lightspeed

First Quarter FY2024 Results

August 3, 2023



Disclaimer

General

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

Cautionary Note Regarding Forward-Looking Information

This presentation 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 revenue 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; macroeconomic conditions such as increasing inflationary pressures, interest rates, instability in the banking sector and global economic uncertainty; our expectations regarding the costs, timing and impact of our cost reduction initiatives; events such as the Russian Invasion of Ukraine; and expectations regarding industry and consumer spending trends, our growth rates, the achievement of advances in and expansion of our platform, our revenue and the revenue generation potential of our payment-related and other solutions, the impact of our decision to sell our POS and payments solutions as one unified platform, our gross margins and future profitability, acquisition outcomes and synergies, the impact of pending and threatened litigation, the impact of foreign currency fluctuations on our results of operations, our business plans and strategies and our competitive position in our industry, is forward-looking information.

This forward-looking information and other forward-looking information is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

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 Operation, under "Risk Factors" in our most recent Annual Information Form, and in our filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which are available under our profiles on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. 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.

The forward-looking information contained in this presentation represents our expectations as of the date of this presentation (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.

Non-IFRS Measures and Ratios and Industry Metrics

This presentation makes reference to certain non-IFRS measures and ratios and key performance indicators, which do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Refer to "Appendix B" for more details on such non-IFRS measures and ratios, the definition of "Adjusted EBITDA" and "Adjusted EBITDA as a percentage of revenue" and a reconciliation of such non-IFRS measures and ratios to the most directly comparable IFRS measure. In addition, the terms "Average Revenue Per User" or "ARPU", "Customer Locations", "Gross Payment Volume" or "GPV", "Gross Transaction Volume" or "GTV" are operating metrics used in our industry. See "Appendix A" of this presentation for the definition of each such industry metric.

At-a-glance - Q1'2024

$209.1 million
Q1'24 revenue

$5.1[1] billion
Q1'24 Gross Payment Volume ("GPV")

20%[2] growth
in ARPU YoY to ~$383[1][3] (Excluding Ecwid)[4]

$23.4[1][5] billion
Q1'24 Gross Transaction Volume ("GTV")

20%[6] growth
in revenue YoY

56%[6] growth
Gross Payment Volume

96%
recurring or reoccurring subscription and transaction-based revenue (Q1'24)

10%[2][7] growth
500k+ GTV Customer Locations[1]

(1) Key Performance Indicator. See Appendix A.
(2) As at June 30, 2023 vs as at June 30, 2022.
(3) As at June 30, 2023.
(4) Excluding Ecwid means excluding Customer Locations attributable to the Ecwid eCommerce standalone product.
(5) GTV does not represent revenue generated by Lightspeed.
(6) Three months ended June 30, 2023 vs June 30, 2022.
(7) Excluding Customer Locations and GTV attributable to the Ecwid eCommerce standalone product, Lightspeed Golf and NuORDER by Lightspeed product. A Customer Location's GTV per year is calculated by annualizing the GTV for the months in which the Customer Location is actively processing in the last twelve months.

Big picture

- Gross Payment Volume grew **56%** [1] YoY to **$5.1 billion** [2]
- **22%** GPV as a percentage of GTV [2][3]
- **21%** [1] YoY increase in subscription and transaction-based revenue
- ARPU of approximately **$383** increased **20%** [4][5]

(1) Three months ended June 30, 2023 vs June 30, 2022.
(2) For the three months ended June 30, 2023.
(3) GTV does not represent revenue generated by Lightspeed.
(4) Excluding Customer Locations attributable to the Ecwid eCommerce standalone product.
(5) As at June 30, 2023 vs as at June 30, 2022.

