Lemonade (NYSE: LMND)

Simon Erickson
7investing Lead Advisor

May 2025

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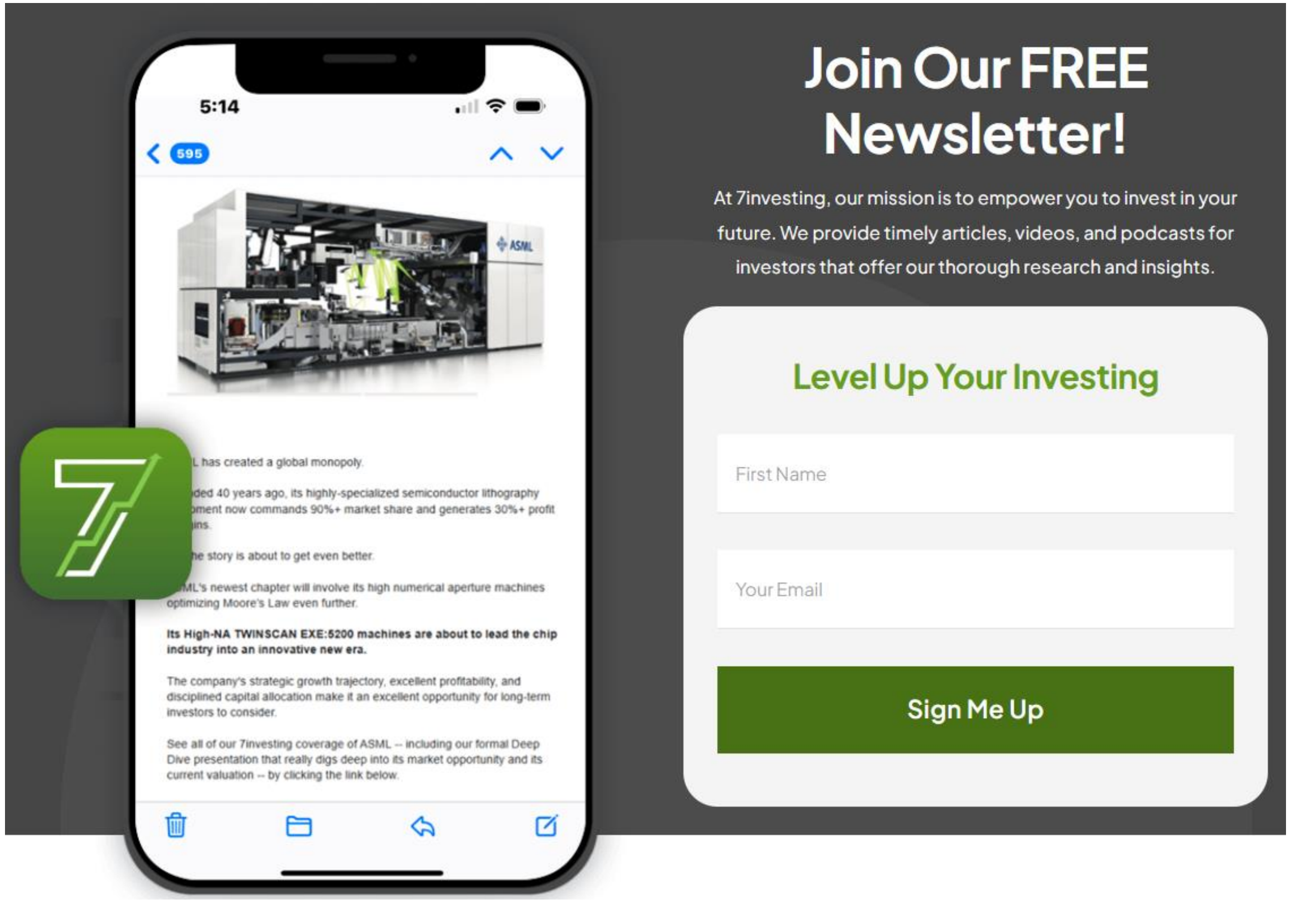

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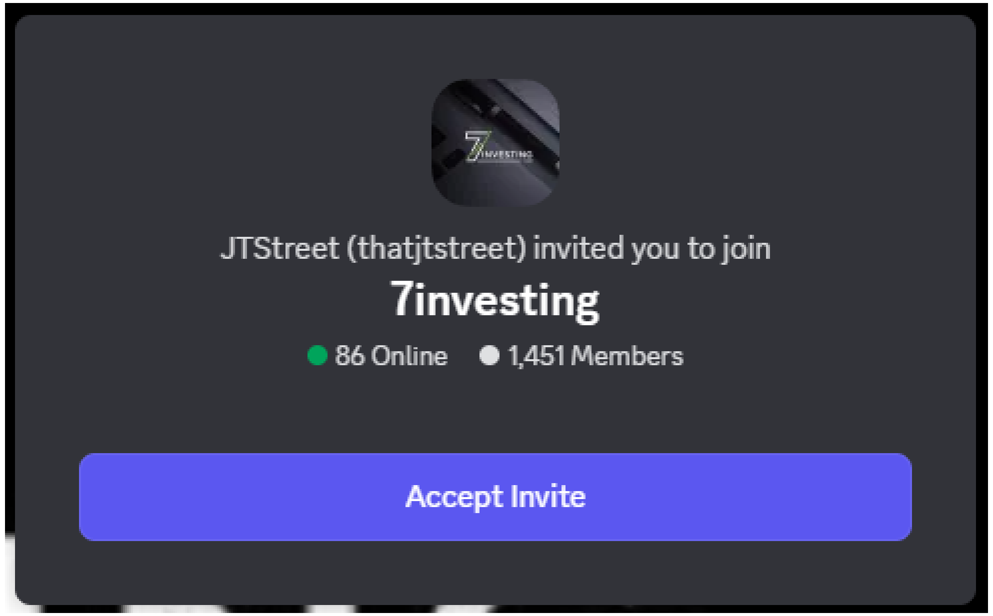

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Akash S.
Chicago, IL

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All Advisors | Pick Date | Industry | Conviction Rating

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Total Return	S&P 500 Return	VS S&P 500
40.69%	36.08%	4.61%

*Averages are based on filtered dataset

Ticker	Company	Advisor	Buy Date ▼	Buy Price	Current Price	Daily Change	Total Return	S&P 500 Return	Vs S&P 500	Conviction Rating
		Simon Erickson	May 2025	$33.26	$35.19	-1.01%	5.80%	5.68%	0.13%	Buy
		Simon Erickson	Apr 2025	$57.10	$76.32	0.34%	33.66%	5.21%	28.46%	Buy
		Simon Erickson	Mar 2025	$100.38	$108.34	-1.46%	7.93%	1.08%	6.85%	Best-buy
		Simon Erickson	Feb 2025	$81.34	$69.66	-1.11%	-14.36%	-1.27%	-13.09%	Best-buy
		Simon Erickson	Jan 2025	$22.29	$28.39	-0.23%	27.34%	0.95%	26.40%	Buy
		Simon Erickson	Dec 2024	$708.17	$749.89	-0.91%	5.89%	-2.23%	8.12%	Buy
		Simon Erickson	Nov 2024	$82.40	$128.51	-0.02%	55.96%	1.32%	54.64%	Buy
		Simon Erickson	Oct 2024	$2066.12	$2573.16	0.70%	24.54%	3.76%	20.78%	Buy
		~~Simon Erickson~~	~~Sep 2024~~	~~$36.64~~	~~$32.94~~	~~-2.27%~~	~~-10.10%~~	~~1.26%~~	~~-11.36%~~	~~Sold~~
		Simon Erickson	Aug 2024	$540.67	$506.05	-1.12%	-6.40%	8.68%	-15.09%	Buy
		7investing Team	Jul 2024	$289.21	$751.43	0.72%	159.82%	8.22%	151.60%	Buy
		Simon Erickson	Jul 2024	$479.31	$566.03	-0.10%	18.09%	8.22%	9.87%	Buy
		7investing Team	Jun 2024	$18.35	$39.47	-6.79%	115.07%	8.49%	106.58%	Buy

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The filters will adjust based on seleciton. Hit 'Clear Filters' to reset the table.

Simon Erickson | Pick Date | Industry | Conviction Rating

Clear Filters | All

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Total Return	S&P 500 Return	VS S&P 500
51.34%	31.07%	20.28%

*Averages are based on filtered dataset

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		Simon Erickson	Jul 2024	$479.31	$566.03	-0.10%	18.09%	8.22%	9.87%	Buy
		Simon Erickson	Jun 2024	$191.40	$524.49	-0.10%	174.03%	11.91%	162.12%	Buy

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Ticker ▲	Company	Advisor	Buy Date	Buy Price	Current Price	Daily Change	Total Return	S&P 500 Return	Vs S&P 500	Conviction Rating
LMND	Lemonade (LMND)	Steve Symington	Apr 2023	$14.20	$33.12	7.12%	133.24%	43.85%	89.39%	Strong-buy
LMND	Lemonade (LMND)	Steve Symington	Apr 2022	$28.04	$33.12	7.12%	18.12%	30.52%	-12.40%	Strong-buy
LMND	Lemonade (LMND)	Steve Symington	Jun 2021	$91.72	$33.12	7.12%	-63.89%	40.86%	-104.75%	Strong-buy
LMND	Lemonade (LMND)	Steve Symington	Sep 2020	$56.19	$33.12	7.12%	-41.06%	67.65%	-108.71%	Strong-buy

Lemonade

Lemonade wants you to “rethink everything you know about insurance.”

What Does Lemonade Do?

