



## 3 Top Small-Cap Tech Stocks With Excellent Risk to Reward

### Description

Small-cap stocks consist of companies with a market cap of less than \$2 billion. These companies generally offer more risk than a large-cap stock with an established business. However, they offer a lot more potential for growth. So, when you can find a top small-cap stock in the tech sector, the growth could be enormous.

There are plenty of small up-and-coming tech stocks, though, many of which won't ever be successful. We want to make sure whatever stocks we buy have a clear competitive edge or are disrupting an industry, giving them a tonne of potential to keep expanding their operations for years.

With that in mind, here are three of the top small-cap tech stocks that are currently offering investors excellent risk to reward.

### A rapidly growing healthcare tech stock

One of the top small-cap tech stocks to buy today has to be **WELL Health Technologies** ([TSX:WELL](#)). WELL has built an incredible portfolio of high-quality healthcare businesses that offer tremendous diversification as well as attractive synergies.

From physical clinics to telehealth companies and digital health apps, the company even owns a massive electronic medical records business as well as a cybersecurity segment.

What's most impressive about WELL, though, is that each company it acquires has a tonne of opportunity to continue growing, in addition to helping form a much bigger business that serves all aspects of the healthcare industry. Plus, it's growing its revenue rapidly while ensuring that its margins continue to improve.

Because the healthcare sector is so essential but also ripe for disruption, WELL has years of growth potential ahead of it. So, if you're looking for a small-cap stock that offers a tonne of growth potential, WELL is undoubtedly one of the best Canadian stocks to buy today.

## A small-cap AdTech stock with a tonne of growth potential

Another high-potential small-cap tech stock is **AcuityAds Holdings** (TSX:AT)(NASDAQ:ATY). The company launched its revolutionary illumin platform roughly one year ago and is expected to start ramping up sales any quarter now.

Over the last few months, though, the stock has been in a downtrend, which is positive for investors today, as the stock is extremely cheap. Over the last eight months, the stock is down by roughly 75%.

Considering the massive upside AcuityAds has both in the short and long term, and the fact that it can't get much cheaper than this, it's one of the top small-cap tech stocks offering incredible risk to reward.

At its current price, AcuityAds has an [enterprise value](#) (EV) below \$400 million, which gives the stock a trailing EV/sales ratio of just 3.3 times and a forward EV/ sales of 2.7 times.

And its main comparable, **The Trade Desk**, has an EV of more than 34 billion and sits at a forward EV/sales ratio of 26 times. Furthermore, analysts have a target price that's more than 130% higher than where AcuityAds stock sits today, at roughly \$19.

So, if you're looking for a high-potential small-cap tech stock, AcuityAds is one of the best investments you can make today.

## A high-potential micro-cap tech stock

Lastly is **Drone Delivery Canada** ([TSXV:FLT](#)), a stock that saw a tonne of popularity last year but has since fallen out of favour. If there were ever a time to buy the [growth stock](#), though, now would be it.

The company began in 2014 to build an innovative logistics business building all its technology from the ground up. This expertise has a tonne of value for the small-cap tech stock, giving it a tonne of opportunity to grow organically over the years or even possibly become a takeover target.

Several industries have the potential to see benefits from using drones. And as the technology improves, these uncrewed aircraft will continue to offer advantages in more industries.

So, if you're looking for a small-cap tech stock with impressive risk-to-reward scenario, Drone Delivery Canada has a total EV of just \$190 million.

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## **Date**

2025/08/22

## **Date Created**

2021/10/29

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