Quarterly results and outlook

Results

Q1'2024

$209.1 million revenue
$(48.7) million net loss
$(7.0) million Adjusted EBITDA loss[1]

Outlook[2]

Q2'2024

~$210-215 million revenue
~$(4) million Adjusted EBITDA loss[1]

Fiscal 2024

~$875-900 million revenue
Break even or better Adjusted EBITDA[1]

(1) This is a non-IFRS measure or ratio. Please see Appendix B for Non-IFRS Measures and Ratios definition and the reconciliation to the most directly comparable IFRS measure.
(2) The financial outlook is fully qualified and based on a number of assumptions and subject to a number of risks. Refer to Appendix C for the financial outlook assumptions and risks and "Disclaimer - Cautionary Note Regarding Forward-Looking Information".

Customer spotlight - Q1'2024

CÔTE DE BŒUF

Heart's

Le Tambour

UNION

- Lightspeed Restaurant

Chef Teo Paul's Côte de Boeuf, Hearts Tavern, Le Tambour Tavern and Michelin recommended, Union, have chosen Lightspeed Restaurant to support their expansion.

BATH HOUSE

ARTISANS OF NATURAL BEAUTY

- Lightspeed Retail

Bath House is a natural skincare and fragrance provider from the UK. The functionally sustainable brand has chosen Lightspeed Retail to power their six locations, allowing customers to experience their artisanal products.

COVE CAY

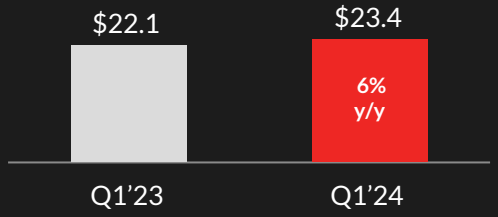
GOLF CLUB

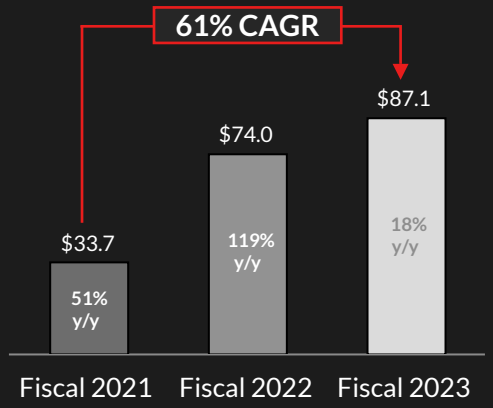
- Lightspeed Golf
- Lightspeed Restaurant
- Lightspeed Retail

Cove Cay Golf Club in Clearwater Florida has joined Lightspeed with the ultimate trifecta; Golf, Restaurant, and Retail. This USGA rated, 18-hole championship length course is located along the beautiful, western shores of Old Tampa Bay and ran by two golf professionals.

Growing GTV

Gross Transaction Volume (in $B) [1]





Total Revenue as a % of GTV [1]



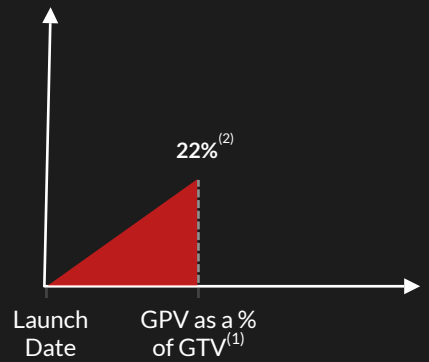
6% GTV growth YoY[1][2] with similar growth rates for retail and hospitality GTV growth

(1) GTV does not represent revenue generated by Lightspeed. See Appendix A.
(2) Three months ended June 30, 2023 vs June 30, 2022.

