



## Is it Time to Buy Lightspeed (TSX:LSPD) Stock?

### Description

From 2019 to 2021, **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) was one of the most popular growth stocks on the **TSX**. It provides a cloud-based POS system to small- and medium-sized businesses. Because of its target demographic, many investors assumed it would struggle once the COVID-19 pandemic first hit. However, it proved everyone wrong. Lightspeed was quick to act, offering its merchants a number of solutions, helping them stay in business. As a result, Lightspeed saw its numbers skyrocket.

In response, investors were quick to reward Lightspeed and its shareholders. After hitting its lowest point during the 2020 market crash, Lightspeed stock went on a very successful run. It gained more than 1,000% over a span of a year and a half. However, things came to a screeching halt when [a short report](#) was released in September 2021.

In the report, Spruce Point Capital accused the company of falsifying its numbers. This includes Lightspeed's pre-IPO business and the subsequent revenues it reported as a public company. Lightspeed was quick to respond, saying that the report had many inaccuracies that served to benefit Spruce Point. In fact, the short report disclosed that the firm was set to profit in the event that Lightspeed stock were to stumble. Not much else has come from this, since the initial report. It's safe to say that this short report is a thing of the past.

### Should investors buy this stock today?

With that in mind, should you buy this stock today? Lightspeed stock has fallen about 37% year to date. Since hitting its all-time high, Lightspeed stock has dropped a staggering 80%. This has caused many investors to become very hesitant in this company. However, let's take a look at the company and decide how bad things really are.

In its most [recent earnings report](#), Lightspeed reported a 165% year-over-year increase in its revenue. This is driven by a business model that relies on recurring payments. With 95% of Lightspeed's revenue coming in as a subscription, its revenue is highly predictable. That's very good news for investors.

Lightspeed also reported that its customer locations have been increasing at a CAGR of 56% over the past two years. With about 159,000 customer locations in Q3 2022, Lightspeed is looking more and more like a serious contender in the POS space. Of course, with companies like **Block** and **Shopify** fighting in the same space, it still has an uphill battle ahead of it.

Lightspeed has also announced a new batch of customers that have recently chosen its solutions to power their retail business. In this past earnings call, Lightspeed stated that Hudson's Bay Company was an important customer acquisition that investors should take note of. They join SpaceX and many other big-name brands which have turned to Lightspeed's solutions.

## Foolish takeaway

Investors shouldn't let the past short report or Lightspeed's falling stock price to scare them. The business remains very solid, with the company continuing to attract new big-name customers. I believe Lightspeed could still be very successful in the coming years. As its business and earnings continue to grow, its stock price should follow, in theory.

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2. Tech Stocks

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**Author**

jedlloren

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