



2 Undervalued TSX Stocks to Buy as Tech Recovery Gains Steam

Description

After consistently falling for months, most [tech stocks](#) seem to have started a healthy recovery in July — especially the ones with a strong fundamental outlook. While concerns about high inflation and aggressively rising interest rates continue to haunt investors, largely better-than-expected tech earnings are helping companies regain investors' confidence. That's why it could be the right time for investors to consider buying some quality tech stocks right now before it's too late. Let's take a look at two Canadian tech shares that I find highly [undervalued](#) at the moment.

Lightspeed Commerce stock

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) is a Montréal-based omnichannel commerce platform provider with a market cap of about \$4 billion. In the last 10 months, LSPD stock has lost nearly 83% of its value, as it currently trades close to \$27 per share. But it has risen by more than 12% this week so far.

A massive crash in its stock started in September last year after a New York-based short-seller, Spruce Point Capital, severely [criticized](#) the Canadian tech company and its management while calling its valuation inflated. Although this short report had no major impact on Street analysts' opinion about Lightspeed, it apparently badly shook retail investors' confidence. In the following months, a tech sector-wide selloff due mainly to growing worries about most high-flying stocks being overvalued pressured LSPD shares further.

Despite its stock's struggle, Lightspeed hasn't disappointed its loyal investors, as it continues to register solid sales growth. In its fiscal year 2022 (ended in March), the tech firm's total sales jumped by 147% year over year to around US\$543 million. Similarly, its adjusted net loss significantly narrowed to US\$0.37 per share in fiscal 2021 from a US\$1.16 loss in the previous fiscal year. I expect consistently rising demand for Lightspeed's inventory, analytics, and reporting-focused commerce solutions to accelerate its financial growth further. These factors make this **TSX** tech stock look highly undervalued at the moment.

Nuvei stock

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) could be another great addition to your stock portfolio if you're willing to invest for the long term. It's a Canadian payment technology firm with a market cap of \$6.6 billion. Last year, nearly 54% of its total revenue came from the EMEA (Europe, Middle East, and Africa) segment, while the North American market accounted for about 42% of total sales. NVEI stock currently trades at \$46.76 per share with 43% year-to-date losses. Nonetheless, the stock seems to be on the path of a sharp recovery lately, as it has popped by more than 16% this week.

While Lightspeed is yet to achieve sustainable profitability, Nuvei is a highly profitable tech company with solid margins. In 2021, Nuvei's adjusted net profit stood at US\$248.6 million with a margin of about 34.3% — significantly higher than US\$89 million in the previous year.

In the first quarter, Nuvei also expanded its digital assets and cryptocurrency payment solutions in North America by supporting 136 coins and 97 fiat currencies as of March 31. This move is likely to make its payments platform more appealing to many small businesses globally and help expand its customer base. These factors make NVEI stock really attractive for long-term tech investors at its current market price.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

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