



Lightspeed POS (TSX:LSPD): Is the Tech Stock Worth Buying Today?

Description

[Investing in Canadian tech stocks](#) turned out to be an excellent move for many investors in 2020. Some of the key players in the Canadian tech sector soared to remarkable new heights due to favourable industry tailwinds created by the pandemic.

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) was one of the top-performing TSX stocks throughout 2020 and the start of 2021. Share prices for the TSX stock climbed by more than 800% between its March 2020 lows and August 2021 highs.

The company initially suffered lost revenue due to its customers being forced to shutter down amid the pandemic. However, Lightspeed POS quickly pivoted to update its offerings to customers and meet the rising demand of its omnichannel selling model. As more businesses shifted to adopting the online shopping model, its strong performance drove its stock price higher.

Lightspeed POS released its [quarterly earnings report](#) for the quarter ending on June 30 on August 5. Lightspeed POS share prices were rising leading up to the earnings report, and the stock hit a new all-time high on August 6, 2021, trading for \$122.12 per share.

At writing, the tech stock is down by 4.54% in a matter of three days. Today, I will discuss Lightspeed POS stock to help you determine whether it is an asset worth adding to your portfolio today.

Why is Lightspeed stock declining?

Lightspeed recently announced on August 9 that the company is planning to offer its seven million additional common shares to the public. The company's latest equity offering could provide a massive boost to the number of issued and outstanding common shares. The number of shares could go as high as 8.05 million, provided that the underwriters at **Morgan Stanley** and **Barclays** fully exercise their overallotment option.

Theoretically speaking, the company could raise almost \$9.4 million in gross proceeds at its share prices today.

Before the latest offering, 133,734,333 Lightspeed POS shares were there, and estimated revenues of US\$573.33 million in the next four quarters would place the common shares at a value of 22.67 times the next 12-month revenue per share. Increasing the number of shares carried the expectation of Lightspeed share prices to drop by 6% after the announcement due to the dilution caused by the new equity offering.

Considering that the prices dropped by just 4.54%, it is a good sign, because it shows that the market is still bullish on the stock.

Foolish takeaway

Lightspeed POS has been a high-growth tech stock on the TSX since its debut on the stock market in 2019, and its revenue-growth rate has consistently perplexed the market. The company delivered revenue growth of 220% in its recent quarter that ended on June 30, despite expectations of it slowing down, as the world slowly inches closer towards normalcy.

The company's business model and strategic acquisitions have undoubtedly paid off for Lightspeed POS, and it continues to be a top growth pick in the Canadian tech sector.

A point of caution to note is that Lightspeed POS stock is an expensive stock. At writing, its share prices reflect a price-to-sales multiple of 51.72. However, the company has the growth potential to grow into its price-to-sales multiple and continue [delivering stellar returns](#) to its shareholders.

The current dip could be an excellent time to add Lightspeed POS shares to your investment portfolio.

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