

Second Quarter 2020 Earnings

November 7, 2019

lightspeed

Disclaimer

General

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

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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 future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, 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.

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

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

Today's Speakers



Dax Dasilva – CEO

- Founded Lightspeed in 2005
- 20+ years of entrepreneurship

JP Chauvet – President

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

Brandon Nussey – CFO

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

Lightspeed at-a-glance



~$17.4B (2)
LTM Gross Transaction Volume (“GTV”)

~57,000 (2)
Customer Locations

~100 (2)
Countries

IPO (1)
March 2019

Lightspeed Payments
Launched Jan 2019

$28.0M
2Q’20 Revenue

51% (3)
YoY Revenue Growth

~90%
Recurring Software and Payments Revenue (2Q’20)

1. LSPD on the Toronto Stock Exchange
2. As of September 30, 2019
3. 3-months ended September 30, 2019 vs September 30, 2018



Bringing cities and communities to life by powering SMBs

Lightspeed Mission

Lightspeed growth strategies

Attract New Merchants

- Large, underserved market
- Investing in brand awareness and continuous innovation
- Driving growth in net new customer locations

Enter New Markets

- Leverage sales/marketing expertise
- ~1/3 of revenue from outside North America

Expand ARPU

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



chronogolf

Ikentoo

Kounta

Accelerate Product Roadmap

Increase Market Penetration

Bringing Together Best-of- Breed

Deliver Shareholder Value

chronogolf

- Acquisition completed 6 months ago. Brought instant leadership within the golf course vertical
- Proof point: Chronogolf’s growth in new customers accelerated to 114% over the past 6 months, up from 53% a year ago
- Nearly 700 golf courses now use Lightspeed to power their operations
- Large customer wins since acquisition: KemperSports (100 courses) and Landscapes Golf (50 courses)

- Recently-acquired Australian leader in cloud-based POS solutions for small and medium sized businesses in the hospitality industry

- Kounta serves >7K customer locations, with a strong presence in Australia and New Zealand. Gives Lightspeed greater foothold in APAC region

- Can leverage Kounta's experience and relationships in the region to accelerate the adoption of Lightspeed Retail offering, further data strategy and eventually leverage Lightspeed Payments

- Kounta brings a talented team driven by customer success that fits culturally with Lightspeed, similarly motivated to build a global leader in this segment

Product velocity / Channel partner successes

Recently Introduced New Products:

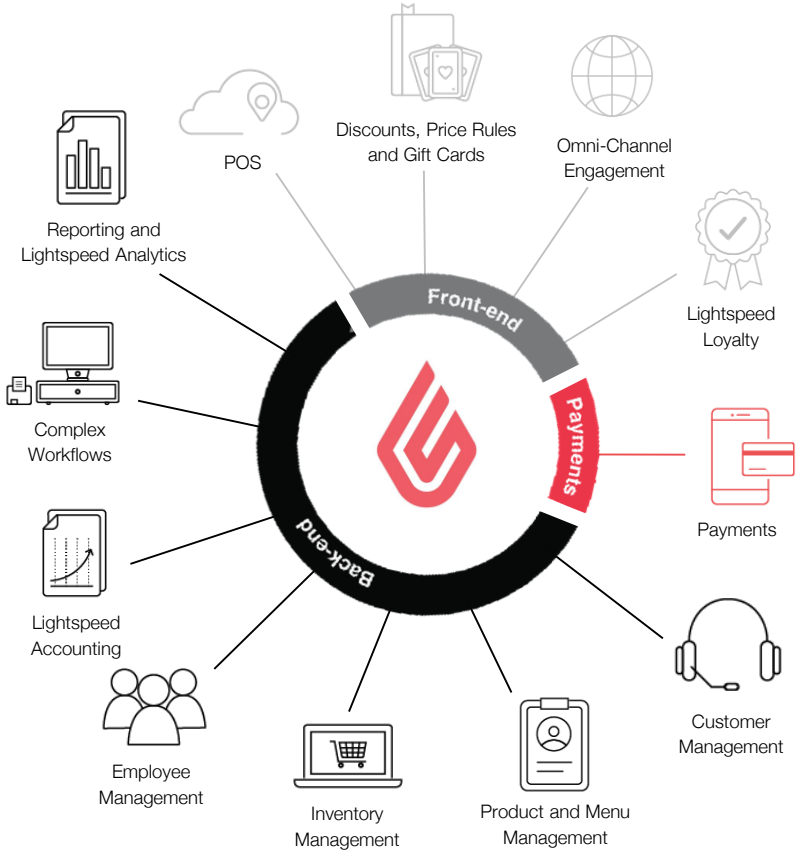
- **Retail 3.0:**
  - **Enhanced user experience**
  - **Most mobile-friendly retail offering to date**
  - **Designed to optimize selling process in complex retail environments**

