



## Why 1 Gaming Stock Popped 35% This Week

### Description

**Enthusiast Gaming Holdings** ([TSX:EGLX](#))(NASDAQ:EGLX) shares jumped 35% this week after the company reported two major pieces of news. First there was the company's stellar earnings report, and then record unique visitor traffic in the United States.

### What happened

First, the earnings report. The gaming stock announced a 165% [increase](#) in year-over-year revenue to \$43.3 million, with direct sales up an incredible 580% to \$6.8 million. Paid subscribers increased 85%, and it ended the quarter with \$33.5 million cash on the books.

The company also completed two acquisitions of GameKnot and Addicting Games. This is revenue that shareholders should see take effect over the next six months to a year. Furthermore, management stated more acquisitions are likely in the future, to "...deliver against and exceed expectations."

Then, on November 18 the gaming stock announced it reached a record in unique visitor traffic in the United States. This beat out the all-time high, with 47.8 million unique visitors in the U.S. for the month of October. The company now ranks second overall, between Twitch and Roblox, according to third-party company Comcore. That's not something investors should ignore, as such a ranking in the growing gaming industry could mean stellar paid subscriber growth over the next year.

### So what

This boost in revenue, unique visitors, and paid subscribers show that the company has hit its stride. What's more, it's not likely to simply disappear overnight. Investors can look forward to the company bringing in revenue from recent acquisitions over the next year and beyond. This alone is likely to drive the share price.

However, remaining in the second overall spot for unique visitors, moving up five over the last month, is important in itself. This gives it further recognition that will drive paid subscriber growth as well. So

again, investors looking for a growth opportunity may see that in this gaming stock.

## Now what

This increase in the gaming stock is something growth investors should watch carefully. It continues to have strong cash on the books to make further acquisitions. And it doesn't look like growth is going to slow down any time soon. With two acquisitions coming online and paid subscribers rising in the double-digits, this could mean stable growth at least well into FY22.

In fact, analysts continue to recommend Enthusiast stock as a buy. As of writing, the stock trades at \$5.25. And despite the major jump this week, analysts continue to believe it's worth more than *double* that amount.

Shares of the gaming stock are up just 19% year to date and half of its levels back in April 2021. With analysts believing it should reach those levels and beyond in the next year, it's a great [time](#) to pick up this undervalued stock. In fact, even with shares up this week, given that it lost half of its value back in April, you can still pick it up on the dip.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

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

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alegatewolfe

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