



## Nuvei (TSX:NVEI) Responds After 55% Crash From Short-Seller Report

### Description

**Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) management [responded](#) on Dec. 8 after a short-seller report sent shares falling up to [55%](#), wiping out \$10 billion of its market cap. While shares remain lower, the company maintained its financial outlook and for the full year 2021, including long-term growth targets.

### What happened?

The global payment technology company “reaffirmed” its financial outlook announced during its last earnings report on Nov. 9, including the full year of 2021. In the report, Nuvei anticipates revenue between \$204 and \$210 million for the fourth quarter. It also expects between \$717 and \$723 million for the year. This was an update from the previously anticipated \$690 to \$705 million. Adjusted EBITDA is expected to be between \$312 and \$316 million.

The previous update comes as the company accelerates its “growth plan” and includes Nuvei’s recent acquisitions of Simplex and Paymentez. It expects over 30% annual [growth](#) in the medium term for revenue. Further, it expects 50% growth over the long term for adjusted EBITDA.

### So what?

When it comes to the report specifically, Nuvei stated the [short-seller report](#) was “intentionally misleading and draws inaccurate conclusions ... The short-seller admits that it stands to profit significantly from Nuvei’s stock price decline.”

And decline it did. Spruce Point Capital Management released the report and stated there was a 40-60% downside for Nuvei stock. It then fell by 55% within a day. It made incredible accusations, including that Nuvei “covered up a pattern of business failures” and that it had “a web of relationships with individuals connected to major Ponzi schemes.” Further, Spruce Point claimed Nuvei’s chief executive officer falsified his educational credential and career history.

## Now what?

It's a very he said, she said situation for Nuvei at this point. And it's exactly what happened to **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) back in September. In that case, Spruce Point claimed a downside up to 80%, though shares fell 30%. Further, the short-seller that Lightspeed's metrics were "smoke and mirrors." Lightspeed stated the accusations were simply false, and involved gains for short-seller Spruce Point.

In the case of Lightspeed, analysts have had time to state the selloff was [overblown](#). In fact, it stands to gain significantly in the years to come, with revenue skyrocketing and a recent partnership with The Bay. For Nuvei, however, we're still waiting for analysts to respond to the attack. So far, there has been only one analyst response. He merely stated he was still reviewing the report. But at a glance, there is "nothing thus far that would change our investment thesis on the name."

Still, Nuvei could fall even further, if Lightspeed is any indication. It's a hard time for tech stocks and those in the e-commerce industry, with a lower stock market causing investors to be hard pressed to buy in bulk. A short-seller taking advantage of a headline name to create an opportunity at this time wouldn't be unheard of.

So, all in all, it's up to you whether you buy Nuvei on the landslide it's had. But for me, I'd at least wait for a few more analysts to come out and a potential investigation, before looking at the drop as an opportunity.

### CATEGORY

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2. Tech Stocks

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