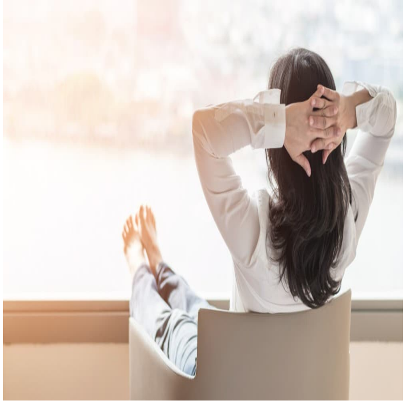

This 1 Stock Is Better Than Shopify (TSX:SHOP)

Description

As I write this article, I am slightly conflicted as to whether I should recommend the company or not. The reason being that despite **WELL's** (TSXV:WELL) stock increasing 240% since the beginning of the year, it has suffered a net loss in each of the past five fiscal years.

For those of you unfamiliar with WELL, it's a healthcare-tech company. The company owns and operates Primary Hclinics, which provide healthcare related services. This is coupled with its Electronic Medical Records (EMR) service that aims to make clinics digital.

The company collaborates with doctors and clinics to achieve its mandate. Fiscal 2017 was a dismal year for the company with revenues of $415 thousand and a net loss of $5.6 million.

Things are looking up in fiscal 2018, however, with revenues of $10.6 million and a net loss that has improved to $2.8 million. I believe that the company's stock price will continue to increase due to the growth of the company and a high working capital.

Growing company

The company has been on an acquisition frenzy in the past couple of years, having acquired 19 clinics in fiscal 2018 alone.

The company purchased six medical clinics in February of 2018 and complemented this with an additional 13 clinics in November 2018. Its revenues are derived solely from services rendered by these clinics.

In January of 2019 the company acquired all issued and outstanding shares of Northwest Electronics Records and Design ("NerdEMR") that has a portfolio of 220 clinics in British Columbia and services 2000 registered practitioners, 1700 non-medical staff and almost five million patients.

The company's growth is so noteworthy that renowned Hong Kong businessman, Li Ka-shing, is a principal investor in the company, having purchased a portion of the 2.17 million shares along with

Horizons Ventures.

Further to this, seven of the company's management team have purchased shares amounting to $1.73 million. This is a good sign and is a strategy also used by **Pollard Banknote** – which is 67.5% owned by the Pollard family – in which it has achieved great success to date.

Second quarter 2019 revenues are $7.4 million which suggests annualized revenues of $29.6 million, up 179% since fiscal 2018. The company also acquired OSCARprn – Treatment Solution Ltd, KAI Innovations and SleepWorks Medical Inc. in fiscal 2019 thus far.

The company reports a cash and cash equivalents balance of $6.7 million at the end of second quarter 2019.

High working capital

Working capital is calculated by subtracting current liabilities from current assets. It is a measure of the surplus of assets to liabilities the company has to dedicate toward business growth.

As of fiscal 2018, the company has $1.5 million in working capital surplus, which is a significant amount given the size of the company. Investors should be excited to hear this, as the company is able to use the assets to generate additional revenues which ultimately drives the bottom line.

Summary

WELL is a company on the verge of a breakthrough.

With its technology-centric approach to health care and its acquisition-focused growth model, there is every indication that this company will continue to grow in the future and ultimately deliver greater returns for investors.

The $1.5 million in working capital surplus isn't too shabby either, as it means the company will be able to dedicate a significant portion of its current assets to generate additional revenue. This is definitely a win in my books.

For those of you who are more risk-oriented, check out this stock as well.

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