



Why Lightspeed Commerce Stock Fell 16% Last Week

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) continued to crash last week, with shares of the tech stock falling 16%. This was on top of the incredible dump of shares after Lightspeed stock announced earnings that left investors wanting more.

What happened?

It seems the fall of shares in Lightspeed stock comes mainly from the poor earnings report the company reported earlier this month. In the report, Lightspeed stock actually did quite well, all things considered. Total revenue was up 193% year over year to \$133.2 million. Subscription revenue also increased by 132%. Furthermore, the company had \$1.2 billion in unrestricted cash.

However, there were two factors influencing the drop of shares. One was the substantial increase in the net loss to \$59.1 million from \$19.5 million. That's an increase of over 200%! Furthermore, Lightspeed stock management believe more trying times are ahead. This comes from a [combination](#) of supply chain demands on both Lightspeed's tech side and the merchant side.

Still, Lightspeed stock provided an update to its full-year and third-quarter revenue guidance. The company expects revenue of between \$140 and \$145 million for the next quarter and revenue of between \$520 and \$535 million for fiscal 2022. The yearly loss should also decrease to between \$40 and \$45 million.

“Lightspeed achieved solid results this quarter on the back of strong GTV growth, an increased Payments Penetration Rate and growing software adoption.” said Chief Financial and Operations Officer Brandon Nussey. “While the rate of global economic recovery is expected to be uneven, overall, our core business drivers remain strong.”

So what?

Analysts believe the insane drop in shares, now 54% from September highs, isn't exactly warranted.

That being said, there were a number of items affecting the recent drop in Lightspeed stock that Motley Fool investors should at least be aware of.

First, of course, is the short-seller report that started it all. Shares of Lightspeed stock crashed after Spruce Point Capital Management told investors it believes the company's metrics are all "smoke and mirrors." Furthermore, it stated that the major acquisition strategy isn't doing as well as management would have you believe.

It's important to note two things. The first thing to note is that Spruce Point would benefit from the short sell achieved afterwards; second, the claims have yet to be unfounded. But that didn't stop a slew of class-action lawsuits aimed at Lightspeed stock after the major loss in share price.

Now what?

So, should Motley Fool investors take advantage of the drop in share price? Or should they stay far, *far* away from Lightspeed stock? As always, it's up to you, but it cannot be denied that Lightspeed stock is certainly volatile at the moment.

While the short-seller report is behind it, the huge increase in losses and potential to lose more from supply chain demands still weigh on Lightspeed stock. That could send shares even lower, at least in the short term.

But if you're a long-term investor, analysts still believe Lightspeed stock is a great long-term buy. It's managed to spread around the world, making smart (albeit expensive) [acquisitions](#) to bolster revenue. As international expansion continues, and supply chain demands that every business faces improve, Lightspeed stock should improve as well.

Analysts continue to hold a one-year target price of \$124; that's a potential upside of 70% as of writing. And for long-term Motley Fool investors wanting to get in on a top, booming [tech](#) stock, now could be the time.

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alegatwolfe

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