Quick Facts

- Founded in 2015
- IPO in July 2020 @ $29/share
- The world’s only Public Benefit insurance company (B-Corp certified)
- Built “purely on a digital substrate with AI and behavioral economics as [its] foundations”

Introducing Lemonade

- Founded in 2015 with AI + behavioral economics roots. Mission *to be a force for public good* and to *transform insurance from a necessary evil into a social good*.
- IPO in 2020. "Forget everything you know about insurance."
- Mobile-first approach with low-cost acquisition. Target demographic of younger consumers initially w/ renter's policies. 75% of customers were under the age of 35. 90% were purchasing insurance for the first time.
- Easy application process, 30% of claims handled almost instantly, paid in as little as 3 seconds.
- Only Public B-Corp in the insurance industry.

Insurance Coverages

Renters → Home → Car → Pet → Term

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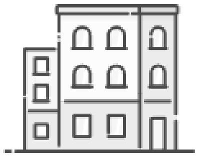
Incredible Prices. Monthly Subscription. Bundle Discounts.

Amazing savings when you bundle



Renters

Coverage for your stuff, in and out of your home

CHECK OUR PRICES

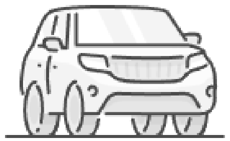
FROM $5/MO

Homeowners

Protection for your home and stuff

CHECK OUR PRICES

FROM $25/MO

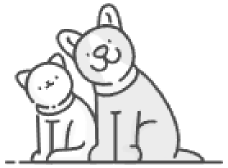


Car

Protect your car, passengers, and the planet

CHECK OUR PRICES

AS LOW AS $30/MO

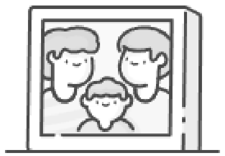


Pet

Health insurance for furry family members

CHECK OUR PRICES

FROM $10/MO



Term Life

Protecting the people you love

CHECK OUR PRICES

FROM $8/MO

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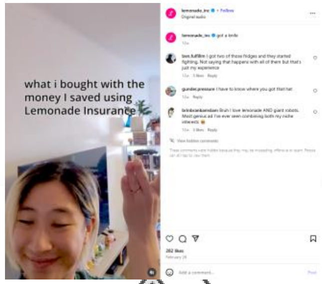

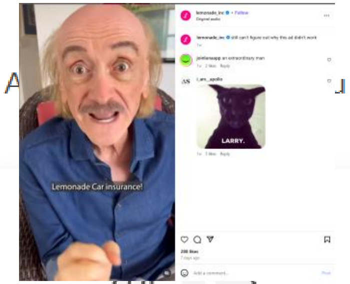

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Coverage for your stuff, in and out of your home

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Investing Insights: Management

• Co-founders Shai Wininger (left) and Daniel Schreiber (right) and are still actively involved as the company's President and CEO (respectively).

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Shai

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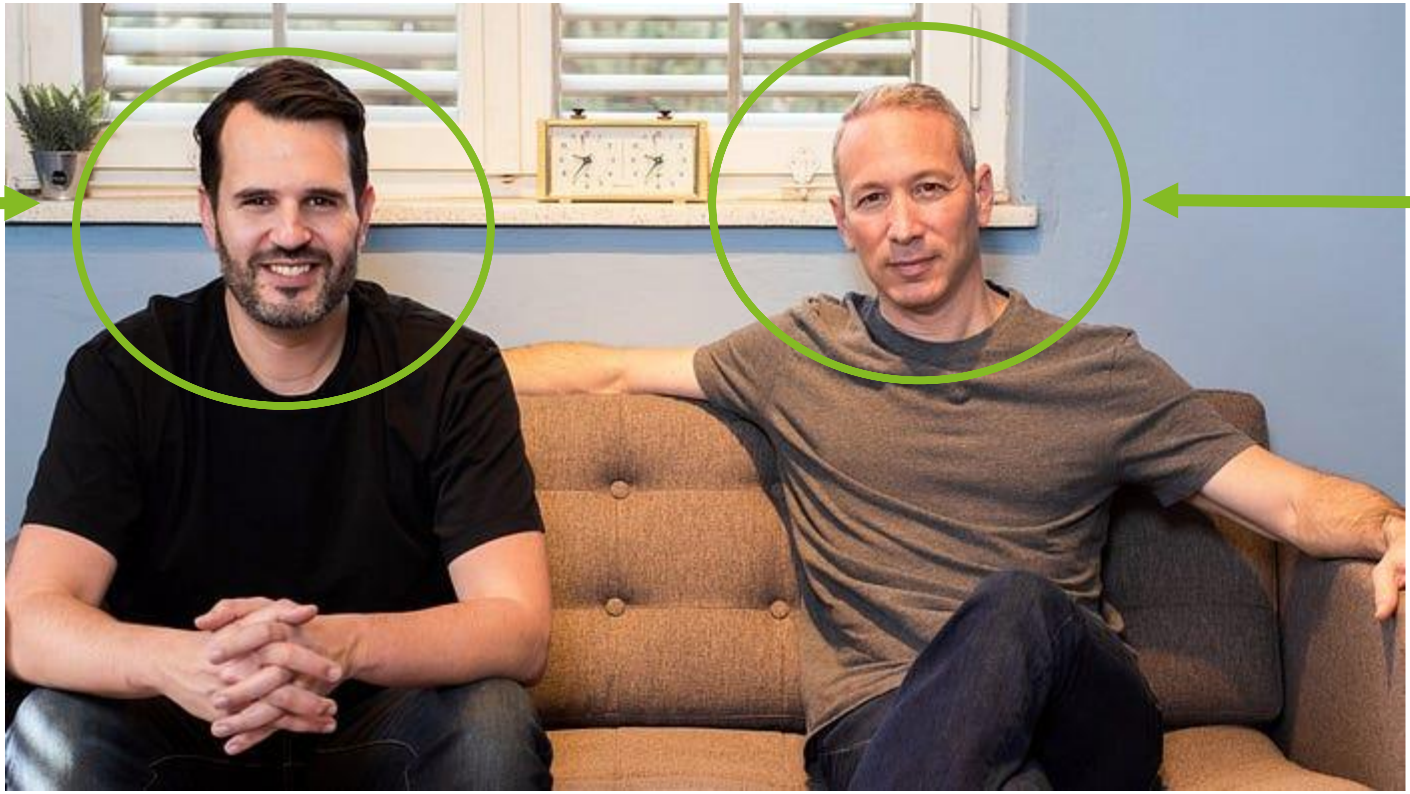

Daniel

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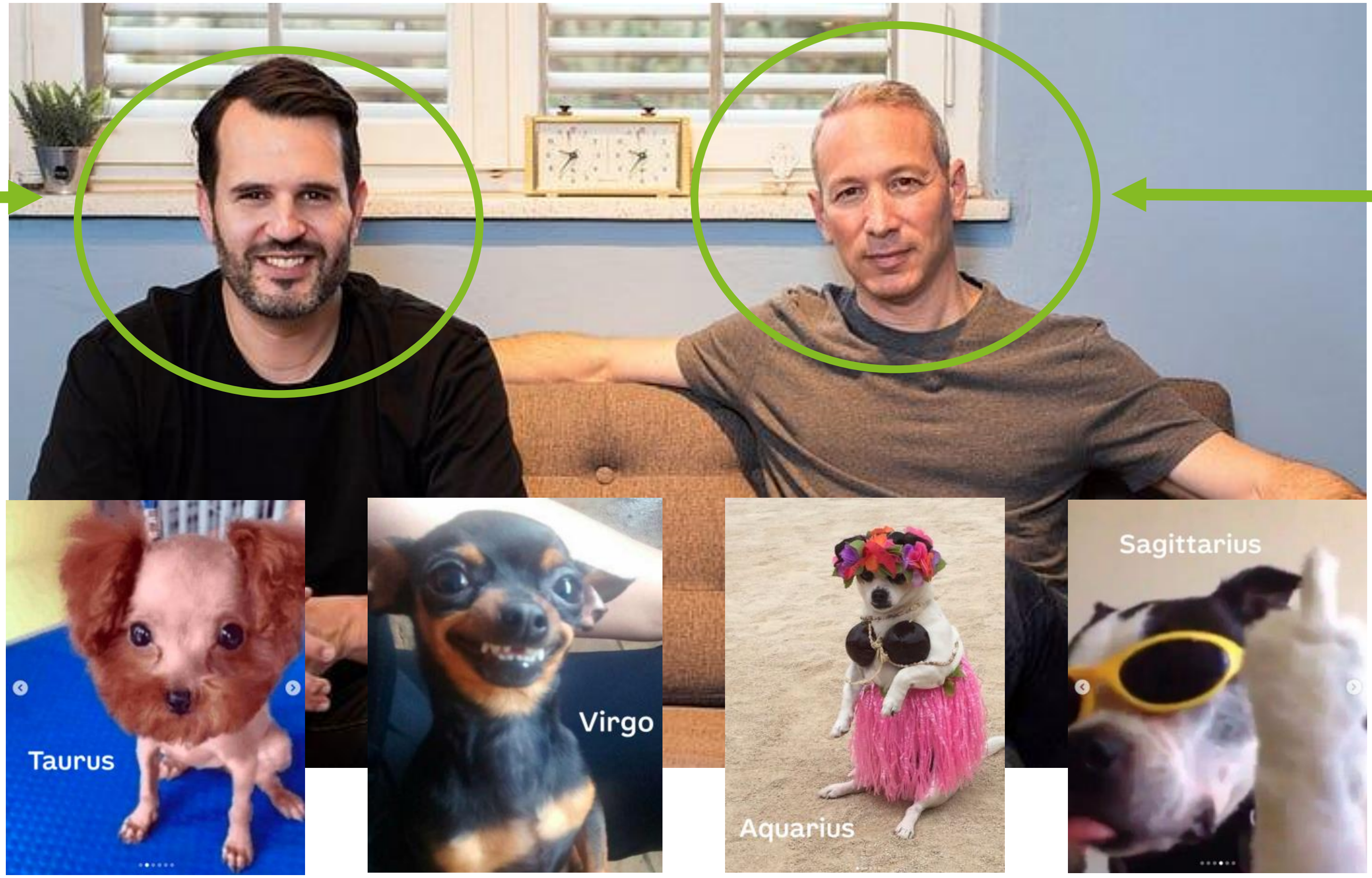
Investing Insights: Management & Cute Dogs

• Co-founders Shai Wininger (left) and Daniel Schreiber (right) and are still actively involved as the company's President and CEO (respectively).

