



Lightspeed (TSX:LSPD) Looks Great Post-Earnings

Description

When **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) released earnings last week, the company surpassed all expectations. The company beat EPS by \$0.04 and revenue by \$23 million. The revenue growth in the quarter was truly spectacular, with sales of \$115 million rising 220% year over year. It was a stunning performance. And not only was it great in itself, but management also raised the outlook for 2022. Given both of these facts, LSPD stock looks better today than it ever has.

In this article, I'll explore its recent earnings beat in detail and share some key takeaways for investors.

A huge earnings beat

LSPD's [Q1 fiscal 2022 earnings](#) beat on every metric, with some standout numbers including:

- Revenue: \$115 million, up 220%.
- [Gross transaction volume \(GTV\)](#): \$16 billion, up 203%.
- Recurring subscription revenue: \$49.9 million, up 115%.
- Transaction revenue: \$56.5 million, up 453%.
- Adjusted net loss: \$6.9 million, lower as a percentage of revenue.

These are all pretty incredible results. Particularly transaction revenue, which really blew up with monster 453% growth. The company said in its earnings press release that the growth was due to a greater percentage of GTV being processed through the company's payments solutions. Other areas of the business did well too, leading to an overall killer quarter.

Rapidly improving fundamentals

With its Q1 earnings beat, LSPD's fundamentals are rapidly improving. Among other things, we're seeing:

- Rising gross profit and gross margin.

- Adjusted EBITDA inching closer and closer to profitability.
- Shrinking net losses as a percentage of revenue.
- Incredibly strong growth in revenue overall.

These are all very positive signs. They suggest that LSPD is moving closer to profitability, and experiencing strong sales growth at the same time. These are exactly the qualities that investors look for in a tech stock that's recently had an initial public offering (IPO). The company's future looks rosy. It's already doing well and its future potential is nearly unlimited.

Foolish takeaway

Lightspeed has been on an incredible run ever since its 2019 IPO. Since going public, it has risen 516% in the markets and is still going strong. In many ways, the company resembles **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) in its early days. Like Shopify, LSPD is an upstart payment and e-commerce company that is growing rapidly and seizing market share from the competition. Unlike Shopify, LSPD is still a relatively small company. So in a best-case scenario, it could grow far more than Shopify could from today's stock price.

Does that mean that an investment in Lightspeed POS stock is a sure thing?

Hardly. The company faces significant challenges, including potential post-COVID revenue deceleration and a continued lack of profitability. But Shopify was once in the same position and, in fiscal 2020, managed to turn a profit for the full year. As with everything else in life, patience is key in investing. And that's something for Lightspeed investors to keep in mind because this stock has some serious long-term potential.

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