Recently Formed New Partnerships:

- **Avero – Hospitality management software and analytics**
- **Lendio – Small business loan marketplace**
- **MailChimp – Engagement channel for omnichannel merchants**

Lightspeed solution

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



~57K[1] customer locations: US, Canada, Europe, Australia

(1) As of September 30, 2019. Excludes Kounta customer locations



Financial Overview

lightspeed

Financial model characteristics

Features

Recurring Subscriptions + **Recurring Payments** =

- New customers
- More locations
- More modules

% of transaction volume



Benefits

~90%
Recurring Software and Payments Revenue

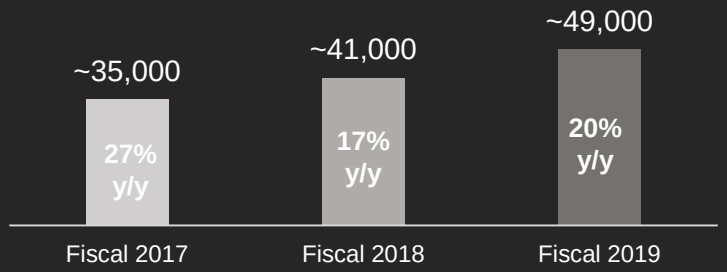
Growth in Average Revenue/Customer (ARPU)

Positive Net Dollar Retention Rates(1)

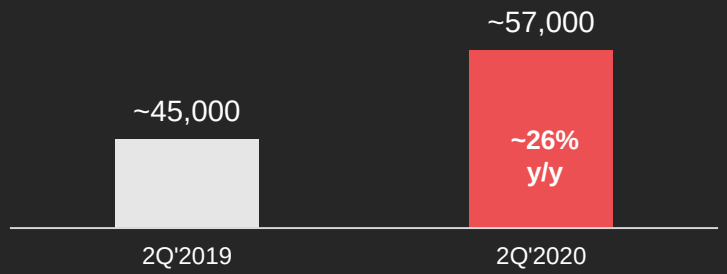
(1) As of FY ended March 31, 2019

Diverse, high-quality, growing customer base

Total Customer Locations

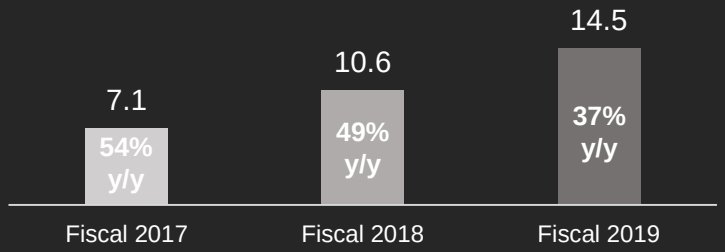


Total Customer Locations



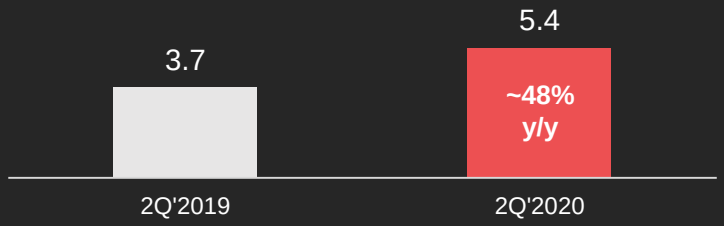
GTV*

(in $B)