Shai

Daniel



More cute Lemonade dogs

Fundamentals & Profitability

Reported Metrics

Historical Operating Metrics

$ in millions except Premium per customer, unaudited

Three months ended, unless specified	Mar. 31 2023	June 30, 2023	Sept. 30, 2023	Dec. 31, 2023	Mar. 31, 2024	June 30, 2024	Sept. 30, 2024	Dec. 31, 2024	Mar. 31, 2025
Customers (end of period)	1,856,012	1,906,408	1,984,154	2,026,918	2,095,275	2,167,194	2,313,113	2,430,056	2,545,496
In force premium (end of period)	$ 653.3	$ 686.6	$ 719.0	$ 747.3	$ 794.2	$ 838.8	$ 889.1	$ 943.7	$1,007.8
Premium per customer (end of period)	$ 352	$ 360	$ 362	$ 369	$ 379	$ 387	$ 384	$ 388	$ 396
Annual dollar retention (end of period)	87%	87%	85%	87%	88%	88%	87%	86%	84%
Total revenue	$ 95.2	$ 104.6	$ 114.5	$ 115.5	$ 119.1	$ 122.0	$ 136.6	$ 148.8	$ 151.2
Gross earned premium	$ 154.2	$ 163.9	$ 173.2	$ 181.0	$ 187.9	$ 199.9	$ 213.1	$ 226.4	$ 233.6
Gross profit	$ 16.5	$ 12.1	$ 21.9	$ 33.6	$ 34.7	$ 30.8	$ 37.5	$ 63.9	$ 38.6
Adjusted gross profit	$ 20.6	$ 16.6	$ 24.9	$ 35.3	$ 36.7	$ 33.4	$ 38.6	$ 66.2	$ 46.0
Net loss	$ (65.8)	$ (67.2)	$ (61.5)	$ (42.4)	$ (47.3)	$ (57.2)	$ (67.7)	$ (30.0)	$ (62.4)
Adjusted EBITDA	$ (50.8)	$ (52.7)	$ (40.2)	$ (28.9)	$ (33.9)	$ (43.0)	$ (49.0)	$ (23.8)	$ (47.0)
Gross profit margin	17%	12%	19%	29%	29%	25%	27%	43%	26%
Adjusted gross profit margin	22%	16%	22%	31%	31%	27%	28%	44%	30%
Ratio of Adjusted Gross Profit to Gross Earned Premium	13%	10%	14%	20%	20%	17%	18%	29%	20%
Gross loss ratio	87%	94%	83%	77%	79%	79%	73%	63%	78%
Net loss ratio	93%	99%	88%	78%	78%	79%	81%	62%	82%

Already insured? We'll help you switch!

People left these insurance companies to join Lemonade:

31%
Assurant, Farmers, Homesite, Progressive, Stillwater & more…

19%
Allstate

10%
Liberty Mutual

16%
State Farm

14%
Travelers

10%
Geico

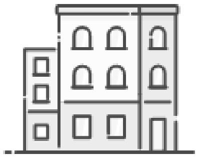
CHECK PRICES AND SWITCH

Insurance Coverages

Renters → Home → Car → Pet → Term

Incredible Prices. Monthly Subscription. Bundle Discounts.

Amazing savings when you bundle



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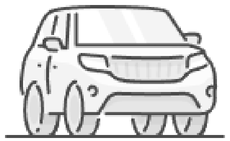

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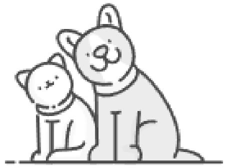

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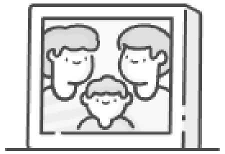


Term Life

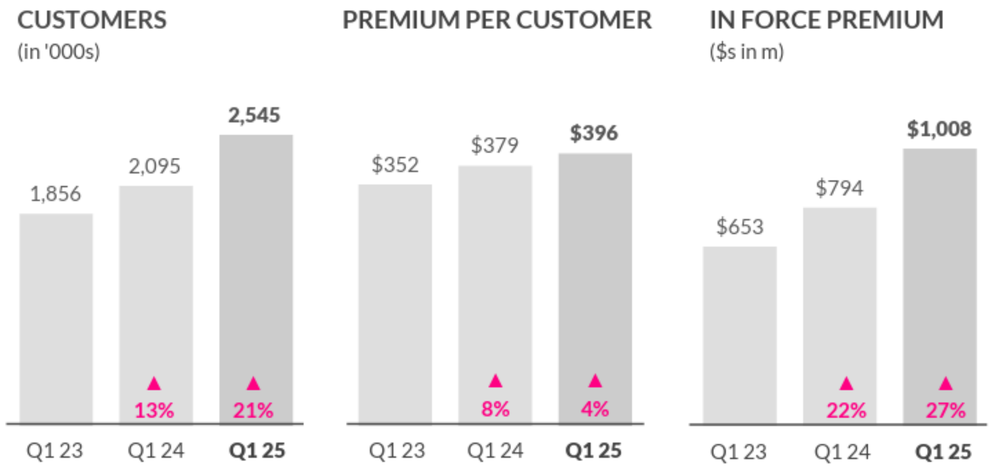
Protecting the people you love

CHECK OUR PRICES

FROM $8/MO

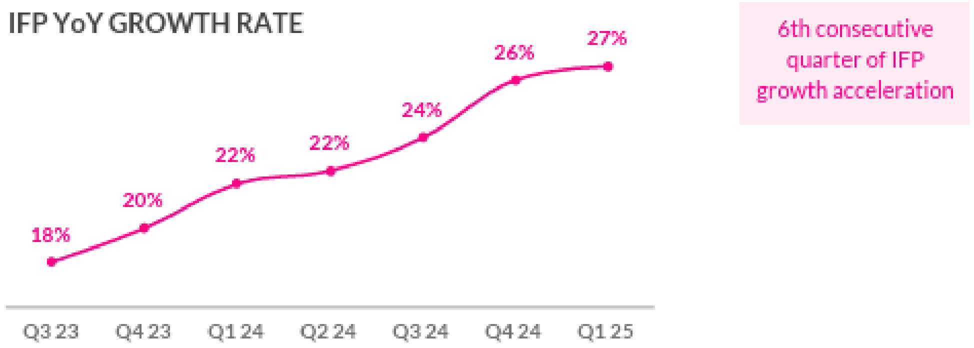
Top-Line Growth

- Consumer-focused insurance TAM: $5 trillion globally
- Currently dominated by a small number of incumbent players with an army of insurance brokers/agents and recurring business.
- Traditional insurance limitations:
    - High overhead costs and personal relationships
    - Resistant to “disrupt themselves” by introducing AI into existing operations



Grow the business and scale the operation

Executing against the strategy as presented at November 2024 Investor Day



$1,008M ↑27%
IN FORCE PREMIUM (IFP)

$396 ↑4%
PREMIUM PER CUSTOMER

2,545,496 ↑21%
TOTAL CUSTOMERS

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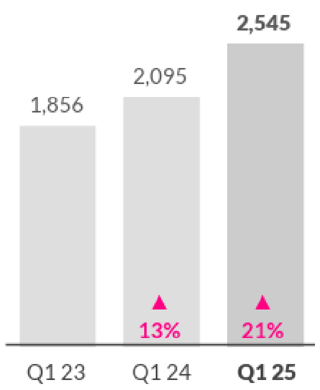
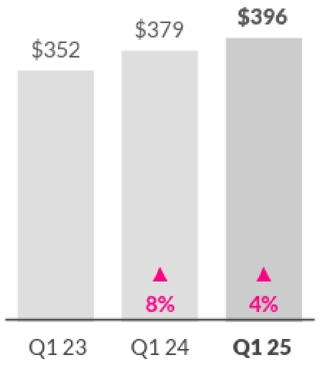
Top-Line Growth

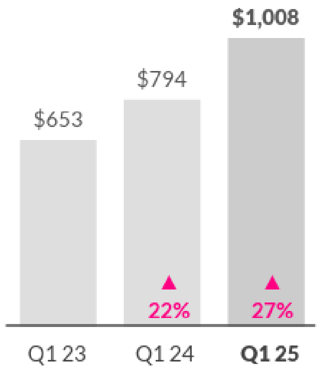
CUSTOMERS
(in '000s)



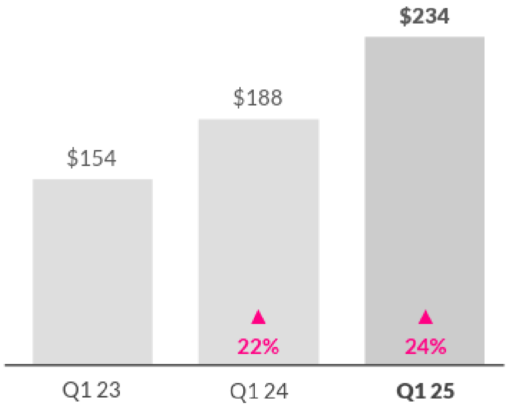
PREMIUM PER CUSTOMER



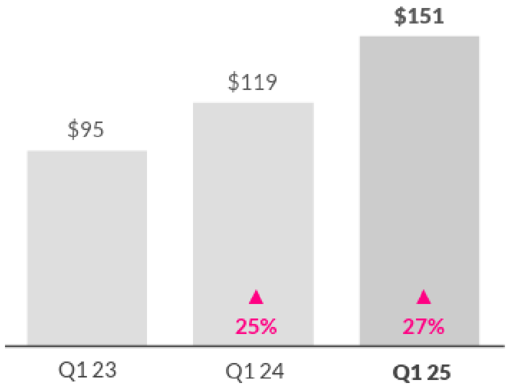
IN FORCE PREMIUM
($s in m)



GROSS EARNED PREMIUM ("GEP")
($s in m)



REVENUE
($s in m)



Investing Results: Fundamentals

Top-Line Growth:

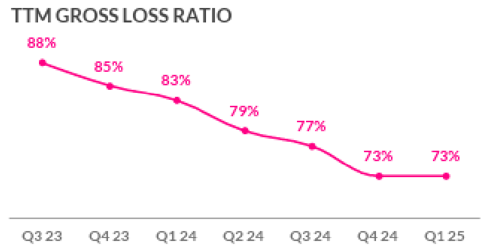
• Recently surpassed $1 billion of in force premiums -- i.e. the premium has been paid and the policy is active.

