



Why Absolute Software (TSX:ABST) Stock Fell 20% Today

Description

What happened?

Absolute Software's ([TSX:ABST](#))([NASDAQ:ABST](#)) share price tanked by nearly 20% this morning. At 11:15 AM EST, it was trading at \$13.90 per share with about 19% losses for the month against a 1% rise in the **TSX Composite Index**. With this, ABST stock today has slipped below a major support level near \$15.75 per share for the first time in 2021.

So what?

Absolute Software mainly focuses on providing endpoint security and data risk management solutions to businesses and governments. The company [reported](#) its fourth quarter of fiscal 2021 results yesterday after market closing time. Its revenue for the quarter rose by nearly 17% YoY (year over year) to US\$31.8 million. The quarterly sales figure was also better compared to analysts' expectations.

In contrast, ABST's fiscal 2021 missed Street's earnings estimate of US\$0.17 per share by a wide margin. For the fiscal year, it reported adjusted earnings of US\$0.07 per share. This could be one of the primary reasons that took a toll on investors' sentiments and drove its share price down by nearly 20% today. It's a third consecutive day when ABST stock was sliding as it has seen nearly 22% value erosion this week so far.

Now what?

Despite missing analysts' earnings estimates in the last quarter, the Vancouver-based [tech company's](#) overall future growth outlook remains strong. Interestingly, the company has consistently reported net profitability in the previous 13 quarters (before Q4 2021).

The COVID-19-related operational challenges have triggered supply chain issues lately that are causing global tech shortages. Nonetheless, Absolute Software has shown the ability to consistently

improve its top line with strong profitability in the last couple of years.

Nearly 93% of its total revenue came from the cloud services segment in the last fiscal year. As remote work culture is exploding these days, the demand for Absolute Software's cloud services and IT security solutions could also skyrocket in the near term. These factors justify why Street analysts expect the company to consistently report exponential earnings gains in the next few years. That's why long-term investors can consider the recent massive declines in Absolute Software stock an opportunity to buy this fundamentally strong tech stock cheap.

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