



## Absolute Software Stock: A Dividend-Payer With a Bright Future

### Description

Dividend investing is a simple way for the average investor to create regular income streams. The payout frequency of most dividend-paying stocks on the TSX is quarterly, although a select few pay monthly dividends. You can also realize the power of compounding if you don't touch the dividends and instead reinvest them four or 12 times a year.

Moreover, earnings from dividend stocks aren't limited to the regular payouts; a shareholder also makes money when the stock price appreciates. The stock market philosophy "buy low and sell high" applies to dividend stocks, too.

When people scout the market for dividend stocks, the [technology sector](#) isn't the top-of-mind choice because it's rare for [growth-oriented](#) companies to pay dividends. However, one name is an exception if you're investing today. **Absolute Software** ([TSX:ABST](#)) is a dividend-payer with a bright future.

### Cyber apocalypse

According to Cybersecurity Ventures, cybercrime will cost the world economy around \$10.5 trillion annually by 2025. They point to the ongoing digitization of society, global pandemic-induced behavioural changes, and political instability as key drivers of this growing threat.

The recently concluded World Economic Forum in Davos, Switzerland, warns of a "catastrophic" cybersecurity event in the next two years. Because technology is becoming more complex, cybercrime is becoming increasingly unpredictable. Julie Sweet, CEO of Accenture, said governments and all organizations should take steps to build up cyber-resilience.

### Securing endpoints globally

Absolute Software boasts the only self-healing, intelligent security solutions that deter cyberattacks and counter cybersecurity risks. Its software services are for network connection protection and resilient data integrity. Absolute Persistence technology is now embedded in the firmware of over 600 million

devices.

Absolute Software establishes cyber resilience for today's anywhere workforce. The \$820.3 million company works with independent software vendors, managed service providers, device manufacturers, and resellers to extend the benefits of Absolute Persistence to their customers.

## Financial and stock performance

In Q1 fiscal 2023 (three months ended September 30, 2022), revenue and annual recurring revenue (ARR) increased 23% and 15% to US\$53.6 million and US\$215.7 million, respectively, versus Q1 fiscal 2022. However, the net loss widened by 25% year over year to US\$9.5 million.

Still, its President and CEO, Christy Wyatt, said, "In Q1, we delivered steady execution against our plan, and I am confident that we are well-positioned to meet the Rule of 40 for the full fiscal year." The Rule of 40 pertains to a software company whose combined revenue growth rate and profit margin is equal to or exceeds 40%.

Notably, the strong partner ecosystem is working in favour of Absolute Software. It has a decisive advantage due to its expanding market reach (20 countries now) through a broad set of partners. The number of active endpoints has grown from 12.5 million devices in Q1 fiscal 2022 to 14.1 million in Q1 fiscal 2023.

At \$15.70 per share, current investors enjoy an 11.6% year-to-date gain and a decent 2.01% dividend. Market analysts covering ABST recommend a buy rating. Their 12-month high price target is \$22.85, although the return potential could be so much more than 45.5%.

## Screaming buy

Absolute Software is a screaming buy today because of the visible long-term tailwinds. The dividend yield is modest, but the potential capital gains are enormous.

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2. Tech Stocks

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1. TSX:ABST (Absolute Software)

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