2 High-Growth Tech Stocks That I'll Be Watching This Earnings Season

Description

Many companies on the **TSX** are set to report their quarterly earnings over the next several weeks. Earnings season is always an exciting time as an investor, and I'm not expecting this one to be any different. However, at least for myself, there's just as much anxiousness as there is excitement this time around.

We're about to get a glimpse into how companies are coping with a potential recession looming around the corner. It will be very interesting to watch how investors react to both positive and negative news surrounding the earning reports.

The S&P/TSX Composite Index is already down close to 15% on the year. If we see a trend of negative results, there's no question that the market could continue to slide in the coming months. On the flip side, if a lot of positive news comes from this earning season, we could be looking at the bottom of this bear market.

What to watch this earning season

With no shortage of headlines to follow this earnings season, I've got two beaten-down tech stocks at the top of my watch list. I'm a shareholder of both companies and have added to my positions several times this year already. Both stocks are down huge this year but still have loads of market-beating growth potential over the next decade and longer.

If you're looking to take advantage of the market's discounted prices, these two picks should be on your radar.

Tech stock #1: Shopify

It wasn't long ago that it seemed that **Shopify** (TSX:SHOP)(NYSE:SHOP) stock could do no wrong. It was in a league of its own in terms of valuation, defying the logic of many value investors.

The growth stock kept growing and crushing the market's returns, though, despite the ridiculously high valuation. Well, after an incredibly impressive first six years on the public market, an unsustainably high valuation may have finally caught up to Shopify.

Shares of the tech stock are down more than 70% year to date and are now trading below the stock's lows from the COVID-19 market crash.

Even with the steep selloff this year, though, Shopify's 250% return over the past five years has largely outperformed the Canadian stock market's return of less than 30%.

As a global tech giant, there's a lot of pressure on Shopify this earnings season. Investors are looking for any positivity they can get from management after a dismal first six months of the year for the stock. A short-term negative outlook could send shares spiraling even further.

Tech stock #2: Lightspeed Commerce

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) is another beaten-down tech stock that I'm ready to scoop up more discounted shares of.

The growth stock is down just over 50% on the year but more than 80% below 52-week highs that were set in September 2021.

At a market cap of less than $5 billion, Lightspeed is a much smaller company than Shopify. While they may differ in size, both tech companies have the potential to be long-term, market-beating stocks.

Lightspeed is coming off a fiscal year where year-over-year quarterly revenue growth topped 100% in three of its four quarters. While that's certainly impressive, that growth rate declined gradually throughout the year, which is, of course, worrisome to investors.

When the company reports its 2023 Q1 earnings on August 4, revenue growth will be top of mind for me.

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