



Why Lightspeed Stock Fell Almost 7% Last Week

Description

Shares of Canadian fintech giant **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) continued to decline in the last week. LSPD stock fell by 6.8% in the week ended on February 11 and is currently trading 76% below all-time highs.

Investors are worried about higher inflation numbers, which, in turn, might lead to multiple interest rate hikes in 2022 and increase borrowing costs for enterprises. In addition to macro-economic and valuation concerns, Lightspeed was also [accused by noted short-seller](#) Spruce Point Capital of misleading investors, which triggered the initial selloff back in September 2021.

Let's see if Lightspeed can stage a comeback in the next few months and outpace the broader markets going forward.

Recent quarterly results for Lightspeed

Earlier this month, Lightspeed announced its fiscal Q3 of 2022 results that ended in December. It reported revenue of US\$152.7 million — an increase of 165% year over year. Around US\$25.9 million in sales was attributed to its recent acquisitions of Vend, Ecwid, and NuORDER. The company's adjusted loss per share stood at US\$0.07 in Q3 compared to consensus estimates of a loss of US\$0.08 per share.

Lightspeed's subscription and transaction-based revenue were up 175% at US\$144.4 million, driven by organic growth and the above-mentioned acquisitions. Its organic subscription and transaction revenue growth was 74% in Q3. Further, subscription sales rose 123% to US\$68.6 million, as Lightspeed increased its customer base to 315,000 locations at the end of the quarter. The company explained subscription sales were driven by an increase in the number of customers adopting multiple software modules.

Comparatively, transaction-based revenue was up 249% at US\$75.8 million on the back of GTV (gross transaction volume) growth, a substantial portion of which was processed by LSPD's payments solutions. Lightspeed's dollar volumes processed in Q3 rose to US\$2.2 billion from just \$600 million in

the year-ago period.

A key driver of organic revenue growth for Lightspeed was the increase in average revenue per user, which soared to US\$290 in Q3 compared to US\$180 in the year-ago period.

The company, however, emphasized that the growing share of transaction-based sales within the revenue mix will lead to top-line seasonality going forward.

What's next for LSPD stock and investors?

Lightspeed forecasts revenue between US\$540 million and US\$544 million, which was above its previous outlook of US\$520 and US\$535 million. LSPD also expects to report an adjusted EBITDA loss of US\$45 million in fiscal 2022, which is around 8% of total sales.

Lightspeed continued to expand its customer base and onboarded big-ticket clients such as OKKO Hotels, Hudson's Bay, and Allure Intimate Apparel in Q3. Further, existing customers are also increasing spending on the Lightspeed platform, given its positive net dollar retention rates.

Between fiscal 2019 and 2021, LSPD increased customer locations by 56% and gross transaction volume by 53%. In Q3, its GTV was up 118% at \$19.8 billion, while customer locations grew by 38%.

LSPD stock is valued at [a market cap](#) of US\$4.42 billion and is trading at a forward price-to-2022-sales multiple of 8.1, which is still steep considering the company remains unprofitable. However, analysts tracking LSPD stock expect shares to almost double in the next 12 months, making it a top bet for contrarian and growth investors.

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