GTV*

(in $B)



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

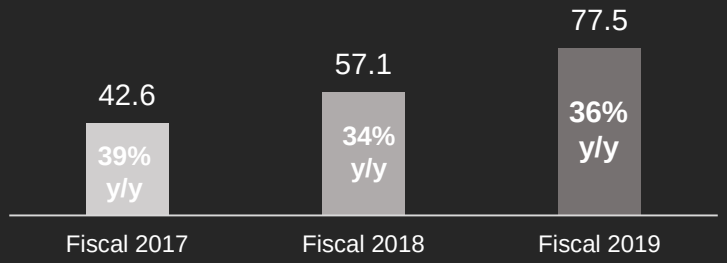
Lightspeed Payments progress report

- **Launched January 30, 2019 to US retail customers**
- **Clear early evidence of strong customer receptivity**
- **Close to 50% of eligible new US Retail customers bought alongside software in Q2**
- **Existing customers converting from incumbent solution to Payments at encouraging pace**
- **Target pricing: ~2.6% gross non-cash transaction volume; ~65bps net of direct processing costs**

Strong revenue growth

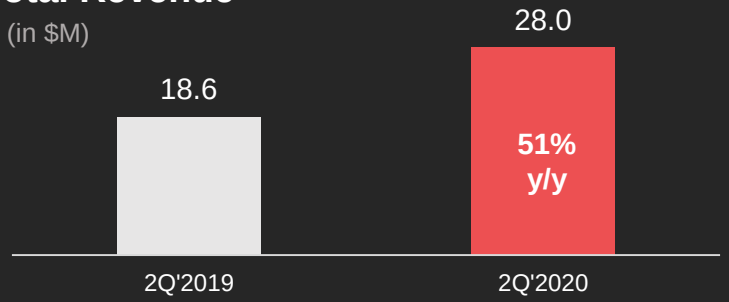
Total Revenue

(in $M)



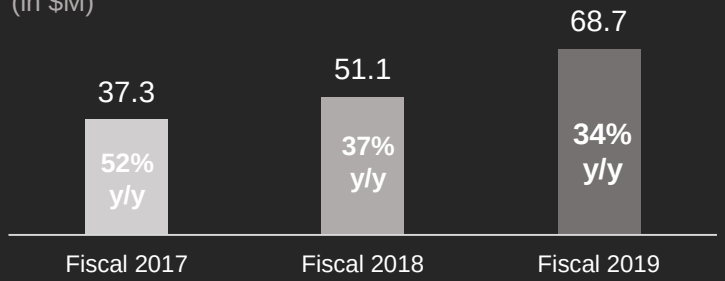
Total Revenue

(in $M)



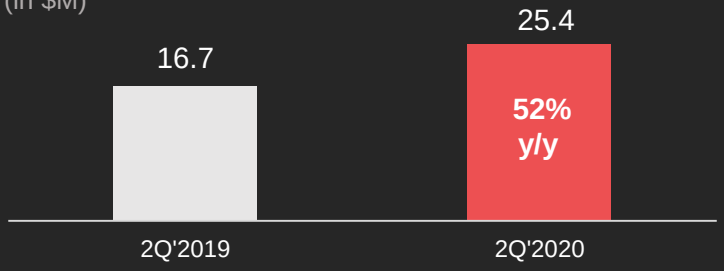
Software + Payments Revenue

(in $M)



