

Lightspeed Announces Fiscal Fourth Quarter and Full Fiscal Year 2019 Financial Results, Provides Financial Outlook

Full Fiscal Year Revenue Grew 36% to \$77.5 Million
Gross Transaction Volume Grew by \$4B, now over \$14.5B
Now publicly-traded (TSX: LSPD) Following March 2019 IPO

Lightspeed reports in U.S. dollars and in accordance with IFRS.

MONTREAL, May 30, 2019 /CNW Telbec/ – Lightspeed POS Inc. ("Lightspeed" or the "Company") (TSX: LSPD), a leading provider of software, solutions and support systems to small and medium size retailers and restaurateurs, today announced financial results for the fiscal fourth quarter and full fiscal year ended March 31, 2019.

"It's been a great year for Lightspeed and for our customers," commented Dax Dasilva, Chief Executive Officer of Lightspeed. "Our revenue grew 36% for the full fiscal year, and we completed our initial public offering. We also added two significant new products to our overall offering. We launched Lightspeed Loyalty to both our Retail and Restaurant clients in North America and Europe, and we made Lightspeed Payments generally available to our US Retail client base in late January. All of this creates momentum toward our main goal, which is to help complex SMBs thrive in a world with rapidly changing consumer expectations."

Fourth Quarter Financial Highlights

(All comparisons are relative to the fourth quarter of 2018 unless otherwise stated):

- Total revenue of \$21.3 million, an increase of 36%
- Recurring software and payments revenue of \$18.7 million, an increase of 33%
- Gross profit grew to \$14.3 million as compared to \$10.8 million
- Net loss of \$96.1 million as compared to a net loss of \$11.7 million. Net loss was impacted by a non-cash charge of \$132.1 million, offset by an associated \$44.8 million deferred tax benefit, each related to our preferred shares which converted into common shares prior to our IPO
- Adjusted EBITDA¹ of (\$4.1) million, compared to Adjusted EBITDA of (\$4.3) million
- Cash flows used in operating activities of (\$0.2) million, compared to cash flows used in operating activities of (\$0.9) million. Cash flows used in operating activities included IPO-related transaction costs of \$0.5 million in the quarter, which if excluded, resulted in positive cash flows from operating activities of \$0.3 million for the quarter
- At March 31, 2019, Lightspeed had \$207.7 million in cash and cash equivalents, compared with \$24.7 million at March 31, 2018

¹ Non-IFRS measure. See "Non-IFRS Measures" and the reconciliation to the most directly comparable IFRS measure included in this press release.

Full Fiscal Year Financial Highlights

(All comparisons are relative to the full fiscal year 2018 unless otherwise stated):

- Total revenue of \$77.5 million, an increase of 36%
- Recurring Software and Payments revenue of \$68.7 million, an increase of 34%
- Gross profit grew 36% to of \$53.9 million as compared to \$39.6 million
- Net loss of \$183.5 million as compared to a net loss of \$96.2 million. Net loss was impacted by a non-cash charge of \$191.2 million, offset by an associated \$30.8 million deferred tax benefit, each related to our preferred shares which converted into common shares prior to our IPO
- Adjusted EBITDA improved to (\$13.1) million, compared to Adjusted EBITDA of (\$14.9) million
- Cash flows used in operating activities of (\$7.6) million, compared to (\$10.0) million. Cash flows used in operating activities included IPO related transaction costs of \$0.7 million in the year, which if excluded, would have been (\$6.9) million

Full Fiscal Year 2019 Operational Highlights

(All comparisons are relative to the full fiscal year 2018 unless otherwise stated):

- Customer locations² grew 20% to greater than 49,000 at March 31, 2019
- GTV² grew by more than \$4 billion to more than \$14.5 billion
- Positive net dollar revenue retention² further reinforced the stickiness of the Lightspeed platform
- A record number of new customers signed in the quarter and fiscal year was driven by strong customer momentum from complex Retailers and Restaurateurs in North America and around the world. New customers signed in the quarter include a large outlet store chain spanning several dozen locations, continued success in the bike segment with Brompton Bicycle Ltd, a significant franchisee of the Five Guys restaurant chain, and several Michelin star restaurants such as Aquavit in London, and Restaurant de L'Hotel Imperator in southern France. In addition, we drove continued momentum with Lightspeed's platform integrated into hotel operating systems with several five star and luxury hotels signed in the quarter including Hacienda Na Xamena in Ibiza, Powerscourt in Ireland and Fife Arms in the Scottish Highlands
- Successful launch of Lightspeed Loyalty to the Company's retail and restaurant customer base in North America and Europe. Strong early adoption with more than 1,500 customer locations using Lightspeed Loyalty to better engage with their end consumers
- Strong initial adoption of Lightspeed Payments after launch on January 30, 2019 to U.S. Retail customers with demand coming from both new and existing clients of Lightspeed
- Approximately one third of unique customers have now purchased more than one Lightspeed module

² Key Performance Indicator. See "Key Performance Indicators".

