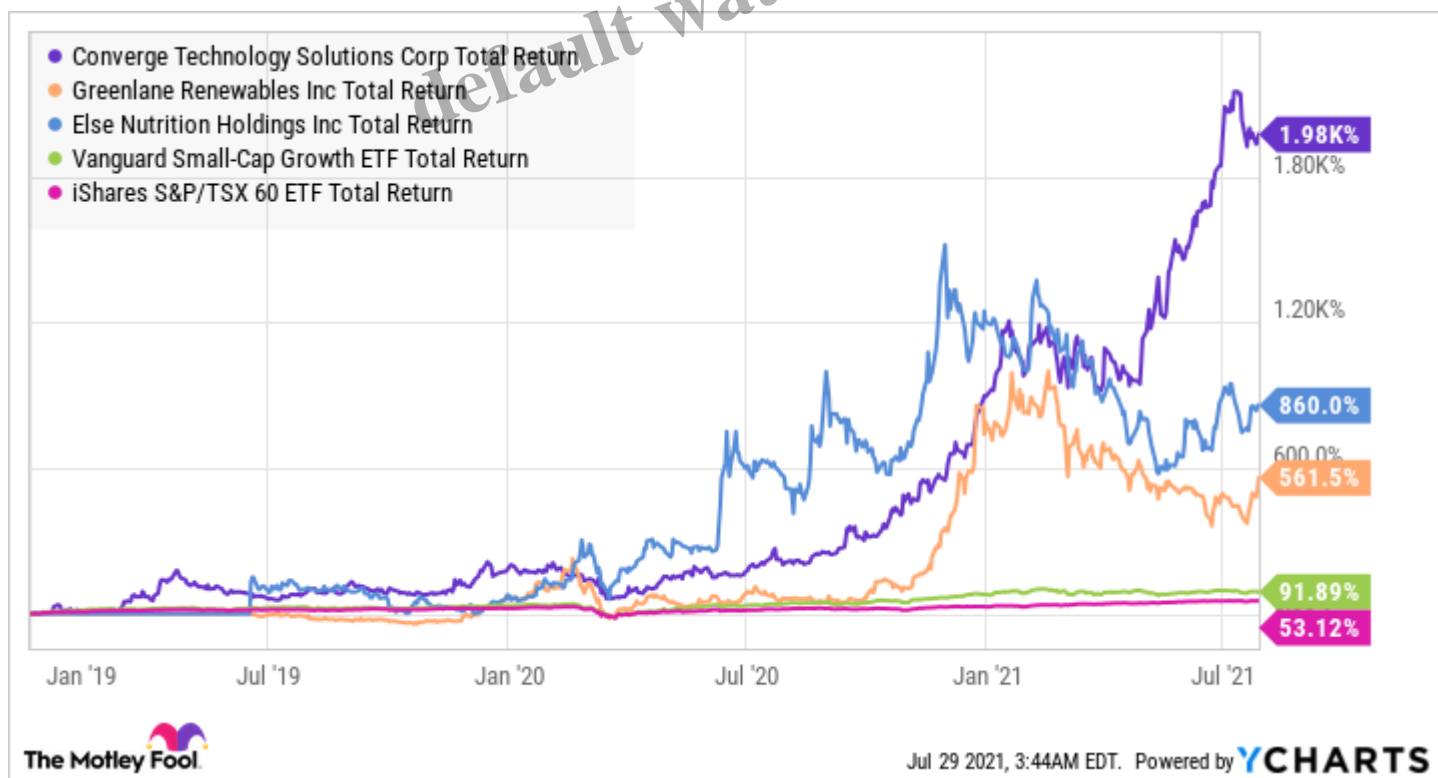




## Get Rich With 3 Small-Cap Stocks

### Description

Adding a basket of small-cap stocks to your diversified investment portfolio can help your money grow faster, allowing you to retire earlier. You can consider buying small-cap exchange-traded funds opportunistically. However, if you explore, research, and carefully select individual small-cap stocks, you could do so much better.



Total Return Level data by YCharts.

Here are three potential small-cap stock winners for your consideration.

## A small-cap tech stock you'd want to own

**Converge Technology Solutions** ([TSX:CTS](#)) has seen superb top-line growth thanks to its well-designed growth plan that includes M&A. It's set to quadruple its revenue by the end of this year compared to 2018.

Importantly, management has demonstrated a pattern of converting revenue growth to greater adjusted EBITDA growth. For instance, while increasing its revenue by 38% last year, the tech stock boosted its adjusted EBITDA by 91%.

Its incredible EBITDA growth is not a one-off. Since its inception in 2016, Converge has grown the metric by more than 90% annually on average. This was partly due to expanding its EBITDA margin from 3.6% in 2018 to 6.4% last year.

The small-cap company has been doing an excellent job in helping companies in the mid-market with a variety of tech solutions, including advanced analytics, cloud, cybersecurity, and managed services.

Management projects annualized revenue growth to be roughly 35% through 2025, while improving its EBITDA margin to 10%.

If [the tech stock's](#) continued expansion into North America and new expansion into Europe work well, it could double investors' money in a couple of years.

## A growth stock that just started rebounding

[Small-cap](#) stock **Greenlane Renewables** ([TSX:GRN](#)) is a great value today. Its market cap is only \$258 million. If it revisits this year's high again, that would be a whopping upside of 72%.

Notably, the renewable gas stock had a huge correction, for the most part, year to date. The growth stock appears to have performed a double bottom at about \$1.20 per share recently. Fundamentally, it has the prospects of providing a near-term upside of about 60% from yesterday's market close price of \$1.72 per share.

Greenlane's competitive advantage comes from offering multiple biogas upgrading technologies: water wash, pressure swing adsorption, and membrane separation. It would apply the most suitable type for a client project.

It last reported record revenue of \$12.2 million (up 317% year over year) for the first quarter (Q1). It ended the quarter with a sales backlog that was more than three times its Q1 revenue. The company expects to continue filling that backlog, as it keeps its sales pipeline full.

## An interesting small-cap stock

**Else Nutrition** (TSXV:BABY) is an interesting small-cap stock with a market cap of about \$272 million. The Israel-based company develops plant-based food and nutrition products for people who prefer or

require an alternative to soy- and dairy-based formula.

Its target market includes infants, toddlers, children, and adults. For example, some parents have reported their babies having eczema when using other formulas. The condition disappeared when switched to Else.

The company's revenue more than doubled from 2019 to 2020. In the trailing 12 months (TTM), it generated revenues of \$2.3 million. The company is still in its very early stages of growth, placing more than 55% of its revenue into research and development in the TTM. Therefore, don't expect the company to report profits anytime soon.

## CATEGORY

1. Investing
2. Tech Stocks

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