



## Why Lightspeed Stock Dived 11% Last Week

### Description

### What happened?

The shares of **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) tanked by 10.6% last week to settle at \$33.93, extending its year-to-date losses to more than 33%. With this, LSPD stock is now hovering close to its lowest level since July 2020. By comparison, the main Canadian market index has seen 1% value erosion in 2022 so far.

### So what?

There was no company-specific news last week that could be blamed for Lightspeed stock's sharp drop. Instead, the ongoing [tech sector](#)-wide selloff could be affecting it.

LSPD stock started February on a positive note, as it inched up by nearly 9% in the week ended on February 4. During that week, the Montréal-based omnichannel commerce-enabling company [announced](#) its December quarter results.

In the third quarter of its fiscal year 2022, its total revenue jumped by 165% YoY (year over year) to US\$152.7 million from US\$57.6 million a year ago and exceeded analysts' consensus estimates. While its subscription revenue increased by 123% YoY, its transaction-based revenue saw a massive 249% positive growth during the quarter. As a result, Lightspeed Commerce's adjusted net loss in Q3 2022 stood at US\$0.07 per share — significantly narrower compared to its US\$0.33 per share loss a year ago and also better than analysts' estimate of US\$0.09 per share.

Its better-than-expected Q3 results seemingly helped the company regain investors' confidence and drove LSPD stock higher in the first week of February.

However, rising speculations about a tighter monetary policy are driving most tech stocks downward lately. Also, the ongoing Russia-Ukraine geopolitical tensions have added to market volatility. These factors could be the main reasons why tech stocks, including LSPD, continue to tank.

## Now what?

In recent months, Lightspeed stock's dismal performance doesn't do justice to the ongoing strong growth trend in its financials. Its quarterly sales have consistently been beating analysts' consensus estimates for years with the help of strong organic growth and the positive contribution of recent acquisitions.

Notably, February is the sixth consecutive month when Lightspeed stock is trading on a bearish note. While Spruce Point Capital's vague allegations on Lightspeed came as a big blow to investors in Q4 2021, the ongoing tech selloff is making its stock look way too undervalued. As the demand for its omnichannel commerce services could benefit from reopening economies, I expect LSPD stock to stage a handsome recovery in the coming quarters. That's why long-term investors may consider buying it on the dip.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

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