



Enthusiast Gaming Stock Soars 37% on 127% Increase in Profit

Description

Shares of **Enthusiast Gaming** ([TSX:EGLX](#))(NASDAQ:ELGX) soared up to 37% on Tuesday, as the company announced its first-quarter earnings.

- Enthusiast saw revenue climb 57% year over year to \$47.2 million
- Gross profit jumped 127% to \$13.5 million
- Subscriptions also climbed 83% to \$3.3 million for the quarter

What happened in Q1 for Enthusiast Gaming stock?

Enthusiast stock remained confident of its long-term growth outlook after reporting a strong first quarter — one that management stated has been historically slow in the industry. Revenue climbed 57% to \$47.2 million for the quarter, up from \$30 million the year before. The [increase](#) came from more subscriptions, stronger rates per minute across both web and video, and more direct sales.

This led the company to an enormous profit increase of 127% year over year. The company reported \$13.5 million in gross profit compared to \$5.9 million the year before. Direct sales also saw incredible growth at 136% year over year, with subscription revenue, making an 83% increase to \$3.3 million.

Paid subscribers rose to 277,000, up 70% from the same time in 2021. Furthermore, the company's audience boomed to 11.3 billion views of content, up 14% year over year.

What Enthusiast Gaming management said on Q1

Management was happy with the strong start to 2022, considering that the first quarter is usually a slow one for gaming. This may give them a head start going in 2022, with more growth available through direct sales and an increase in paid subscribers.

“Our team is well positioned to continue delivering rapid top line growth, while increasing

gross profit at a significantly faster rate. Further, to be able to accelerate revenue growth in a quarter that is seasonally the slowest is a strong sign for the balance of the year. We are confident these trends will continue as we focus on meeting profitability objectives in the short term.”

Adrian Montgomery, CEO of Enthusiast Gaming

What's next for Enthusiast Gaming stock?

Enthusiast Gaming stock isn't just seeing an increase in value from its paid subscriptions. It continues to renew contracts for additional business through key partners. This includes DoorDash, e.l.f. Cosmetics, and more. This has been spurred on thanks to the company's incredible increase in views, up to 11.3 billion during the last quarter.

And it's just not people playing games but viewing the content as well. Gaming esports teams on Twitch increased substantially. Furthermore, a new partnership in the non-fungible token marketplace could create even more revenue boosts. And is a great match for a global online company such as Enthusiast Gaming stock.

Shares of Enthusiast Gaming stock, however, remain far lower than where analysts have it [pegged](#) at \$8.70 per share as a target price. Right now, shares trade at just \$3.20. That would represent a potential upside of 178% as of writing.

Shares were up 35% at the time of writing and are down 15% year to date.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:EGLX (Enthusiast Gaming Holdings Inc.)

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