



Why Lightspeed Commerce Stock Hit 52-Week Lows

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) continued its drop last week, falling 15% as of writing in the week. The drop is likely related to a new [short-seller report](#) on fellow e-commerce payment operator **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)).

What happened?

Lightspeed actually started to see signs of improvement after a short-seller report sent shares crashing back in September. Spruce Point Capital Management came out with a report accusing Lightspeed of hiding its metrics behind a series of acquisitions. Acquisitions that haven't done as well as management stated.

Further, Lightspeed then came out with an [earnings](#) report that investors found wanting. Even though revenue skyrocketed for another quarter, the company's losses climbed to \$59.1 million. Further, the company warned that supply chain demands were hurting both the company and its merchants. This could affect full-year earnings.

Since then, shares were dropping, showing only a slight recovery until the recent Nuvei report. This came from the same short-seller company of Spruce Point Capital Management, but the accusations were even worse. Not only did Spruce Point state that Nuvei's growth was wanting, but that its executives "falsified" educational and career credentials.

So what?

Nuvei shares collapsed 55% and remain incredibly low compared to 52-week highs. However, Nuvei was already falling before the report came out. While it remains quite volatile, in the case of Lightspeed, analysts have had time to react to the past short-seller report.

In this case, Lightspeed shares were at all-time highs before falling. As of writing, Lightspeed is down 68% from its \$165 share price at 52-week lows. But it's far lower than what analysts deem necessary

— especially after the reaction from the Nuvei report.

Analysts remain stuck on a target price around \$125 for Lightspeed. That would represent a potential upside of 131% as of writing. Analysts recently stated not only should investors be happy with the recent performance of its acquisitions and revenue growth, but the short-seller report was found wanting. While it identified problems, most of it was a “he said, she said” reaction with no solutions or hard evidence.

Now what?

Lightspeed now represents a great time for investors to jump on the stock. While Nuvei remains incredibly volatile, Lightspeed is a strong choice — especially after the announcement of a partnership between its NuORDER acquisition and The Bay. This sent shares climbing before falling back down after the Nuvei announcement.

But again, analysts were happy about the news — especially considering sales have been on the rise. Analysts predict US\$679 million in sales for fiscal 2022, and US\$182.5 million in the third quarter. Lightspeed beat last quarter’s earnings estimates, and it’s likely to do it again with the holiday season and Black Friday on the books.

So, again, see today’s lower share price as an [opportunity](#), not a curse. For long-term investors looking for a deal, this could be a steal the likes of which you won’t see again — especially as the company continues to trade at 52-week lows. Shares currently trade at \$54 as of writing.

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TICKERS GLOBAL

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

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