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Lightspeed POS Inc Announces Acquisition of Upserve Inc-
M&A Call

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Lightspeed announces acquisition of Upserve conference call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions) I would now like to hand the conference over to your speaker today, Mr. Gus Papageorgiou. Please go ahead, sir.

Gus Papageorgiou

Thank you, operator, and good afternoon, everyone. Welcome to Lightspeed's conference call to discuss the acquisition of Upserve. Joining me today are Dax Dasilva, Lightspeed's Founder and CEO; JP Chauvet, President; and Brandon Nussey, Chief Financial Officer. After the prepared remarks, we will open it up for your questions.

We will be making forward-looking statements on our call today that are based on assumptions and therefore, subject to risks and uncertainties that could cause actual results to differ materially from those projected. We undertake no obligation to update these statements except as required by law. You can read about these risks and uncertainties in our press releases issued earlier today as well as in our filings with U.S. and Canadian securities regulators.

Also, our commentary today will include adjusted financial measures, which are not IFRS measures. These should be considered as a supplement to and not a substitute for IFRS financial measures. Reconciliations between the 2 can be found in our earnings press releases, which are available on our website, on sedar.com and on the SEC's EDGAR system. And finally, note that because we report in U.S. dollars, all amounts discussed today are in U.S. dollars, unless otherwise indicated. With that, I will now turn the call over to Dax.

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Thanks, Gus. Before I begin, I want to welcome everyone at Upserve to the Lightspeed family. Upserve has been a formidable technology provider in the upmarket hospitality industry over the last few years, having developed one of the most compelling hospitality POS solutions in the U.S. market. Together, I believe the talent, resources and reach of the combined company can help redefine commerce experience the world over and achieve our goal of enabling independent businesses worldwide with our advanced commerce platform. So welcome to Sheryl and her team. We are thrilled to have you join Lightspeed.

Although the challenges presented to SMEs over the last few months have been considerable, it has highlighted the fact that a strong omnichannel presence has moved from being nice to have to an absolute necessity. As we have mentioned before, we are seeing an accelerated trend by SMEs of moving away from an on-premise legacy system to a more modern cloud-based solutions, but we are not the only ones that have noticed this trend. There has been growing interest by our competitors and other players in the cloud-based commerce platforms that are leading the charge to omnichannel commerce. This has resulted in accelerating industry consolidation at the same time as our customers are transitioning away from legacy systems.

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In the next few years, as a result of the digital acceleration prompted by COVID-19, we will likely experience the most radical transformation of our industry that we have ever seen. Some players will be swept over by these changes and some will lead the transformation. At Lightspeed, we have chosen to lead. Upserve is one of the leading POS providers to the restaurant industry in the key U.S. market with approximately 7,000 customer locations, which generated over \$6 billion of GTV in the trailing 12-month period.

GTV per customer approached \$1 million despite the impact of COVID-19 and is indicative of the type of customer Upserve has attracted over the years. By joining Lightspeed, Upserve's customers will be able to take advantage of our pace of innovation and our scale. In turn, we hope to benefit from Upserve's workforce ingredient management modules and their state-of-the-art advanced analytics platform which we believe will prove popular with our large base of hospitality customers around the world.

Upserve's customer base is well penetrated with its existing payments offering, which we expect to convert to late fee payments in relatively short order and at better economics.

Upserve generated approximately \$40 million in revenue on a trailing 12-month basis. Total consideration for Upserve is approximately \$430 million and will be satisfied by way of \$123 million in cash and the issuance of 5.9 million shares in Lightspeed, subject to customary adjustments. The addition of Upserve and ShopKeep will provide Lightspeed with a scale and presence in the key U.S. market that we have never experienced before. Our expectations are that we can convert this scale into better brand awareness which should help lower customer acquisition costs and enhance our long-term growth potential.

The hospitality industry has been one of the hardest hit by COVID as restaurants and bars the world over have been forced to close their doors. Although the current situation remains challenging, our global footprint offers us a glimpse into what can happen once the pandemic is under control. In markets where this is the case, such as Australia and South Africa, we are seeing very encouraging results. Acting now prepares us for the rebound that we expect will occur globally.

