



## Lightspeed (TSX:LSPD) Stock at Record High After Stellar Q2 Results

### Description

Shares of digital payments platform **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) gained 16.3% on November 5 to close trading at \$52.85. The company [disclosed its fiscal second quarter](#) of 2021 results yesterday and reported revenue of US\$45.5 million, a year-over-year growth of 45%.

Its recurring software and payments revenue soared 62% to US\$41.1 million, accounting for 90% of total sales. It reported a net loss of US\$0.20 per share compared with a net loss of US\$0.12 per share in the prior-year period.

Analysts tracking the company forecast Q2 sales of \$38.6 million and earnings loss at US\$0.1. While LSPD reported earnings below consensus estimates, it crushed top-line forecasts by a wide margin, pushing the stock to a record high.

### What drove Lightspeed sales in Q2?

Lightspeed managed to deliver results ahead of the company's guidance due to a growing customer base, increasing adoption of software modules, strong growth in gross transaction volume (GTV), and increased payments penetration.

GTV growth accelerated to 56% in Q2 to US\$8.5 billion while gross profit grew 42% year-over-year. LSPD's net loss widened to US\$19.5 million in Q2 from a net loss of US\$10.1 million in the last year primarily due to an increase in non-cash expenses as well as a rise in operating expenses.

LSPD confirmed growth in its software and payments sales were driven by its acquisitions of Gastrofix and Kounta. After accounting for this inorganic growth, software and payment growth was 42% year over year.

Lightspeed grew its customer base to over 80,000 locations and these new additions represent a growth of 68% year over year. LSPD also claimed that total churn was lower on a sequential basis while average revenue per user was higher in Q2 indicating strong customer satisfaction.

The increase in ARPU was driven by Lightspeed Payments and the rising adoption of its LSPD's software module. After accounting for acquisitions GTV growth stood at 25%. While retail GTV was up 34%, e-commerce transaction growth accelerated to 80% year-over-year.

LSPD [said](#), "e-commerce continues to be an important channel for retail customers, but there was a strong resurgence of physical transaction volumes in the quarter as lockdowns eased globally over the summer months."

The shift towards digital payments remains a key driver of growth for Lightspeed Payments that were up an astounding 300% in Q2.

## What's next for investors?

Lightspeed continues to focus on inorganic growth and entered into an agreement to acquire cloud commerce platform provider Shopkeep, in a transaction valued at US\$440 million. Lightspeed will pay US\$145.2 million in cash and issue 9.5 million subordinate voting shares to fund the acquisition. Shopkeep has over 20,000 retail and restaurant locations in the U.S.

Lightspeed said it remains cautious in the near-term due to an increase in government-mandated shutdowns in key geographic regions across North America and Europe. In Q3 the company expects sales between US\$44 million and US\$47 million with adjusted EBITDA loss between US\$8 million and US\$10 million. Analysts forecast LSPD sales at \$43 million for Q3.

LSPD remains a top growth company whose stock has surged 400% since touching a record low in March 2020.

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