Recent Business Highlights

- Lightspeed priced its initial public offering of 17,250,000 shares at a price of C\$16 per share for total proceeds of C\$276 million. The Company is listed on the Toronto Stock Exchange under the symbol “LSPD”.
- Lightspeed entered into new credit facilities with the Canadian Imperial Bank of Commerce, which include a \$25 million demand revolving operating credit facility and a \$30 million stand-by acquisition term loan. The New Credit Facilities replace the previous \$15 million working capital line of credit.
- Lightspeed completed the acquisition of a strategic software partner, Chronogolf Inc. Chronogolf leverages Lightspeed’s retail and restaurant platform to offer a seamless golf course management solution that includes booking and membership management capabilities for more than 500 golf course operators, primarily in North America. This subsegment represents a compelling opportunity for our existing products – and in particular provides an active funnel for Lightspeed Payments.

“We are pleased with our fiscal fourth quarter and full year performance which demonstrates continued progress across all of the important areas of the business,” stated Brandon Nussey, Chief Financial Officer of Lightspeed. “The accelerated rate of customer additions, combined with continued progress on module adoption is an encouraging sign that our land and expand strategy in how we go to market is successful and is demonstrating our ability to grow average revenue per customer.”

Financial Outlook

Lightspeed anticipates revenue, cash flows used in operating activities and Adjusted EBITDA to be in the following ranges:

First Quarter 2020

- Revenue of \$23.0 – \$23.5 million
- Cash flows used in operating activities of approximately \$6 million
- Adjusted EBITDA in the range of (\$6 million) – (\$7 million)

Full Year 2020

- Revenue of \$107 – \$110 million, representing annual growth of 38-42%
- Cash flows used in operating activities of \$7.5 million – \$9 million
- Adjusted EBITDA in the range of (\$16 million) – (\$18 million)

Our financial outlook is based on a number of assumptions, including our continued receipt of partner referrals in line with historical referral rates (particularly after having launched Lightspeed Payments which competes with the solutions offered by some of these referral partners); customers adopting Lightspeed Payments having an average GTV at or above that of our average customer; future attach rates for Lightspeed Payments remaining in line with past attach rates and expectations; our ability to price Lightspeed Payments in line with our expectations and to achieve suitable margins; our ability to achieve success in expanding of Lightspeed Payments beyond our U.S. retail customers; continued success in module adoption expansion throughout our customer base; and our ability to manage customer churn. Our financial outlook, including the various underlying assumptions, constitutes forward-looking information and should be read in conjunction with the cautionary statement on forward-looking information below. Many factors may cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by such forward-looking information, including but not limited to the risks and uncertainties related to: attracting and retaining customers; increasing customer sales; implementing our growth strategy; accelerating the rollout of Lightspeed Payments; our reliance on a single supplier for parts of the technology in Lightspeed Payments; improving and enhancing the functionality, performance, reliability, design, security and scalability of our platform; our ability to compete against competitors; strategic relations with third parties; our reliance on integration of third-party payment processing solutions; compatibility of our solutions with third-party applications and systems; changes to technologies on which our platform is reliant; obtaining, maintaining and protecting our intellectual property; international sales and use of our platform in various countries; our liquidity and capital resources; litigation and regulatory compliance; changes in tax laws and their application; expanding our sales capability; maintaining our customer service levels and reputation; macroeconomic factors affecting small and medium sized businesses; and exchange rate fluctuations. The purpose of the forward-looking information is to provide the reader with a description of management's expectations regarding our financial performance and may not be appropriate for other purposes.

Conference Call and Webcast Information

Lightspeed will host a conference call and live webcast to discuss its fourth quarter and full year 2019 financial results at 5:00 p.m. Eastern Time today, May 30, 2019. To access the conference call, dial 866.211.3060 for the U.S. or Canada, or 647.689.6576 for international callers and provide conference ID 4599244. The webcast will be available live on the Investors section of the Company's website at <https://investors.lightspeedhq.com>.

An audio replay of the call will also be available to investors beginning at approximately 7:00 p.m. Eastern Time on May 30, 2019, until 11:59 p.m. Eastern Time on June 7, 2019, by dialing 800.585.8367 for the U.S. or Canada, or 416.621.4642 for international callers. In addition, an archived webcast will be available on the Investors section of the Company's website at <https://investors.lightspeedhq.com>.

