

Third Quarter 2020 Earnings

February 6, 2020

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.

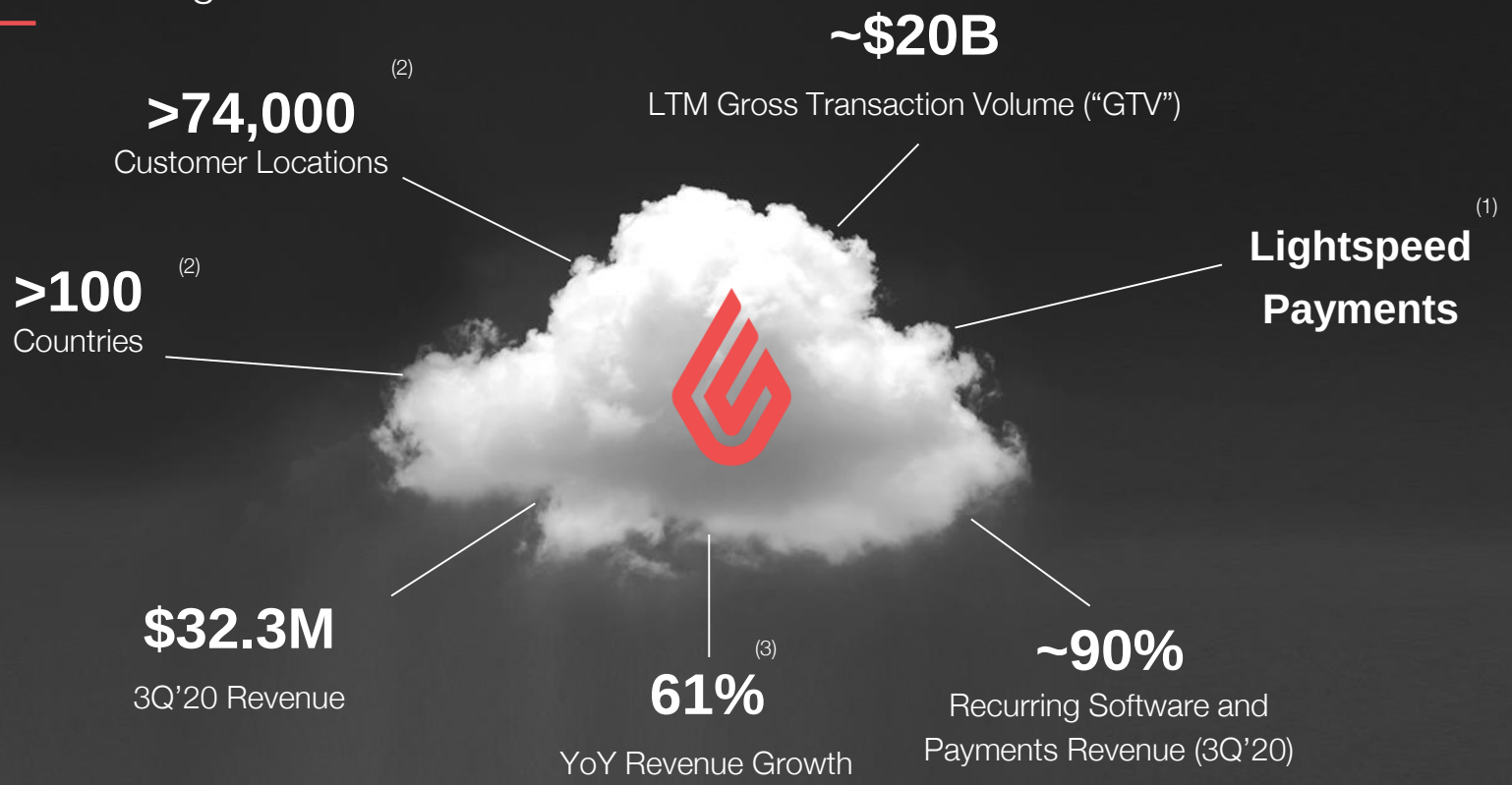
In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “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”. 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. This forward-looking information and other forward-looking information are 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 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 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 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 February 6, 2020 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.

