



## 3 Canadian Stocks to Buy After Their Impressive Quarterly Earnings

### Description

Last week, the Canadian equity markets continued their upward momentum, with the **S&P/TSX Composite Index** rising 1.8%. The expectation of improvement in the economic recovery and more fiscal stimulus drove the markets higher. Amid increased investors' confidence, here are the three Canadian stocks that you could buy after their recent impressive quarterly performance.

### Absolute Software

Last week, **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) reported its second-quarter earnings of fiscal 2021, where its top line grew 16%, while its adjusted EBITDA margin improved from 24% to 27%. Its average recurring revenue (ARR) also increased 17% from the previous year, amid the strengthening of its Enterprise & Government and Education verticals.

During the quarter, the company launched its Absolute Control mobile app, which would protect customers' sensitive data while on the go. It also introduced software inventory capabilities and web usage analytics, which provides organizations more insights on their endpoint devices' software and web usage. Supported by these new launches, the company's active endpoints have increased by 18.6% on a year-over-year basis to 11.5 million.

After posting a strong second-quarter performance, Absolute Software's management has raised its revenue and adjusted EBITDA margin guidance for this fiscal. Amid the shift towards people working from home and its strong second-quarter performance, I believe Absolute Software would be an excellent buy right now.

### Lightspeed POS

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) revenue grew 79% year over year to US\$57.6 million in its recently announced [third quarter of fiscal 2021](#). The expansion of its customer base by 74%, growth in its recurring software and payments revenue, and acquisition of ShopKeep and Upserve drove the company's top line. Amid the secular shift towards online shopping, its gross transaction value (GTV)

grew 48% to \$9.1 billion.

Meanwhile, the company's recent acquisitions of ShopKeep and Upserve have strengthened Lightspeed's position as a cloud-based commerce platforms provider for small- to medium-sized businesses in the United States. In January, the company had launched Supplier Network that connects retailers with suppliers directly. Further, the company had US\$232.6 million of cash and cash equivalents as of December 31. So, the company could continue to acquire new business to expand its footprint geographically.

Although its valuation looks expensive, I believe the upward momentum in Lightspeed's stock price could continue, given the favourable market conditions and its growth prospects.

## Canopy Growth

My final pick would be **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), which had outperformed analysts' expectations in its recently reported third quarter. Further, the company's management has set a promising outlook for the next three years. The management projects its revenue to grow at a CAGR of 40-50% from fiscal 2022 to fiscal 2024. The growth of legal cannabis sales in Canada and the United States and market share gains through new product offerings and expanded distribution could drive its sales over the next three years.

Canopy Growth is yet to become profitable. However, the management is hopeful of positing positive adjusted EBITDA in the second half of fiscal 2022 and expects its adjusted EBITDA margins to reach 20% in fiscal 2024. Its cost-cutting initiatives, such as closing excess production facilities, slashing its headcount, and lowering its SG&A expenses, could drive its adjusted EBITDA. Further, the company could post positive operating cash flows in fiscal 2023, and positive free cash flows for fiscal 2024.

So, given its expanding addressable market, improving operating metrics, and strong financial position, I believe [Canopy Growth to deliver superior returns over the next three years](#).

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1. Cannabis Stocks
2. Investing
3. Tech Stocks

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:ABST (Absolute Software)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:WEED (Canopy Growth)

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