


# First Quarter 2020 Earnings

**August 8, 2019**

lightspeed

# Disclaimer

**General**

All references in this presentation to the "Company", "Lightspeed", "us" or "we" are to Lightspeed POS Inc. All references in this presentation to dollars, "$" or "US$" are to United States dollars, and all references to Canadian dollars and "C$" are to Canadian dollars.

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**Non-IFRS Measures and Industry Metrics**

This presentation makes reference to certain non-IFRS measures and industry metrics, which do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Refer to section "Non-IFRS Measures" of Lightspeed's press release dated August 7, 2019 for more details and the definition of "Adjusted EBITDA". In addition, the terms "Average Revenue Per User" or "ARPU", "Customer Locations", "Gross Transaction Volume" or "GTV", and "Net Dollar Retention Rate" are operating metrics used in our industry. See "Appendix A" of this presentation for the definition of each such industry metric.

# **Today's** Speakers




## **Dax Dasilva** – CEO

- Founded Lightspeed in 2005
- 20+ years of entrepreneurship

## **JP Chauvet** – President

- Joined Lightspeed in 2012 and served as Chief Revenue Officer before becoming President in 2016
- Formerly CEO of EMEA, Atex Group

## **Brandon Nussey** – CFO

- Joined Lightspeed in 2018
- Previously served as CFO of D2L and Descartes Systems Group

# Lightspeed at-a-glance



**~$15.6B** (2)
Gross Transaction Volume ("GTV")

**>51,000** (2)
Customer Locations

**~100** (2)
Countries

**IPO** (1)
March 2019

**Lightspeed Payments**
Launched Jan 2019

**$24.1M**
1Q'20 Revenue

**38%**
YoY Revenue Growth

**~90%**
Recurring Software and Payments Revenue (1Q'20)

1. LSPD on the Toronto Stock Exchange
2. LTM as of June 30, 2019




**Lightspeed**
Mission

“**Bringing cities and communities to life** by powering SMBs”

# Lightspeed growth strategies

## Attract New Merchants

- Large, underserved market
- Increased awareness & focused investments driving strong NA results
- Achieved >20% annual growth in net new locations

## Enter New Markets

- Leverage sales/marketing expertise
- Approx. 1/3 of FY19 revenue from outside North America

## Expand ARPU

- Significant number of customers have bought multiple product modules
- Strong early adoption of Loyalty
- Payments: Close to 50% new US Retail customers bought alongside software subscription




**Accelerate Product Roadmap**

**Increase Market Penetration**

**Deliver Shareholder Value**

- Recently-acquired European leader in high performance iPad-based omnichannel POS solutions and business management systems for the restaurant and hospitality industry

- iKentoo serves ~4K customer locations, with a strong presence in Switzerland, France, and South Africa. Brings further platform breadth, capabilities, and upsell opportunities across EMEA

- Entire iKentoo team is joining Lightspeed. Similarly-disruptive mindset to help take advantage of structural tailwinds at play in marketplace

- Complementary technology and experience well-suited for large and complex deployments enabling Lightspeed to further accelerate the displacement of legacy POS providers globally