Before I wrap it up, I just wanted to note that I'm aware that the pace of our M&A activity has seen an increase as of late, but investors should not assume that we are sacrificing organic innovation fuels growth at the expense of M&A. In recent months, we've launched offerings such as subscriptions and order ahead, which are seeing strong reception by our customers. And in the months ahead, we will become more vocal on initiatives focused on integrating suppliers more tightly into our platform. At our core, we remain a company built on innovation, but scale and innovation combined should amplify our success in the long term.

We are very excited about this latest addition to the Lightspeed team. Together, we are going to help redefine our industry and our ambition is to become the technology partner of choice or SMBs, not only in the key U.S. market, but around the world. And with that, I will pass it back to the operator to open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from Thanos Moschopoulos, BMO.

Thanos Moschopoulos *BMO Capital Markets Equity Research - VP & Analyst*

Congrats on the acquisition. Maybe expanding on the payments dynamic. You mentioned you had good penetration. Kind of can you give us some more color in terms of what their payment penetration look like. And just to clarify, was that revenue being recognized on a net basis or on a gross basis with respect to the historical revenue numbers you're providing?

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

Thanos, yes, they had a significant portion of their customers with integrated payments. I think they look at the product that they've got. They did a really nice job of embedding the payments terminal rate inside their terminal itself as well. That's part of what attracted us there. This is a captive customer base that -- with significant payments volume that we think there's real upside here of converting into

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Lightspeed payments and realizing some of the better economics we hope we can drive through the combined volume here. They do recognize on a net basis. They're not a full-blown PayFac like Lightspeed. So that's in part what drives some of the increased economics we hope to achieve there.

Thanos Moschopoulos *BMO Capital Markets Equity Research - VP & Analyst*

Great. I think we had a significant channel components with respect to the go-to markets. Was that, in fact, the case? And is that something that you can leverage? Or is that something that you'll be emphasizing in taper with your model, which is more focused?

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Yes. It's JP. So I think just on their go-to market, they're very close to Lightspeed. So they have pretty much the same role, same models. I think what's interesting is, obviously, by combining forces, we now have greater channel and combined greater channels. But primarily, the business is run in a -- where they do their own hunting and farming, but there are a lot of opportunities for channels at the same time.

Thanos Moschopoulos *BMO Capital Markets Equity Research - VP & Analyst*

Great. And then finally, Dax, can you expand on the analytics technology that you're picking up and what they're doing around that?

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Yes. So I think that, that's a big competitive differentiator for Upserve, especially serving this very -- this upmarket restaurant customer. It's the analytics tools that really set this product apart. And I think that, that's something that we want to bring to the Lightspeed platform, our converged hospitality platform and really be the go-to for this segment of hospitality merchant.

Operator

And your next question comes from Andrew Jeffrey, Truist Securities.

Andrew William Jeffrey *Truist Securities, Inc., Research Division - Director*

Like another really compelling deal. I appreciate you taking the question. Dax or JP, can you speak a little bit to the nature of the Upserve platform? These customers sound like they're larger and more sophisticated, does it encompass the same level of self-serve, thinking from a customer acquisition and customer support perspective, is this as much sort of plug-and-play as your existing offering?

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

JP?

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Yes. So look, as I said, they have very similar role. So centralized sales force and installation teams. I think what's very exciting to us is, actually, there's a lot of complementarity between what we're offering and they are. So I think here, it's kind of the traditional views here. There's a lot of cross-pollination we'll be doing. And we're going to be completely standardizing the roles. But I think the good news here is, this is not Jupiter and Mars. We're on the same planet. We have the same methodologies, the same teams. And we -- in the same way, we rely on marketing to generate most of the attraction in the lead, and then they get converted in a centralized sales force.

So I think it's great. And I think for me, what's very exciting about this is when you combine our Lightspeed K Series with their analytics engine and their modules, you really have probably the best platform out there. And I think for us, really, what's essential at this stage is we got to get prepared for after COVID where we've seen from our Australian businesses that once COVID leaves, there's a huge adoption of systems like ours. So for us, it's just consolidation to have an even stronger workforce, stronger sales force and a stronger product at the end of the day.