• Total revenue of $526 million in fiscal 2024 (+22%). Guidance of $662 million in fiscal 2025 (+26%).

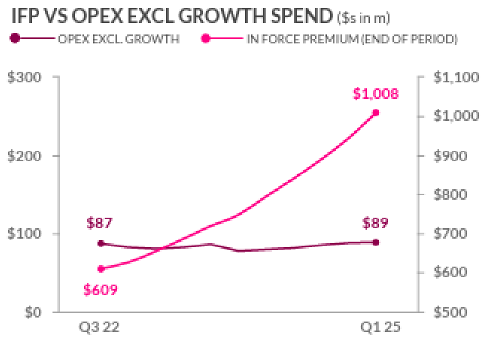
• Adjusted free cash flow of $47 million, compared to ($113 million) in 2023. This adds back net borrowings under its financing agreement with General Catalyst.

Top-Line Growth

- Consumer-focused insurance TAM: $5 trillion globally
- Currently dominated by a small number of incumbent players with an army of insurance brokers/agents and recurring business.
- Traditional insurance limitations:
    - High overhead costs and personal relationships
    - Resistant to “disrupt themselves” by introducing AI into existing operations
- **Disciplined underwriting is very important**

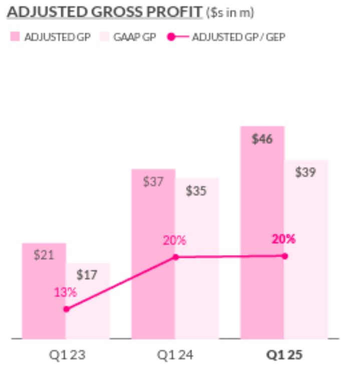


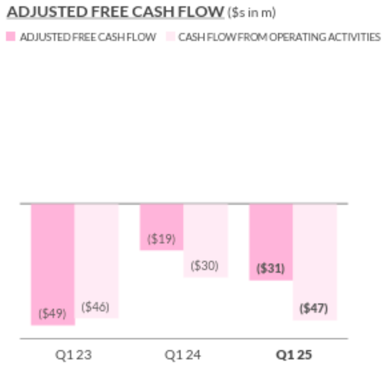
Underwriting performance in line with target range on TTM basis



Stability in the operating expense base, excluding growth spend

CAGR comparison
IFP: 21%
OpEx excl. growth: 1%





$1,008M ↑27%	$396 ↑4%	2,545,496 ↑21%
IN FORCE PREMIUM (IFP)	PREMIUM PER CUSTOMER	TOTAL CUSTOMERS

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Other Q1 2025 Results:

• $396 average premium per customer; +4% over Q1'24

• Gross loss ratio of 73%; vs 74% in Fiscal 2024

• 84% annual dollar retention; vs 86% in Fiscal 2024 and vs 87% in 2023.

• Now more disciplined: "The decline in ADR is largely attributable to the non-renewal of policies which failed to meet certain underwriting criteria."

• 30% adjusted gross profit margin; vs 31% in Q1'24

Investing Results: Fundamentals

Top-Line Growth:

- Recently surpassed $1 billion of in force premiums -- i.e. the premium has been paid and the policy is active.
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- Adjusted free cash flow of $47 million, compared to ($113 million) in 2023. This adds back net borrowings under its financing agreement with General Catalyst.

Other Q1 2025 Results:

IMPORTANT

- 115,440 new customers added in Q1 2025
- $396 average premium per customer; +4% over Q1’24
- Gross loss ratio of 73%; vs 74% in Fiscal 2024
- 84% annual dollar retention; vs 86% in Fiscal 2024 and vs 87% in 2023.
- Now more disciplined: “The decline in ADR is largely attributable to the non-renewal of policies which failed to meet certain underwriting criteria.”
- 30% adjusted gross profit margin; vs 31% in Q1’24
- “Growth spend” of sales & marketing was $38 million; +92% over Q1’24

Investing Insights: Fundamentals & Profitability

- **Lemonade's fundamentals are incredible**. It is growing the top line quickly (20%+ in revenue and new customers) and is also now profitable.
- **Retention rate of 84%** is average for the insurance industry.,
- Its **gross loss ratio of 73% is still very high as compared to peers.** (<60% is 'good').
- This is improving rapidly as the company is becoming more disciplined in its underwriting. GLR was 90% two years ago.
- We should expect Lemonade's loss ratio to be higher than the industry average. It is not only heavily automated (i.e. very low costs for human labor/agents), but is also writing lower-premium policies like renters and pet. It has lower overhead as compared to many of its peers.
- **The entire insurance industry is based upon disciplined underwriting**. The companies who prioritize growth over discipline don't last long and eventually blow up.
- The insurance industry is heavily regulated, especially related to the increase in premium they are allowed to issue. In periods of high inflation (i.e. the past several years), insurance revenues and profitability will often lag the broader economy.

Investing Insights

- Lemonade is still a **very young company**; founded only 10 years ago.
- Most of the past decade has been about **outsized growth** and obtaining a **ton of data**. Not just number-crunching to get the right relationship between premiums and claims, but also behavioral data like the telematics into autos.
- Lemonade set its long-term growth ambitions to write policies for Renters and then Home and then Pet and then Life and then Auto.
- **I suspect the next decade will be less about growth and more about disciplined underwriting**. It now has a loyal base of customers and has learned which markets are the most profitable (and also the most unprofitable).
- We *should* see its revenue growth decline to 10-15%, its retention rates climb to >90%+, and its gross loss ratios decline to <60%.
- And because of its AI foundation, this transition will be incredibly profitable for shareholders.

Investing Insights: Loss Ratios

Important Metrics: Loss Ratios

	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25
LOSS RATIOS					
Gross loss ratio	79%	79%	73%	63%	78%
Gross loss ratio ex-CAT	63%	62%	68%	62%	59%
TTM gross loss ratio	83%	79%	77%	73%	73%
Net loss ratio	78%	79%	81%	62%	82%
GROSS LOSS RATIO BREAKDOWN					
Attritional gross loss ratio	62%	58%	61%	59%	59%
CAT (excl. PPD)	14%	15%	6%	1%	19%
LAE (excl. PPD)	9%	9%	9%	8%	8%
Prior period development (PPD)	(6%)	(3%)	(3%)	(5%)	(8%)
Gross loss ratio	**79%**	**79%**	**73%**	**63%**	**78%**

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Important Metrics: Loss Ratios

GROSS LOSS RATIO BY TYPE					
Homeowners multi-peril	79%	78%	69%	55%	82%
Pet	63%	72%	71%	69%	68%
Car	99%	95%	92%	83%	88%
Europe (all products)	106%	98%	92%	75%	91%

IFP BREAKDOWN ($s in m)					
Homeowners multi-peril	$449	$468	$488	$503	$513
Pet	$201	$224	$254	$283	$314
Car	$123	$123	$117	$122	$134
Europe	$12	$14	$19	$24	$33
Other	$9	$10	$11	$12	$14
Total	**$794**	**$839**	**$889**	**$944**	**$1,008**

PREMIUM PER CUSTOMER					
Homeowners multi-peril	$266	$270	$266	$266	$265
Pet	$664	$687	$712	$727	$742
Car	$1,544	$1,725	$1,751	$1,800	$1,853
Europe	$110	$113	$129	$129	$147
Other	$791	$803	$846	$913	$998
Total	**$379**	**$387**	**$384**	**$388**	**$396**

GROSS LOSS RATIO

We define gross loss ratio, expressed as a percentage, as the ratio of losses and loss adjustment expense to gross earned premium.

GROSS LOSS RATIO EX-CAT

We define gross loss ratio ex-CAT, expressed as a percentage, as the ratio of gross losses and loss adjustment expense, excluding catastrophe losses, to gross earned premium.

PRIOR PERIOD DEVELOPMENT (PPD)

We define prior period development (PPD) as the change in ultimate loss and loss adjustment expense for claims that occurred in prior quarters.

HOMEOWNERS MULTI-PERIL

We define homeowners multi-peril as all coverages offered under home, condo, and renters policies.

Important Metrics: Loss Ratios (Catastrophic)

	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25
LOSS RATIOS					
Gross loss ratio	79%	79%	73%	63%	78%
Gross loss ratio ex-CAT	63%	62%	68%	62%	59%
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GROSS LOSS RATIO EX-CAT

We define gross loss ratio ex-CAT, expressed as a percentage, as the ratio of gross losses and loss adjustment expense, excluding catastrophe losses, to gross earned premium.

Investing Insights: California Wildfires

- The **California wildfires** this year was a tail-risk event. Lemonade did was it was meant to do -- be there for its insured customers in need -- but it also results in $45 million in gross losses and an unexpected ($20) million hit to Adj. EBITDA in Q1 2025. Considering this was a catastrophic event, the magnitude of that financial impact isn't all that bad.
- Lemonade would need to increase its policy pricing to continue to participate profitably in this very-high-risk market. And while it's not entirely exiting, it has purposely begun pulling back 'non-renewing' its homeowners and renters policies in the California market. This might impact top-line growth. But it is a reasonable business decision.

