



Why Facedrive Stock Tanked 10% Last Week

Description

Facedrive (TSXV:FD) continued to tank last week with the stock falling a further 10%. But really, that's nothing compared to where it's fallen in the last year. Shares of Facedrive stock peaked at \$60 per share and now trade at \$1.28 as of writing. That's a plummet of 98%!

In the last month alone, shares are down 76% as of writing. And it looks like shares still have further to fall. So, let's see what happened in the saga that is Facedrive stock this last week, and what investors might expect.

What happened?

This drama started back in the end of August, when executives were ousted by Facedrive in a major shakeup. Since then, depending on who you are, Facedrive stock has been a dream or a nightmare. If you're a trader looking for meme stocks, Facedrive stock would fall to incredible lows and then soar up by 60% in some cases. But mostly, it's been in a free fall.

Much of this came down to several insiders dumping their stake in the stock. Facedrive stock announced a new chief executive officer, Suman Pushparajah, on Sept. 1. And as soon as he was on board the new CEO went on to sell 800,000 shares. He continued to do this day after day, for total proceeds of \$2.3 million.

Meanwhile, former CEO Sayan Navaratnam, the company's largest shareholder, plans to sell nine million of his 30 million shares. Another founder, Junaid Rizvi, sold 800,000 of his six million at the beginning of September as well.

So what?

If management isn't confident in Facedrive stock, can investors be [confident](#)? In short, no. Not only are shares being sold by the barrel, but there have been rumours of filing for bankruptcy. And that's something investors should really consider.

Here at the Motley Fool, we don't like meme stocks or risky trades. We like long-term value. And that's something that Facedrive stock simply doesn't have. As of writing, it trades at -4.94 EV/EBITDA. Furthermore, the company now has a market capitalization of \$122 million — a *quarter* of where it was a month ago. Even more dramatic? Back in February it had a market cap of *\$5.71 billion*!

And as fellow Fool writer [Chris MacDonald](#) explained, the company lacks an innovative business model that other tech stocks have latched onto. If Facedrive stock isn't standing out from the competition, how is it going to last against massive competitors in this industry? The answer is, it won't.

Now what?

Stay away from Facedrive stock. The company's recent shakeup has done absolutely nothing to win back investor confidence, and it's likely to remain this way for quite some time. Shares may have fallen 10% in the last week and lost almost all its worth in the last year, but that doesn't mean it can't fall further. It may be delisted if shares fall just \$0.30 more!

So, while it may have the buzzwords of being "people and plant first," but it lacks the lasting power of revenue. The company continues to lose money, and that's something you simply need to run a company. Wouldn't you agree?

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