Lightspeed at-a-glance



(1) Recently commenced rollout to U.S. hospitality and Canadian retail, in addition to existing U.S. retail offering
(2) After giving effect to the acquisition of Gastrofix GmbH on January 7, 2020
(3) 3-months ended December 31, 2019 vs December 31, 2018



Lightspeed
Mission

“**Bringing cities and communities to life** by powering SMBs”

Lightspeed Payments: Important updates

- Launched in January 2019 to US Retail customers
- Payments Adoption Rates of >50% in Q3, driven by continued strong demand and new marketing strategy implemented during the quarter
- December was most successful month yet for customers signing up for Payments
- New Payments enhancements / capabilities:
  - US Retail – New devices, enhanced reporting, faster checkout times
  - Canada Retail – Commenced initial rollout
  - US Hospitality – Commenced initial rollout
- Entered new processing partnership with Stripe

Lightspeed growth strategies

Attract New Merchants

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

Grow Globally

- Leverage sales/marketing expertise
- Increase share internationally

Expand ARPU

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

Organic + M&A

chronogolf

Ikentoo

kounta

Accelerate Product Roadmap

Increase Market Penetration

Bringing Together Best-of- Breed

Deliver Shareholder Value

Recent acquisitions

chronogolf

- Brought instant leadership within the golf course vertical
- Nearly 700 golf courses now use Lightspeed to power their operations
- Proof point: Growth in new customers was >100% during the first 6 months of FY20, up from >50% during the prior year (pre-acquisition by Lightspeed)

Ikentoo

- European leader in high performance omnichannel POS solutions and business management systems for the restaurant and hospitality industry
- Served ~4K customer locations at acquisition, with a strong presence in Switzerland, France, and South Africa. Brings further platform breadth, capabilities, and upsell opportunities across EMEA
- Business integration progressing well: Rebranded product, converged roadmap, integrated into go-to-market infrastructure, rolled out to UK and France
- Proof point: Recurring revenue growth exceeded 40% in the quarter

kounta

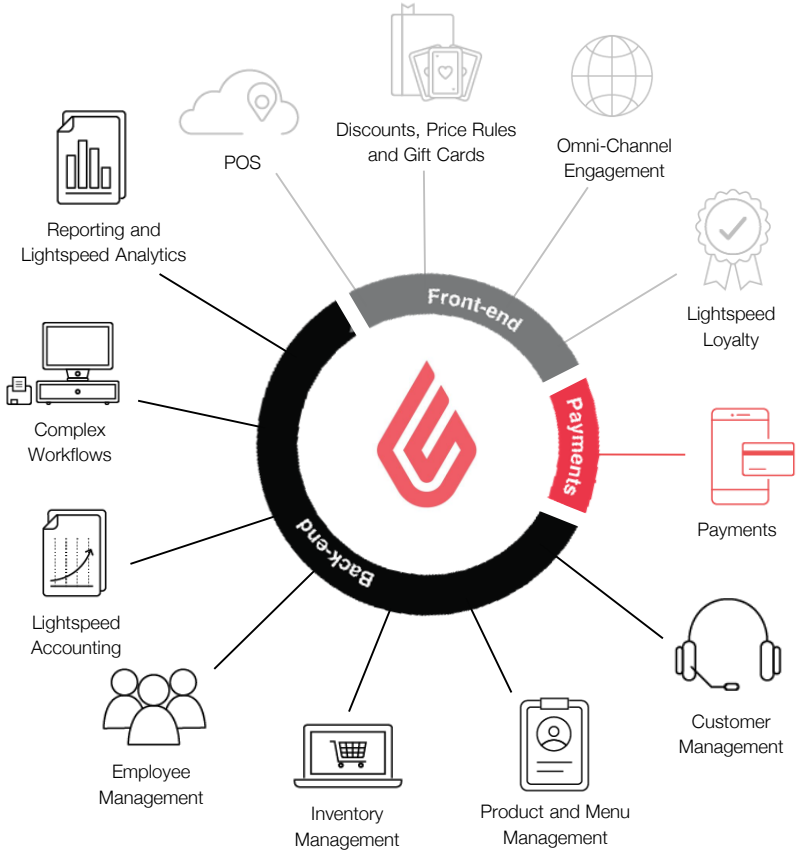
- Australian leader in cloud-based POS solutions for small and medium sized hospitality providers
- Served ~7K customer locations at acquisition, with a strong presence in Australia and New Zealand. Gives Lightspeed greater foothold in Asia Pacific region
- Integration is progressing as planned, introduced Lightspeed go-to-market methodologies, and we will offer further updates on a future quarterly call

