



1 IPO Stock to Soar, 1 to Ignore

Description

Charlotte's Web Holdings Inc. (TSE:CWEB) and **Lightspeed POS Inc.** ([TSX:LSPD](#)) are two good deals for stock investors. The first has upgraded for better exposure while the second shows great promise. Unfortunately, I'll have to pick the income producer and ignore the loss-impaired in the meantime.

Take two for the hemp producer

The common shares of Charlotte's Web Holdings commenced trading on the **TSX** last May 31, 2019. Actually, the company debuted on the **Canadian Securities Exchange** (CSE) on August 30, 2018. As a result of the moving up to the TSX, the common shares were delisted on the CSX a day before.

Management believes the company will have a better exposure in the capital markets and attract more investors, particularly institutional funders. The company was prepared to debut on the TSX, but was unable to meet listing policies in relation to the hanging federal legality of hemp in the U.S.

The TSX listing was made possible with the enactment into law of the 2018 Farm Bill in December of 2018. Hemp is no longer considered a controlled substance, but an agricultural commodity. The U.S. Department of Agriculture (USDA) holds authority over hemp and its by-products, while the Drug Enforcement Administration (DEA) is out of the picture.

Charlotte's Web is known as the manufacturer and distributor of innovative hemp-extracted cannabidiol, or CBD wellness products. CWEB's IPO price on the CSE was \$7.00 and opened on the TSX at \$18.24 or 160% higher. CWEB closed at \$21.72 at writing.

The company is doing well financially with net income of \$11.8 million at \$69.5 million revenue. Unlike the [bigger industry players](#), the company can boast of profits. The litmus test is yet to come, although Charlotte's Web has a foot inside the door.

CVS Health ([NYSE:CVS](#)) is already selling the company's products, potentially leading to tremendous growth, and eventually leadership in the U.S. hemp CBD industry. CWEB is the only cannabis stock

that is certain of delivering gains to investors in the marijuana boom.

Biggest IPO for a Canadian tech

Four months ago, Lightspeed POS Inc. debuted on the TSX. The Montreal-based software maker for retailers and restaurants was able to raise \$240 million. **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) counts as among the lead underwriters.

From the IPO price of \$16.00, LSPD finished the first day of trading at \$18.90. Fast forward to the present and the price has risen to \$42.53 or 165.8% higher than the IPO price. The TSX has not seen a highly successful tech IPO in nine years.

Some analysts are seeing the next [growth story](#) after **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)). Similar to Shopify, the software company can rev up revenues. However, can Lightspeed come out of the red and do a turnaround to improve on the \$183.5 million losses in 2018?

At this point, valuation appears quite rich for Lightspeed. The business model shows recurring revenue. Other market observers are worried about business volatility that could send the stock crashing below \$30. I'm not sure about a drastic fall, but I'd rather wait for a few quarterly earnings reports before minding the stock.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CWEB (Charlotte's Web Holdings, Inc.)
2. TSX:LSPD (Lightspeed Commerce)

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