



## Lightspeed POS Inc (TSX:LSPD): Prepare for Earnings!

### Description

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) is set to release earnings on August 4. It will be the company's first earnings release since its blowout fourth-quarter report, which showed revenue up 127% year over year. Lightspeed's first-quarter release will be closely watched. It's the first quarter the company will report with a COVID-19 quarter in the base period, so investors will get to see whether revenue growth is decelerating. Lightspeed, like other payments companies, got a huge boost from the pandemic, which [led to a surge in online shopping](#). This year, the pandemic tailwinds are starting to fade, so we'll get our first look at how Lightspeed fared a whole year after the surge in pandemic shopping.

### Lightspeed's recent earnings

Lightspeed's most recent earnings release was a win by almost every metric. Highlights included the following:

- Revenue: 82.4 million, up 127%.
- Gross transaction volume: \$10.8 billion, up 76%.
- Adjusted EBITDA: -\$9.6 million, or 11.7% of revenue, down from 17% of revenue.

Broadly, the company saw strong growth in the quarter, driven by the aforementioned [pandemic tailwinds](#). Lightspeed's e-commerce offering saw increased adoption as a result of COVID-19, which sent revenue growth to new heights. In 2021, there is likely to be some deceleration, both because COVID is fading and because the company has to beat a stronger base quarter. So, Q1 will shed light on some important questions investors are asking.

### What analysts are expecting

According to the *Wall Street Journal*, analysts are expecting -\$0.08 per share from Lightspeed in Q1. The average target price for the stock is US\$95. It currently trades for US\$85 on the NYSE — the TSX price is \$108.3. Analysts' consensus price target represents 11.7% upside from today's price.

If LSPD beats estimates in Q1, then it could possibly go higher than \$108. It needn't necessarily beat on EPS for the results to be taken as good. For example, if LSPD produces a truly dramatic beat on revenue, then its stock might go up even if EPS misses. Remember: these recent tech IPOs are valued based on growth above all else. Investors are willing to tolerate negative earnings for a long time if the future potential is seen as being substantial.

## Foolish takeaway

Lightspeed POS has been one of Canada's biggest tech success stories since its 2019 IPO. That year, it closed at \$18.9 on its first day of trading. Today, the stock goes for \$108. It's been an incredible run. And COVID-19 has been no small part of the picture. The pandemic gave LSPD a shot of jet fuel by driving mass adoption of its e-commerce platform. In the first-quarter earnings release, we'll get to see if that's still holding up with the pandemic beginning to fade out of view. So, this is very much an earnings release worth paying attention to. Lightspeed is one of Canada's hottest tech stocks right now, and on August 4, we'll get to see whether its success is a long-term trend, or a pandemic-induced fluke.

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