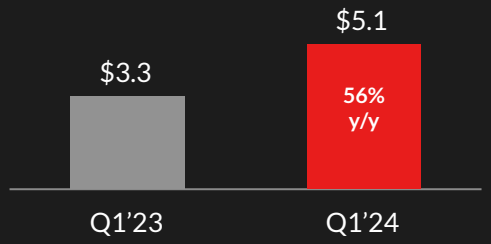
Payments opportunity

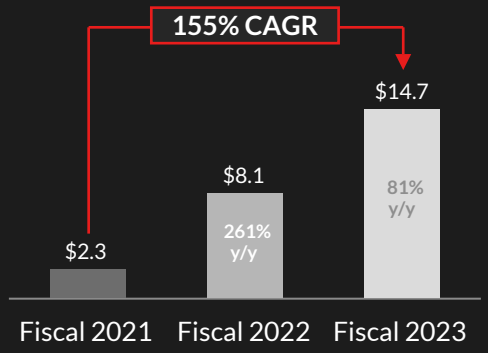
Payment Solutions

- GPV increased **56%** YoY[3] to **$5.1B** in Q1'24
- GPV as a % of GTV increased
- Early in fiscal 2024, Lightspeed launched unified Payments and POS initiative



Gross Payment Volume (in $B)





Currently processed through our Payments Solutions

$5.1B
Q1'24 GPV

$23.4B[1]
Q1'24 GTV

Long-Term GTV Opportunity

(1) GTV does not represent revenue generated by Lightspeed. See Appendix A.
(2) For the three months ended June 30, 2023.
(3) Three months ended June 30, 2023 vs June 30, 2022.

Ideal customers and cohorts



Lightspeed Retail

Leading solution in North America, UK and APAC

For ambitious retailers who want intuitive tech to help scale their business, Lightspeed Retail is the easy-to-use platform loved by customers. Our unified system automates tasks, streamlines processes and improves visibility across channels, so you can focus on what matters.

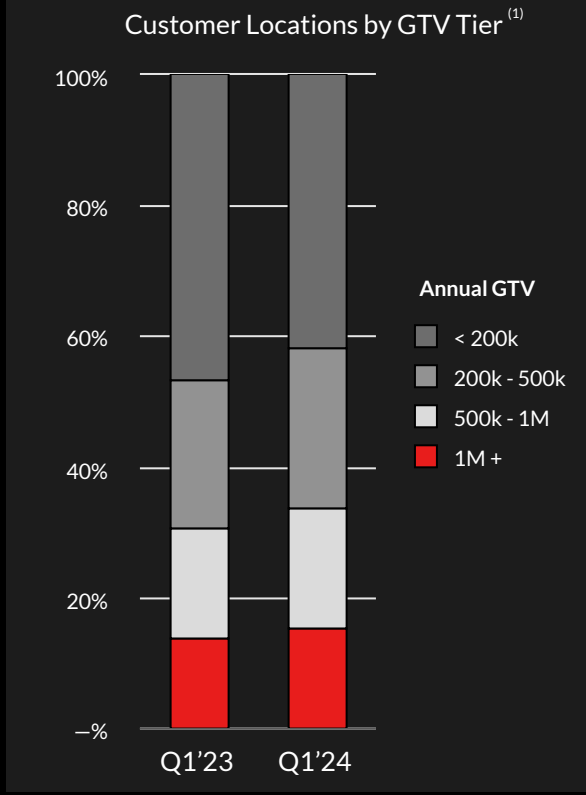


Lightspeed Restaurant

Leading solution in North America, Europe and APAC

For driven hospitality professionals who want to accelerate their growth while providing the best guest experience, Lightspeed Restaurant is the fast, flexible multilocation platform that simplifies your processes and connects your teams, so you can focus on what matters.