About Lightspeed

Lightspeed is a cloud-based commerce platform powering small and medium-sized businesses in over 100 countries around the world. With smart, scalable, and dependable point of sale systems, it's an all-in-one solution that helps restaurants and retailers sell across channels, manage operations, engage with consumers, accept payments, and grow their business.

Headquartered in Montréal, Canada, Lightspeed is trusted by favorite local businesses, where the community goes to shop and dine. Lightspeed has grown to over 700 employees, with offices in Canada, USA, Europe, and Australia.

For more information, please visit: www.lightspeedhq.com

On social media: [LinkedIn](#), [Facebook](#), [Instagram](#), [YouTube](#), and [Twitter](#)

Non-IFRS Measures

The information presented herein includes certain financial measures such as “Adjusted EBITDA”. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

“Adjusted EBITDA” means net loss excluding interest, taxes, depreciation and amortization, or EBITDA, as adjusted for stock-based compensation expense and related payroll taxes, loss on the increase in fair value of redeemable preferred shares, compensation expenses relating to acquisitions complete, foreign exchange gains and losses, and transaction-related expenses.

Key Performance Indicators

We monitor the following key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

Customer Locations. “**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. “**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.

Net Dollar Retention Rate. “**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.

Forward-Looking Statements

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws. Forward looking information may relate to our financial outlook (including revenues, cash flows from (used in) operating activities, and Adjusted EBITDA), and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”, the negative of these terms and similar terminology. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors identified in our most recent Management’s Discussion and Analysis of Financial Condition and Results of Operations and under “Risk Factors” in our most recent Annual Information Form, both of which are available under our profile on SEDAR at www.sedar.com. If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this news release represents our expectations as of the date of hereof (or as of the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws. All of the forward-looking information contained in this news release is expressly qualified by the foregoing cautionary statements.

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SOURCE Lightspeed POS Inc.

Condensed Consolidated Statements of Loss and Comprehensive Loss

(In thousands of US dollars, except share and per share amounts, unaudited)

	Fiscal year ended March 31,		Three months ended March 31,	
	2019 \$	2018 \$	2019 \$	2018 \$
Revenues	77,451	57,079	21,285	15,688
Direct cost of revenues	23,573	17,479	6,962	4,842
Gross profit	53,878	39,600	14,323	10,846
Operating expenses				
General and administrative	13,790	9,225	4,793	2,523
Research and development	18,283	13,295	5,074	3,820
Sales and marketing	39,043	33,228	11,362	9,262
Depreciation of property and equipment	1,389	1,188	415	351
Foreign exchange loss (gain)	987	(287)	637	(31)
Acquisition-related compensation	454	942	188	-
Amortization of intangible assets	3,148	3,931	649	954
Total operating expenses	77,094	61,522	23,118	16,879
Operating loss	(23,216)	(21,922)	(8,795)	(6,033)
Fair value loss on Redeemable Preferred Shares	(191,219)	(59,985)	(132,135)	(4,644)
Interest income (expense)	181	(26)	81	(7)
Loss before income taxes	(214,254)	(81,933)	(140,849)	(10,684)
Income tax expense				
Current	59	113	64	18
Deferred	(30,788)	14,133	(44,837)	986
Total income tax expense	(30,729)	14,246	(44,773)	1,004
Net loss and comprehensive loss	(183,525)	(96,179)	(96,076)	(11,688)
Loss per share – basic and diluted	(5.53)	(3.30)	(2.21)	(0.40)

Condensed Consolidated Balance Sheets

(In thousands of US dollars, except share and per share amounts, unaudited)

	As at March 31,	
	2019	2018
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	207,703	24,651
Accounts receivable	8,424	7,124
Inventories	269	238
Prepaid expenses and deposits	1,527	1,800
Commission assets	3,677	-
Total current assets	221,600	33,813
Property and equipment, net	5,372	4,731
Intangible assets, net	2,618	4,087
Goodwill	22,536	20,404
Commission assets	2,993	-
Other long-term assets	506	714
Deferred tax assets	186	276
Total assets	255,811	64,025
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities	16,183	8,953
Income taxes payable	135	144
Current portion of deferred revenue	32,317	25,211
Total current liabilities	48,635	34,308
Deferred tax liabilities	706	30,893
Deferred revenue	8,025	11,793
Redeemable Preferred Shares	-	250,884
Other long-term liabilities	1,779	1,708
Total liabilities	59,145	329,586
Shareholders' equity (deficiency)		
Share capital		
83,752,210 Common Shares issued and outstanding, unlimited shares authorized (2018 –29,366,937)	652,336	14,325
Additional paid-in capital	4,278	2,804
Accumulated deficit	(459,948)	(282,690)
Total shareholders' equity (deficiency)	196,666	(265,561)
Total liabilities and shareholders' equity (deficiency)	255,811	64,025