Software + Payments Revenue

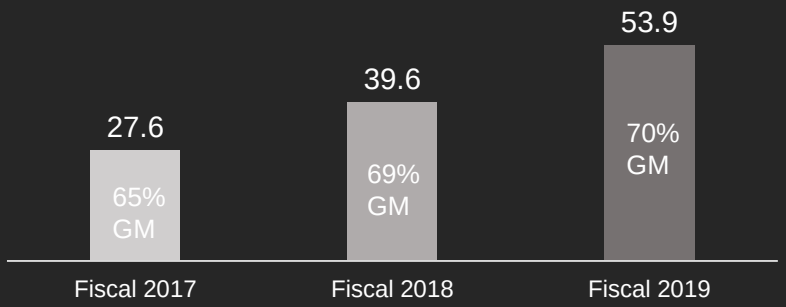
(in $M)



Significant gross profit expansion

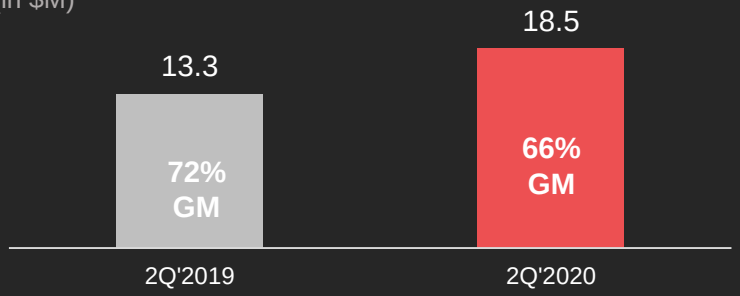
Gross Profit

(in $M)



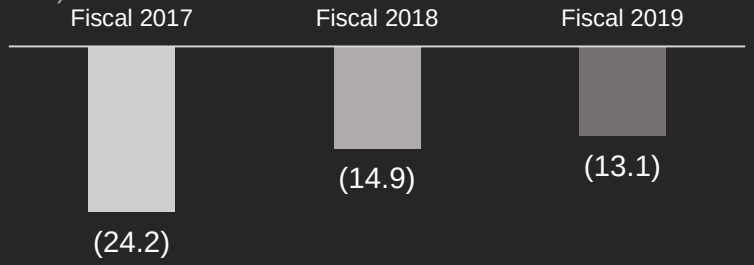
Gross Profit

(in $M)



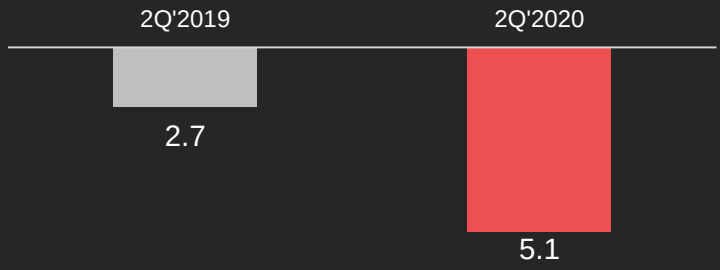
Adjusted EBITDA

(in $M)



Adjusted EBITDA

(in $M)



$172M in total cash at September 30, 2019 and no debt

Lightspeed outlook

- **Third quarter 2020 expectations:**
  - **Total revenue in the range of $31.5M - $32M**
  - **Total revenue growth 57% - 59% YoY**
  - **Adjusted EBITDA ($5M) - ($5.5M)**

- **Full year 2020 expectations:**
  - **Total revenue in the range of $117M - $119M**
  - **Total revenue growth 51 - 54% YoY**
  - **Adjusted EBITDA ($19M) - ($20M)**

- Completed acquisition on November 1st for aggregate committed proceeds on closing of just over $43M USD through a mix of cash and stock
- Additional cash and share-based incentives payable over the next 2 years in the amount of $15.5M tied to the continued employment of key team members and financial performance milestones
- For their most recently completed FY ended June 30, Kounta earned $6.5M USD in revenue
- Marketing alliance agreement with MYOB to further promote Lightspeed in the region for Retail products, as well as ongoing support for Hospitality offerings from Kounta/Lightspeed

Investment highlights



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

Appendix A – Industry Metrics

Appendix A

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

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

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

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



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