# Hottest seller at GameStop is its own stock, $1B raised

June 22 2021, by Michelle Chapman

This Jan. 28, 2021, file photo, shows a GameStop store in New York. Meme stock GameStop has raised nearly $1.13 billion in its latest stock offering. The video game company said Tuesday, June 22 that it sold 5 million shares in the at-the-market offering. Credit: AP Photo/John Minchillo, File

GameStop raised more than $1 billion in its latest stock sale, capitalizing

on a newly arrived and fervent army of online investors.

The video game retailer has taken center stage among a handful of companies that have come to be known this year as meme stocks. The phenomenon has pitted smaller investors who snap up shares of beleaguered companies, against large, institutional investors who have shorted shares of those companies, or bet that shares in those companies will fall.

So far, it's the smaller investors that are taking home big gains, though certainly larger and more sophisticated investors have since jumped aboard for the ride.

Shares of GameStop Corp., based in Grapevine, Texas, just outside of Dallas, are up more than 1,000% this year. Another meme stock, the movie chain AMC Entertainment, is up 2,300% this year.

Before becoming stars in Reddit retail investor chatrooms, both companies were under severe pressure, but for different reasons.

AMC, already wrestling with thin margins, was hammered by a global pandemic that shut down its theaters and flipped the switch on incoming revenue almost overnight. Problems at GameStop run deeper because technological shifts in gaming have threatened to turn it into a relic like another once ubiquitous chain, Blockbuster Video.

But GameStop is taking full advantage its surging stock price to raise desperately needed cash. The company said Tuesday that it sold 5 million shares in the at-the-market offering, or every share it said that it might put on the market.

It was the second cash haul for GameStop this year during the run-up in its stock price. In April the company said that it would sell up to 3.5

million shares in a separate offering. That offering also sold out and it raised about $551 million.

The most recent capital raise neared $1.13 billion.

Shares of GameStop, which could be had for about $20 early this year, were selling for close to $213 Tuesday afternoon after rising another 9% at the opening bell on word of the capital raise.

GameStop, in addition to raising capital, is also shifting direction in a bid to catch up to the changing technology that threatened the company's existence, namely that gamers are downloading games rather than buying discs from places like GameStop.

And a lot of new talent has arrived this year to try to make that happen.

Ryan Cohen, the co-founder of Chewy, an online pet supply company, revealed that he had compiled a massive stake in GameStop and began agitating for change. Earlier this month, the company reshaped its executive leadership team and its board, making Cohen its chairman.

Under new leadership, the company is attempting to move aggressively into digital sales and earn a loyal following in ways other than its stores that had generated enormous revenue for almost two decades.

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