Condensed Consolidated Statements of Cash Flows

(In thousands of US dollars, except share and per share amounts, unaudited)	Fiscal year ended March 31,	
	2019 \$	2018 \$
Cash flows from (used in) operating activities		
Net loss	(183,525)	(96,179)
Items not affecting cash and cash equivalents		
Acquisition-related compensation	454	942
Fair value loss on Redeemable Preferred Shares	191,219	59,985
Amortization of intangible assets	3,148	3,931
Depreciation of property and equipment	1,389	1,188
Loss on disposal of property and equipment	-	24
Deferred income taxes	(30,788)	14,133
Stock-based compensation expense	1,693	1,160
Unrealized foreign exchange loss (gain)	929	(282)
(Increase)/decrease in operating assets and increase/ (decrease) in operating liabilities		
Accounts receivable	(727)	(2,796)
Prepaid expenses and deposits	287	49
Commission assets	(953)	-
Inventories	(31)	28
Other long-term assets	331	(312)
Accounts payable and accrued liabilities	5,647	1,016
Income taxes payable	(9)	54
Deferred revenue	3,309	6,868
Other long-term liabilities	71	168
Total operating activities	(7,556)	(10,023)
Cash flows from (used in) investing activities		
Additions to property and equipment	(2,030)	(937)
Additions to intangible assets	-	(548)
Proceeds on disposal of property and equipment	-	6
Acquisition of business, net of cash acquired	(1,389)	-
Total investing activities	(3,419)	(1,479)
Cash flows from (used in) financing activities		
Proceeds from exercise of stock options	536	490
Proceeds from issuance of share capital	207,547	20,000
Share issuance costs	(12,372)	-
Repurchase of Common Shares	(792)	-
Total financing activities	194,919	20,490
Effect of foreign exchange rate changes on cash and cash equivalents	(892)	354
Net increase in cash and cash equivalents during the year	183,052	9,342
Cash and cash equivalents – Beginning of year	24,651	15,309
Cash and cash equivalents – End of year	207,703	24,651
Interest paid	26	5
Income taxes paid	124	60

Reconciliation from IFRS to Non-IFRS Results

(In thousands of US dollars, except share and per share amounts, unaudited)	Fiscal year ended March 31,		Three months ended March 31,	
	2019 \$	2018 \$	2019 \$	2018 \$
Net loss	(183,525)	(96,179)	(96,076)	(11,688)
Fair value loss on Redeemable Preferred Shares ⁽¹⁾	191,219	59,985	132,135	4,644
Stock-based compensation and related payroll taxes ⁽²⁾	3,110	1,258	2,043	425
Depreciation and amortization	4,537	5,119	1,064	1,305
Foreign exchange loss (gain) ⁽³⁾	987	(287)	637	(31)
Interest expense (income)	(181)	26	(81)	7
Acquisition-related compensation ⁽⁴⁾	454	942	188	-
Transaction-related expenses ⁽⁵⁾	1,023	-	718	-
Income tax expense	(30,729)	14,246	(44,773)	1,004
Adjusted EBITDA	(13,105)	(14,890)	(4,145)	(4,334)

- ⁽¹⁾ These costs include costs with respect to the change in valuation of our Redeemable Preferred Shares from period to period, which is a non-cash expense. Prior to the completion of our initial public offering, all of our Redeemable Preferred Shares were converted and the liability was reduced to \$Nil with a corresponding increase in share capital. There will be no further impact on our results of operations from these shares.
- ⁽²⁾ These expenses represent non-cash expenditures recognized in connection with the issuance of stock options under our stock option plans to our employees and directors as well related payroll taxes given that they are directly attributable to stock based compensation, are estimates and therefore subject to change, and don't reflect a current cash outlay. We do expect future cash outlays with respect the payroll tax component of stock-based compensation.
- ⁽³⁾ These non-cash losses(gains) relate to foreign exchange translation
- ⁽⁴⁾ These costs represent a portion of the purchase price that is associated with the ongoing employment obligations for certain key employees of acquired businesses.
- ⁽⁵⁾ These expenses relate to our initial public offering and include professional, legal, consulting and accounting fees that are non-recurring and would otherwise not have been incurred.