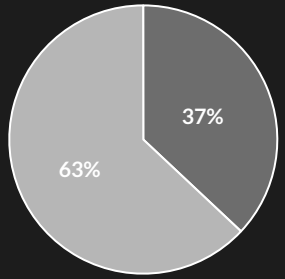
- Customer Locations with GTV of over $500,000/year[(1)] increased **10%** YoY[(2)]
- Customer Locations with GTV of over $1 million/year[(1)] increased **11%** YoY[(2)]
- Customer Locations with GTV of over $500,000/year[(1)] have a lower risk of churn and higher life time value for Lightspeed compared to lower GTV/year customers



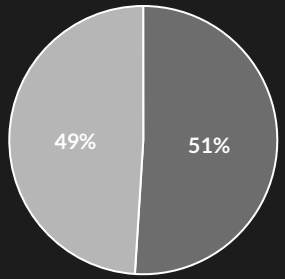
(1) Excluding Customer Locations and GTV attributable to Ecwid eCommerce standalone product, Lightspeed Golf and NuORDER by Lightspeed product. A Customer Location's GTV per year is calculated by annualizing the GTV for the months in which the Customer Location is actively processing in the last 12 months.
(2) As at June 30, 2023 vs as at June 30, 2022.

Shifting sales mix and expanding ARPU

Global Footprint[1]

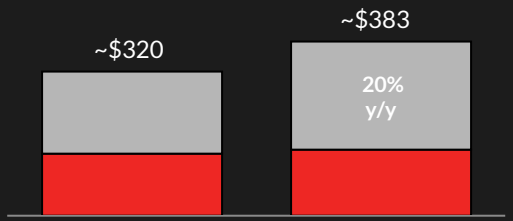


Retail
Hospitality



Europe / ROW
North America

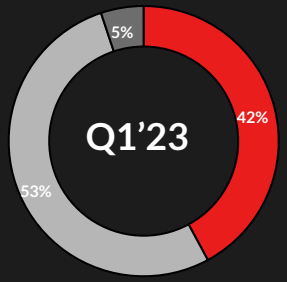
ARPU[2]

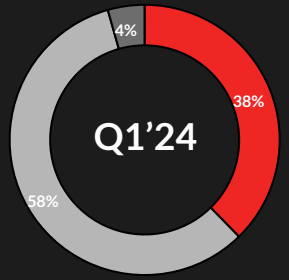


Subscription
Transaction-based

- Focus on higher GTV customers drives ARPU growth
- ARPU growth driven by customer adoption of additional solutions and modules
- ARPU expansion improves revenue growth

Sales Mix

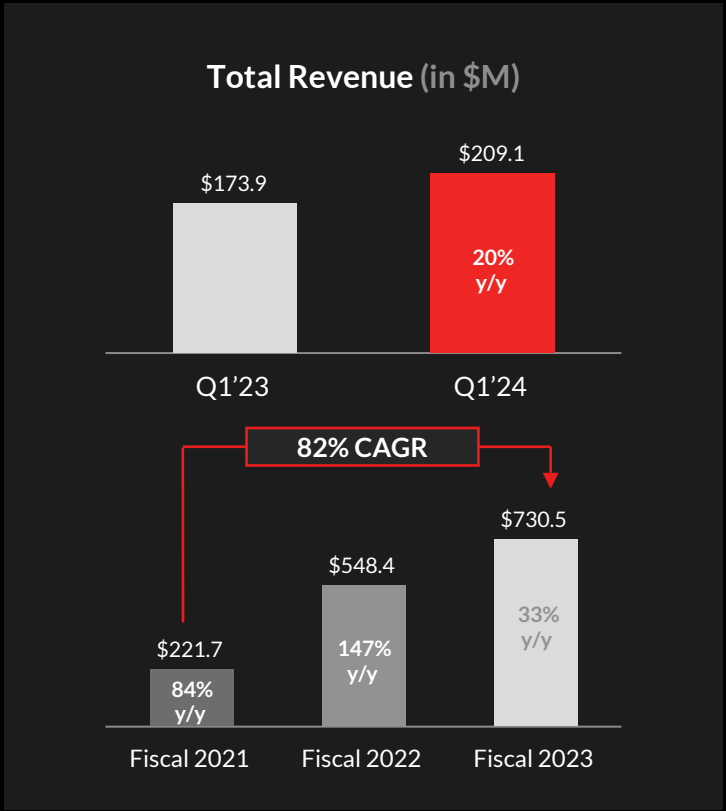




Subscription revenue
Transaction-based revenue
Hardware & other revenue

(1) Customer Location industry and geographic distribution is approximate as at June 30, 2023 and excluding the Customer Locations attributable to the Ecwid eCommerce standalone product.
(2) ARPU excludes Customer Locations attributable to the Ecwid eCommerce standalone product, which generally carry a lower ARPU.

