



Lightspeed POS (TX:LSPD) Stock Up 4.5%: Key Takeaways From Q1 Earnings

Description

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) never disappoints. Its latest fiscal 2022 first-quarter earnings beat its guidance by yet another stellar peak. Hence, the stock jumped 4.5% today. But if you see, the stock's [growth](#) rate has slowed as Lightspeed moves from a high-growth stock to a growth stock. So what did the latest earnings say about the omnichannel platform?

Lightspeed is more than a pandemic growth story

Lightspeed POS is an [omnichannel platform](#) that helps retail and hospitality merchants take orders, check inventory, build e-commerce stores, and do a lot more. Before the pandemic, the platform was a nice-to-have technology.

After the pandemic, it grew to become a must-have technology as in-store merchants needed an online presence and to maintain social distancing rules for in-store customers. Lightspeed leveraged this opportunity and accelerated its growth through acquisitions.

There were fears that the growth will slow after the pandemic. But the latest earnings wiped out those fears. Lightspeed's fiscal 2022 first-quarter revenue surged 220% year-over-year (YoY) to US\$115.9 million, of which \$50.5 million, or 43%, came from Shopkeep, Vend, and Upserve acquisitions.

But Lightspeed is not just about acquisitions. It reported a 78% organic revenue growth thanks to its Payments, Capital, and Supplier Network growth catalysts. Another growth factor was gross transaction volume (GTV), which surged 203% to US\$16.3 billion. Lightspeed Payments accounted for 10% of this GTV.

Payments and Capital increased its average revenue per user (ARPU) by 44%. This ARPU growth will drive the company to profit in the future. Another factor that drove organic growth is a rebound in the hospitality sector as the economy reopens. This organic growth is higher than the growth seen before the pandemic.

Strong second-quarter outlook

The next quarter from July to September will see strong growth as Lightspeed integrates the earnings of NuOrder and Ecwid. It might also see strong organic growth as the hospitality sector continues to rebound. For the second quarter, Lightspeed expects revenue growth of 172% to US\$124 million after including revenue from NuOrder and Ecwid.

But I am expecting a stronger season as it will be a back-to-school and a back-to-office shopping spree. So both the hospitality and retail sectors will see strong demand. Moreover, as international borders reopen, leisure travel would take off, and vacationers could push GTV to new highs.

Moreover, Lightspeed aims to increase the share of payments to 40% of the GTV. The payment and capital are where the profit is. CEO Dax Dasilva is always searching for strategic acquisitions, and the company has a US\$603.7 million cash reserve to fund its future growth.

Lightspeed's long-term growth prospects

All the above is what the earnings have to say. The earnings are like a report card that shows whether the company is moving in the right direction and meeting its target. Many growth stocks suffer from over-expectation as management tends to go overboard with unrealistic targets. But that is not the case with Lightspeed. It maintains a conservative outlook and exceeds that.

Lightspeed is a fast-growing company in a high-growth cloud-point of sale (POS) market. Valuates Reports [expects](#) the global Cloud POS market to increase at a compound annual growth rate (CAGR) of 12.9% during the 2021-2026 period.

Lightspeed is currently tapping the biggest POS market of retail and hospitality. It looks to tap new verticals like sports. Then there is the healthcare segment which Lightspeed has not yet touched or even thought about. It is yet to tap many geographical locations.

While these are the efforts from the company's front, there is also secular growth. The growing penetration of the internet and contactless payments has forced small brick-and-mortar stores to take to the internet. Lightspeed equips these merchants with technology similar to the retail giants.

With Lightspeed, you may see your local Uncle Joe's store on the internet and social media promoting its products and accepting online orders and bookings. Lightspeed aims to become the Android of POS. The stock is a buy-and-hold for at least five years for some handsome returns.

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Date

2025/09/12

Date Created

2021/08/05

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