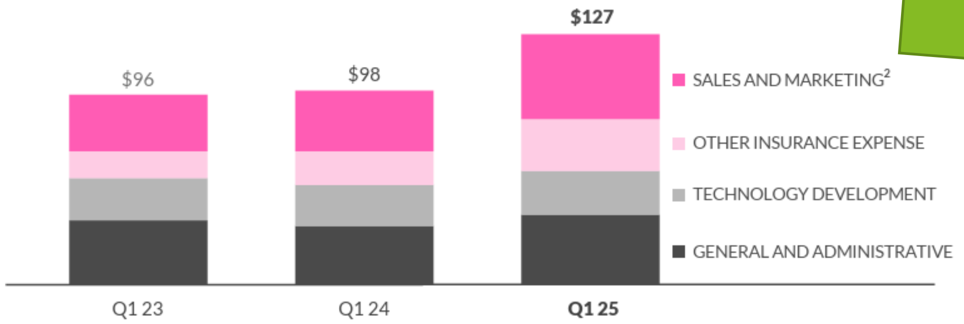
Intermission (Up Next: Marketing & Valuation!)

- Special Guest: Emmet Savage, CEO of Prophet
- Useprophet.com/7investing

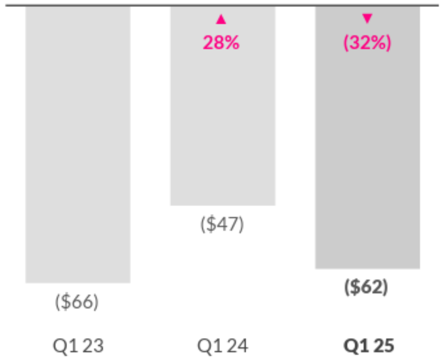
Marketing

Investing Insights: Marketing

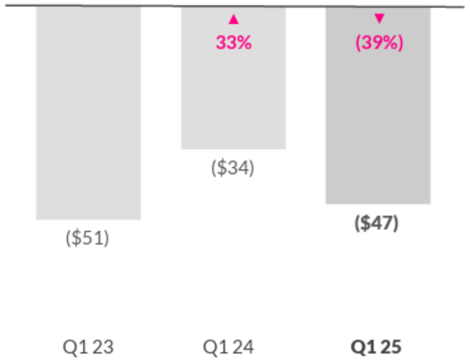
OPERATING EXPENSE[1]
($s in m)



NET LOSS
($s in m)



ADJUSTED EBITDA[3]
($s in m)



[1] Represents total expense less loss and loss adjustment expense, net.

[2] Growth spend included in Sales and Marketing was $38.1M in Q1 2025, $19.8M in Q1 2024 and $16.7M in Q1 2023.

[3] This is a non-GAAP metric. For a description of these metrics and a reconciliation to the most directly comparable GAAP measure, please see "Reconciliation of Non-GAAP Financial Measures to GAAP" and "Non-GAAP financial measures and key operating metrics".

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Investing Insights: Marketing

From the 7investing Community Forum:

- An **LTV / CAC ratio of 3x** (which is slightly lower; now closer to 2.2x) is very good for a software company.
- It is similar to the LTV/CAC of Veeva Systems in 2019, and the stock went on to (more than) double during the following 12 months.

Investing Insights: Marketing

Veeva Systems	NYSE:	VEEV			
	Current Price	236.08			
	2019 10-K	2018 10-K	2017 10-K	2016 10-K	2015 10-K
Revenues	**2019**	**2018**	**2017**	**2016**	**2015**
Subscription services	$ 694,467	$ 559,434	$ 440,815	$ 316,314	$ 233,063
Veeva Commercial Cloud	*$ 395,846*	*$ 358,038*	*$ 312,979*	*$ 249,888*	*$ 207,426*
Veeva Vault	*$ 298,621*	*$ 201,396*	*$ 127,836*	*$ 66,426*	*$ 25,637*
Professional services and other	$ 167,743	$ 131,125	$ 109,727	$ 92,907	$ 80,159
Veeva Commercial Cloud	*$ 61,125*	*$ 63,203*	*$ 61,390*	*$ 52,935*	*$ 58,813*
Veeva Vault	*$ 106,618*	*$ 67,922*	*$ 48,337*	*$ 39,972*	*$ 21,346*
Total revenues	$ 862,210	$ 690,559	$ 550,542	$ 409,221	$ 313,222
Veeva Commercial Cloud	*$ 456,971*	*$ 421,241*	*$ 374,369*	*$ 302,824*	*$ 266,239*
Veeva Vault	*$ 405,239*	*$ 269,318*	*$ 176,173*	*$ 106,397*	*$ 46,983*
Cost of revenue	**2019**	**2018**	**2017**	**2016**	**2015**
Cost of subscription services	$ 117,009	$ 110,465	$ 94,386	$ 71,180	$ 55,005
Gross margin of subscription services	*83%*	*80%*	*79%*	*77%*	*76%*
Cost of professional services and other	$ 128,272	$ 100,957	$ 79,295	$ 71,034	$ 60,653
Gross margin of professional services	*24%*	*23%*	*28%*	*24%*	*24%*
Gross profit	$ 616,929	$ 479,137	$ 376,861	$ 267,007	$ 197,564
Gross margin %	*72%*	*69%*	*68%*	*65%*	*63%*
Operating expenses	**2019**	**2018**	**2017**	**2016**	**2015**
Research and development	$ 158,783	$ 132,017	$ 96,743	$ 65,976	$ 41,156
R&D margin	*18%*	*19%*	*18%*	*16%*	*13%*
Sales and marketing	$ 148,867	$ 128,781	$ 110,634	$ 80,984	$ 56,203
S&M margin	*17%*	*19%*	*20%*	*20%*	*18%*
General and administrative	$ 86,413	$ 60,410	$ 48,796	$ 41,458	$ 30,239
G&A margin	*10%*	*9%*	*9%*	*10%*	*10%*
Operating income	$ 222,866	$ 157,929	$ 120,688	$ 78,589	$ 69,966
Operating margin %	*26%*	*23%*	*22%*	*19%*	*22%*

	2019 10-K	2018 10-K	2017 10-K	2016 10-K	2015 10-K
Customer Count	**2019**	**2018**	**2017**	**2016**	**2015**
Total Customers	719	625	517	400	276
Veeva Commercial Cloud	*335*	*313*	*270*	*212*	*191*
Veeva Vault	*572*	*449*	*334*	*219*	*135*
Customer Acquisition Cost	**2019**	**2018**	**2017**	**2016**	**2015**
Sales & Marketing	$ 148,867	$ 128,781	$ 110,634	$ 80,984	$ 56,203
Veeva Commercial Cloud	*$ 78,900*	*$ 78,556*	*$ 75,231*	*$ 59,928*	*$ 47,773*
Veeva Vault	*$ 69,967*	*$ 50,225*	*$ 35,403*	*$ 21,056*	*$ 8,430*
New Customer Acquisition Cost					
Veeva Commercial Cloud	*$ 3,586*	*$ 1,827*	*$ 1,297*	*$ 2,854*	
Veeva Vault	*$ 569*	*$ 437*	*$ 308*	*$ 251*	
Overall Customer Acquisition Cost	*$1,584*	*$1,192*	*$946*	*$653*	
R&D and Overhead Cost	**2019**	**2018**	**2017**	**2016**	**2015**
Research and development	$ 158,783	$ 132,017	$ 96,743	$ 65,976	$ 41,156
General and administrative	$ 86,413	$ 60,410	$ 48,796	$ 41,458	$ 30,239
Total R&D and Overhead Burden	$ 245,196	$ 192,427	$ 145,539	$ 107,434	$ 71,395
Veeva Commercial Cloud	*$ 129,954*	*$ 117,380*	*$ 98,967*	*$ 79,501*	*$ 60,686*
Veeva Vault	*$ 115,242*	*$ 75,047*	*$ 46,572*	*$ 27,933*	*$ 10,709*
Overall Customer R&D and Overhead Cost	*$341*	*$308*	*$282*	*$269*	*$259*
Veeva Commercial Cloud	*$ 388*	*$ 375*	*$ 367*	*$ 375*	*$ 318*
Veeva Vault	*$ 201*	*$ 167*	*$ 139*	*$ 128*	*$ 79*
Subscription Revenue Per Customer	**2019**	**2018**	**2017**	**2016**	**2015**
Subscription Services revenues	$ 694,467	$ 559,434	$ 440,815	$ 316,314	$ 233,063
Veeva Commercial Cloud	*$ 395,846*	*$ 358,038*	*$ 312,979*	*$ 249,888*	*$ 207,426*
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Overall Subscription Revenue Per Customer	*$966*	*$895*	*$853*	*$791*	*$844*
Veeva Commercial Cloud	*$ 1,182*	*$ 546*	*$ 580*	*$ 585*	*$ 718*
Veeva Vault	*$ 522*	*$ 349*	*$ 273*	*$ 206*	*$ 127*

Contribution Per Customer	**2019**	**2018**	**2017**	**2016**	**2015**
Overall Subscription Revenue Per Customer	$966	$895	$853	$791	$844
Overall R&D and Overhead Per Customer	$ (341)	$ (308)	$ (282)	$ (269)	$ (259)
Contribution Per Customer	*$625*	*$587*	*$571*	*$522*	*$586*
Churn Rate	**2019**	**2018**	**2017**	**2016**	**2015**
Estimated Churn Rate	4.0%	4.0%	4.0%	4.0%	4.0%
Estimated Discount Rate	10.5%	10.5%	10.5%	10.5%	10.5%
Customer LTV (Present Value)	*$5,461*	*$5,132*	*$4,991*	*$4,564*	*$5,119*
Net Customer LTV	**2019**	**2018**	**2017**	**2016**	
Customer Acquisition Cost	$ (1,584)	$ (1,192)	$ (946)	$ (653)	
Net Customer Lifetime Value	*$3,877*	*$3,939*	*$4,046*	*$3,910*	

