



This 2021 IPO Is Down Over 80% From Last Year: Is it Worth Buying?

Description

Farmer's Edge ([TSX:FDGE](#)) is a Winnipeg-based company that develops digital agriculture solutions in North America and around the world. This stock debuted on the TSX back in early March 2021. Its shares have struggled mightily in the year that has followed. Today, I want to discuss whether this [recent IPO](#) is worth snatching up in a new year. Let's jump in.

Why this IPO has failed to gain momentum since early 2021

Shares of Farmer's Edge was down 1.5% in mid-morning trading on February 2. The stock has plunged 21% in the year-to-date period. Meanwhile, its shares are [down over 70%](#) over the past six months.

Farmer's Edge boasts a fantastic balance sheet, and it has delivered solid earnings growth [since its IPO](#). However, it has failed to generate excitement among Canadian investors. Could this year be different? Let's look at how the company has performed in recent quarters.

How does the company look right now?

Investors can expect to see this company's final batch of 2021 earnings in late March 2022. It released its third-quarter 2021 results on November 11.

In Q3 2021, Farmer's Edge added one million new subscribed acres. This rose to 4.3 million acres in the first nine months of 2021. Meanwhile, Farmer's Edge was able to retain 91% of its recurring revenue that is related to paid Digital Autonomy subscriptions in North America. Farmer's Edge has booked over 2.7 million acres in Canada on its Smart Carbon program, exceeding its expectations for this fiscal year.

Revenues were reported at \$6.82 million in the third quarter of 2021 — down from \$10.3 million in the previous year. Farmer's Edge was negatively impacted by the timing of fertility revenue recognized. Moreover, it was also hit by the strengthening of the Canadian dollar relative to the U.S. dollar for the

same period in 2020. In the year-to-date period, EBITDA improved to a loss of \$33.6 million compared to an EBITDA loss of \$42.3 million in the first nine months of the prior year.

A 2021 report from Market Research Future projected that the digital agriculture market would deliver a CAGR through to 2027. One of the key drivers for growth mentioned in this piece was Farmer's Edge. That should pique the interest of Canadian investors in the early part of February.

Should you buy this recent IPO today?

Farmer's Edge may still have a long road ahead before it can match up to expectations that it set when it launched its IPO. That said, investors who are interested in green energy stocks may be attracted to the success of its Smart Carbon service. This has put Farmer's Edge in a leadership position in developing agricultural carbon offsets.

Shares of this recent IPO possessed an RSI of 19 as of late-morning trading on February 2. That puts Farmer's Edge well in technically oversold territory at the time of this writing. Now is a great time to pounce on the stock, as it hopes to deliver a much better 2022.

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