



## Down Over 20%: Should You Buy These 3 Canadian Tech Stocks?

### Description

Amid rising inflation, investors fear that central banks will raise interest rates and take measures to tighten liquidity. The increase in interest rates could lead to higher borrowing costs, thus impacting the margins of growth stocks, which require higher capital to fund their growth initiatives. So, the following three Canadian [tech stocks](#) are under pressure this year, losing over 20% of their stock value. So, let's assess these three stocks for buying opportunities amid this significant pullback.

### Lightspeed Commerce

**Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) has lost over 20% of its stock value this year and trades at a 75% discount from its September highs. The widening of net losses in the [third quarter](#) and the expectation of rising interest rates appear to have dragged the company's stock price down. Amid the steep pullback, the company's forward price-to-sales multiple has fallen to a multi-year low at 7.1.

However, the company's revenue grew by 165% during its recently reported third quarter, with strong organic growth and contributions from the acquisition of Vend, NuORDER, and Ecwid. Its customer locations also increased by 174% to 315,000. However, excluding Ecwid, its customer locations increased by 38% to 159,000, while average revenue per user increased from \$180 million to \$290. Further, the company's GTV (gross transaction value) came in at US\$20.4 billion, representing year-over-year growth of 124%.

The increased adoption of the omnichannel selling model has created long-term growth potential for Lightspeed Commerce. Meanwhile, the company is making strategic acquisitions, adding new business segments, geographically expanding its footprint, and launching new products, which augur well for its growth. So, given its healthy growth prospects and the steep correction in its stock price, I expect Lightspeed Commerce to deliver superior returns over the next two years.

### Dye & Durham

Second on my list is **Dye & Durham** ([TSX:DND](#)), which has lost 33% of its stock value this year. In its

recently reported second quarter, its revenue and net losses fell short of analysts' expectations. Over the last 12 months, the company has raised the price per transaction of its Unity Software by 900%. Investors may be worried that the steep price rise could increase the churn rate, thus hurting its growth.

However, Dye & Durham has continued its growth initiatives by acquiring **TELUS's** financial solutions business. It is also working on closing the acquisition of Link Group, which provides software solutions and services to financial services and corporate businesses globally. These acquisitions could significantly boost the company's financials in the coming quarters. Also, the company earns a substantial part of its revenue from recurring sources, which is encouraging.

Amid the recent correction, Dye & Durham's valuation has fallen to attractive levels, with its forward price-to-sales multiple at 3.6. Given its high-growth potential and attractive valuation, [I am bullish on Dye & Durham](#).

## BlackBerry

My third pick is **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). Last month, the company announced that it has agreed to sell its non-core patent assets to Catapult for a total of US\$600 million, with the company receiving US\$450 million in cash and the remaining US\$150 million through a promissory note. Investors appear to be unimpressed by the company's decision, leading to a correction in its stock price. It has lost around 20% of its stock value this year.

However, BlackBerry's growth prospects look healthy, given its multi-growth drivers. It is focusing on strengthening its position in the enterprise software business, especially in the automotive segment. With the increase in software components in vehicles, the company's intelligent vehicle software platform, IVY, could be a significant growth driver in the coming quarters. The increased adoption of the hybrid work model means spending on cybersecurity could rise, also benefiting the company. Given its growth potential, I expect BlackBerry to deliver superior returns over the next three years.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:BB (BlackBerry)
4. TSX:DND (Dye & Durham Limited)
5. TSX:LSPD (Lightspeed Commerce)

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