# Lightspeed's rapid product velocity is a hallmark trait

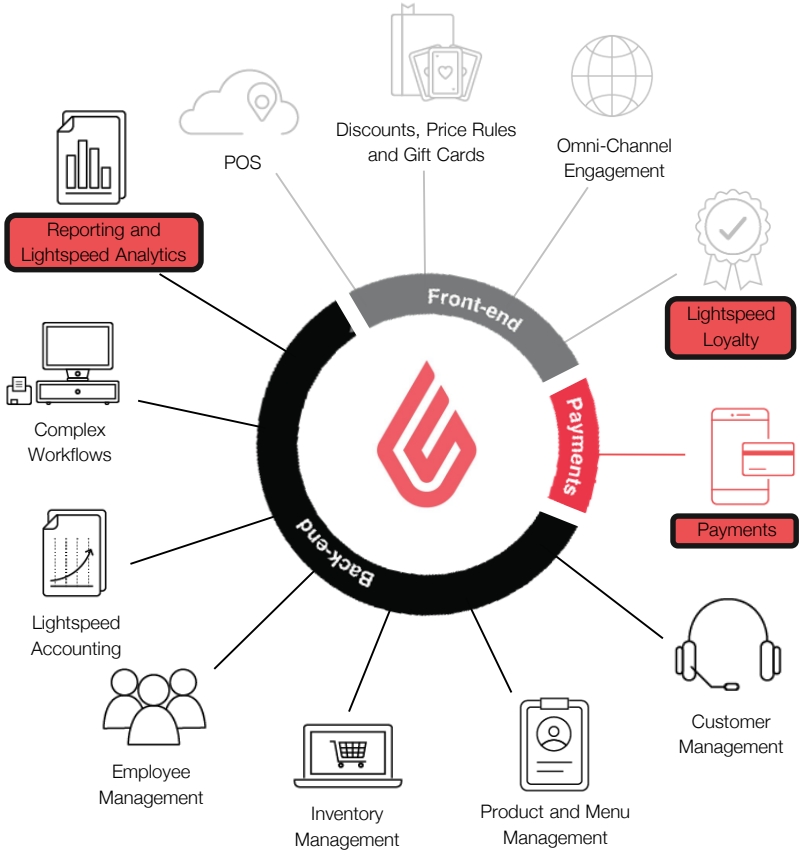
**Recently Introduced New Products:**

- **Lightspeed Payments:**
  - **Launched in January 2019 to US Retail customers**
  - **Better user experience for customers; More attractive economics for Lightspeed**
  - **Close to 50% of new US Retail customers bought alongside software in Q1**

- **Lightspeed Inventory:**
  - **Launched enhanced inventory mgmt control features in Q1 to US Retail customers**
  - **More robust tools for complex SMBs to track inventory across omnichannel workflows**
  - **New release further distances Lightspeed from other solutions in the marketplace**

# Lightspeed solution

**Lightspeed's cloud-based platform is the hub** of end-to-end commerce capabilities for retailers and restaurants




**>51K[1] customer locations: US, Canada, Europe, Australia**

(1) As of June 30, 2019




# Financial Overview

lightspeed

# Financial model characteristics

## Features

**Recurring Subscriptions** + **Recurring Payments** =

- Recurring Subscriptions
  - New customers
  - More locations
  - More modules
- Recurring Payments
  - % of transaction volume

## Benefits

**~90%**
Recurring Software and Payments Revenue

**Growth in Average Revenue/Customer (ARPU)**

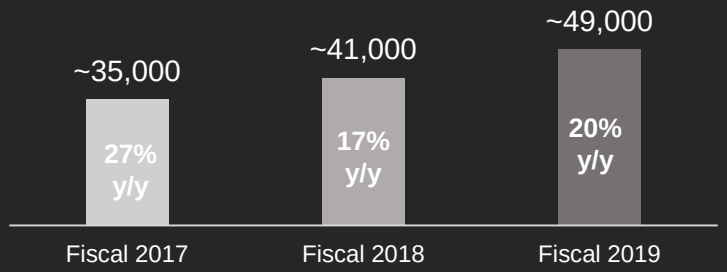
**Positive Net Dollar** Retention Rates(1)

