



Why Lightspeed Commerce Stock Fell 6% Last Week

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) is a Montreal-based point-of-sale and [e-commerce](#) software provider. Shares of this [tech stock](#) have dropped 6% week over week as of close on February 25. The stock has plunged 33% so far this year. Today, I want to discuss why Lightspeed suffered this retreat. Let's jump in.

Here's why Lightspeed Commerce stock lost value last week

At the beginning of February, long-time Lightspeed Commerce CEO Dax Dasilva announced that he was stepping down after 16 years. He moved to become the executive chair of Lightspeed's board. Meanwhile, President JP Chauvet succeeded him as the new chief executive. The tech stock appeared to be gaining some momentum in late January before this announcement.

The big executive shift comes in the wake of a damaging short report that targeted Lightspeed in late 2021. Since then, the tech stock has struggled to recover. Spruce Point Management alleged that the company was exaggerating its growth potential since its initial public offering in 2019. Moreover, it predicted that it would be muscled out by top competitors like **Shopify** and **Amazon** in the e-commerce pace. Lightspeed went on to strongly deny these allegations.

This tech stock had been on fire since the COVID-19 pandemic hit. Back in October 2021, I'd [discussed](#) why Lightspeed stock looked undervalued. Its losses have only deepened in 2022. Is there reason to have faith in this tech stock going forward?

How does the company look ahead of its next quarterly report?

The company released its third-quarter fiscal 2022 earnings on February 2. Lightspeed managed to beat analyst expectations, but that has done little to give its stock a positive nudge.

Revenues increased 165% year over year to \$152 million. Meanwhile, subscription revenue delivered 123% growth to \$68.6 million. Moreover, transaction-based revenue soared 249% to \$75.8 million.

Lightspeed achieved these results on the back of strong organic growth and a spike in revenue due to recent acquisitions of Vend, NuORDER, and Ecwid.

Lightspeed still posted a net loss of \$65.5 million in Q3 FY2022. This was bigger than the net loss of \$42.7 million in the prior year. It also posted an adjusted EBITDA loss of \$7.1 million. On the plus side, the company boasts an excellent balance sheet. It reported approximately \$1 billion in unrestricted cash and cash equivalents.

Should you buy Lightspeed Commerce stock today?

This company is still on track for strong revenue growth going forward. However, it remains to be seen whether it can deliver on earnings gains and compete with the biggest players in this highly competitive space. Lightspeed will likely fight to become profitable by the middle of this decade. Investors will need to have a strong stomach to endure the potential volatility that has followed the short attack.

Shares of Lightspeed last had an RSI of 38. That puts this tech stock just outside technically oversold territory at the time of this writing.

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aocallaghan

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