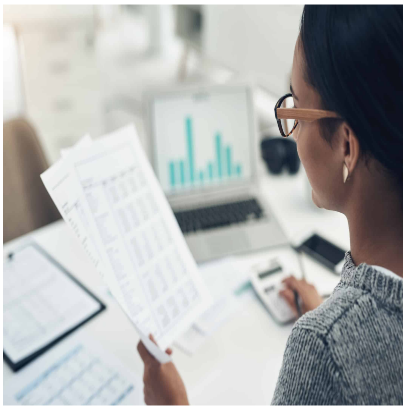

3 TSX Small Caps to Buy Right Now

Description

Small-cap companies will have a market capitalization between $300 million and $2 billion. These companies usually offer higher growth prospects and could deliver higher returns in the longer horizon. However, these companies are volatile due to their susceptibility to market fluctuations, thus making them riskier bets. So, investors with higher risk-tolerance abilities can buy the following three small-cap stocks, trading at a substantial discount amid the recent selloff.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) offers multi-product learning suites to businesses worldwide. The company, which had witnessed substantial growth during the pandemic, has been under pressure over the last few months. It has lost over 65% of its stock value, while its NTM (next 12 months) price-to-sales multiple has declined to 5.1, which is lower than its historical average.

Meanwhile, the company's financials have continued to rise, with its revenue growing by 36% in the June-ending quarter. Expanding customer base with the net addition of 621 customers over the last four quarters and a growth of 18.4% in its average contract value drove its revenue.

Meanwhile, the demand for the company's products and services could sustain amid the growing adoption of learning management systems (LMS). The global LMS market could grow at a CAGR (compound annual growth rate) of 14.2% through 2029. Given its artificial intelligence-powered learning platform, the company is well positioned to benefit from the expanding market. Its customers have signed long-term contracts, which stabilize its financials. So, I believe Docebo would be an excellent buy for long-term investors.

goeasy

The second on my list is **goeasy** (TSX:GSY). The sub-prime lender has been delivering stellar performance over the last 10 years, with its revenue and adjusted EPS (earnings per share) growing at 15.9% and 29.1%, respectively. Despite the challenging environment, the company's financials have continued to rise this year. The company's top line grew by 30%, while its adjusted EPS increased by 12.1%. The expansion of its loan portfolio amid record loan originations and stable credit and payment performance drove its growth.

Meanwhile, goeasy continues to focus on expanding its product range, strengthening its distribution channels, and adding new verticals to drive growth. The company is optimistic about its growth and projects its loan portfolio to grow by 65% to reach $4 billion by the end of 2024. The company could deliver an annual return on equity of over 22% through 2024. Also, its dividend yield of 3.4% and NTM price-to-earnings multiple of 8.1 make the company an attractive buy at these levels.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) has delivered solid performances amid organic growth and strategic acquisitions over the last few years. In the recently announced second quarter, its revenue grew by 127% while reporting an adjusted net income of $17.2 million compared to a net loss of $1.2 million in the previous year's quarter.

Meanwhile, I expect the growth to continue as the company's addressable market expands. *Grand View Research* expects the global telehealthcare market to grow at a CAGR of 27.8% for the rest of this decade. The increased adoption, growing internet penetration, and technological advancements could drive the market. The company announced ramping up its merger and acquisition activities in May by signing multiple letters of intent. Despite the challenging environment, it had raised its guidance for this year, which is encouraging. However, amid the recent correction, WELL Health has lost over half its stock value and trades at an attractive NTM price-to-earnings multiple of 12.3. So, considering all these factors, I am bullish on WELL Health.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:WELL (WELL Health Technologies Corp.)

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1. Investing

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