(1) As of FY ended March 31, 2019

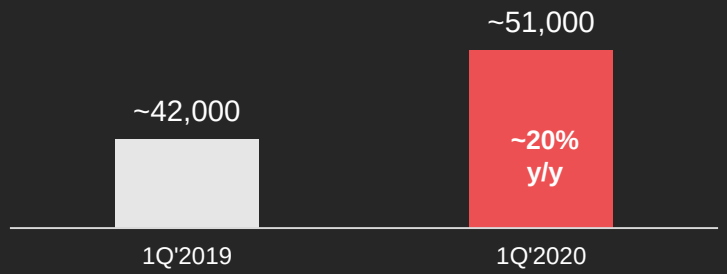


# Diverse, high-quality, growing customer base

## Total Customer Locations

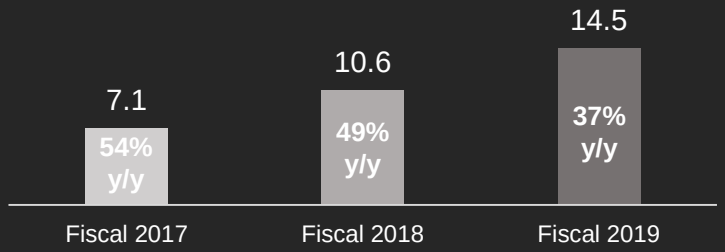



## Total Customer Locations




## GTV*

(in $B)




## GTV*

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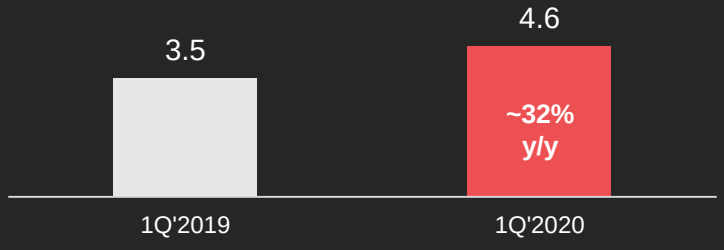



* GTV does not represent revenue generated by Lightspeed. See Appendix A.

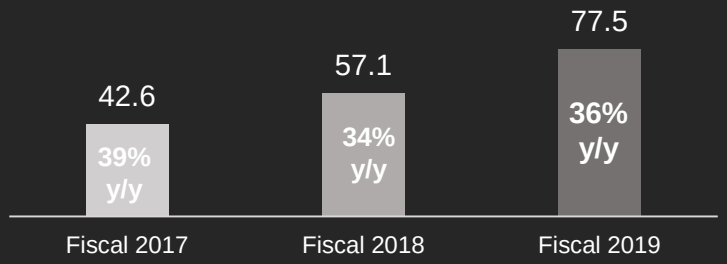
# Lightspeed Payments progress report

- **Launched January 30, 2019 to US retail customers**
- **Clear early evidence of strong customer receptivity**
- **Close to 50% of new US Retail customers bought alongside software in Q1**
- **Converted hundreds of existing customers from incumbent solution to Payments since launch**
- **Target pricing: ~2.6% gross non-cash transaction volume; ~65bps net of direct processing costs**

# Strong revenue growth

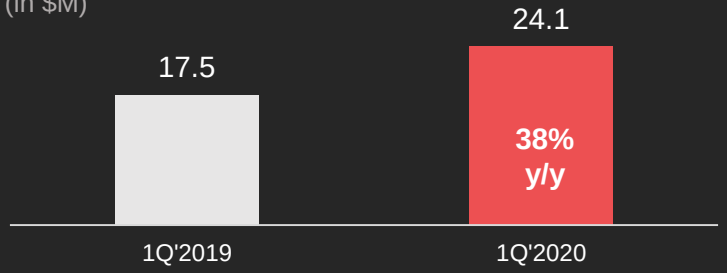
## Total Revenue

(in $M)



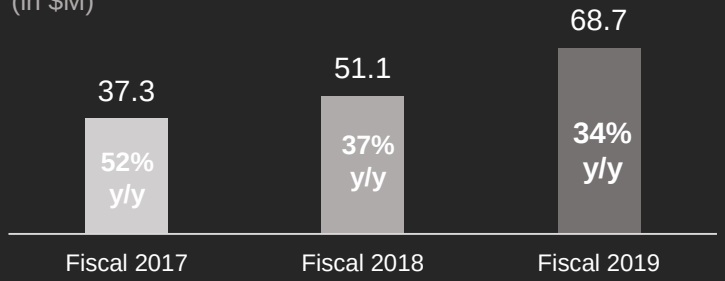

## Total Revenue

(in $M)



