



## 2 Stocks to Buy Before the Q1 Earnings Season

### Description

Companies that help enable a more digital society have seen their stock grow exponentially this year. Much of this growth can be justified as businesses around the world have needed to adapt their operations to accommodate for the challenges posed by the COVID-19 pandemic.

I believe the biggest beneficiaries from this event will come from the e-commerce and digital payments space. Due to the global shutdowns, in-store shopping has declined drastically. As a result, companies have needed to start using online sales methods or rapidly modernize their existing infrastructure.

In April and May 2020, e-commerce penetration was accelerated by years. Economists then documented a steady decline in online sales volume as restrictions were lifted. However, with a second COVID-19 wave hitting many regions around the world in November, governments quickly reinstated previous COVID-19 measures. A large spike in e-commerce volume was documented in the last two months of 2020.

Because of this, two companies on the **TSX** have an excellent chance of exceeding expected earnings targets in Q1 2021. In this article, I will discuss which two companies investors should be eyeing for their portfolios before earnings are reported this quarter. While I'm generally not a proponent of making short-term plays, this opportunity could be massive if investors are successful in adding to their positions in these two companies before the rest of the market realizes the upside potential.

## These two companies may lead their respective industries for years

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Nuvei** ([TSX:NVEI](#)) are two names that Canadian growth investors should be very familiar with. The former is the leading provider of online store building services within English-speaking countries. The latter is an [up-and-coming contender](#) within the digital payments space and has already enlisted very impressive names as customers.

First focusing on Shopify, the company has already reported incredible year over year growth over the

past 12 months. In Q2 2020, Shopify reported that it had recorded a year over year revenue growth of 97%. With businesses again needing to restrict in-store shopping in November, Shopify merchants were able to record \$5.1 billion in sales over the [Black Friday-Cyber Monday weekend](#).

It is within reason to expect Shopify merchants to have experienced a very strong December as consumers conducted their Christmas shopping from home. The Christmas season is one of the biggest consumer periods of the year and the potential impact of the global lockdowns on this year's sales is largely being neglected.

Switching over to Nuvei, the company has a very large presence within the online shopping and gaming spaces. As a provider of an ecommerce payment platform, Nuvei will also be able to capitalize on the increased online sales volume at the end of the year.

One of its biggest customers is bet365, a privately owned gaming company. It should also be noted that many major sports leagues re-started operations in Q4 2020. Consumers may have flocked over to Nuvei's platform in large numbers as a result. If this is true, Nuvei will have another exceptional source of revenue which is largely being ignored by financial media.

## Foolish takeaway

Shopify and Nuvei are two companies that have been quietly posting impressive numbers at the end of last year. The impacts of further COVID-19 restrictions on e-commerce sales and the re-start of professional sports leagues are largely being ignored by financial media.

These two factors may have large implications for the revenue totals of these two companies — and are therefore two stocks that growth stocks should be holding heading into the Q1 earnings season.

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## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:SHOP (Shopify Inc.)

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## Author

jedlloren

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