



Lightspeed (TSX:LSPD) Stock Is up 227%: Buy Now?

Description

What's happening with the TSX's top tech IPO in 2019 that raised \$179 million? The share price of **Lightspeed POS** ([TSX:LSPD](#)) sunk to \$12 on March 18, 2020, but has since climbed up. As of August 14, 2020, the tech stock is trading at \$39.29 per share, an incredible 227.41% rise from the depths.

Since Lightspeed's omnichannel solutions cater to restaurants and retailers, you would assume COVID-19 would whiplash the stock. On the contrary, the [business is doing fine](#). Lightspeed's CEO Dax Dasilva said, "The small- and medium-sized businesses we built Lightspeed to serve have risen to overcome historic challenges prompted by the global pandemic."

Recovery from the pandemic

The top-line results in Q1 2020 (quarter ended June 30, 2020) are far better than Q1 2019. Following are the highlights for the benefit of would-be investors:

- Total revenue increased by 51% to \$36.2 million;
- Gross margin and gross profit grew by 60% and 39%; and
- Recurring software and payments revenue was \$33.4 million, or an increase of 57%.

Lightspeed's net loss in the quarter, however, widened to \$20.1 million versus the \$9.1 million losses in the same quarter last year. On June 30, 2020, the company had \$203.5 million in unrestricted cash and cash equivalents.

But the most notable item was the [quick rebound](#) from the April lows to the 53% growth in gross transaction value (GTV) in June 2020. Overall, there was an acceleration in digital sales and recovery of physical sales channels.

Rapid growth trajectory

The volume of processed transactions by Lightspeed Payments during Q1 2020 was record setting.

Aside from strong new customer demand, customer locations expanded to more than 77,000 at the quarter's end. This \$3.65 billion provider of commerce-enabling Software-as-a-Service (SaaS) platform is displaying a rapid growth trajectory.

Lightspeed's CFO Brandon Nussey said, "Our solid first-quarter execution positions us well to further capitalize on the global market opportunity in front of us." Its retail customer base is growing at lightning speed due to product innovations. The most recent solutions enhance the omnichannel shopping experience, enable greater multi-location efficiencies, and offer improved productivity.

Education technology

Lightspeed has more to offer in the near term. The tech firm will also be providing education technology solutions in collaboration with Google for Education. As schools transition to distance learning, the demand for technology resources for schools will increase.

Lightspeed is joining the growing list of companies providing distance learning resources. About 6,500 districts in the U.S. and 28,000 schools worldwide are the partners of Lightspeed Systems, a groundbreaking platform for schools. Nearly 15 million students in 35 countries are using the company's cloud-based filtering and monitoring solutions.

Key takeaways

Why should you invest in Lightspeed POS today? The addressable global market is massive, and there are 47 million retailers and restaurants to tap. Its customer base is highly diverse (in geography, product, and service offerings). New customer solutions over time should drive organic growth and propel Lightspeed to greater heights.

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