



## Is Lightspeed Stock a Buy?

### Description

In the last few years, [growth stocks](#) such as **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) have easily outpaced the broader markets. These companies are part of a rapidly expanding addressable market and benefit from secular tailwinds that allow them to grow revenue at a rapid clip. For example, Lightspeed increased sales from US\$57 million in fiscal 2018 to US\$221 million in fiscal 2021 (ending in March). Comparatively, LSPD stock that went public in early 2019 has returned 528% to investors since its IPO.

So, a \$1,000 investment in Lightspeed stock just after its IPO would be worth close to \$6,000 today. But past returns don't matter much to current or future investors. Let's see if this Canadian fintech giant remains a top bet right now.

## Lightspeed stock is down 25% from record highs

Despite its stellar gains, Lightspeed stock is currently trading 25% below its record high. Shares of the company were [under the pump](#) in recent trading sessions after a short-seller report published by Spruce Point accused Lightspeed of misleading investors.

Spruce Point alleged Lightspeed overstated various metrics, including its customer count and gross transaction volumes in its pre-IPO documents. The report stated, "We question why Lightspeed reported '+50,000' customers up through November 2018, and then ceased customer count disclosures to investors when coming public in March 2019."

Spruce Point [also emphasized](#) that Lightspeed's organic growth is decelerating and recent acquisitions were overvalued with no clear path to profitability. According to Spruce Point, LSPD stock should fall between 60% and 80% from its all-time highs.

Investors should note that Spruce Capital has a short position on Lightspeed, and this report should be taken with a grain of salt, at least until the investigation is over.

## LSPD continues to expand its portfolio of solutions

Lightspeed has managed to grow its revenue on the back of several accretive acquisitions as well as the expansion of its suite of solutions. Last week, the company disclosed it's expanding the Lightspeed Capital program in the U.S., which means the solution will be available to 40% of total company customers.

Lightspeed Capital provides small and medium businesses access to capital, which will allow merchants to get through issues such as negative working capital or even the funding of a purchase order. This solution is not a loan and will impact the credit score of the merchant. Here, enterprises will pay back a set percentage of daily sales, which means the payment is associated with sales volumes.

The company also launched Lightspeed Restaurant, which is a hospitality commerce and point-of-sale platform. This solution has integrated services such as contactless integrated payments, online ordering, advanced inventory, and analytics as well as POS.

## What's next for LSPD stock?

Driven by accretive acquisitions and a widening portfolio of solutions, Lightspeed is forecast to increase sales by 194% to US\$653 million in fiscal 2022 and by 33.4% to US\$871 million in fiscal 2023. While LSPD continues to report an adjusted loss, its bottom line is forecast to improve from a loss per share of US\$1.16 in 2021 to US\$0.12 in 2022.

Analysts tracking the stock expect Lightspeed shares to touch \$140 in the next 12 months, indicating an upside of over 15% from current prices.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

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