Andrew William Jeffrey *Truist Securities, Inc., Research Division - Director*

Okay. I appreciate the point and the metaphor, too. One of the question -- I think you just touched on it, but I wonder if you could encapsulate it, even crystallize it even more. One other question I'm getting from investors, especially given, I think, the increase in the market cap and the M&A and the transformation of the company is, there are a lot of players, Dax, as you said in this space. How does Lightspeed really differentiate such that you can be an even much bigger or dominant company in your category? Are there 1 or 2 or 3

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characteristics that you site as being this is why Lightspeed wins versus the competitors in the marketplace? I'm thinking about the digital-based competitors rather than (inaudible)

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Yes. I think that we're designing and we're thinking and have thought for the last 15 years for the complex merchant. So I think that there's many digital players that are going after different parts of this massive SMB market, which is \$48 million, of which we've identified \$7 million as the complex. So how we think about product, how we design, how we support the customers and also how we go-to-market for those customers, I think, sets Lightspeed apart.

And I think that the companies that we've brought under the Lightspeed umbrella share that DNA, they are serving more complex merchants. Their products are designed to serve that complexity. So I think that without going feature by feature, those are -- that's the overall theme and why -- what sets us apart from other players that maybe approaching that -- the other portion of that \$48 million or approach -- or looking at e-com, for example or other segments.

So I think it's the size of merchant. And as you can see from Upserve, these merchants are doing \$1 million in GTV per year and have complex operations. And they need an analytics engine like this built in Upserve in order for them to properly invest correctly in the right elements of their business. So that's one example.

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Yes. I think maybe if I could just add, I think it's -- we're -- with acquisitions like Upserve, we're just broadening the gap between the rest of the market and Lightspeed in terms of functionality. And we talked about the analytics engine as you become big, and you need to have a ton of data to operate and generate profits. And here, I think, again, if you combine what Upserve has and with what Lightspeed has in terms of back office, I mean, you have a category leader.

Operator

Our next question comes from Josh Beck with KeyBanc.

Josh J. Beck *KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst*

I just wanted to ask just on the M&A landscape, obviously, this year has presented lots of kinks and maybe opportunities. So just when you look at what you've accomplished this year on the M&A front, was it maybe a little bit larger magnitude. I know it's very tough to pencil these things out, but just given the state of the market. Just curious on maybe where you are now versus how you were thinking about the acquisition strategy, say, 6 months ago?

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

So I'll maybe start on that one, Josh. We -- I think we talked about this with ShopKeep and just actually went back to my e-mail on Upserve as well. I think our first conversations were early 2019 in both cases. So these are companies we've stayed close to. We've done and know each other as teams. And we've kind of watched each other execute and behave over the past -- better part of 2 years.

So I think in terms of building these relationships and knowing the industry and knowing what pieces come together to form a strategy, that's something that has been long in the making, and you should assume that there's conversations today that are happening that may form good candidates a year or 2 down the road as well. We've always felt it was an important part of how to build the category leader here, given the fragmentation in this space. So yes. I mean, these things don't come together overnight. And we've been pretty thoughtful about how we've done about it and which companies we feel have that cultural alignment back and forth that make these things a success after closing as well.

Josh J. Beck *KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst*

Okay. That's very helpful. Thank you for the background there. This is also just a little bit higher level, but you're now at roughly 110,000 locations. Certainly, that was a good bit bigger than maybe people had modeled, again, probably 6 to 12 months ago. So just when you

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think about the strategy as we go into '21 and really beyond, do you feel like there's any mode to maybe shift the balance of just really going after new locations and new customers versus the other big growth factor of driving adoption and ARPU expansion with this larger base? Anything you can say strategically and how we should think about that through the next several years?

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Yes. Maybe I'll take this one. I think the growth factors haven't changed. So the first one is our belief is COVID is going to accelerate adoption of systems like ours. So obviously, by doing these type of acquisitions, we're expanding our brand, we're lowering our ARPU and we're positioning ourselves for, let's say, much higher growth once everything turns around because we'll have more [eyeballs]. And so I think that's the first step. We will continue to grow organically, and we will continue to grow store count organically. And we're actually trying to position ourselves in these more, let's say, choppy times to be sure when everything reignites, we're in the strongest position ever.