GASTROFIX

- Most recent acquisition: Premier cloud-based hospitality POS solutions provider in Germany
- Currently serves ~8,000 customer locations, primarily high-end hospitality SMBs in Germany, Austria, and Norway
- Timely acquisition: Solidifies Lightspeed footprint across Europe, which is undergoing regulatory changes that should prompt more merchant POS system upgrades

Lightspeed solution

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



>74K[1] customer locations: US, Canada, Europe, Australia

(1) After giving effect to the acquisition of Gastrofix GmbH on January 7, 2020

Financial Overview



Financial model characteristics

Features

Recurring Subscriptions + **Recurring Payments** =

- New customers
- More locations
- More modules

% of transaction volume



Benefits

~90%
Recurring Software and Payments Revenue

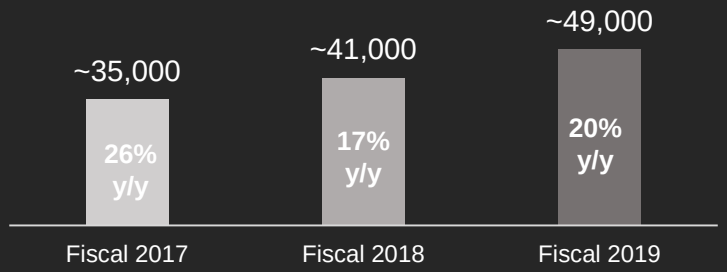
Growth in Average Revenue/Customer (ARPU)

Positive Net Dollar Retention Rates(1)

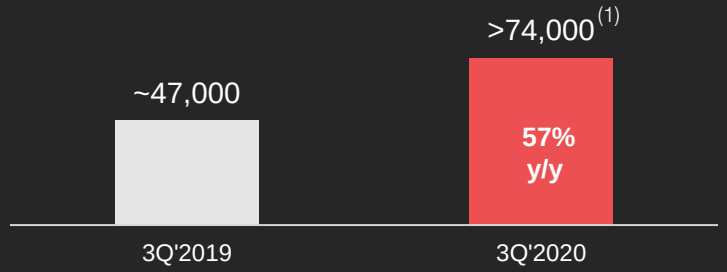
(1) As of FY ended March 31, 2019

Diverse, high-quality, growing customer base

Total Customer Locations

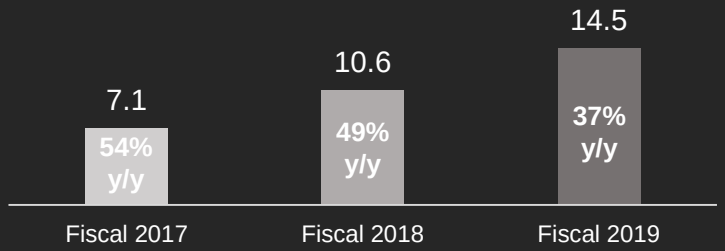


Total Customer Locations



GTV (2)

