



## Absolute Software (TSX:ABST): Record Fiscal 2022 on Strong Cyber Defence Demand

### Description

Enterprises and organizations are deeply worried about the rising incidence of data breaches. Sophisticated cybercriminals are unrelenting in hacking computer systems, networks, devices, and programs to steal sensitive data from companies with poor or weak cybersecurity protection.

Conventional cyber defences or out-of-the-box cybersecurity solutions like antivirus software and firewalls are no match for the tactics of these cyberhackers. Thus, the need to cover and protect all fields of cybersecurity is ever-growing.

The high demand for cyber defence is being reflected in the business performance of a Canadian tech firm in fiscal 2022. **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) is the only company that provides self-healing, intelligent security solutions. Its president and chief executive officer (CEO) Christy Wyatt said, "Security and IT teams are increasingly acknowledging the need for both cyber defense as well as cyber resilience."

### A transformative and record year

Absolute Software should attract more investors after reporting impressive financial results. Also, the dividend-paying [tech stock](#) is likely to rebound faster from the bear market than its sector peers. Revenue in the fourth quarter (Q4) and full-year fiscal 2022 (12 months ended June 30, 2022) increased 65% and 63% compared to the same periods in fiscal 2021.

According to management, fiscal 2022 was a transformative year, and the total revenue of US\$197.3 million was a record. Wyatt said, "This year was the strongest in recent history, driven by the strong customer demand and our team's continued focus and execution."

Wyatt added that Absolute Software is well positioned for success in fiscal 2023 following the full integration of recently acquired NetMotion Software Inc. at the end of fiscal 2022. NetMotion is a leading provider of connectivity and security solutions.

## Financial highlights

Wyatt said, “We exited fiscal 2022 a different company than we did exiting fiscal 2021.” The annual recurring revenue (ARR) increased 70.7% year over year to US\$210 million. Absolute maintained strong momentum in its international ARR growth — a key pillar of management’s growth strategy.

While net loss for the year grew 762% to US\$24.5 million versus fiscal 2021, adjusted EBITDA (earnings before interest, taxes, depreciation, and appreciation) increased 75% year over year to US\$55.8 million. At the end of the fiscal year, the customer base was 17,000, representing an 18% increase in Absolute’s cloud-active endpoint population over the prior year.

Ron Fior, Absolute’s interim CEO, said the combination of fiscal 2022 ARR growth and the continued acceleration of the growth in fiscal 2023 would drive revenue growth. However, he expects ARR growth to be higher than revenue growth.

## Potent combination

Management said the strategic acquisition of NetMotion brings together the power of self-healing devices and applications with a resilient network connection. More importantly, it will strengthen Absolute Software’s overall competitive position and establish Next Generation Endpoint Resilience as a critical capability in the “work-from-anywhere” era.

Wyatt stressed that Absolute Software is undoubtedly in a better position today in every respect, including growth, profitability, product scale, and go-to market. The \$808 million company can help strengthen customers’ cyber defence and cyber resilience and protect them from sophisticated breaches.

## Tech winner

The technology sector is in [bear market](#) territory in 2022 because of the negative impact of rising interest rates and inflation on growth-oriented companies. Absolute Software is an exception as the tech stock is beating the market year to date at +33.05% versus -6.53%. It trades at \$15.44 per share and pays a 2.02% dividend.

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