



Buy Alert: This TSX Stock Is a Buy After Q2 Earnings!

Description

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) is a Vancouver-based company providing cybersecurity and hardware tracking solutions to a broad range of businesses. Demand for data security is steeply rising, especially now when remote working is at a peak and businesses around the world need various tracking solutions to track their devices and hardware assets.

Over the past five years, the stock had gained around 70% although it has been down by 7% year to date and by around 10% since the last year. Let's see if you should buy the [tech stock](#) right now.

Recent quarterly results

Absolute Software recently released its [financial results](#) for the fourth quarter of fiscal 2021. The following highlights were observed:

- Revenue for the quarter was recorded at \$31.8 million, indicating a 17% growth compared to the same period of last year. Also, revenue for the fiscal year as a whole showed a 15% growth against last year and was recorded at \$120.8 million.
- The company reported a net loss of \$3 million in Q4 of fiscal 2021, while the prior-year period saw a net profit of \$2.2 million. For the year as a whole, net profit fell by \$6.9 million and was recorded at \$3.7 million.
- Adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) for the quarter came in at \$8 million or 25% of revenue against the \$8 million, or 29%, of revenue recorded in Q4 of fiscal 2020. For the whole fiscal year, the adjusted EBITDA was \$31.9 million, or 26%, of revenue compared to the \$27.4 million, or 26%, of the revenue of the last fiscal year.
- The cash flow for fiscal 2021 saw some improvement. Cash flow from operating activities for the quarter and the whole year came at \$11.4 million and \$46.8 million, respectively, compared to \$11.6 million and \$25 million recorded last year.

Acquisition of NetMotion Software

Absolute Software had agreed to acquire 100% of the shares of the network security specialist, NetMotion Software, back in May for \$340 million in cash. The company had paid \$65 million from its own balance sheet and took a \$275 million term loan from Benefit Street Partners. The acquisition deal was closed in July 2021.

Though Absolute Software's financials are decent, the company's shares plunged after its earnings report. This might be because the market had higher expectations from the company and believed it had underperformed the market. But investors should remember that though the company had incurred a loss this quarter, it still holds a history of consistent positive results for the previous 13 quarters.

Also, the demand for cyber-security is not going to fade anytime soon especially when the demand for remote working has increased to such a high extent. Rich data is now considered as one of the highest-valued assets owned by a business and that every business should take the necessary steps to secure it. As Absolute Software belongs to the cybersecurity industry, it still has plenty of growth opportunities ahead.

Considering the growth factors of the company, investors should look at the longer horizon rather than simply focusing on its current business results. Also, the dividend yield of 2.8% is an added bonus factor to buy this stock, which is trading at a discount of over 12% to consensus price target estimates.

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