



3 Under-\$10 Growth Stocks to Buy Right Now

Description

Amid rising inflation, the Bank of Canada increased its benchmark interest rate by 100 basis points earlier this month to 2.5%. The central bank has announced that it could further raise interest rates in the coming month amid the inflationary environment. Higher interest rates could increase borrowing costs, thus lowering the profitability of growth stocks, which require higher capital to fund their growth initiatives.

So, growth stocks have witnessed substantial selling over the last few months. However, I believe the selloff in the following three [tech stocks](#) is overdone, thus providing an excellent entry point for long-term investors.

WELL Health Technologies

Amid the recent weakness, **WELL Health Technologies** ([TSX:WELL](#)) is trading at a discount of 59% from its 52-week highs. The steep correction has dragged its NTM price-to-sales ratio and NTM price-to-earnings ratio down to 1.4 and 15.8, respectively. However, the company's financials continue to grow at a healthier rate.

Today, the company announced its preliminary second-quarter performance, with its revenue projected to cross \$130 million. During the second quarter, the company recorded omnichannel patient visits of 839,698, representing year-over-year growth of 50% and sequential growth of 7%. The strong performance from its U.S.-focused virtual patient services drove the company's financials. Along with top-line growth, the company's adjusted EBITDA also came in at an impressive \$23 million while generating a free cash flow of \$15 million.

Additionally, I expect the uptrend to continue amid the increased adoption of telehealthcare services and WELL Health's aggressive acquisition strategy. So, I believe long-term investors should utilize the selloff to accumulate the stock to earn superior returns in the long run.

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)), which offers a wide range of cybersecurity solutions, is my second pick. Amid digitization and increased adoption of a hybrid working model, the spending on cybersecurity solutions is rising. Despite the rising competition, the company continues to resonate with blue-chip companies, given its range of innovative product offerings.

BlackBerry has substantial exposure to the automotive sector, with its QNX platform installed in 215 million vehicles. The demand for advanced driver-assistance systems and digital cockpits is rising, thus expanding the addressable market for the company. Its IVY platform, which standardizes data access across vehicles and aids software developers in building apps that run across vehicles, could be a significant growth driver. Meanwhile, BlackBerry has already received several requests from OEMs to develop proof of concept.

Despite its healthy growth prospects, the company is trading at a 48.5% discount compared to its 52-week high. So, given its multiple growth drivers and discounted stock price, I am bullish on BlackBerry.

Goodfood Market

Last week, **Goodfood Market** ([TSX:FOOD](#)) reported its third-quarter performance, with its revenue falling by 8.2% from its previous quarter to \$67 million. However, its gross margin improved by 2.2% to 26%, while its SG&A expenses declined by 11.4% to \$29.4 million. The implementation of Project Blue Ocean in the last quarter has contributed to the improvement of its gross margin and SG&A expenses.

Meanwhile, the company's management expects further improvements in the coming quarters amid improvement in operational efficiency. With the expansion of its on-demand delivery service to Toronto, Montreal, and Ottawa, the company has around 38,000 active subscribers at the end of the third quarter, representing a 41% quarter-over-quarter growth. Goodfood Markets has built nine micro-fulfillment centres to expand its on-demand service further.

Despite improving profitability, Goodfood Market trades around 88% lower than its 52-week highs, with its NTM price-to-sales multiple standing at 0.4. So, I believe Goodfood Market is an excellent buy at these levels.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:FOOD (Goodfood Market)
4. TSX:WELL (WELL Health Technologies Corp.)

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Date

2025/08/15

Date Created

2022/07/21

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