



## What Should Investors Do Now With Lightspeed Stock (TSX:LSPD)?

### Description

**Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) was hit *hard* last week, with accusations the company has basically been lying to investors from Spruce Point Management. Lightspeed stock went into freefall and hasn't rebounded much despite stating that the accusations are baseless.

Whether you believe the accusations or not, Motley Fool investors looking at Lightspeed stock today must be curious. Is it a better deal with the potential of a rebound? Or is this stock going to sink even lower? Let's look at what's been happening, and what investors should do with these shares today.

### What happened

Shares of Lightspeed stock are down 21% since September 22, with the stock remaining stagnant at around \$123 since the response by management. Though honestly, given the accusations, the response really wasn't that strong. On the part of Spruce Point, a major report indicated Lightspeed Commerce covered up its main growth indicators through a "...flurry of acquisitions." These acquisitions haven't even done that well, according to Lightspeed insiders from the report.

In fact, Lightspeed stock is estimated to have a 60% to 80% downside, according to the report, bringing shares down by another \$100. This is due to the inflated numbers, and fake customer counts down 85%! Spruce Point went on to call the metrics "smoke and mirrors." Yet Lightspeed Commerce merely stated these were "...inaccuracies and mischaracterizations."

However, management did state Spruce Point could indeed [benefit](#) from a drop in Lightspeed stock, should it have a short-sell lined up. The company also reiterated its quarterly numbers that saw a 220% increase from the year before.

### So what

This leaves Motley Fool investors in a bit of a limbo. There are strong points made by Spruce Point that simply can't be ignored. It's frankly worrisome that Lightspeed Commerce isn't taking this more

seriously and doing a full investigation of its own. Sure, you can throw your own accusations around. However, when it takes \$3 billion off your market cap, you have to make more than just a short statement.

Fellow Motley Fool writer [Andrew Button](#) makes a great point, however. Lightspeed stock can "...stop reporting non-GAAP measures like ARPU whenever they want." While it's shady that the company *may* have fudged these numbers, it's not the be-all-and-end-all of the company. However, Button goes on to say the pandemic was bad for all retailers, so the fact that revenue didn't go down is questionable. Especially since nearly half of its revenue comes from the hospitality sector.

## Now what

So what should Motley Fool investors do with Lightspeed stock? Wait and see. Unless you're a meme trader (I sure hope not), right now isn't a good time to be watching this stock. However, I wouldn't necessarily give it up either. We're still waiting to see what analysts make of the accusations. So until we have some reports that aren't from Spruce Point, I would wait, see, and even hold for now.

If the allegations are true, Lightspeed stock could be dumped overnight. But if not, you could see massive growth overnight as well. This company, if the funds are available, has made several acquisitions that could indeed make it a contender for the top e-commerce producer. As for now, only time will tell if it makes it that far.

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**Date**

2025/08/26

**Date Created**

2021/10/04

**Author**

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