Focusing on disciplined growth



	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Net Loss (in $M)	$(100.8)	$(79.9)	$(814.8) [2]	$(74.5)	$(48.7)
Net Loss as a % of Revenue	(58.0)%	(43.5)%	(431.8)% [2]	(40.4)%	(23.3)%
Adjusted EBITDA Loss [1] (in $M)	$(15.6)	$(8.5)	$(5.4)	$(4.3)	$(7.0)
Adjusted EBITDA Loss as a % of Revenue [1]	(9.0)%	(4.6)%	(2.9)%	(2.4)%	(3.4)%

(1) This is a Non-IFRS measure or ratio. Please see Appendix B for Non-IFRS Measures and Ratios definition and the reconciliation to the most directly comparable IFRS measure.
(2) Q3'23 Net loss includes a non-cash goodwill impairment charge of $748.7 million.

APPENDIX A

Appendix A - Industry metrics

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. These key performance indicators are also 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 and ratios. We also believe that securities analysts, investors and other interested parties frequently use industry metrics in the evaluation of issuers. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

"Average Revenue per User" or "ARPU"represents the total subscription revenue and transaction-based revenue of the Company in the period divided by the number of Customer Locations of the Company in the period. We use this measure as we believe it provides a helpful supplemental indicator of our progress in growing the revenue that we derive from our customer base. For greater clarity, the number of Customer Locations of the Company in the period is calculated by taking the average number of Customer Locations throughout the period.

"Customer Location" means a billing merchant location for which the term of services have not ended, or with which we are negotiating a renewal contract, and, in the case of NuORDER, a brand with a direct or indirect paid subscription for which the terms of services have not ended or in respect of which we are negotiating a subscription renewal. A single unique customer can have multiple Customer Locations including physical and eCommerce sites and in the case of NuORDER, multiple subscriptions. We use this measure as we believe that our ability to increase the number of Customer Locations with a high GTV per year served by our platform is an indicator of our success in terms of market penetration and growth of our business. A Customer Location's GTV per year is calculated by annualizing the GTV for the months in which the Customer Location was actively processing in the last twelve months.

"Gross Payment Volume" or "GPV" means the total dollar value of transactions processed, excluding amounts processed through the NuORDER solution, in the period through our payments solutions in respect of which we act as the principal in the arrangement with the customer, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We use this measure as we believe that growth in our GPV demonstrates the extent to which we have scaled our payments solutions. As the number of Customer Locations using our payments solutions grows, particularly those with a high GTV, we will generate more GPV and see higher transaction-based revenue. We have excluded amounts processed through the NuORDER solution from our GPV because they represent business-to-business volume rather than business-to-consumer volume and we do not currently have a robust payments solution for business-to-business volume.

"Gross Transaction Volume" or "GTV" means the total dollar value of transactions processed through our cloud-based software-as-a-service platform, excluding amounts processed through the NuORDER solution, in the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We use this measure as we believe GTV is an indicator of the success of our customers and the strength of our platform. GTV does not represent revenue earned by us. We have excluded amounts processed through the NuORDER solution from our GTV because they represent business-to-business volume rather than business-to-consumer volume and we do not currently have a robust payments solution for business-to-business volume.

