



## Lightspeed Earnings Preview: Has the Stock Finally Bottomed Out?

### Description

Shares of **Lightspeed Commerce** ([TSX:LSPD](#)) have popped more than 31% over the last four trading sessions to \$26.94 per share — helping the stock erase most of its month-to-date losses.

It's quite a remarkable comeback after the stock fell to its lowest level in two years last week. Are more big price movements on the way? It's always possible, especially with the company set to report earnings tomorrow. Before we get into a quick earnings preview, let's take a closer look at some key factors that have affected LSPD's price movement in 2022.

### What's going on with Lightspeed stock?

Lightspeed has been one of the worst-performing [tech stocks on the TSX](#) lately. In the past eight months, the shares have dropped nearly 83%. Even though its home market peers have also dived sharply during this period, LSPD is underperforming even other tech stocks. To give you an idea, shares of **Nuvei** ([TSX:NVEI](#)) and **Shopify** ([TSX:SHOP](#)) have fallen 64% and 74% in the past eight months, respectively.

A massive selloff in Lightspeed stock started in September 2021 after Spruce Point Capital made some vague allegations about the company in a critical report. While the New York-based short seller's report didn't really affect analysts' projections about Lightspeed's financials, it certainly badly affected retail investors' sentiments.

In December 2021, skyrocketing inflation raised the possibility of multiple interest rate hikes in the near term. As these worrisome factors prompted investors to cut their risk exposure, tech stocks started crashing. In addition, investors' fears about many high-flying tech stocks being overvalued accelerated the pace of the tech meltdown. This is one of the reasons why Canadian tech stocks, including LSPD, have experienced big losses in the last few months.

### Why Lightspeed stock bounced back on Friday

Early last week, hotter-than-expected inflation numbers from the U.S. renewed concerns about more aggressive monetary policy moves in the coming months — intensifying the tech sector-wide selloff across North America. But at the end of last week, stocks bounced back sharply, perhaps in reaction to many tech companies having fallen to multi-year lows a few days before. This jump in market volatility and investors' high expectations for Lightspeed's upcoming earnings could be responsible for the shares' sizable rally in the past few days.

## What to expect from Lightspeed's Q4 results

In the third quarter of fiscal year 2022 (ended in December 2021), Lightspeed's total revenue more than doubled — for the fourth consecutive quarter. The company registered a 165% YoY (year-over-year) rise in total revenue to US\$152.7 million with the help of a massive 249% jump in its transaction-based revenue. Lightspeed also posted a solid 74% YoY increase in its organic subscription and transaction-based revenue in Q3.

For Q4, analysts expect Lightspeed to report a 71% YoY jump in total revenue, to around US\$140.8 million. With this, the omnichannel commerce platform provider is expected to post a net loss of US\$0.12 per share in the March quarter — much narrower than its adjusted net loss of US\$0.37 per share in the same quarter a year ago.

## Has Lightspeed stock bottomed out?

In the last couple of years, Lightspeed has consistently impressed investors with its solid topline growth, including handsome organic sales growth. As the demand for its easy-to-use cloud-based software solutions continues to increase amid reopening global economies, the company might continue to beat expectations in the coming quarters as well.

While these positive factors make LSPD stock look really undervalued for long-term investors (it's down 47% year-to-date), the ongoing macroeconomic and geopolitical uncertainties could still keep it highly volatile in the near term.

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