



## Why Kinaxis (TSX:KXS) Stock Jumped 14% Last Week

### Description

**Kinaxis** ([TSX:KXS](#)) is an Ottawa-based company that provides cloud-based subscription software for supply chain operations in Canada, the United States, and around the world. Today, I want to discuss why this [tech stock](#) has gained momentum in late June. Is it worth snatching up in the early part of the summer? Let's jump in.

### How has this tech stock performed so far in 2022?

Shares of Kinaxis have shot up 14% week over week as of close on June 24. North American markets enjoyed a significant rebound after a brutal stretch in the previous week. Despite its recent bump, this tech stock is still down 15% so far in 2022.

In the 2020 market correction, Kinaxis stood out, as it was able to defy the bear market — at least in the early stages. The COVID-19 pandemic sent off shockwaves for domestic and global supply chains. We are still feeling those effects today. That has put attention on this tech stock, as it offers a revolutionary software service in this space.

Last week, the company was chosen by Carlsberg to digital transform its supply chain capability. Carlsberg is one of the largest brewers on the planet. This adds another top company to Kinaxis's stable, as it continues to draw top organizations to its leading software.

### Should investors be encouraged by Kinaxis's recent run?

Kinaxis unveiled its first-quarter 2022 earnings on May 5. Total revenue increased 70% year over year to \$98.1 million. The company had a strong start to the year, which spurred management to bolster its full-year outlook. It delivered new customer wins that were in line with the record results it posted in the fourth quarter of 2021.

The company reported SaaS revenue of \$49.3 million — up 22% from the previous year. Meanwhile, gross profit surged 87% to \$69.6 million and adjusted EBITDA soared 267% to \$33.1 million. The new

customers wins in the quarter have illustrated the increased demand for Kinaxis's technology, especially in the current era. Older supply chain systems have proven incapable of handling the rapidly shifting demands of the present. In 2022, the supply chain crisis has contributed to shortages in infant formula and tampons. Other products in short supply have included clothing, pet supplies, jewelry, and electronics.

In the beginning of this decade, Allied Market Research released a market report on the state of the global supply chain management market. That market was valued at US\$18.6 billion in 2020. It projects it will reach \$52.6 billion by 2030, which would represent a CAGR of 10% over that stretch.

## Kinaxis: Is it a buy today?

Investors should feel optimistic after Kinaxis's strong first quarter and yet another big customer win in the form of Carlsberg. Shares of this tech stock neared technically oversold levels in the middle of June. It has bounced back nicely, but it is not too late to snatch up Kinaxis on the dip. I'm still looking to snatch up this exciting tech stock, as its future looks very bright.

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