



## Why Lightspeed (TSX:LSPD) Stock Fell 30% on Thursday

### Description

If Motley Fool investors thought the short-sell drop was bad, they certainly won't be happy now. Shares of **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) plunged 30% in early morning trading. This comes after a loss reported by Lightspeed stock in the company's earnings report.

### What happened?

Lightspeed stock reported a loss of US\$59.1 million during its second quarter for 2022 review. However, revenue nearly tripled compared to the year before. Yet it's the loss that [investors](#) seem the most concerned with. Whereas last year a loss of US\$19.5 million was on the books, this year that increased by 203%.

And even with revenue up to US\$133.2 million from US\$45.5 million the year before from organic growth and acquisitions, it didn't seem to be enough.

This is perhaps because Lightspeed stock sees an uncertain future ahead. The pandemic and supply chain issues for merchants as well as for Lightspeed providing its own hardware have caused both short- and long-term issues.

### So what?

It's the hardware issue that could seriously weigh on Lightspeed stock. And this was identified in the short-seller report by Spruce Point. Whereas its peers either provide hardware or sell it, Lightspeed has been providing it for free, and it's a serious increase in the company's loss.

Other points in the short-seller report discussed were the company's slew of acquisitions and [announcements](#). This, the report claimed, was all "smoke and mirrors" to hide the true worth of the company. It seems that may have continued during the last quarter. Lightspeed stock announced several new moves, such as Lightspeed Restaurant and Lightspeed Capital. However, it's unclear whether these are actually seeing a major benefit or not.

If it's mainly the acquisitions providing the tripling of revenue, then that's a problem. It means that Lightspeed stock may become stagnant, and it would take more time to make back the loss.

## Now what?

Lightspeed stock provided an update to the future outlook for the company. While the company managed to outpace revenue, unfortunately it fell below even its own estimates, along with analysts. Analysts expected an earnings loss of \$0.10 but instead were treated to a loss of \$0.20.

However, the company managed to stay within the expected loss range, reaching below the \$12 million loss expected in adjusted EBITDA.

It wasn't all bad news, as long as Lightspeed stock can withstand the pressure. The company still believes this is a short-term issue and increased its fiscal 2022 revenue outlook to between \$520 and \$535 million from between \$510 and \$530 million. However, it also expects a loss increase from \$35 million to around \$45 million for the year.

Basically, Motley Fool investors need to ask themselves if they're willing to wait and see what happens. As of writing, analysts continue to see this as a strong future stock in the e-commerce world. And once supply chain issues are solved, you could see shares jump once more. It just depends if your own finances can hack the stress in the [meantime](#).

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