I think the second driver is obviously going to be ARPU, and we are going to expand ARPU because of all the modules we've developed because of payments. And so actually, one helps the other because as we expand ARPU, it gives us more money to invest in go-to-market because our CAC to LTV remained strong, and that was actually one of the things we looked at. With Upserve, we always drill down to the unit economic and are they building a really good business, yes or no, and that gives you the simple answer. But I think nothing changes.

And then the third piece of our -- when you think about our growth factors, you can expect that we'll continue to consolidate the players that we like. And as we've always said, we know the players we want to join forces with. We know the ones we don't. And these are long-term discussions and you can expect, as Brandon was saying, that the people we're talking to today will probably pop out in a year and 1.5 years now because we really want to know the companies before we make these transactions.

Josh J. Beck *KeyBanc Capital Markets Inc., Research Division - Senior Research Analyst*

Really helpful. And maybe just one follow-up there on the unit economics. Anything you can share as you look at maybe the proforma business and maybe how that's trended since your original IPO? Is it pretty similar? Or as you bring on certainly maybe some of these more complex merchants and you add modules, potentially that's something that could go higher, again, over a longer-term period?

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

So yes, we've seen it since the -- I mean, since the IPO and since the first IPO, we've seen ARPU going up and really, it's the result of us having more modules to -- and adoption of our modules within the base, but it's also very related to payments. So what we know is when a customer buys payments from Lightspeed, it doubles their ARPU. So I think what we've seen in terms of CAC to LTV, we've seen it go up because more module adoption and because deployment of Lightspeed payments. So here, again, when you think about these acquisitions, think about us deploying Lightspeed payments there and having -- and obviously growing the ARPU of those -- the customers as we deploy payments and think about Lightspeed also continuing to deploy payments in all the regions and all the products. So I think you can expect ARPU continues to go up for a number of reasons.

Operator

Your next question comes from Tien-Tsin Huang with JPMorgan.

Tien-Tsin Huang *JPMorgan Chase & Co, Research Division - Senior Analyst*

Congrats as well. I know you guys are really busy on the deal front, which is great, being optimistic here. I think on this one, just having some familiarity with the asset. I know they acquired Breadcrumb and combined it with [slightly] before they changed the name and everything else. So I'm just curious if there's a unique platform improvement opportunity here that may be a little bit different from some of the other assets that you've acquired. I'm just curious if there's going to be a sort of a cost sort of challenge or opportunity with this asset maybe that's different than some of the others. I totally get there's a revenue story here, but just trying to understand what the impact could be on investment and cost as you transition it?

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Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

Well, I think I'll let JP or Dax talk to the product strategy and maybe that goes from there. From what I -- from my seat, Tianjin, it's a really well-run business. I think they've done a wonderful job of growing that revenue per customer. And of course, that makes all the world of difference in this market, in this industry we're in.

From an EBITDA perspective or an investment perspective, I think that's part of what some of the benefit of these combinations bring not in that we're looking to go backwards or get smaller, but it's just how we can help each other. Right now, we're combining forces on the -- on the R&D side. We get them all aimed in the same direction, and we get -- we've seen that happen with the acquisitions in the past year, the pace increases, the innovation increases. It's just something we expect to see happen with this one as well.

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

And as I noted earlier, I think we're really excited about the analytics piece of the technology stack here, but there's also ingredient management, workforce management, there's expertise and there's also technology that like other best-of-breed companies that we've brought together. They often have a specialty that they contribute to the greater platform, and that is the case here also.

Operator

And your next question comes from Todd Coupland with CIBC.

Todd Adair Coupland *CIBC Capital Markets, Research Division - MD of Institutional Equity Research*

I had a couple of questions, if I could. Firstly, if I've done my math right, the ARPU now stands at just under \$500 a month. Could you just bridge us to where that's coming from, that obviously is much higher than where Lightspeed is?

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

Yes. I assume you mean Upserve on a stand-alone, Todd, when you're doing that calculation?

