



## This 1 Tiny Canadian Tech Stock Could Explode Soon

### Description

The shares of **Magnet Forensics** ([TSX:MAGT](#)) are on fire this month. As of Wednesday's closing, the stock has risen by 46% in August — extending its consistent rally since its **TSX** listing earlier this year. This week alone, the stock has seen 32% gains so far. While MAGT stock is currently trading about 166% above its IPO listing price of \$17 per share, I expect these recent gains to be just the start of its long-term rally. Let's find out why.

### Magnet Forensics overview

Magnet Forensics is a small Waterloo-based tech firm with a market cap of just \$422 million. The company mainly [focuses](#) on developing digital investigation software for businesses. Its software tools are capable of acquiring and analyzing data from various sources like PCs, smartphones, cloud, and internet of things devices. After examining the data for any vulnerability, the software can report it to the user with evidence.

Over 4,000 public and private businesses from 90 countries currently use Magnet Forensics's software solutions to secure their data. Based on its 2020 financials, the company generated more than 50% of its revenue from the United States — making it Magnet's largest single market.

### Solid recent financials

The company recently [reported its strong quarterly results](#) on August 10. In the second quarter, Magnet Forensics's adjusted earnings stood at US\$0.04 per share — nearly 129% higher compared to street analysts' consensus estimates. During the quarter, its total revenue went up by 42% on a YoY (year-over-year) basis to US\$16.5 million — also beating analysts' expectations.

Its revenue growth was mainly driven by a sharp rise of US\$2.3 million in Magnet's term licence revenue and a US\$2.7 million jump in its software maintenance and support segment revenue compared to the same quarter a year ago. Also, Magnet Forensics's gross margin remained solid in the second quarter at 94%. These strong financials were the primary reason its stock rose by more

than 11% on the day of its Q2 earnings event. Magnet Forensics stock has extended this rally in the last couple of days.

## Massive growth potential

The ongoing solid growth trend in Magnet Forensics's recent financials is impressive enough to make its stock worth considering for the long term. However, the company's massive future growth potential makes its stock even more attractive. While the popularity of its existing digital investigation software solutions is growing fast globally, MAGT is now focusing on new product launches that could accelerate its sales growth in the coming years.

In its latest earnings report, Magnet Forensics's CEO Adam Belsher noted, "our pipeline of new opportunities is robust and the new offerings we have launched are gaining traction in the market, building on the momentum of our flagship products, Magnet AXIOM and Magnet AXIOM Cyber."

## MAGT stock could explode soon

The recent global pandemic phase gave a big boost to remote-working culture. This trend is likely to significantly increase the demand for enterprise security software solutions in the coming years. That's another reason why I expect the demand for Magnet Forensics digital investigation tools to skyrocket in the medium term. All the factors that I've highlighted in this article could help Magnet Forensics stock explode soon. That's why you may want to buy it before it's too late.

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