



Lightspeed: Why This Tech Stock Is a Must-Buy

Description

Back in March, I'd [discussed](#) how Canadians could turn \$50,000 into over \$2 million in their Tax-Free Savings Account (TFSA). TSX stocks like **Air Canada**, **Shopify**, and **goeasy** have made investors fortunes in recent years. **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) is one of my favourite [tech stocks](#) to target in the spring of 2021. Today, I want to discuss why this equity is a must-buy in April.

Lightspeed has had a coming-out party over the past year

Lightspeed is a Montreal-based point-of-sale and e-commerce software provider. Its shares have increased marginally in 2021 at the time of this writing. However, the tech stock has soared nearly 330% in the year-over-year period.

The company unveiled its third-quarter fiscal 2021 results on February 4. Revenue rose 79% from the prior year to \$57.6 million. Many small- and medium-sized businesses have chosen to adopt Lightspeed's e-commerce platform since the beginning of the COVID-19 pandemic. Customer locations grew to nearly 84,000 in the third quarter. This growing customer base powered a spike in software revenue.

Shopify has demonstrated how explosive an e-commerce-oriented stock can be on the TSX. Lightspeed has proven that it is not to be ignored in this sector.

Why investors should seek exposure to the e-commerce space

In late 2020, I'd [suggested](#) that Canadian investors should seek exposure to the e-commerce space. The COVID-19 pandemic has accelerated the growth of this emerging industry. Mass closures at brick-and-mortar retailers have pushed more consumers to online shopping channels. North America saw record online sales numbers during the Black Friday-Cyber Monday shopping weekend in 2020.

Cyber Monday sales surged 15% from the prior year to US\$10.8 billion in the United States. Traffic in brick-and-mortar stores fell nearly 50% compared to 2019. Shopify showed that sales also surged in

Canada. The company's merchants achieved \$5.1 billion in sales over the holiday weekend — up from \$2.9 billion in total sales in the previous year.

Lightspeed saw gross transaction value (GTV) hit \$9.1 billion in Q3 FY2021 — up 48% year over year. The recent acquisitions of ShopKeep and Upserve contributed over \$1 billion to its GTV. Moreover, payment volumes enjoyed significant growth in this fiscal year. Lightspeed is benefiting from the e-commerce boom and has bolstered its U.S. footprint with its recent acquisitions. On April 16, Lightspeed announced that it had closed its acquisition of Vend. The New Zealand-based company provides cloud-based retail management software services. This will continue to bolster Lightspeed's global reach.

How does Lightspeed stock look today?

Shares of Lightspeed have delivered huge growth over the past year. However, the tech stock is still down nearly \$20 from its all-time high of \$104 per share reached in late February. Investors can expect to see its fourth-quarter fiscal 2021 results in late May.

Lightspeed ticks a lot of boxes for investors on the hunt for an explosive tech stock. It has delivered strong revenue growth in recent quarters, and the company has thrived in a very promising industry. Canadian investors should look to stash this exciting tech stock for the long haul.

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Date

2025/07/06

Date Created

2021/04/24

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