



Forget Shopify (TSX:SHOP): Canada's Next Monster Tech Stock Is Here

Description

Shopify stock surged almost 160% this year and became the country's biggest company by market capitalization. The tech titan's superior revenue growth and unique business model fuelled the rally.

Interestingly, despite valuation concerns and gloomy economic picture, Shopify stock might continue its upward momentum in the short term.

Well, that was about Shopify. The next beast that's emerging in Canada's technology sector is **NexTech AR Solutions** (CSE:NTAR). The stock has soared almost 400% this year and 1,350% in the last 12 months, notably beating Shopify.

NexTech AR Solutions: An emerging leader in the augmented reality space

Technology companies backed by unique, innovative business models realize higher margins and generally grow at a superior pace. NexTech AR Solutions checks in all these boxes.

Vancouver, Canada-based NexTech creates an augmented reality content platform. It provides businesses with augmented reality solutions that craft an altogether different experience for customers.

E-commerce space creates a huge opportunity and remains a focal point for the company. We have seen how the fast-growing e-commerce industry has boosted companies like Shopify.

Augmented reality will ensure more time spent on a particular page, better promotion, higher product engagement, and ultimately higher sales. Notably, NexTech's AR solutions are viewer ready and do not need any special apps or software.

In December 2018, the company [announced](#) an integration of its AR solution with Shopify, WordPress, and Magento—some of the biggest e-commerce platforms.

NexTech is also aggressively expanding into augmented reality-enhanced video conferencing and

virtual events space. Unlike popular video conferencing platforms, NexTech's InfernoAR can host large-scale events from 1000-1,000,000 or more users.

Financials and growth prospects

A \$600 million company NexTech reported a stunning topline growth last month. For May 2020, it reported revenues of \$1.3 million, representing a growth of almost 170% against May 2019. Its gross margins also improved by 290% year-over-year.

In the first quarter, the company reported revenues of \$2.5 million, an increase of 178% compared to the same period last year.

Its solid financials were recently reflected in its market performance, with its stock price surging from \$2 to \$10 in just a month.

Interestingly, augmented reality is still in the nascent stage and offers huge growth potential. According to Statista, the industry is estimated to hit \$120 billion by 2022. As the first-mover in the space, NexTech is at a significant advantage. Apart from e-commerce, verticals like virtual events, e-learning, and entertainment could significantly drive the company's growth in the near future.

The COVID-19 pandemic will notably benefit companies like NexTech AR. The lockdowns are pushing people to work and shop from home, which will likely see a higher demand for the company.

The Foolish takeaway

From the valuation standpoint, NexTech stock is currently trading 40 times its 2020 revenues estimates. That looks notably expensive, but its higher growth potential justifies the premium valuation. High-growth stocks generally trade with a premium, and [Shopify](#) is an apt example.

Given the small size and a recent surge, NexTech stock will likely exhibit excessive volatility in the near term. However, its first-mover advantage in the high-growth industry makes it an attractive bet for investors.

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