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Investing Insights: Marketing

Veeva Systems	NYSE:	VEEV			
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Gross margin %	*72%*	*69%*	*68%*	*65%*	*63%*
Operating expenses	**2019**	**2018**	**2017**	**2016**	**2015**
Research and development	$ 158,783	$ 132,017	$ 96,743	$ 65,976	$ 41,156
R&D margin	*18%*	*19%*	*18%*	*16%*	*13%*
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Gross margin of professional services	*24%*	*23%*	*28%*	*24%*	*24%*
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Operating expenses	**2019**	**2018**	**2017**	**2016**	**2015**
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Veeva Vault	*69,967*	*$ 50,225*	*$ 35,403*	*$ 21,056*	*$ 8,430*
New Customer Acquisition Cost					
Veeva Commercial Cloud	*3,586*	*$ 1,827*	*$ 1,297*	*$ 2,854*	
Veeva Vault	*$ 569*	*$ 437*	*$ 308*	*$ 251*	
Overall Customer Acquisition Cost	*$1,584*	*$1,192*	*$946*	*$653*	
R&D and Overhead Cost	**2019**	**2018**	**2017**	**2016**	**2015**
Research and development	$ 158,783	$ 132,017	$ 96,743	$ 65,976	$ 41,156
General and administrative	$ 86,413	$ 60,410	$ 48,796	$ 41,458	$ 30,239
Total R&D and Overhead Burden	$ 245,196	$ 192,427	$ 145,539	$ 107,434	$ 71,395
Veeva Commercial Cloud	*$ 129,954*	*$ 117,380*	*$ 98,967*	*$ 79,501*	*$ 60,686*
Veeva Vault	*$ 115,242*	*$ 75,047*	*$ 46,572*	*$ 27,933*	*$ 10,709*
Overall Customer R&D and Overhead Cost	*$341*	*$308*	*$282*	*$269*	*$259*
Veeva Commercial Cloud	*$ 388*	*$ 375*	*$ 367*	*$ 375*	*$ 318*
Veeva Vault	*$ 201*	*$ 167*	*$ 139*	*$ 128*	*$ 79*
Subscription Revenue Per Customer	**2019**	**2018**	**2017**	**2016**	**2015**
Subscription Services revenues	$ 694,467	$ 559,434	$ 440,815	$ 316,314	$ 233,063
Veeva Commercial Cloud	*$ 395,846*	*$ 358,038*	*$ 312,979*	*$ 249,888*	*$ 207,426*
Veeva Vault	*$ 298,621*	*$ 201,396*	*$ 127,836*	*$ 66,426*	*$ 25,637*
Total Customers	719	625	517	400	276
Veeva Commercial Cloud	*335*	*313*	*270*	*212*	*191*
Veeva Vault	*572*	*449*	*334*	*219*	*135*
Overall Subscription Revenue Per Customer	*$966*	*$895*	*$853*	*$791*	*$844*
Veeva Commercial Cloud	*$ 1,182*	*$ 546*	*$ 580*	*$ 585*	*$ 718*
Veeva Vault	*$ 522*	*$ 349*	*$ 273*	*$ 206*	*$ 127*

Contribution Per Customer	**2019**	**2018**	**2017**	**2016**	**2015**
Overall Subscription Revenue Per Customer	$966	$895	$853	$791	$844
Overall R&D and Overhead Per Customer	$ (341)	$ (308)	$ (282)	$ (269)	$ (259)
Contribution Per Customer	*$625*	*$587*	*$571*	*$522*	*$586*
Churn Rate	**2019**	**2018**	**2017**	**2016**	**2015**
Estimated Churn Rate	4.0%	4.0%	4.0%	4.0%	4.0%
Estimated Discount Rate	10.5%	10.5%	10.5%	10.5%	10.5%
Customer LTV (Present Value)	*$5,461*	*$5,132*	*$4,991*	*$4,564*	*$5,119*
Net Customer LTV	**2019**	**2018**	**2017**	**2016**	
Customer Acquisition Cost	$ (1,584)	$ (1,192)	$ (946)	$ (653)	
Net Customer Lifetime Value	*$3,877*	*$3,939*	*$4,046*	*$3,910*	

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Investing Insights: Marketing

Veeva Systems	NYSE:	VEEV			
	Current Price	236.08			
	2019 10-K	2018 10-K	2017 10-K	2016 10-K	2015 10-K
Revenues	**2019**	**2018**	**2017**	**2016**	**2015**
Subscription services	$ 694,467	$ 559,434	$ 440,815	$ 316,314	$ 233,063
Veeva Commercial Cloud	*$ 395,846*	*$ 358,038*	*$ 312,979*	*$ 249,888*	*$ 207,426*
Veeva Vault	*$ 298,621*	*$ 201,396*	*$ 127,836*	*$ 66,426*	*$ 25,637*
Professional services and other	$ 167,743	$ 131,125	$ 109,727	$ 92,907	$ 80,159
Veeva Commercial Cloud	*$ 61,125*	*$ 63,203*	*$ 61,390*	*$ 52,935*	*$ 58,813*
Veeva Vault	*$ 106,618*	*$ 67,922*	*$ 48,337*	*$ 39,972*	*$ 21,346*
Total revenues	$ 862,210	$ 690,559	$ 550,542	$ 409,221	$ 313,222
Veeva Commercial Cloud	*$ 456,971*	*$ 421,241*	*$ 374,369*	*$ 302,824*	*$ 266,239*
Veeva Vault	*$ 405,239*	*$ 269,318*	*$ 176,173*	*$ 106,397*	*$ 46,983*
Cost of revenue	**2019**	**2018**	**2017**	**2016**	**2015**
Cost of subscription services	$ 117,009	$ 110,465	$ 94,386	$ 71,180	$ 55,005
Gross margin of subscription services	*83%*	*80%*	*79%*	*77%*	*76%*
Cost of professional services and other	$ 128,272	$ 100,957	$ 79,295	$ 71,034	$ 60,653
Gross margin of professional services	*24%*	*23%*	*28%*	*24%*	*24%*
Gross profit	$ 616,929	$ 479,137	$ 376,861	$ 267,007	$ 197,564
Gross margin %	*72%*	*69%*	*68%*	*65%*	*63%*
Operating expenses	**2019**	**2018**	**2017**	**2016**	**2015**
Research and development	$ 158,783	$ 132,017	$ 96,743	$ 65,976	$ 41,156
R&D margin	*18%*	*19%*	*18%*	*16%*	*13%*
Sales and marketing	$ 148,867	$ 128,781	$ 110,634	$ 80,984	$ 56,203
S&M margin	*17%*	*19%*	*20%*	*20%*	*18%*
General and administrative	$ 86,413	$ 60,410	$ 48,796	$ 41,458	$ 30,239
G&A margin	*10%*	*9%*	*9%*	*10%*	*10%*
Operating income	$ 222,866	$ 157,929	$ 120,688	$ 78,589	$ 69,966
Operating margin %	*26%*	*23%*	*22%*	*19%*	*22%*

	2019 10-K	2018 10-K	2017 10-K	2016 10-K	2015 10-K
Customer Count	**2019**	**2018**	**2017**	**2016**	**2015**
Total Customers	719	625	517	400	276
Veeva Commercial Cloud	*335*	*313*	*270*	*212*	*191*
Veeva Vault	*572*	*449*	*334*	*219*	*135*
Customer Acquisition Cost	**2019**	**2018**	**2017**	**2016**	**2015**
Sales & Marketing	$ 148,867	$ 128,781	$ 110,634	$ 80,984	$ 56,203
Veeva Commercial Cloud	*$ 78,900*	*$ 78,556*	*$ 75,231*	*$ 59,928*	*$ 47,773*
Veeva Vault	*69,967*	*$ 50,225*	*$ 35,403*	*$ 21,056*	*$ 8,430*
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LTV/CAC of 2.4x