Todd Adair Coupland *CIBC Capital Markets, Research Division - MD of Institutional Equity Research*

Yes, that's right.

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

I think just comes back to -- they've been very specific, and that's part of what we love about the team there, about the type of customer they go after. And as a result, that customer has the demand and ability to pay for more software, first and foremost. We talked a lot on this call about the advanced analytics capabilities. They do some wonderful things around how they help manage inventory and workforce as well for their customers, and that all leads to higher software ARPU than just a stand-alone point-of-sale iPad on a counter type environment.

And then they've also recognized the opportunity in payments. That's part of their heritage there, how they go up as a business. And a significant majority of their customers have integrated software and payments. And given the transaction volumes they generate, despite we see opportunity to help on this front and get incremental more basis points for them, it's still a nice contributor to their overall revenue per customer, just given the scale of the customer we serve.

Todd Adair Coupland *CIBC Capital Markets, Research Division - MD of Institutional Equity Research*

So Brandon, you're basically saying they were getting a reference fee on payments and you'll integrate Lightspeed and get the upsell on that as well as the other plants. Is that right?

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

That's the plan, yes.

Todd Adair Coupland *CIBC Capital Markets, Research Division - MD of Institutional Equity Research*

Okay. The second question is around churn in the U.S. market. Certainly, in Toronto, we've seen some high-profile large restaurant failures. And this is in the high end of the market. Can you just talk to their experience of churn and how you're thinking about that sort of

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in the next quarter or 2 as restaurants still have some time to work out before they get the benefit of a vaccine, et cetera. Just talk a little bit about that experience.

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

We obviously looked at that pretty closely in diligence. And I think what we saw historically, what we saw through the COVID period as well is just a customer base that has persevered. They've historically seen lower churn rates than maybe Lightspeed core would have seen, just again, given the more upper end, more established customer base that they serve. And their customer base has fared reasonably well here through COVID. So we're looking forward to emerging from this crisis here together. Understand this and this as we go. And of course, we'll be cautious as we go through that. But then, I mean, we're big believers that this is going to come back with a vengeance and there's just going to be a strong demand cycle that comes. We've seen it play out now in markets like Australia. And we expected to see this as we emerge from the crisis and think the combination of Upserve and Lightspeed puts us in a really good situation to capitalize on that demand and what is a very large market opportunity in the U.S.

Todd Adair Coupland *CIBC Capital Markets, Research Division - MD of Institutional Equity Research*

My last question -- go ahead, sorry, JP.

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

No, just a comment. But I think when you think about it, it's been -- obviously, it's been a bit choppy for restaurants or the GTV of Upserve has been a bit choppy. But that is to our advantage, and that's why we've managed to make these transactions at a good value. And we all know that it's going to come back to normal after the pandemic, and that's where we're hoping that we're going to see an accelerator.

Todd Adair Coupland *CIBC Capital Markets, Research Division - MD of Institutional Equity Research*

My last question has to do with the collapse of the share structure. And I'm just wondering, was that a mechanical event because of the share issue? Or if not, just talk to the timing of why that's happening now?

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

Yes, Todd, that was pure mechanical. It's just a threshold set in the -- at the time of our Toronto IPO. And we just tripped the threshold. So that's automatically converted.

Operator

And our next question comes from Paul Treiber with RBC Capital Markets.

Paul Michael Treiber *RBC Capital Markets, Research Division - Director of Canadian Technology & Analyst*

Just in terms -- can you elaborate on the integration plan and the scalability or the ease of integration in terms of how much time it may consume for management? It seems like you already have a lot going on with your organic growth and now 2 fairly large acquisitions. Typically, is it fairly a plug-and-play type of a process? Or is it more involved in that?

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Maybe I'll start with -- as I said earlier on, we're not from different planets. So integrating our sales forces, integrating our go-to market, integrating our support is going to be fairly easy given we're very similar companies and have the same job definitions and same roles. And so for us, it's a matter of management tucking in the groups.

Now just as -- if you step back, we've done M&A since the early days of Lightspeed. We have a team completely dedicated to this. We've seen this company perform, so we know how to deal with them under Lightspeed. The management of Upserve is staying with Lightspeed. And their leader, Sheryl, is taking a big role at Lightspeed. So I think it's very similar to all the other acquisitions we've done. And I think we know how to deal with them. So I don't see this being very different or more difficult than the others.

