



## Is Martello Technologies (TSXV:MTLO) a Good Investment?

### Description

Bruce Linton put **Martello Technologies Group Inc.** ([TSXV:MTLO](#)) on the map when he went on *BNN Bloomberg* wearing the company's shirt and saying that he was going to be working with them.

It led to the stock seeing a [significant increase](#) in value, and its volumes have been up since then. Now that the hype has settled and with the company recently releasing its year-end and Q4 results, it's a good time to ask the question:

### Is Martello a good investment?

In the company's most recent earnings results, Martello showed impressive sales growth, with its topline doubling in the past year.

A good recipe for success on the markets is being able to grow sales at a strong rate, and if Martello can continue doing so, it'll have a great opportunity for more capital appreciation in the future.

What makes it even more attractive is that around 80% of the company's sales during the past year were recurring, and so as long as Martello is able to retain its existing customers, it will have a great opportunity to build on those strong results.

In addition, the company already has good geographical reach, with sales on several continents giving it a bit more stability and diversification than what investors would normally expect with a typical North American stock.

However, the one risk that might be concerning to investors is that more than half (54%) of Martello's sales over the past year came from one customer, and their receivable as of March 31 was \$1.9 million. This is a bit more exposure than we'd like to see, especially from just one customer.

What also stands out to me are the company's astronomical margins of more than 90%. They almost seem too good to be true, but even if they dropped down to the 80s, they would still give the company a great opportunity to cover overhead and other expenses.

High margins can help give a company good odds for success, as there will be a lot of revenue flowing through to the bottom line as long as operating expenses remain controlled.

A big reason behind the company's rising expenses this past quarter was its investment into research in development (R&D). Spending on R&D is crucial for tech companies and it's also more controllable as well, unlike the general and administrative costs that often come with an expanding workforce and needing to serve more customers.

## Bottom line

Martello has been doing a lot of things well over the past year. While there are definitely some risks with the company, there are many opportunities as well. Given Linton's involvement, Martello might have an easier time getting new customers on board.

After all, we've seen how [well](#) Linton was able to develop **Canopy Growth Corp** into the company that it is today.

However, that's not to say that Martello needs Linton to grow, but with him in the mix, the company is certainly a much stronger brand than without him. Overall, Martello Technologies is definitely a stock worth keeping on a watch list as the stock could have a lot of potential.

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