



Why Lightspeed Stock Could Continue to Soar Long Term

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) has been one of the top-performing [growth stocks](#) of late. Indeed, since the company's IPO in 2019, its stock is up more than 500%. Thus, Lightspeed stock has managed to beat the market comfortably. Investors who put even a small allocation into hyper-growth stocks such as Lightspeed have reaped the benefits.

However, whether this momentum can continue is the key question many investors are asking. After all, Lightspeed has recently been embroiled in a rather high-profile battle with [short-sellers](#). Accordingly, some near-term bearish momentum has materialized of late.

Let's dive into why this recent dip could provide long-term investors with a great buying opportunity right now.

What's behind the rise of Lightspeed stock?

To assess where Lightspeed stock could be headed, it's perhaps worthwhile to consider what got this company here in the first place.

Lightspeed's core hardware and software business model has benefited greatly from the recovery in the retail, restaurant, and hospitality sectors. Those bullish on the pandemic reopening thesis will like the key catalysts underpinning Lightspeed stock right now.

Indeed, the POS market is expected to grow at a double-digit annual rate for the foreseeable future. In addition to Lightspeed's core North American business, the company has recently expanded into Europe. The company launched its payment solutions in Europe, which witnessed similar penetration in the market similar to that of North America.

Lightspeed reported that up to 60-70% of new merchants are adopting payments. In the last quarter, Lightspeed Payments processed about 10% of gross transaction value. The company's management team expects to reach 50% penetration in the near future. With a such a penetration rate, the company may see growth of revenue to \$1.6 billion in FY23 and \$2.4 billion in FY25. This would be a significant

jump from 2022 fiscal revenue of \$530 million.

Lightspeed's continued acquisitions

Continuous acquisitions of other businesses have contributed to this company's growth. Lightspeed has seen juicy growth given this backdrop. In the last one year alone, this firm has acquired Vend, Ecwid, and nuOrder, among others.

All these deals have been proven as valuable acquisitions for this company. Lightspeed's Ecwid acquisition will boost the company's e-commerce presence. For those looking for more catalysts, these acquisitions provide a tangible story of how Lightspeed will accomplish these goals.

Overall, Lightspeed's performance is quite enticing for investors, and its past performance may transcend to future performance as well — that is, should the company continue to execute well on its strategy.

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