



3 Key Takeaways From Lightspeed's (TSX:LSPD) Fiscal Q1 Results

Description

Canada's digital payments company **Lightspeed** ([TSX:LSPD](#)) reported its [fiscal first quarter](#) of 2021 results on August 6, 2020. In Q1 LSPD's revenue rose 51% year-over-year to \$36.2 million while net loss per share widened to \$0.22, from a net loss of \$0.11 in the prior-year period. Comparatively, analysts forecast LSPD's net loss at \$0.10.

Lightspeed stock ended the day at \$41.07 or 1.8% lower. Let's take a look at what drove LSPD sales higher in Q1 and what makes the stock an enticing bet for long-term investors.

Recurring revenue rose 57% to \$33.4 million

Lightspeed stock fell to a record low of \$10.5 in March 2020 amid the COVID-19 pandemic. However, it has since gained close to 300% as investors were optimistic about its recurring sales.

LSPD's recurring revenue and its subscription-based business model will help the company generate predictable sales and offset business cyclicity. In Q1, LSPD's recurring sales totaled \$33.4 million, up 57% year-over-year and accounted for 92% of total sales.

Lightspeed's gross transaction volume soars to \$5.4 billion

Despite countrywide lockdowns, LSPD's gross transaction volume (GTV) rose 17% year-over-year to \$5.4 billion in Q1. This figure stood at \$23 billion for the trailing 12-month period. GTV indicates the total sales volume transacted on the LSPD platform.

An increase in GTV was driven by the company's focus on customer acquisition. LSPD ended Q1 with 77,000 customer locations up from 75,500 in April 2020.

Lightspeed claimed, "After the initial softness in April, GTV growth accelerated during each successive month throughout the quarter, culminating with 53% year-over-year growth in the month of June."

LSPD has high exposure to the restaurant segment, a sector among the worst-hit amid the pandemic. But Lightspeed states that restaurant GTV bounced back in the second half of Q1 and volumes were back to pre-COVID levels in June.

Product innovation will drive sales

Lightspeed continues to expand its product portfolio and expects recently-introduced solutions to enhance the omnichannel shopping experience. The company's products also aim to enable multi-location efficiencies which will improve operational productivity for retailers.

LSPD's Mobile Tap for curbside pick-up and contactless payment offer small and medium businesses with the flexibility to enable secure payment processing in these uncertain times. It recently launched Lightspeed Capital for its U.S. retail customers and provides financing of up to US\$50,000 per retail location.

Its Analytics Core solution provides insights to retailers for sales, inventory, employee performance that help them make data-driven decisions.

Lightspeed remains a top bet for growth investors

Lightspeed solutions are available in over 100 countries and the company can continue to increase top-line by focusing on customer acquisition. Its portfolio of digital products and solutions helps small- and medium-sized businesses improve customer engagement, which will translate to higher spending and an increase in GTV.

The company is still posting an operating loss that might concern investors. In Q2, LSPD forecast revenue between \$38 million and \$40 million, a growth of 46.5% at its midpoint. Comparatively, it also expects an EBITDA loss between \$7 million and \$8 million in the September quarter.

However, several tech companies sacrifice profit margins for top-line growth which allows them to expand the bottom-line over time as they gain traction and scale. Lightspeed stock [should be on the radar](#) of most Canadian investors as it can create massive wealth in the upcoming decade.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/06/29

Date Created

2020/08/07

Author

araghunath

default watermark

default watermark