



Lightspeed Commerce (TSX:LSPD) – What's in Store for 2022?

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock got absolutely obliterated in 2021. Following a short attack and a disappointing earnings release, its stock cratered to prices not seen since 2019.

In the second half of 2021, **Spruce Point Capital** released a scathing short report on LSPD, accusing the company of:

- Overstating its customer count
- Aggressively recognizing revenue
- Having suspiciously strong revenue growth in 2020 when competitors faltered
- Selectively picking and choosing non-GAAP metrics, dropping previous ones when they ceased to flatter the company

This short report on its own took a big bite out of LSPD stock. Shortly afterward, Lightspeed released a disappointing earnings release, which showed its net loss growing as a percentage of revenue. Although Lightspeed's revenue grew 193% in Q3, costs grew even more. As a result, the stock price fell.

It was a pretty discouraging turn of events. But in 2022, Lightspeed has a chance to turn things around. If Lightspeed can get its costs under control while maintaining strong revenue growth, there's no telling where its stock could go this year. In this article, I will explore a few things for Lightspeed investors to pay attention to in 2022.

Q4 earnings

The first thing investors are going to want to be on the lookout for in 2022 is Lightspeed's Q4 earnings. These will answer the all-important question:

"Can Lightspeed keep growing its revenue without growing its costs even more?"

This is of pivotal importance to investors. The reason LSPD [sank after Q3 earnings](#) is because the loss

worsened considerably. If the company's net loss keeps spiralling out of control then all the revenue growth in the world won't save it—just look at what happened to cannabis stocks. In Q4, investors will get a good look at both Lightspeed's revenue and its cost structure. With this information, they will be able to come to a conclusion as to whether the company is investable or not.

Post-pandemic results

A second thing LSPD investors are going to want to keep an eye on in 2022 is the company's post-pandemic results in general. The [COVID-19 pandemic was a huge tailwind](#) for shopping cart companies like Lightspeed's *Ecwid*. **Shopify**, for example, posted four consecutive quarters of 90%+ revenue growth as a result of the pandemic. That was pretty impressive. And Lightspeed shared in the spoils, with 193% growth in its most recent quarter.

Now, however, analysts are expecting major deceleration. The pandemic is currently raging in the form of Omicron, but is expected to wane in the remainder of the year. As this development unfolds, companies like SHOP and LSPD will lose the catalyst that empowered them to achieve such stellar growth in 2020 and, to a lesser extent, 2021. So investors will want to keep an eye on LSPD's sales growth in 2022. If it slows down too much then the stock could fall even more than it already has.

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