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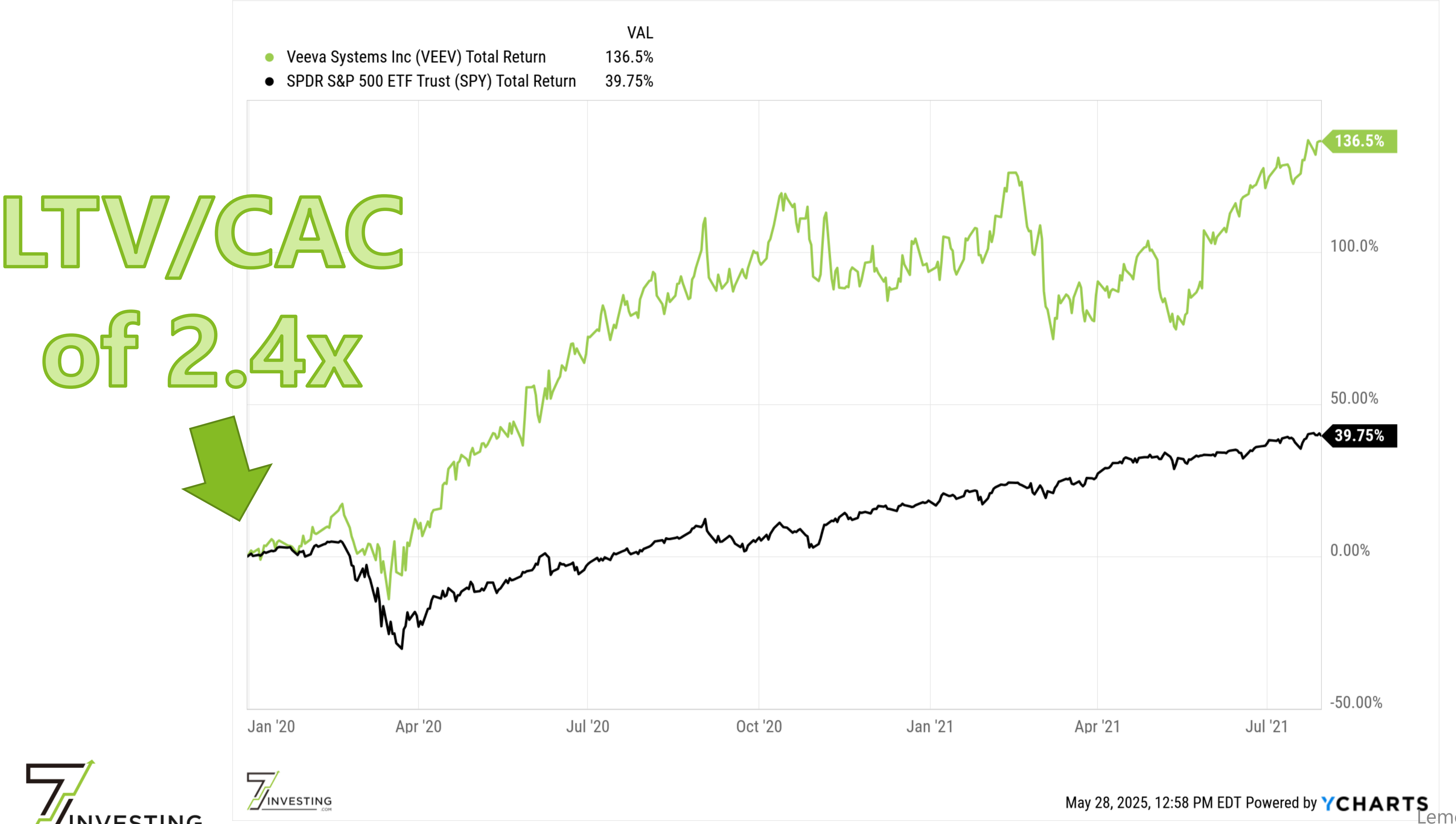
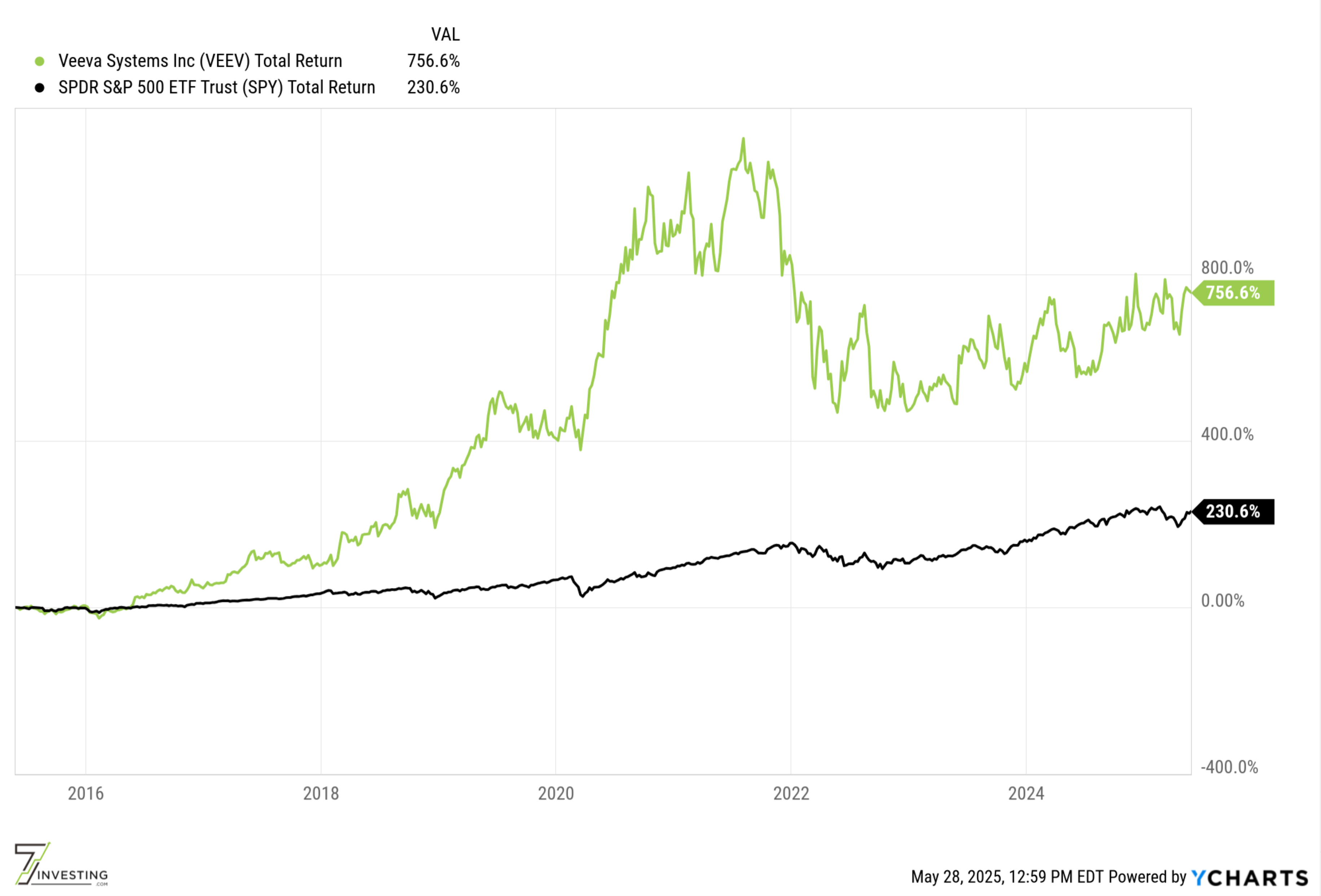
Veeva's Forward Return @ LTV/CAC of 2.4x



Veeva is an "8-Bagger" over the past 10 years



Investing Insights: Marketing

From the 7investing Community Forum:

- An **LTV / CAC ratio of 3x** (which is slightly lower; now closer to 2.2x) is very good for a software company.
- It is similar to the LTV/CAC of Veeva Systems in 2019, and the stock went on to (more than) double during the following 12 months.
- One of the reasons Lemonade's LTV/CAC is so attractive is due to its **partnership with General Catalyst**.
- Using "Synthetic Agents" (where the entire customer experience, from clicking on the first ad to setting up a policy, is controlled by Lemonade), Lemonade leans on GC to finance up to 80% of its acquisition costs (digital ads) in exchange for paying them a commission of up to 16% of the final premium.
- This is a win-win; keeping Lemonade's cash requirements for marketing to a minimum in exchange for a profitable relationship for GC.

Investing Results: Fundamentals

Top-Line Growth:

• Recently surpassed $1 billion of in force premiums -- i.e. the premium has been paid and the policy is active.

• Total revenue of $526 million in fiscal 2024 (+22%). Guidance of $662 million in fiscal 2025 (+26%).

• Adjusted free cash flow of $47 million, compared to ($113 million) in 2023. This adds back net borrowings under its financing agreement with General Catalyst.

Other Q1 2025 Results:

• 115,440 new customers added in Q1 2025

• $396 average premium per customer; +4% over Q1'24

• Gross loss ratio of 73%; vs 74% in Fiscal 2024

• 84% annual dollar retention; vs 86% in Fiscal 2024 and vs 87% in 2023.

• Now more disciplined: "The decline in ADR is largely attributable to the non-renewal of policies which failed to meet certain underwriting criteria."

• 30% adjusted gross profit margin; vs 31% in Q1'24

• "Growth spend" of sales & marketing was $38 million, +92% over Q1'24

Investing Insights: LTV vs CAC

Customer Lifetime Value :

(Average premium per customer x Gross profit margin) / (Annual churn rate)

- ($396 annual premium x 30% adjusted gross profit margin) / (1 - 84% annual dollar retention)
- LTV = $742

Customer Acquisition Cost:

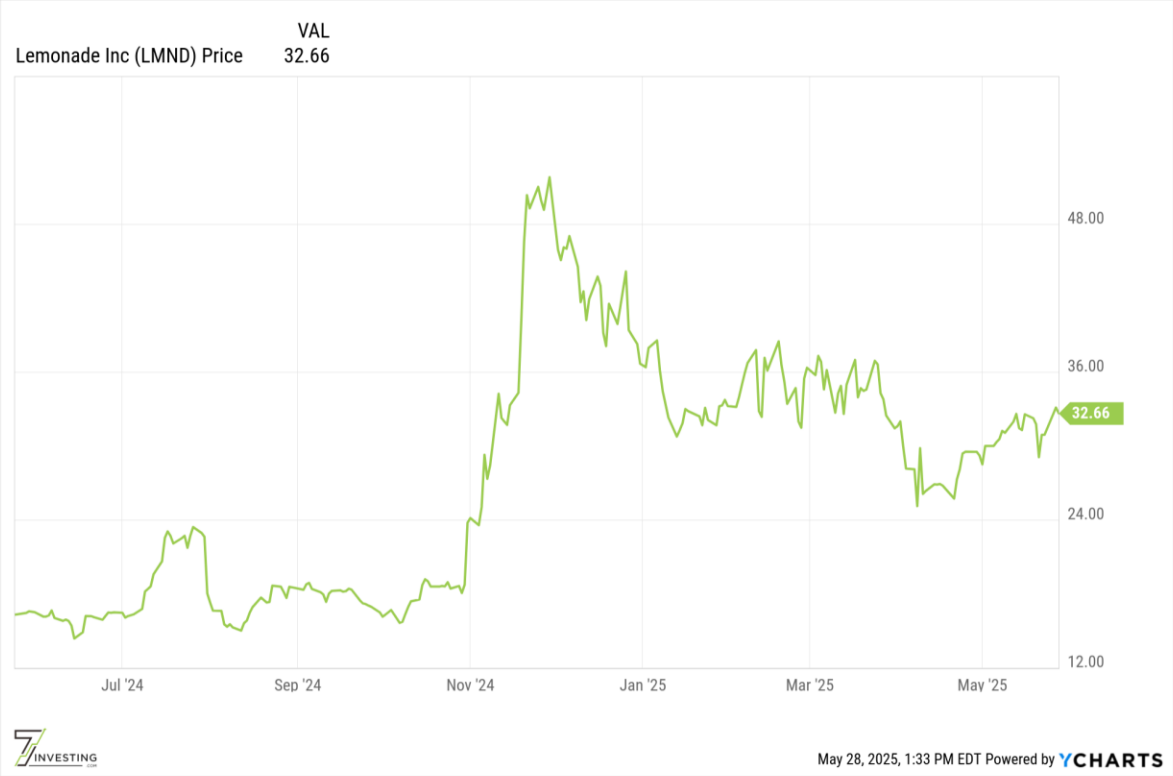
(Sales & Marketing growth spend) / (New customers added)

