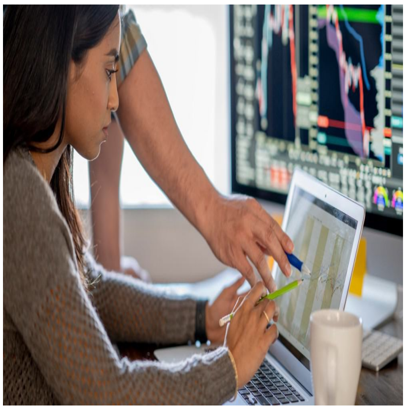

Top 2 Cheap Tech Stocks for 2022

Description

Tech stocks have been beaten down recently, as investment euphoria wanes. Several tech giants have seen corrections this earnings season, as their growth and fundamentals fail to live up to expectations. However, some lesser-known tech stocks have dropped far below their intrinsic value.

Here are the top two cheap tech stocks that should be on your radar for the year ahead.

Cheap tech stock #1

Goodfood Market (TSX:FOOD) was one of the best lockdown-themed tech bets of 2020. The stock exploded by more than 400% to record highs. This year has been a lot more challenging. The stock has come under immense pressure with the opening of the economy. Additionally, concerns that the company faces stiff competition in the grocery and meal delivery business continues to take a toll on the stock's performance.

The stock has pulled back by about 40% from all-time highs. It's currently trading at just $7.15. This dip raises serious concerns for investors who were hoping for relentless growth in a lucrative segment of the e-commerce market.

Nevertheless, Goodfood is still expanding its footprint, venturing into the same-day delivery business as it looks to broaden its revenue stream. It has also started offering ready-to-cook and ready-to-eat meals as part of an effort to attract new customers. The fact that the company holds about 40% of the Canadian meal-kit industry affirms its long-term prospects in the highly competitive industry.

The fact that the company is disrupting the grocery and meal-kit industry affirms why it is a long-term play trading at a discount. A price-to-sales multiple of 1.40 indicates that this could be an overlooked opportunity for investors seeking a bargain tech stock.

Cheap tech stock #2

WELL Health Technologies (TSX:WELL) is another cheap tech stock that deserves a mention here. The stock was at the forefront of the telehealth revolution last year, as the pandemic spread. But this year, investors have been pulling back as the crisis recedes. WELL Health stock has lost more than a quarter of its value since February. It's now trading at just $6.7.

While the company's market value has compressed to $1.4 billion, its annual revenue run rate has accelerated to $400 million. In other words, the stock is trading at a forward price-to-revenue ratio of just 3.5. That makes it one of the cheapest tech stocks on the market right now.

WELL Health's acquisition-driven growth strategy and entry into the United States this year should unleash plenty more shareholder value. For instance, the team acquired Silicon Valley-based WISP, a telehealth startup specializing in women's health. The deal expands WELL Health's service offering and gives it access to patients and healthcare professionals across 50 U.S. states.

Past acquisitions have been integrated into the WELL Health platform and helped boost the company's top line. Much of this growth hasn't been factored into the stock price. That's why this stock deserves a spot on your "reasonably priced growth" watch list.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:WELL (WELL Health Technologies Corp.)

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