



Lightspeed Stock Falls 18% as CEO Steps Down, Posts US\$65 Million Loss

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) saw shares drop after the e-commerce company posted a growth in losses. Furthermore, long-time founder and Chief Executive Officer Dax Dasilva stepped down from the top position.

- Dasilva stepped down after the short-seller report last year continues to weigh on investors' minds. He will be replaced by Jean Paul Chauvet and serve as executive chairman.
- Lightspeed stock reported a net loss of US\$65.5 million, up from a loss of US\$42.7 million the quarter before.
- Revenue increased 165% year over year to US\$152.7 million, beating estimates.
- The platform also increased its outlook for 2022.

What happened in Q322 for Lightspeed stock?

Lightspeed stock beat [estimates](#) during its recent earnings report, yet increased its losses for the e-commerce platform. The Montreal-based company reported a net loss of US\$65.5 million, or US\$0.44 per share. It was a significant increase from the net loss of US\$42.7 million, or US\$0.39 per share, a year before.

However, Lightspeed stock also announced a massive increase in revenue to US\$152.6 million — a 165% increase. This beat analyst estimates of announcing US\$143.4 million in revenue. However, the net loss was below estimates of US\$0.39 per share. Its gross transaction value (GTV) also saw an increase, up 124% year over year.

Shares of Lightspeed stock fell 10% upon market open.

What did management say?

Management actually had quite a bit to say this time around. But it wasn't so much about the recent earnings results. Instead, Lightspeed stock announced CEO Dasilva would be stepping into a new role

as executive chairman. He will be replaced by Lightspeed president Jean Paul Chauvet.

The move comes as Lightspeed stock continues to see its [shares drop](#), down from a share price of about \$165 last year. This fell by 30% in a day after the short-seller report by Spruce Point Capital Management. The report accused the company of inflating numbers and misleading investors surrounding growth — especially in terms of its acquisitions.

“As a board, we have regularly discussed succession planning over the last several years,” said Patrick Pichette, chair of the board for Lightspeed. “JP has an outstanding track record in multiple leadership positions at Lightspeed, and the board is confident he is the natural choice to continue the important work underway across the organization and drive sustained value for all customers and shareholders. Meanwhile, the board also looks forward to supporting Dax in his new role as we advance the board’s corporate and sustainability goals.”

What’s next for Lightspeed stock?

That’s the big question. With a new CEO, more losses, yet a new growth outlook, there is a lot for investors to take in. The report increased its outlook for 2022, along with the fourth quarter. Management increased its estimated revenue to between US\$540 and US\$544 million for the year, up from between US\$520 and US\$535 million. Its loss, meanwhile, remains within the US\$45 million expected.

For the fourth quarter, management expects revenue between US\$138 and US\$142 million, with an adjusted EBITDA loss of US\$20 million. Furthermore, it believes it can achieve an organic subscription and transaction-based growth rate of 35% to 40% per year for the near term.

Analysts have yet to weigh in, but early results show some cutting estimates. The average target price remains at about \$107. However, in recent days analysts cut their target price to around \$70 per share, while maintaining an “outperform” rating. In fact, one analyst called the results “solid.” Though it seems investors didn’t agree.

Shares of Lightspeed stock are down 61% in the last year and 78% from all-time highs.

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