



Lightspeed Commerce (LSPD) Beats on Revenue, Misses on Earnings, and Gives Lukewarm Guidance

Description

Rising commerce platforms and payments giant **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) announced a wide revenue beat in its fiscal second-quarter 2022 earnings results released before markets opened on Thursday. But LSPD stock investors may be indifferent to the company's bottom line and yawn at its latest guidance.

All financial figures are in US dollars.

A strong revenue beat and earnings miss from Lightspeed

Acquisitions played a significant role in growing the top line. But organic transaction-based revenue growth was a strong 58% still.

This could still be classified as a blowout quarter for LSPD stock investors to celebrate, more so after a severe beating from a [damning short-seller report](#) from Spruce Point Capital Management released last month. [Growth stock investing](#) involves such trying periods of attacks.

That said, the company's quarterly net loss of \$59.1 million was much worse than an analyst projection for a \$46.9 million loss. Resultantly, Lightspeed's GAAP earnings per share (EPS) loss of \$0.43 missed market expectations for a \$0.35 per share loss by a wide margin.

The EPS loss was significantly worse than a \$0.20 loss per diluted share reported for the same period last year. This is despite a staggering 46.1% year-over-year growth in average common share count after recent dilutive equity raises.

LSPD stock investors: Watch the shrinking gross margin!

Lightspeed Commerce's gross margin shrank from 60.6% of sales by September 2020 to 48.8% of revenue by September 2021.

Revenue from hardware and other sales of \$8.8 million was lower than the direct costs of such revenue of over \$10.7 million. The company sold hardware at a loss.

Selling hardware at a loss shouldn't be a concerning development though. The company's peers give some hardware for free during customer acquisition. LSPD stock investors wouldn't fret over the negative margin there. However, such gross margins losses had some hand in shrinking the company's total margins.

A lukewarm outlook might irk LSPD stock investors

Management at Lightspeed issued guidance for third-quarter sales of between \$140 million and \$145 million. The outlook falls slightly below analyst projections for \$145.1 million for this current quarter which ends in December. However, the guidance is still projecting a strong 150% growth from last year's quarter, but given significant acquisitions, the growth rate could have been better.

The market would have expected more organic-led growth from transactional revenue as payments volumes increase during the holiday season.

Lightspeed remains upbeat about its future growth prospects in its core business. Its management highlighted "...a growing number of locations, increased software adoption, expanding GTV and an increasing payments penetration rate," as pointing to the company's "longer-term opportunity".

The lukewarm outlook is understandable though. It incorporates COVID-19 uncertainties, supply chain issues that are impacting merchants' ability to stock inventory, and the company's challenges in adding new customers who require Lightspeed hardware owing to shortages in its supply chains.

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