(in $B)



GTV (2)

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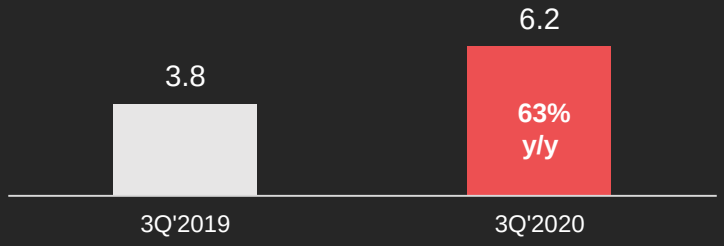
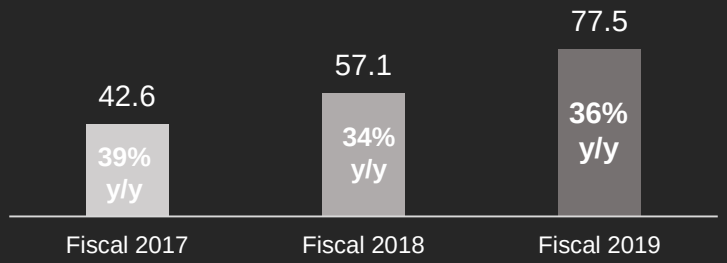


(1) After giving effect to the acquisition of Gastrofix GmbH on January 7, 2020
(2) GTV does not represent revenue generated by Lightspeed. See Appendix A

Strong revenue growth

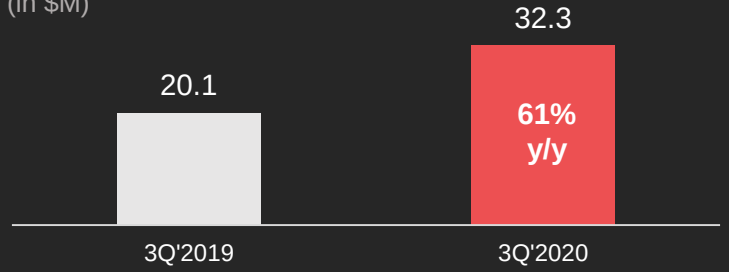
Total Revenue

(in $M)



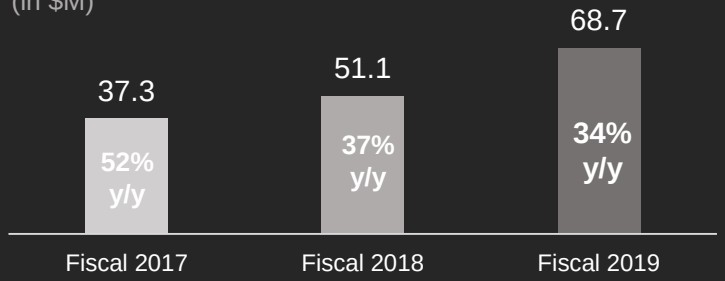
Total Revenue

(in $M)



Software + Payments Revenue

(in $M)



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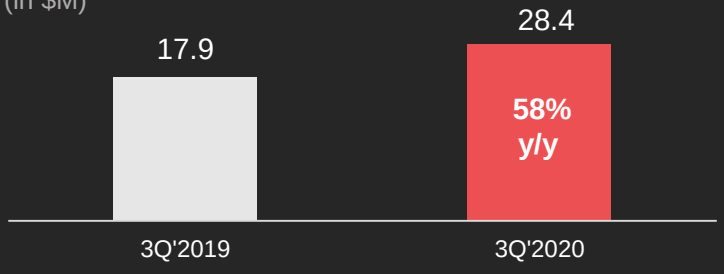
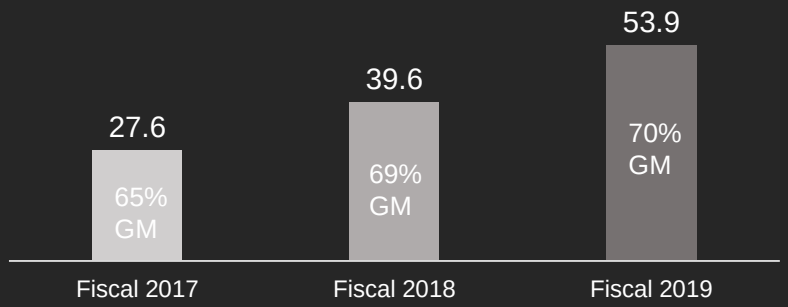
(in $M)



