



2 Top Tech Stocks to Buy Now

Description

[Lightspeed POS \(TSX:LSPD\)](#) and [Facedrive \(TSX:FD\)](#) are among the best Canadian tech stocks to buy now. Here's why.

Lightspeed

Lightspeed shares began trading in the U.S. on September 11 after the company, which provides internet-based point-of-sale and payment products for retail, hospitality, and golf companies, sold 10 million of subordinate shares for gross proceeds of US\$30.50 each.

The tech company expects to use the net proceeds of the offering primarily to strengthen the company's financial position and allow it to pursue its growth strategies.

Lightspeed's M&A strategy is to acquire companies that can add capabilities, verticals, and geographies to Lightspeed's repertoire. The company has made several acquisitions since its inception in 2005, including German hotel software company Gastrofix, Australian point-of-sale provider Kounta Holdings Pty Ltd., and Montreal-based Chronogolf, which provides cloud-based software that helps manage golf courses.

So far, this strategy, along with some favourable tailwinds related to the pandemic, has translated into increased revenue and number of customers for Lightspeed, but hasn't translated into profit yet.

For the quarter ended June 30, the company said it has a presence in more than 77,000 customers locations, up from 51,000 a year ago and 75,500 at the end of April. Total revenue for the quarter was US\$36.2 million — an increase of 51% over the previous year — although Lightspeed reported a loss of US\$20.1 million.

For the current fiscal year, revenue is expected to grow to approximately US\$165 million, which would represent a 37% growth from a year ago. Earnings per share are expected to rise by 32.3% to a loss of US\$0.42 per share.

Lightspeed CEO Dax Dasilva said the path to profitability is important to the business, and the ratios of customer acquisition cost to the lifetime value of those customers mean they add customers in a cost-effective manner. Yet the company is currently looking to capitalize on the moment and invest in growth.

Investors endorsed this approach, as the value of the company's shares has more than doubled on the **TSX** since its IPO in Canada. Lightspeed is one of the most promising Canadian tech stocks.

Facedrive

Facedrive is a promising company as climate change is becoming a growing concern on a global scale. Governments are pushing for more fuel-efficient cars and for using fewer fossil fuels in general. The eco-friendly ride-sharing company is well positioned to benefit from these developments.

Facedrive revenue growth over the past few quarters has been very impressive. Its climate-friendly business model and extensive presence bode well for future financial growth.

[In the first quarter of 2020](#), Facedrive generated revenue of \$387,901, up from \$36,027 a year earlier, growing almost 1,000%. However, it suffered a loss per share of \$0.02 compared to \$0.01 in the first quarter of 2019.

Facedrive acquired Canadian food delivery service Foodora in July and long-distance ride-sharing service HiRide Share in March. These acquisitions will allow Facedrive to access the customers of these companies, thereby accelerating its revenue growth.

In April, Facedrive developed a COVID-19 contact tracing application named TraceSCAN in collaboration with the University of Waterloo. It is a Bluetooth-enabled app for portable devices aimed at demographics who do not have access to smartphones.

The global ride-sharing industry has encouraging growth prospects. An investment in Facedrive stock today could be worth much more in a few years. Tech stocks like Facedrive will give a boost to your portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:LSPD (Lightspeed Commerce)
2. TSXV:STER (Facedrive Inc.)

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