Paul Michael Treiber *RBC Capital Markets, Research Division - Director of Canadian Technology & Analyst*

And then related to that, when looking at it from a different perspective -- from a market perspective, your scale continues to increase, your market presence increases. What is -- or do you see a change in your strategy -- marketing strategy or product strategy to take advantage of the natural scale benefits that come?

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Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

So I don't think there's that many changes. I think the big difference is, obviously, brand recognition leads organic traffic and lowers your cost of acquisition. So I think there, we can expect a ton of synergies, and we can expect a cost of acquisition to remain at the level it is, but we expect to have an accelerated growth. So we're not too concerned. On the product front, every acquisition comes, as Dax is saying with -- some pieces of the software is amazing and other pieces is not as great. And what we try to do is find the best of all the worlds and then combine forces to move forward with the best platform out there. So as you know, we have this project with our own internal migration to get to the U.S. And I think here, this just accelerates the capabilities and brings us a lot of analytics, which probably wasn't the strongest of Lightspeed before Upserve.

Operator

And your next question comes from Richard Tse, National Bank Financing.

Richard Tse *National Bank Financial, Inc., Research Division - MD & Technology Analyst*

(inaudible)

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Richard, we can't hear you.

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

We can't hear you.

Richard Tse *National Bank Financial, Inc., Research Division - MD & Technology Analyst*

Can you hear me now?

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Yes.

Richard Tse *National Bank Financial, Inc., Research Division - MD & Technology Analyst*

Yes. I just wonder if you can maybe walk us through a little bit on the economic advantages, moving them to your payments platform here, if you can offer some color on that.

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

Without getting specific with you, Richard, let's -- if we go back to maybe when Lightspeed IPO-ed, we were primarily under a model where we weren't under a full PayFac, and we were earning somewhere around 25 basis points, and we saw an opportunity to grow that by taking up more of the pricing, more of the the overall equation, without getting too specific on what we see at Upserve, that's too dissimilar from that. I think the biggest difference is given the scale of some of their customers, and we may not see quite the same end price merchant discount rates. But I think the combined GMV and what that affords us on the back end and working with our partners, we're going to realize more basis points for sure than where they're at today.

Richard Tse *National Bank Financial, Inc., Research Division - MD & Technology Analyst*

Okay. And it sounds like there's a pretty significant edge they have on the analytics engine. I was wondering if you can maybe go through kind of some examples of what that edge would be.

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Yes. I think they can -- using customer data information that's collecting in the POS, I think that they can show combined transactional sort of flows, all of the things that a high-end restaurant would need to know how to better serve and tailor and experience to a particular customer as well as all of the workforce management and the ingredient management, all of that comes into the banner of the analytics solution. And so when you're at this level, you want to be able to track and invest in the right things and invest in the right shifts. And so -- and the right menus. So this is all something that as you're scaled up in terms of an establishment, you want more visibility, more transparency and making the right choices makes all the difference to the success of the business.

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Richard Tse *National Bank Financial, Inc., Research Division - MD & Technology Analyst*

So is it fair to say that, that is kind of where you kind of get that higher ARPU of \$500?

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Exactly. I think you're seeing a customer that's been attracted to this platform. And as you see, it's 1 million GTV a customer that wants that level of data analysis to make those important decisions.

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

It's really about triangulating the kind of the customer credit card data with the consumption. So as an example, they can give you insights on items that sell best on the menu. There's a lot of stuff they can -- they can do that is really unique on the POS -- on the consumer behavior within the restaurant.

Operator

Your next question comes from Suthan Sukumar with Eight Capital.

Suthan Sukumar *Eight Capital, Research Division - Principal*

Congrats on the acquisition. My first question is on the Upserve's kind of portfolio of features and capabilities. Can you speak to the level of module adoption within their base? And what opportunities do you see aside from payments to cross-sell some of the Lightspeed modules into their base?

Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

Yes, without a specific number on the module side, I think the vast majority of our customers come to them because of the advanced capabilities they offer, and that shows up in the overall average revenue per customer that's been brought up on this call. But Dax or JP, do you want to talk about some of the Lightspeed modules and how that may come to the combined customer here?

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

No, I think as you...

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Sorry, Dax, go ahead.

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

No, go ahead.

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Go ahead, Dax.

Dax Dasilva *Lightspeed POS Inc. - Founder, CEO & Corporate Director*

Yes. I think as we move people through a converged platform, they're going to -- they're going to, over time, benefit from all of the tools that are on the platform. We have, of course, tools like e-com for restaurants, we have contactless payments. We have a depth of tools that we're bringing together. All of these platforms are built on cloud micro services. So we're able to sort of use that technology to really build the best-of-breed. And when customers are moved over to that platform, overtime, they'll benefit from all of the payments tools as well as all of the -- or the finance-related tools as well as all of the restaurant management and an omnichannel channels as well.

Suthan Sukumar *Eight Capital, Research Division - Principal*

Great. That's helpful. You guys touched on a number of the similarities between the 2 companies with respect to kind of the go-to-market model and so forth. What type of opportunity do you guys see for potential cost synergies going forward?

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Brandon Blair Nussey *Lightspeed POS Inc. - CFO*

So for potential (inaudible) there's cost synergies. I think it's more about leverage and alignment. Like as we talk about, this is a fragmented space and by almost by definition, that means you're spending the same marketing dollar, you're spending the same R&D dollar on roughly the same thing. And where we see opportunities with this as a company growing and wanting to build the category leader is not to reduce cost, but to align them and we'll more quickly combine. And that's certainly our attention here.

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Yes. And I think if you -- I mean the vast majority of the market is on legacy systems. We know that those legacy systems are not going to survive COVID. And we know there's going to be a replacement market. So for us, it's really around gearing in the right direction, getting everybody to [grow] faster. So I think any kind of synergies we'll find will be reinjected because we want to be the go-to brand. And I think until now, we had a very strong retail business in the U.S. and now with this acquisition, it repositions us as a very strong contender to take the U.S. market for restaurants.

Operator

Your last question comes from Gavin Fairweather with Cormark.

Gavin Fairweather *Cormark Securities Inc., Research Division - Analyst of Institutional Equity Research*

Just on the U.S. restaurant base, I guess, as you start to go off-market, you talked about how complexity kind of increases. I guess are you finding those deals less competitive? I mean U.S. resto is the kind of the epicenter of competition. But do you find in the niche that Upserve goes after the number of vendors that can address these merchants decline?

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Yes, absolutely. So I think if you look at the niche we're in, the majority of the market are legacy systems because they have all of the, let's say, throughout the years, they've developed the complexity. But then when you start looking at, okay, who are the new players, the cloud-based players who can support this, I mean it greatly narrows the list of competitors. There are a lot of cloud-based -- it's called a hospitality POSs that are really kind of focusing on quick-serve and fast casual. But as you get into the more complex, then the number of vendors drastically reduces. And I think the uniqueness about Upserve and especially if you combine an Upserve with the Lightspeed, is they have the -- an incredible analytics platform, and we have an incredible point-of-sale platform. So I think by combining those two, we'll get to the market with a real category leader.

Gavin Fairweather *Cormark Securities Inc., Research Division - Analyst of Institutional Equity Research*

And how does this profile compared to kind of Gastrofix and [counts] is part of the rationale in this deal to go further upmarket internationally as well?

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

The profile is very close to Gastrofix. So Gastrofix in Germany has been serving kind of the more higher end. So I think it goes in line completely with this. I mean our strategy is not to go and try and be a me-too in the simple fast and the quick serve. We really want to own the complex, and we've done that at Lightspeed since day 1. And I think in that context, Upserve is very much in line with where we want to be the category winner.

Gus Papageorgiou

Okay. With that, we'll end the call. We will be around tonight if anybody has any further questions. So thanks for joining us, and we'll say good night.

Jean-Paul Chauvet *Lightspeed POS Inc. - President & Corporate Director*

Thanks, everyone.

Operator

Thank you everyone for today's conference call. You may now disconnect.

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