APPENDIX B

Appendix B - Non-IFRS measures and ratios

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

Adjusted EBITDA is defined as net loss excluding interest, taxes, depreciation and amortization, or EBITDA, as adjusted for share-based compensation and related payroll taxes, compensation expenses relating to acquisitions completed, foreign exchange gains and losses, transaction-related costs, restructuring, litigation provisions and goodwill impairment. We believe that Adjusted EBITDA provides a useful supplemental measure of the Company’s operating performance, as it helps illustrate underlying trends in our business that could otherwise be masked by the effect of the income or expenses that are not indicative of the core operating performance of our business.

Adjusted EBITDA as a percentage of revenue is calculated by dividing our Adjusted EBITDA by our total revenue. We believe that Adjusted EBITDA as a percentage of revenue provides a useful supplemental measure of the Company’s operating performance, as it helps illustrate underlying trends in our business that could otherwise be masked by the effect of the income or expenses that are not indicative of the core operating performance of our business.

Appendix B - Non-IFRS measures and ratios

The following table reconciles net loss to Adjusted EBITDA for the periods indicated:

(In thousands of US dollars, except percentages)	Three months ended				
	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022
	$	$	$	$	$
Net Loss	(48,703)	(74,468)	(814,802)	(79,943)	(100,796)
Net loss as a percentage of revenue	(23.3)%	(40.4)%	(431.8)%	(43.5)%	(58.0)%
Share-based compensation and related payroll taxes[(1)]	18,733	15,967	34,470	34,928	38,302
Depreciation and amortization[(2)]	28,192	28,380	28,802	28,935	29,144
Foreign exchange loss (gain)[(3)]	671	297	(968)	29	443
Net interest income[(2)]	(10,362)	(9,654)	(8,300)	(4,851)	(2,007)
Acquisition-related compensation[(4)]	2,545	5,746	6,290	12,653	17,103
Transaction-related costs[(5)]	609	2,323	390	947	2,174
Restructuring[(6)]	472	25,549	1,324	603	1,207
Goodwill impairment[(7)]	—	—	748,712	—	—
Litigation provisions[(8)]	9	229	64	198	918
Income tax expense (recovery)	823	1,283	(1,391)	(2,022)	(2,089)
Adjusted EBITDA	(7,011)	(4,348)	(5,409)	(8,523)	(15,601)
Adjusted EBITDA as a percentage of revenue	(3.4)%	(2.4)%	(2.9)%	(4.6)%	(9.0)%

Appendix B - Non-IFRS measures and ratios

(1) These expenses represent non-cash expenditures recognized in connection with issued stock options and other awards under our equity incentive plans to our employees and directors, and cash related payroll taxes given that they are directly attributable to share-based compensation; they can include estimates and are therefore subject to change. For the three months ended June 30, 2023, share-based compensation expense was $17,823 (June 2022 - expense of $38,528), and related payroll taxes were an expense of $910 (June 2022 - recovery of $226). These amounts are included in direct cost of revenues, general and administrative expenses, research and development expenses and sales and marketing expenses (see note 6 of the unaudited condensed interim consolidated financial statements for additional details).

(2) In connection with the accounting standard IFRS 16 - Leases, for the three months ended June 30, 2023, net loss includes depreciation of $2,230 related to right-of-use assets, interest expense of $287 on lease liabilities, and excludes an amount of $2,066 relating to rent expense ($2,047, $271, and $2,092, respectively, for the three months ended June 30, 2022).

(3) These non-cash losses relate to foreign exchange translation.

(4) These costs represent a portion of the consideration paid to acquired businesses that is contingent upon the ongoing employment obligations for certain key personnel of such acquired businesses, and/or on certain performance criteria being achieved.

(5) These expenses relate to professional, legal, consulting, accounting, advisory, and other fees relating to our public offerings and acquisitions that would otherwise not have been incurred. These costs are included in general and administrative expenses and sales and marketing expenses.

(6) During the fiscal year ended March 31, 2023, certain functions and the associated management structure were reorganized to realize synergies and ensure organizational agility. The expenses associated with this reorganization were recorded as a restructuring charge.

