



Nuvei and Lightspeed: Are These Tech Stocks Super Cheap or Super Risky?

Description

Canada's technology sector is tiny in comparison to the giants that dominate the landscape in the United States. However, investors have seen some exciting tech stocks debut on the **S&P/TSX Composite Index** in recent years. **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) and **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) had provided Canadian investors with [terrific gains](#) coming into the final leg of 2021. However, both have been beaten up by a short attack from Spruce Point Capital. Are these [tech stocks](#) worth buying on the dip? Or is the risk too great? Let's jump in.

Two conflicting reports: Should you buy or sell Nuvei today?

Nuvei is a Montreal-based company that provides payment technology solutions to merchants and partners in North America and around the world. In November 2020, I'd [suggested](#) that investors should look to scoop up this promising stock. Shares of this tech stock have plunged 42% month over month as of close on December 9. However, the stock moved up 6.1% on the same day.

Early this week, Spruce Capital Management released a report that recommended a strong sell on this tech stock. It accused the company of greatly overstating its organic growth. Moreover, it took aim at the company's leadership for what it claimed was a checkered past.

"The personal attacks on Nuvei executives made by the short-seller appear to have been made to distract from the company's achievements and progress," Nuvei responded in a new release. It called the short report "intentionally misleading" and went on to reiterate the strength of its business.

Shares of this tech stock last had an RSI of 27. That puts Nuvei in technically oversold territory at the time of this writing. Investors should take a closer look at Nuvei after the short report, but there is also little of substance to draw on after the attack. I'm looking to take the gamble and buy the dip in this tech stock today.

Here's another tech stock that fell victim to a short attack in late 2021

Spruce Capital has been spreading the love around in the Canadian technology sector in 2021. In September, the New York-based firm launched a devastating short attack on the e-commerce company Lightspeed. Shares of this tech stock have dropped 31% in 2021 as of close on December 9. The stock has shed more than \$100 in value from its 52-week high since the report came out in late September.

In its short report, Spruce Capital accused Lightspeed of inflating key metrics. Among those key metrics, Spruce Point alleged that Lightspeed overstated customer counts, gross transaction volume, and total addressable market. Moreover, it warned that Lightspeed's aggressive acquisition strategy had failed to generate the desired growth.

Like Nuvei, Lightspeed was quick to respond to the attack. Lightspeed said that the report was filled with "inaccuracies and mischaracterizations." The company pointed to its recent earnings report that showed revenue growth of 220% and organic software and transaction-based revenue growth of 78%.

This tech stock last had an RSI of 28, putting the tech stock in technically oversold levels. Growth projections aside, Lightspeed boasts a fantastic balance sheet, and it has made strides in the promising e-commerce sector. I'm also looking to buy the dip in this tech stock today.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

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