



Why Lightspeed Commerce Stock Dived 15% Last Week

Description

What happened?

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock is [continuing](#) to slide in March. Last week, the stock settled at its lowest level since May 2020, around \$28.58 per share. Its nearly 15% drop in the week ended on March 4 extended its year-to-date losses to 44%. In contrast, the main Canadian market index inched up by 1.4% last week, and it's trading in the green territory on a year-to-date basis.

So what?

Lightspeed is a Montréal-based tech company that primarily focuses on providing omnichannel commerce-enabling software solutions to its businesses. These solutions help its clients manage their operations more efficiently and accept payments from customers. The company currently has a market cap of about \$4.3 billion.

While there was no Lightspeed-specific news that could be blamed for its big losses last week, the recent stock market selloff — especially in the tech sector — due to the ongoing Russia-Ukraine war could be the primary reason for its declines. If you have been following the Canadian tech sector lately, you might already be aware of how a New York-based short-seller Spruce Point Capital's critical report led to a massive crash in Lightspeed stock last year.

Spruce Point's [released](#) its short report about Lightspeed Commerce on September 29, 2021. Since then, LSPD stock hasn't been able to end even a single month in the positive territory. That's why March is the seventh consecutive month when it's trading on a negative note. At the end of August 2021, Lightspeed stock was trading at \$140.06 per share. But now, it trades at \$28.58 per share, representing massive 80% losses in fewer than seven months.

Now what?

As I've highlighted in some of my recent articles, many of Spruce Point's allegations on Lightspeed are vague and without any major supporting evidence that could be verified independently. This could be one of the reasons why most Street analysts still expect LSPD stock to yield strong, positive returns in the next 12 months.

The ongoing growth trend in Lightspeed's sales looks really impressive, as its revenue continues to more than double each quarter on a year-over-year basis. In the December quarter, the company reported total revenue of US\$152.7 million, exceeding analysts' estimates.

Also, Lightspeed's future growth potential continues to improve with its rapidly growing client base and increasing partnerships. Given all these positive factors, I find Lightspeed stock to be way too undervalued at the moment. Although the ongoing broader market uncertainties due to escalating geopolitical tensions might delay a turnaround in Lightspeed stock, its solid long-term growth outlook could help it recover fast in the coming quarters.

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