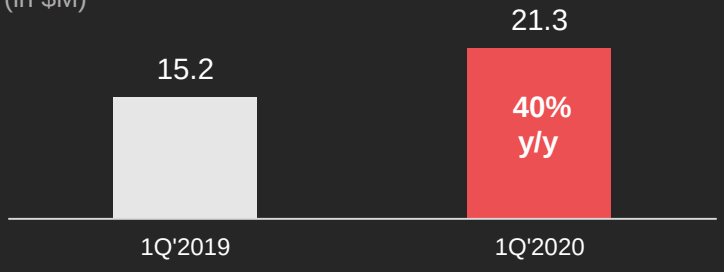

## Software + Payments Revenue

(in $M)




## Software + Payments Revenue

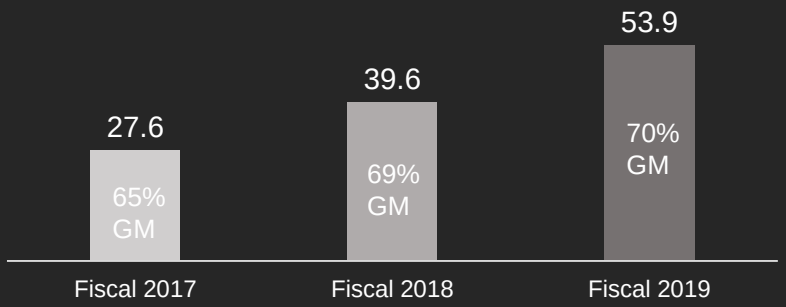
(in $M)



# Significant gross profit expansion

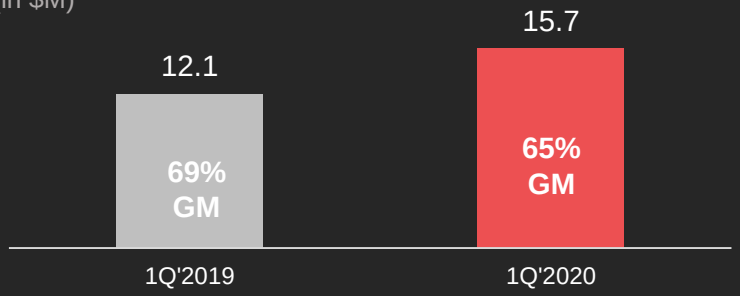
## Gross Profit

(in $M)



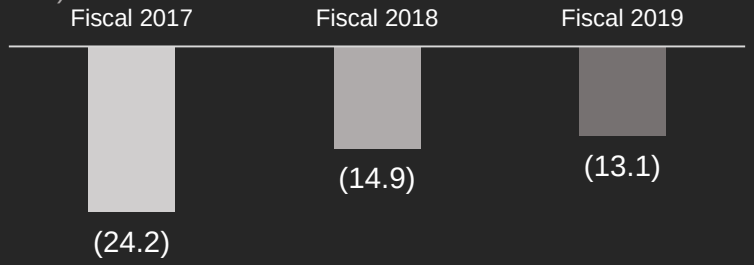

## Gross Profit

(in $M)



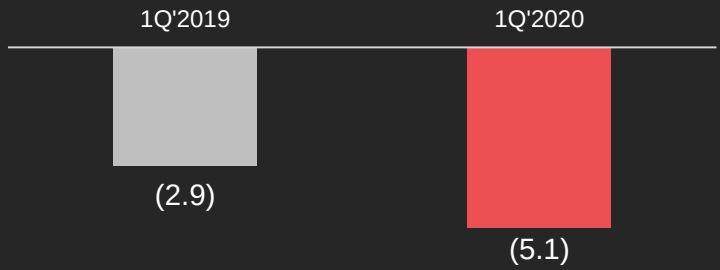

## Adjusted EBITDA

(in $M)



