



Why is Everyone Talking About Lightspeed Stock?

Description

Lightspeed Commerce ([TSX:LSPD](#)) shares have taken a huge hit over the past year or so. Shares reached all-time highs back in September 2021, only to drop significantly, now down about 80% from those levels.

Yet these days, Lightspeed stock has become part of the conversation once more. So what's been going on with Lightspeed stock to cause all the commotion?

Earnings creates conversation

Lightspeed announced earnings this month, with the company continuing to see growth, though it did shows signs of slowing. Gross payments volume increased 86% year-over-year, with its revenue ahead of its annual outlook, up 38% year-over-year.

In fact, much of its performance was solid, and ahead of its previously established outlook. This is thanks to a few factors. Lightspeed has many of its acquisitions (worth US\$2 billion) up and running. Further, it continues to add merchants to its platform.

Lightspeed also benefited from the continued easing of pandemic-related restrictions. Its point-of-sale service allowed the company to bring back revenue from retail and restaurant locations. So even though [e-commerce](#) may be down, the company continued to see growth.

So why the drop?

If there was all this good news, why did Lightspeed stock drop? Shares of Lightspeed fell about 15% and are down 17% since earnings were released. And this was commented on by the company's chief financial officer.

The CFO stated that while there is going to be a busy holiday season, the company is "cautious" about how much growth there could be. What's frustrating for the company and its investors, is that this

problem is entirely out of Lightspeed's control.

The size of transactions continues to shrink from previous years, with consumers changing their spending habits after the rise in interest rates and inflation. Therefore, it's unlikely that there will be a period of heavy spending like the company has seen in previous years.

Buy or sell?

It's important to note that these problems do remain outside of Lightspeed's control. Because of this, the company should indeed see shares rise once more. Especially at these valuable levels.

And I do mean valuable. Lightspeed stock currently trades down 60% year-to-date, and 83% from all-time highs. Further, while it does operate at a loss, it has more than enough equity to cover all of its debts at this point.

Lightspeed also has its acquisition growth to look forward to, with companies as large as Hudson's Bay joining forces with the company. This all speaks to solid [long-term growth](#) for Lightspeed, but the question is: when?

Bottom line

Lightspeed should experience a period of growth after a recession or economic downturn. However, investors will have to wait for that recovery before their shares move higher. And in the meantime, an upcoming recession and lower holiday spend could see shares shrink before they improve.

So, if you're confident in the long-term performance of Lightspeed stock, by all means invest! Just be sure you're ready for some bumps along the way.

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Date

2025/08/29

Date Created

2022/11/08

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