



1 TSX Tech Stock That Lost Big This Year

Description

A Canadian tech firm saw it fitting to align its corporate name with its current product offering and long-term vision. On August 9, 2021, Lightspeed POS became **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)). The share price then was \$116.57, or 191.9% higher than a year ago.

Investors looked forward to [enormous gains](#) from the one-stop e-commerce platform for merchants. Many expected Lightspeed Commerce to top \$200 by year end. Unfortunately, the [tech stock](#) dropped 27.6% to \$88.93 on November 4, 2021.

As of December 21, 2021, the share price is down to \$53.93, or a 40% year-to-date loss. Lightspeed lost big time and might end the year with a negative 60% overall return.

Damning report

Spruce Point Capital released a report in late September 2021 claiming misrepresentation or cover up by the fast-rising, e-commerce platform. The short seller firm alleges that Lightspeed Commerce inflated the Total Addressable Market (TAM), customer counts, and Gross Transaction Volume (GTV).

Furthermore, Spruce Point believes that LSPD's acquisitions were meant to cover up the double-digit organic declines in its business. Bernstein Liebhart LLP, on behalf of LSPD investors, filed a lawsuit with the U.S. District Court for the New York Eastern District Court.

The investor rights law firm gave investors until January 18, 2022, to file a lead plaintiff motion as part of the securities class action lawsuit against Lightspeed. Investors must have bought the shares from September 11, 2020, to September 28, 2021. The lawsuit alleges violations of specific provisions in the Securities Act of 1933 and the Securities Exchange Act of 1934.

High valuations

Spruce Point says there is evidence showing Lightspeed's massive inflation of its business pre-IPO.

Some former employees also aired grievances against the high valuations of the company, given the slowing and declining organic growth. Other issues include aggressive revenue reporting, troubles with Lightspeed payments, sandbagging of guidance, and insiders cashing out.

Lightspeed Commerce's remarkable growth makes it a top candidate as the [next Shopify](#). Likewise, acquisitions were non stop. Among the purchases last year were New York-based cloud commerce platform ShopKeep and U.S. restaurant management software company Upserve.

This year, Lightspeed acquired New Zealand point-of-sale company Vend, B2B e-commerce platform NuORDER, and e-commerce platform company Ecwid. In Q2 fiscal 2022, Lightspeed's revenue climbed 193% versus Q2 fiscal 2021, although net loss increased 203.1% to US\$59.1 million.

Teal Linde from Linde Equity Fund said Lightspeed's stumbling block could be the integration of the acquisitions to its existing platform.

Powerful commerce platform

Dax Dasilva, LSPD founder and CEO, said, "Lightspeed's powerful commerce platform has helped our customers to not only survive the worst of the pandemic but thrive in the recovery." He adds that the recent acquisitions will enable Lightspeed to continue deploying revolutionary technology. The result should be greater insights, control, and confidence for its customers.

Some market observers can't confirm the validity of the issues contained in the short-seller report. However, they admit it's hurting the tech stock in a big way. Investors are likely to stay on the sidelines until the smoke clears. Others will wait for the acquisitions to significantly contribute and narrow down Lightspeed Commerce's losses.

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