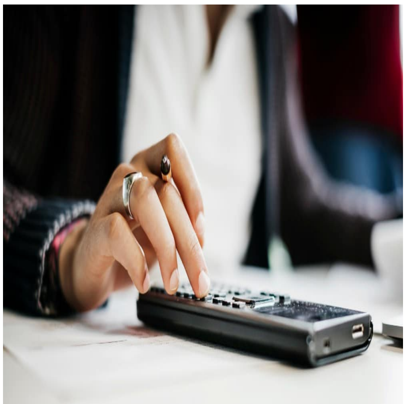

3 Canadian Small-Cap Companies Offering Excellent Buying Opportunities

Description

Small-cap stocks have a market capitalization between $300 million and $2 billion. These companies are riskier, as they are highly susceptible to market volatilities. However, these companies have the potential to deliver multi-fold returns in the long run. So, investors with higher risk-taking abilities can acquire these stocks to earn superior returns. Meanwhile, if you wish to invest in small-cap stocks, my three top bets are here.

Savaria

Savaria (TSX:SIS) offers accessibility solutions to elderly and physically challenged individuals. Yesterday, the company had reported a solid fourth-quarter performance, with its revenue and adjusted EBITDA growing by 109.2% and 82.3%, respectively. The acquisition of Handicare and organic growth drove its financials during the quarter.

Meanwhile, the uptrend in Savaria's financials could continue amid rising demand and growth due to progress in the integration and synergies of Handicare. Meanwhile, the company's management has set optimistic guidance for 2022. Its revenue could increase by 17.2% to $775 million, while its adjusted EBITDA could fall between $120 and $130 million compared to $106.1 million in 2021. Given its healthy growth prospects, price-to-sales multiple of two, and a forward yield of 2.86%, Savaria could be an excellent addition to your portfolio.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) leverages technology to empower healthcare practitioners to provide the best and most advanced care possible. Over the last few quarters, the company has delivered solid performance amid increased demand for virtual services and strategical acquisitions. Its revenue run rate has exceeded $450 million during the fourth quarter, while its adjusted EBITDA run rate is nearing $100 million. It had 965,294 omnichannel patient interactions during the quarter, with an annualized run rate of 3.86 million.

Meanwhile, WELL Health's growth prospects look healthy amid the rising adoption of virtual services and its expanding presence in the United States. It had recently acquired Circle Medical, Wisp, and CRH Medical, which have strengthened the company's presence in the highly lucrative market. Amid the recent selloff in Canadian tech stocks, the company is trading at a 47% discount from its 52-week high. So, given its healthy growth potential and discounted stock price, WELL Health offers an excellent buying opportunity.

Absolute Software

The surge in hybrid work culture and digitization has increased the demand for cybersecurity services. So, I have opted for **Absolute Software** (TSX:ABST)(NASDAQ:ABST) as my third pick. It had reported a solid second-quarter performance last month, beating analysts' expectations. Its active endpoints increased by 16% to 13.4 million, while its ARR (annual recurring revenue) increased by 66%. The company generated operating cash flows of $14.7 million during the quarter.

After reporting its second-quarter earnings, Absolute Software's management had raised its guidance for this fiscal year. The management now expects its revenue in fiscal 2022 to come in the range of US$206-US$208 million, representing year-over-year growth of over 70%. The new product launches, growing customer base, strategic acquisitions, and expansion of its addressable market could drive its financials in the coming quarters.

Despite its healthy growth prospects, Absolute Software trades at an attractive NTM price-to-sales multiple of two. Also, it pays quarterly dividends of $0.08. Considering all these factors, I am bullish on Absolute Software.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. TSX:ABST (Absolute Software)
3. TSX:SIS (Savaria Corporation)
4. TSX:WELL (WELL Health Technologies Corp.)

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