

Title: ■New to GameStop? Start here! The GameStop Bull-case Explained With 5 Reasons to Buy

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Did you watch the documentary 'Diamond Hands, the Legend of Wall Str33t B3ts' and now you want to know more about why others are investing in GameStop? This post is for you.

Buying reason #1: The GameStop Board & Management have a superb track-record

Before 2021, GameStop used to be a struggling indebted business, without a clear strategy and direction. Today, GameStop is in the process of making a business turnaround that will be studied in business schools for years. At least three names stand out:

****Ryan Cohen, Chairman of the Board of Directors****

The business turnaround started in August 2020, when successful entrepreneur Ryan Cohen initially bought a 10% stake in GameStop. Ryan Cohen founded Chewy, an online retailer of pet-related items in 2011. In 2017 Ryan Cohen sold Chewy for \$3.35 Billion, the largest e-commerce acquisition by the time. Delighting customers is his credo. Ryan Cohen currently owns 11.9% of GameStop total shares outstanding.

****Larry Cheng, Board member & Director****, also Managing Partner at Volition Capital. Larry was the first investor in Chewy, and is an investor with a remarkable track record:
(<https://www.linkedin.com/in/larrycheng/>)(<https://www.linkedin.com/in/larrycheng/>)

****Matt Furlong, Chief Executive Officer****, previously Country Leader at Amazon Australia, where he oversaw Amazon's Australia business during a period of substantial growth. Matt worked at Amazon for 9 years before he joined GameStop.

Since Ryan Cohen became GameStop's largest shareholder, he onboarded hundreds of vetted professionals that want to work for GameStop instead of staying at well-known companies such as Amazon, Chewy, Facebook & Google. At least 400 of these hires have been documented:
(<https://gmedd.com/report-model/>)(<https://gmedd.com/report-model/>)

[Over 400 professionals chose working for GameStop over working for established corporates... Do they see the value?](<https://preview.redd.it/ntnk9vl42rz81.jpg?width=911&format=pjpg&auto=webp&s=2be0efa776853471d010b5c3c8547d89fef60fd6>)

Buying reason #2: The GameStop Board & Management are invested in GameStop's long-term success

****Insiders are buying substantially more than they are selling.****

[Last year the previous board sold some shares, which is what you see 9-12 months ago. Since then, GameStop insiders have bought a substantial amount of shares.](<https://preview.redd.it/rqkuarig2rz81.jpg?width=1440&format=pjpg&auto=webp&s=eaf4a9ef9468f3cd6460bd3ed02fe87c9404b528>)

****Directors receive compensation in shares only****

<https://preview.redd.it/py7eg5ju2rz81.jpg?width=748&format=pjpg&auto=webp&s=f6946c29bdc59927d549fe0d19f19e5fa265e18f>

As of the annual shareholders meeting in 2021, non-employee directors receive NO cash compensation. They only receive compensation in shares. This makes sure that they are committed to the company success. The average price their shares vested at was around **\$220-225**. At the minimum, the directors will want the share price back to this point, and ideally above that, as this is also beneficial for them!

Buying reason #3: The Numbers show that GameStop is currently heavily undervalued

In 2021, GameStop raised \$1.67 Billion in capital, which enabled them to heavily invest in GameStop's growth. GameStop invested in two extra warehouses to double down on same day delivery in USA, opened new satellite offices in various locations to appeal to talents in technology hubs and invested more money in inventory to expand on their product catalog (currently 915M in merchandise inventory). And all of that with... **NO debt and \$1,2 Billion in cash on hands!**

GameStop's investment in growth are already showing fruits. Last year GameStop booked \$6 Billion in annual net sales, an impressive **+20% increase in annual net sales year over year**.

GameStop's current market cap is \$7.51 Billion, a 1.25x valuation on annual net sales, not even accounting for the investments GameStop has already made to grow bigger in the upcoming years.

Buying reason #4: The Squeeze has NOT squozen yet!

The billion dollar question is: Did GameStop short-squeeze in January 2021?

The answer is no. **GameStop did NOT have a short squeeze according to SEC staff** that investigated the events in January 2021.

On page 26 the SEC staff writes: "Figure 6 shows that the run-up in GME stock price coincided with buying by those with short positions. However, it also shows that such buying was a small fraction of overall buy volume ...".

<https://preview.redd.it/0w3zcgcq3rz81.jpg?width=636&format=pjpg&auto=webp&s=0ce8f6ecce7687933131b66088ebca98034a0e42>

[Red = Short Seller Buy Volume. Blue = Total Buy Volume. Notice how abysmally small the short seller buy volume is?](<https://preview.redd.it/dbilla4h3rz81.jpg?width=625&format=pjpg&auto=webp&s=49083d0e0a5c1fabdeaf69002ab8d0c52bf2489d>)

Just think about it... if the Short Seller Buy Volume is *that* small, then how does a short seller escape a short position that is 122.97% of the float? They can't!

Source: SEC staff report on January 2021 events: <https://www.sec.gov/files/staff-report-equity-options-market-struction-conditions-early-2021.pdf>

Buying reason #5: There's a TON of reasons why 800K+ people Buy & Hold GameStop

There's actually a whole lot more reasons why over 800,000 people decided to Buy & Hold GameStop. Possible reasons include: Ryan Cohen is still allowed to increase his stake substantially to 20%, the anticipated launch of the GameStop NFT marketplace before July'22, the upcoming stock-dividend... and more!

****Welcome to the GameStop Opportunity! Power to the Players! ■****

This post is not financial advice, I'm not a financial advisor. Thanks to everyone who contributed with ideas and screenshots for this post! ■

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