Title: One purpose of increasing the share number to 1 billion from 300 million, can be a stock-for-stock merger. I can't forsee any other reason why this would be needed, unless Gamestop were lining up something huge.
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TA:DR - Increasing the number of avaliable shares to the GME board makes no sense under current market conditions, unless they have a huge acquisition lined up. They'll use the increased number of shares to offset the damage, negate dilution, protect their bank balance and make their company stronger.

If company A wants to acquire company B, then they usually have to raise capital in order to do it. They want to buy the company or a large stake in the company and have to pay.

However, companies can also perform a stock-for-stock merger. This is a huge bonus for investors, as it means the company doesn't need to dilute it's shares to raise money, whilst also protecting the cash it has on hand.

I can forsee no reason whatsoever to raise the number of GME shares from 300 million to 1 billion, when it is clear the board have no intention of dilution. They diluted last year to clear their debt. They could dilute right now, with access to another 225(ish) million shares and dump them into the market, just like AA did with cinema. The board have never indicated they will do this, and in reality, all it does is fuck over your investors by reducing the value of their holding stock.

It's clear that RC only diluted the bare minimum to clear debt and is not willing to use dilution to fuck investors over for the purpose of generating cash.

That begs the question of why GME suddenly want us to authorise another *700 million* shares to be available to them. Shares can be used to pay board members or act as compensation as we've seen in the past, but there's enough shares on hand to deal with that already.

I can only summarise that Gamestop are lining up an acquisition, and don't want to burn through their cash by buying a company outright, and secondly don't want to generate the cash by diluting the shares, screwing retail over and also by pumping more shares into the open market for shorting. It would undo all the retail work to DRS shares.

If an acquisition is on the cards, then the safest way is a stock-for-stock merger. This allowes Gamestop to acquire what they want, using the authorised shares. These shares don't get diluted, don't enter the market and shouldnt (in theory) affect the underlying price of the stock because the float remains the same.

How it works in practice

Lets say gamestop want to acquire "Company A".

They form an agreement to undergo a 1-for-2 stock merger (or whatever number is agreed on based on vaule of the company). Company A's shareholders will receive one share of GME for every two shares they currently own. Company A shares will stop trading, and the outstanding shares of Gamestop will increase after the merger is complete.

Now, I'm unsure of the legalities, but I'd hazard a guess that somewhere in the agreement, that company A execs will be restricted from selling their shares for a certain length of time, or only when certain GME conditions are met, to stop the Company A board dumping all their GME into the market in a huge selloff.

This would technically increase the float, but all of those shares are still owned by someone in retail. This wouldn't apply if Gamestop were acquiring a company that wasn't actively listed on the market, where retail own none of it, so the point above about tying execs into a deal for a certain amount of time would stand, and as such, there's no impact on the GME float.

In short, let me copy and paste the details from investopedia, because it's very important, especially the final line;

This action, of course, causes the dilution of the current shareholders' equity, since there are now more total shares outstanding for the same company. However, at the same time, the acquiring company obtains all of the target firm's assets and liabilities, **thus effectively neutralizing the effects of the dilution**.

The final word on this matter from Investopedia again, talks to me like its right from the RC Book on how to play 4d Chess and be a professional CEO;

Additionally, a stock-for-stock transaction does not impact the acquiring company's cash position, so there is no need to go back to the market to raise more capital. Taking over a company can be expensive—the acquirer may have to issue short-term notes or preferred shares if it does not have enough capital, which can affect its bottom line. Initiating a stock-for-stock merger prevents a company from taking those steps, saving both time and money.

If you made it this far, congrats, have some rockets as your reward;
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