- ($38 million growth spend) / 115,440 new customers added
- CAC = $330

LTV / CAC = $742 / $330 = 2.24x

Thoughts on Valuation

- LMND’s stock price is $32.66 and its current market cap is $2.4 billion.
- Currently priced at a Price/Book Value of 4x. Nearly double many traditional insurers who are growing slower and are less efficient.
- Wall Street's consensus price target of the 8 analysts following Lemonade is $30. Suggesting the shares are currently fairly-valued.
- Several takes on social media and investing blogs suggest Wall Street is undervaluing Lemonade's growth rates and operational leverage. And the shares should be priced closer to $150.
- LMND's stock is up 100% during the past twelve months but is still largely unchanged from its $29/share IPO in July 2020.



VAL
Lemonade Inc (LMND) Price 32.72
150.00
100.00
50.00
0.00
32.72
2021
2022
2023
2024
2025
May 28, 2025, 1:07 PM EDT Powered by YCHARTS

Investing Insights: Technical Analysis

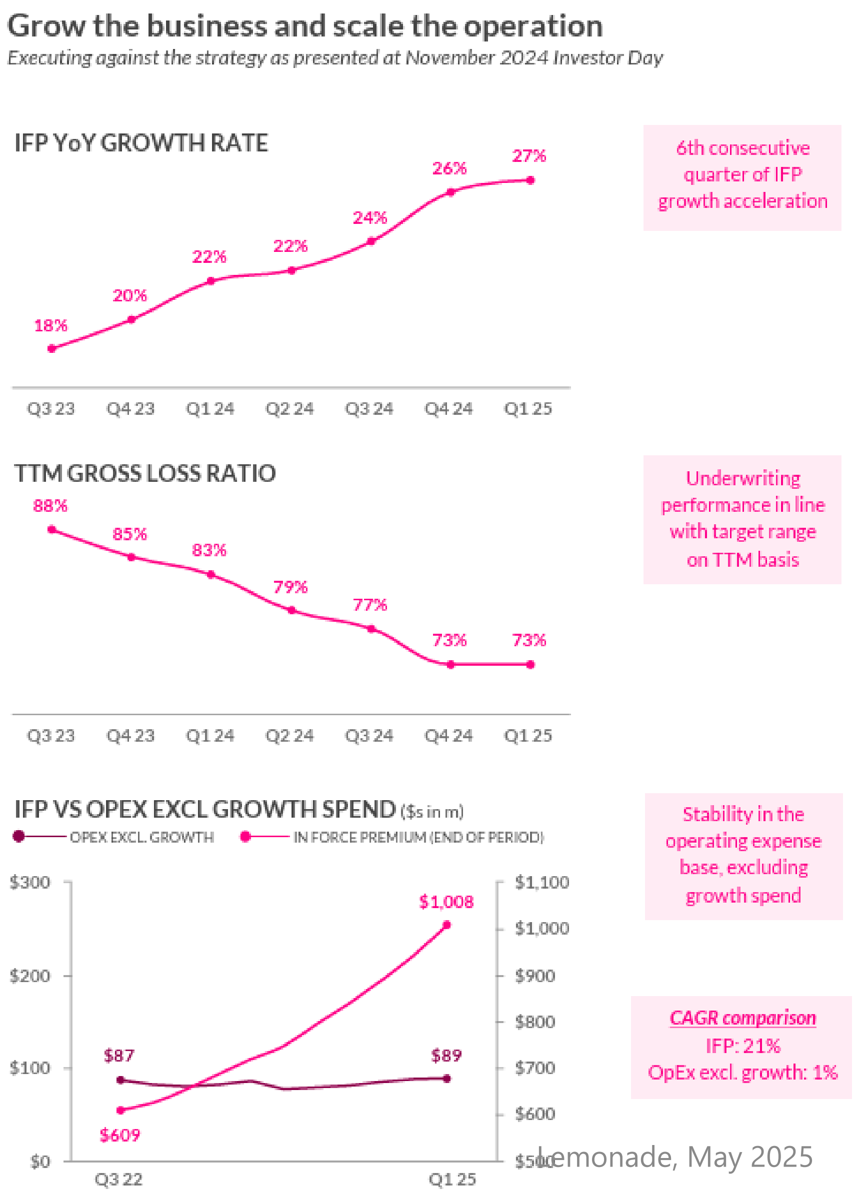
- 28% short interest of free float
- 8.5 days to cover (Short Interest / Average Daily Volume)

Investing Insights: Technical Analysis

- 28% short interest of free float
- 8.5 days to cover (SI / ADV)
- **Both are very high; significant short pressure is weighing on LMND’s stock price**

Recap: Profitable Top-Line Growth + Improving Fundamentals

- Consumer-focused insurance TAM: $5 trillion globally
- Disciplined underwriting is very important
- Strong fundamentals and unit economics
- Profitable marketing strategy
- Inherent operating leverage
- Financial discipline
- **I am confident in Lemonade's future as a long-term investment opportunity.**



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Lemonade

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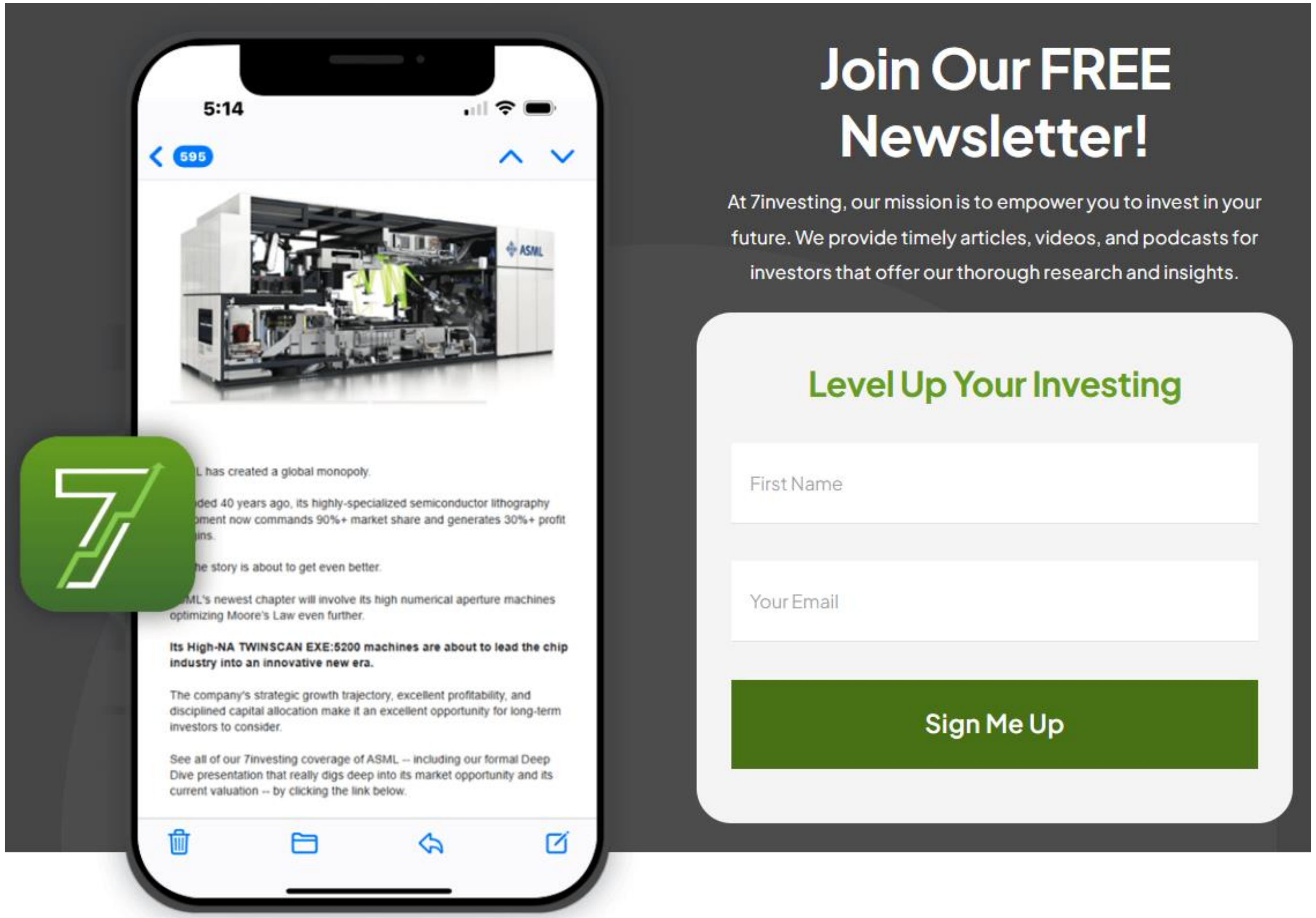

Lemonade
(NYSE: LMND)

Simon Erickson
7investing Lead Advisor