



## Forget GameStop: Buy This TSX Stock Instead

### Description

At the beginning of 2020, I'd discussed why investors needed to [get in](#) on the video game industry. The video game market has managed to branch out beyond the young male demographic over the past decade. Moreover, the steady rise of mobile games has also bolstered their popularity.

Today, I want to check in on **GameStop** and discuss why I have my eyes on another **TSX** stock in this space instead. Let's jump in.

### How is GameStop looking in July?

**GameStop** is a top video game retailer in North America. It has also grown into one of the most shorted stocks in the United States. The company's large brick-and-mortar footprint has left it in a vulnerable position in the face of an e-commerce explosion. That was before the onset of the COVID-19 pandemic. The crisis put traditional retailers in a brutal spot that has made a solid online presence a necessity.

Shares of GameStop were down 4.2% in mid-afternoon trading on July 15. The stock has plunged 27% over the past month. Back in February, I'd [discussed](#) GameStop's renewed momentum. At the same time, I'd maintained that the stock was a very risky add at this stage.

The company has added some new blood in its management that hopes to power a transition to e-commerce. However, no major progress has been made in this area. I'm looking elsewhere in the video game space right now.

### One TSX stock to buy in the video game space

**Enthusiast Gaming** ([TSX:EGLX](#)) is a Toronto-based company that is engaged in the media, content, entertainment, and e-sports businesses in North America and around the world. Shares of this TSX stock have climbed 31% in 2021 at the time of this writing. The stock has soared 260% year over year. Forget GameStop, I'm more excited about Enthusiast right now.

Esports has gained new ground in recent years. An esports event was originally slated to be hosted in Japan in the lead-up to the 2020 Olympics in a bid to drum up interest. However, that was torpedoed by the COVID-19 pandemic. The esports business is set to grow into a multi-billion-dollar industry in the 2020s. This is another reason to target this promising TSX stock.

The company released its first-quarter 2021 results on May 12. It delivered revenue growth of 321% to \$30.0 million. Meanwhile, gross profit jumped 80% to \$5.9 million. Enthusiast posted direct advertising sales of \$2.2 million – up from only \$60,000 in the prior year. Moreover, paid subscribers increased 49% to 137,000 as of March 31, 2021.

At the end of Q1 2021, Enthusiast announced the acquisition of Vedatis SAS. Vedatis owns *Icy Veins*, which is one of the largest **Activision Blizzard** fan communities.

For all its success over the past year, this TSX stock has run into some resistance since the middle of April. Its shares have roughly halved from their all-time high of \$11.10 per share. That provides a solid buying opportunity for investors who want in on this promising video game-focused equity.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. OTC:EGLX.F (Enthusiast Gaming)
2. TSX:EGLX (Enthusiast Gaming Holdings Inc.)

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