



Should You Invest in Absolute Software Stock Right Now?

Description

Absolute Software ([TSX:ABST](#)) is a Vancouver-based company that develops, markets, and provides software services that support the management and security of computing devices, applications, data, and networks for various organizations. Today, I want to discuss whether Canadians should look to snatch up shares of this [tech stock](#), as we look ahead to December. Let's jump in.

How has this tech stock performed in 2022?

Shares of Absolute Software have climbed 13% in 2022 as of early afternoon trading on November 29. The stock is now up 16% in the year-over-year period. Unlike its [peers](#) on the **S&P/TSX Composite Index**, this tech stock has built considerable momentum since the spring season. The stock has been on a tear since bottoming out in the first two weeks of May 2022.

Here's why I'm excited about Absolute Software's long-term prospects

This company offers investors exposure to the burgeoning [cybersecurity space](#). Specifically, the endpoint and zero trust security spaces.

Endpoint security involves securing endpoints or entry points of end-user devices like desktops, laptops, and mobile devices. The global endpoint security market was estimated to be valued at US\$12.9 billion in 2020, according to a report from Fortune Business Insights. Meanwhile, that researcher projects that this market will grow from US\$13.9 billion in 2021 to US\$24.5 billion in 2028. This would represent a compound annual growth rate (CAGR) of 8.3% over the forecast period.

Zero trust security is a framework that requires all users to be authenticated, authorized, and continuously validated for security configuration before being granted access to applications and data. Moreover, market researcher Grand View Research recently estimated that the global zero trust security market was worth US\$19.8 billion in 2020. It projects this market to deliver a compound annual

growth rate of 15% from 2021 through to 2028.

Should investors be encouraged by its recent earnings?

Absolute Software unveiled its first-quarter fiscal 2023 earnings on November 8. The company delivered revenue growth of 23% to \$53.6 million. Meanwhile, adjusted revenue jumped 11% to \$54.2 million. Cash from operating activities were reported at \$15.2 million — up from \$0.6 million in the first quarter of fiscal 2022.

President and chief executive officer Christy Wyatt praised the company's execution in the first quarter. On the business front, Absolute Software was able to add British Telecom to its carrier partners. Meanwhile, it partnered with **Qualcomm Technologies** and Insyde Software in September. Looking ahead, the company has not changed its positive financial outlook for the remaining three quarters in fiscal 2023.

Absolute Software: Should you buy today?

The Relative Strength Index (RSI) is a technical indicator that measures the price momentum of a given security. This tech stock last had an RSI of 42. That puts Absolute Software a little outside technically oversold territory. It did slip into the red earlier in November.

Absolute Software is trading in [favourable value territory](#) compared to its industry peers. In the first quarter of fiscal year 2023, the company declared a quarterly dividend of \$0.08 per share. That represents a 2.4% yield. I'm looking to snatch up this exciting tech stock for the long haul.

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