



Why Magnet Forensics (TSX:MAGT) Stock Popped 15% Today

Description

What happened?

The shares of the Canadian software company **Magnet Forensics** ([TSX:MAGT](#)) zoomed up by more than 15% on Tuesday morning after the company [posted](#) its solid Q2 2021 results. Today's gains extended its stock rally after the company went public in April 2021 and got listed on the **Toronto Stock Exchange**.

So what?

Magnet Forensics reported better-than-expected US\$16.5 million revenue in the June quarter. While its revenue showcased about 42% improvement from the same quarter a year ago, the figure was also 12% higher than the first quarter. MAGT's annual recurring revenue growth accelerated in the last quarter as it rose by 48% year over year to US\$49.6 million.

As a result, the Waterloo-based tech firm's adjusted earnings stood at US\$0.04 per share — nearly 129% higher compared to analysts' consensus estimates. Its gross margin for the quarter also remained strong 94% in the last quarter. These financial trends clearly reflect the strength of Magnet Forensics's recent new software launches and the rising popularity of its existing digital investigation tools.

Now what?

Magnet Forensics has been one of the most exciting Canadian tech companies to go public in recent years. While its business focus is different from other Canadian tech companies — including **Lightspeed** — Magnet's recent financial progress has showcased potential to grow exponentially in the coming years. Investors tend to pay more attention to a company's future growth potential than its past. That's one of the reasons why [Lightspeed stock](#) has risen by 30% this year before posting solid 149% gains last year.

Magnet Forensics's software mainly equips businesses with tools to investigate cyberattacks and digital crimes. Its innovative tools can analyze data from various digital sources, including computers, mobile devices, and cloud services.

The recent global pandemic has forced a large number of businesses to build their online presence. And these businesses would need cybersecurity and digital investigation software — like the one Magnet Forensics provides — to keep their online data secure. That's why I expect the demand for Magnet's software solutions to reach new heights in the coming years and drive a massive rally in its stock.

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Date

2025/09/09

Date Created

2021/08/10

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