(7) This amount represents a non-cash goodwill impairment charge taken during Q3FY23.

(8) These amounts represent provisions taken and other costs, such as legal fees, incurred in respect of certain litigation matters, net of amounts covered by insurance and indemnifications. These amounts do not include provisions taken and other costs incurred in respect of litigation matters of a nature that we consider normal to our business. These amounts are included in general and administrative expenses.

APPENDIX C

Appendix C - Financial outlook assumptions

When calculating the Adjusted EBITDA included in our financial outlook for the second quarter and full year ended March 31, 2024, we considered IFRS measures including revenue, direct cost of revenue, and operating expenses. Our financial outlook is based on a number of assumptions, including assumptions related to inflation, changes in interest rates, consumer spending, foreign exchange rates and other macroeconomic conditions; that the jurisdictions in which Lightspeed has significant operations do not impose strict measures put in place in response to pandemics like the COVID-19 pandemic; requests for subscription pauses and churn rates owing to business failures remain in line with planned levels; our Customer Location count remaining in line with our planned levels (particularly in higher GTV cohorts); revenue streams resulting from certain partner referrals remaining in line with our expectations (particularly in light of our decision to unify our POS and payments solutions, which payments solutions have in the past and may in the future, in some instances, be perceived by certain referral partners to be competing with their own solutions); customers adopting our payments solutions having an average GTV at or above that of our planned levels; accelerated uptake of our payments solutions as compared to prior rates and expectations in connection with our decision to sell our POS and payments solutions as one unified platform; gross margins reflecting this trend in revenue mix; our ability to price our payments solutions in line with our expectations and to achieve suitable margins; our ability to achieve success in the continued expansion of our payments solutions, including as part of our initiative to sell our POS and payments solutions as one unified platform; historical seasonal trends return to certain of our key verticals and impact our GTV and transaction-based revenues; continued success in module adoption expansion throughout our customer base; our ability to derive the benefits we expect from the acquisitions we have completed including expected synergies resulting from the prioritization of our flagship Lightspeed Retail and Lightspeed Restaurant offerings; market acceptance and adoption of our flagship offerings; our ability to attract and retain key personnel required to achieve our plans; our expectations regarding the costs, timing and impact of our cost reduction initiatives; our ability to manage customer churn; and our ability to manage customer discount and payment deferral requests. Our financial outlook does not give effect to the potential impact of acquisitions that may be announced or closed after the date hereof. Our financial outlook, including the various underlying assumptions, constitutes forward-looking information and should be read in conjunction with the "Disclaimer - Cautionary Note Regarding Forward-Looking Information." 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 the risks and uncertainties related to: macroeconomic factors affecting small and medium-sized businesses, including inflation, changes in interest rates and consumer spending trends; instability in the banking sector; exchange rate fluctuations; any pandemic such as the COVID-19 pandemic; the Russian invasion of Ukraine and reactions thereto; our inability to attract and retain customers; our inability to increase customer sales; our inability to implement our growth strategy; our inability to continue the acceleration of the global rollout and adoption of our payments solutions, including our initiative to sell our POS and payments solutions as one unified platform; risks relating to our merchant cash advance program and our ability to continue offering merchant cash advances in line with our expectations; our reliance on a small number of cloud service suppliers and suppliers for parts of the technology in our payments solutions; our ability to maintain sufficient levels of hardware inventory; our inability to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform; our ability to prevent and manage information security breaches or other cyber-security threats; 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; our ability to obtain, maintain and protect our intellectual property; risks relating to international operations, sales and use of our platform in various countries; our liquidity and capital resources; pending and threatened litigation and regulatory compliance; changes in tax laws and their application; our ability to expand our sales, marketing and support capability and capacity; our ability to execute on our cost reduction initiatives; and maintaining our customer service levels and reputation. 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.

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lightspeed