



## 3 Canadian Cybersecurity Stocks to Keep an Eye On

### Description

The slump of the [technology sector](#) will likely extend to 2023 or until the Bank of Canada reverses course. Fitch Solutions predicts a 50-basis point interest rate hike on December 7, 2022, but the seventh rate increase for the year might be the end of the monetary-tightening cycle.

Fitch also thinks the policymakers will loosen up by the second half of 2022. Investors expecting a bounce back by the tech sector should keep an eye on a select group of [stocks](#). According to industry experts, cybersecurity isn't just a technical problem anymore but a business risk.

Canadian cybersecurity stocks **Absolute Software** ([TSX:ABST](#)), **Magnet Forensics** ([TSX:MAGT](#)), and **BlackBerry** ([TSX:BB](#)) should rise to prominence in 2023.

### Rule-of-40 target

As of this writing, Absolute Software has positive gains compared to the tech sector's -41.14% loss. At \$11.84 per share, current investors are ahead 2.02% year to date and partake of the 2.34% dividend. The \$604.44 million company is a prominent and lone provider of self-healing, intelligent security solutions.

Absolute's platform helps customers strengthen their cyber resilience to counter the escalating threat of ransomware and malicious attacks. Its president and chief executive officer (CEO) Christy Wyatt sees a massive opportunity in front of Absolute. The impressive business performance and financial results in the first quarter (Q1) of fiscal 2023 are encouraging signs.

While Absolute incurred a net loss of US\$9.5 during the quarter, total revenue and annual recurring revenue (ARR) increased 23% and 15% year over year to US\$53.6 million and US\$215.7 million. Wyatt is confident that Absolute is well positioned to meet the Rule of 40, meaning the combined revenue growth rate and profit margin should equal or exceed 40%, for fiscal 2023.

## Growing addressable market

Magnet Forensics develops digital investigation software to help public and private sector customers protect their assets, fight criminals, and even guard national security. The \$1.15 billion company also sees a vast, growing global addressable market that should allow the expansion of its verticals.

In Q3 2022, revenue increased 41% to US\$25 million versus Q3 2021, although net income declined 36.4% to US\$1.4 million. However, ARR rose 50% year over year to US\$80.9 million, while the gross profit margin remained at 93%. Adam Belsher, CEO of Magnet Forensics, said management will build on the solid momentum in 2023.

The current share price of \$28.15 (-14.86% year to date). Market analysts recommend a buy rating with a 12-month average price target of \$40.18 (+42.73%).

## Powerful enhancements

BlackBerry trades at a deep discount at \$6.35 per share (-46.87% year to date). Despite the mediocre performance, massive growth is still on the horizon for this cybersecurity stock. The \$3.62 billion company should attract more investors in the space after announcing powerful enhancements to its artificial intelligence-based cybersecurity portfolio.

Its executive vice president for Security Products Billy Ho said, "BlackBerry is focused on delivering solutions that help businesses safeguard their sensitive data, solve challenges and stay on top of a rapidly evolving cyber threat landscape." He added the new capabilities are deeply rooted in the Cylance platform that can identify and stop attacks before they can even start.

## Superior returns

Expect Absolute Software, Magnet Forensics, and BlackBerry to be at the front and centre in addressing cybersecurity risks. All three can reward investors with far superior returns beginning in 2023.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:BB (BlackBerry)
3. TSX:MAGT (Magnet Forensics)

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## Date

2025/08/23

## Date Created

2022/11/14

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