



## 1 Plunging Canadian Stock I'm Not Selling!

### Description

It's been a wild ride for **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) shareholders over the past two months.

A short report in September sent shares spiralling more than 20%. And just when the stock began to recover, it tanked another 30%. The company's Q2 earnings report that was released in early November was not well received by investors.

As of today's stock price, the tech stock is down close to 50% from all-time highs set two months ago. Even with the recent sell-off, though, Lightspeed is still one of the more expensive tech stocks on the **TSX**. It's valued at a frothy price-to-sales ratio of 20 right now.

### My focus remains on Lightspeed's long-term growth potential

Spruce Point Capital Management was the firm that released the short report in September. The report contained serious allegations of Lightspeed inflating key metrics, including gross transaction volume and total addressable market.

The report went on to caution investors with a potential 60% to 80% long-term downside risk to Lightspeed stock. The research firm suggested that losing out to competitors, such as **Amazon** and **Shopify**, would severely impact the growth projections that Lightspeed management has set for the company.

This isn't the first bearish report that Spruce Point Capital Management has released and I don't think it will be the last. It's also not all that unusual for a high-growth [tech company](#) to be attacked with these types of accusations.

I don't believe that Lightspeed management has given any reason to doubt their integrity while acting as a public company, which is why I'm not at all concerned about this report.

If you're a long-term investor who's bullish on the growth of e-commerce, you can thank Spruce Point

Capital Management for this buying opportunity.

## Revenue growth of 193% was not enough to impress investors

Lightspeed reported its 2022 fiscal year Q2 earnings in early November. Even though year-over-year quarterly revenue growth was just shy of 200%, the [growth stock](#) still managed to plummet nearly 30% following the release of the earnings report.

Rather than revenue growth, investors seemed to have been more focused on the company's losses that came in higher than expected. Lightspeed's adjusted EBITDA net loss for the quarter was more than 200% higher than the previous year.

While a bigger than expected loss may have spooked some investors, [I remain very bullish](#) on Lightspeed's long-term growth strategy.

Management is committed to reinvesting aggressively into the business to keep revenue growth soaring. The company is using its capital to grow its product line and expand internationally both organically and through acquisitions.

## Short-term investors should be investing cautiously

The recent volatility over the past couple of months proves why having a long-term time horizon is crucial when it comes to investing, especially when it comes to growth stocks. When a stock is valued as richly as Lightspeed, volatility should be expected.

As a current Lightspeed shareholder, I'm not hoping for another 30% drop anytime soon. That said, I'm certainly prepared for one. My long-term time horizon lets me take advantage of these opportunistic sell-offs.

If you've had this tech stock on your watch list, don't let the recent sell-offs stop you from starting a position. You'll be thanking yourself in a few years for picking up shares at this discounted price.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Smart News

## PP NOTIFY USER

1. arosenberg
2. ndobroruka

## Category

1. Investing
2. Tech Stocks

## Date

2025/09/11

## Date Created

2021/11/16

## Author

ndobroruka

default watermark

default watermark