery at MSRP. GameStop listed a $49.99 box at $150 on launch day. ~25% of revenue is Pokémon-linked (est.). The new plant lifts capacity ~75% by late 2028; when supply catches demand the edge moves to the counter.

Capital allocation is the tail risk

A bust costs 25–30%; the eBay deal as proposed costs 40–50%: ~$22B of new debt at 6–7x, eBay holders ~70% of the combined company, Cohen diluted to ~2.4%, the $13.70 floor spent. Record: NFTs (closed), Bitcoin at $106K (−40%), a hostile bid. The likely outcomes (proxy fight, settlement, stake sale) are good; the one he says he wants is not.

Source: Company filings; TPCi announcements; Japanese market data (SNKRDUNK, Daily Shincho); The Value Road estimates.

Risks (2): the funnel, the marketplace, the macro, and the numbers you can't check

PSA is the funnel, and PSA is constrained

PSA-only program; sub-$80 tiers paused since June; 12.4M backlog; share 72% → ~65% as CGC grades the same card for $15–20; parent at ~80% of U.S. grading facing an antitrust suit; December re-grade scandal (11 of 30 cards). PSA's CEO on GameStop's board makes adding CGC awkward.

eBay owns the marketplace; GameStop doesn't

TCGplayer, the price feed, BinderPOS, Goldin, the vault, Authenticity Guarantee, eBay Live. Breakers buy sealed at GameStop, but the hits are sold live for a platform fee rather than traded in. If the eBay episode ends in acrimony, GameStop is a sealed supplier at ~35% margins, not the exchange where the 55–60% resale happens.

The macro cuts both ways

16 of 18 datable busts followed a tightening within a year; the Fed hiked September 16 for the first time in three years; gold is 18% off its January high. Squeeze first, capitulation later, and the squeeze lands on FY27.

The numbers you can't check

Category margins, Pokémon's share of sales, PSA submission volumes, per-store costs and the sealed/graded mix are not disclosed; they are our estimates. If the mix is more sealed than we think, margins are lower; if GameStop's PSA share is 5% not 10%, the intake story halves.

Source: GemRate; PSA; court filings; Fed; The Value Road estimates. What would make us wrong, in order: a thin Nov-6 allocation; all-grader volume down YoY; eBay $ falling while units hold; the 30th box at MSRP in Tokyo; a revised eBay bid with real financing.

The one-line version

$13.70 of cash and stock, a card shop earning 30% four-wall margins at 4.7x EBITDA and a 20% free cash flow yield that no fund will put on a 13F, the largest physical intake network in the fastest-growing collectible category in the world, run by a man who paid $3.78 and keeps buying at $20, walking into an anniversary quarter with a guide he is about to beat by $200M.

Someone will eventually have to explain how they missed a company that turned Pokémon cards into $850M of EBITDA and a 20% cash yield.