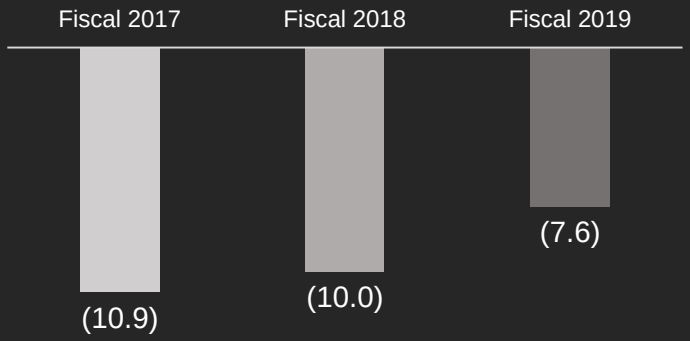

## Adjusted EBITDA

(in $M)

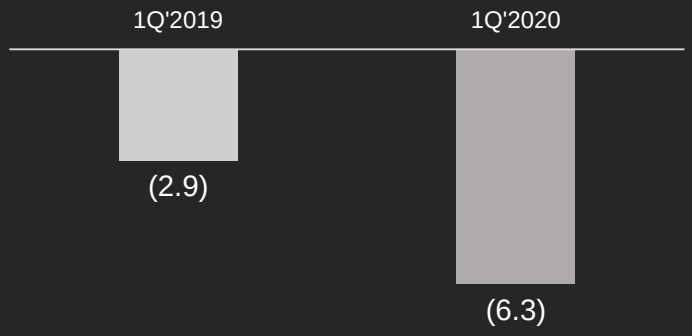


# Business model with leverage

## Operating Cash Flow (in $M)




## Operating Cash Flow (in $M)




**>$191M total cash as of June 30th, 2019**

**No debt outstanding**

**Used ~$18.5M cash to buy iKentoo in early July**

**Recent investments in Marketing to drive greater brand awareness primarily in North America**

- Completed acquisition on July 2, 2019
- Consideration: ~$18.5M cash on closing; issued ~400K LSPD shares; 2yr cash earnout potential tied to achievement of milestones by key team members
- Closely resembles Lightspeed model from growth, technology, and go-to-market perspectives
- Adds talent, end-market expertise, and track record of successful high-end customer deployments
- Modest revenue contribution this fiscal year; Supports EMEA growth strategy longer-term

# Lightspeed outlook

- **Second quarter 2020 expectations:**
  - **Total revenue in the range of $26.5M - $27.0M**
  - **Total revenue growth 42 - 45% YoY**
  - **Adjusted EBITDA ($5.5M) - ($6M)**
  - **Operating Cash Flow usage approximately ($5M)**
- **Full year 2020 expectations:**
  - **Total revenue in the range of $112M - $115M**
  - **Total revenue growth 45 - 48% YoY**
  - **Adjusted EBITDA ($18M) - ($20M)**
  - **Operating Cash Flow usage ($9.5M) - ($11M)**

# Investment highlights



- **Leading omni-channel commerce-enabling SaaS platform** for SMBs, with significant growth profile and scalability
- **Large total addressable market**
- **Attractive and loyal customer base** built through focus on single and multi-location retailers and restaurants
- **Business at key inflection point** with recent launch of Lightspeed Payments
- **Multiple levers available** to continue growth trajectory
- **Founder-led management** with significant ownership position

# Appendix A – Industry Metrics

**Appendix A**

"**Average Revenue Per User**" or "**ARPU**" represents the total software and payments revenue of the Company in the period divided by the number of unique customers of the Company in the period.

"**Customer Location**" means a billing customer location for which the term of services have not ended, or with which we are negotiating a renewal contract. A single unique customer can have multiple Customer Locations including physical and eCommerce sites.

**"Gross Transaction Volume**" or "**GTV**" means the total dollar value of transactions processed through our cloud-based SaaS platform in the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We believe GTV is an indicator of the success of our Customer Locations and the strength of our platform. GTV does not represent revenue earned by us.

"**Net Dollar Retention Rate**" is calculated as of the end of each month by considering the cohort of customers on our commerce platform as of the beginning of the month and dividing our subscription and payments revenue attributable to this cohort in the then-current month by total subscription and payments revenue attributable to this cohort in the immediately preceding month. We believe that our ability to retain and expand the revenue generated from our existing customers is an indicator of the long-term value of our customer relationships.

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