Significant annual gross profit expansion

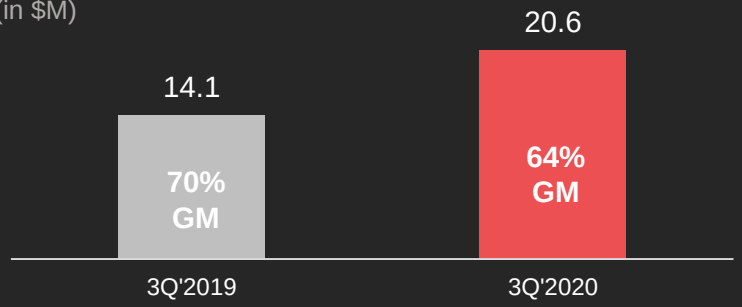
Gross Profit

(in $M)



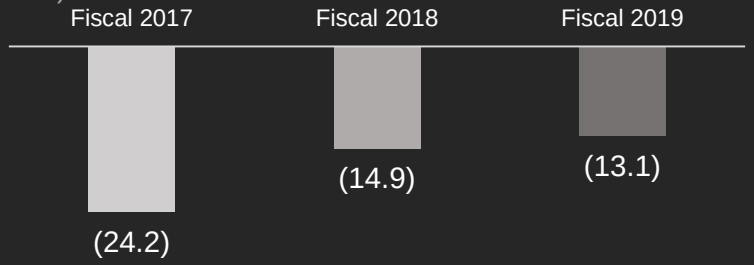
Gross Profit

(in $M)



Adjusted EBITDA

(in $M)



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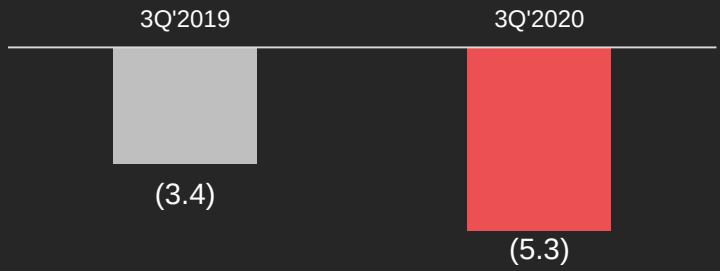

$127M in total cash at December 31, 2019

GASTROFIX

- Completed acquisition on January 7th
- Largest acquisition to-date: Cash consideration at closing of $60M, including small cash amount for the settlement of certain Gastrofix liabilities, and approximately $44.5M in Lightspeed shares
- Earnout: $4M in cash and $3M in Lightspeed shares dependent on milestones
- Gastrofix 2019 estimated revenue in accordance with IFRS was $10.6M

Lightspeed outlook

- **Fourth quarter (March) 2020 expectations:**
  - **Total revenue in the range of $35M - $35.7M**
  - **Total revenue growth 64% - 68% YoY**
  - **Adjusted EBITDA[(1)] of approx. ($7M)**

- **Full year 2020 expectations:**
  - **Total revenue approximately $120M**
  - **Total revenue growth ~55% YoY**
  - **Adjusted EBITDA[(1)] of approx. ($22.5M)**

(1) Non-IFRS measure

Investment highlights



- **Leading omni-channel commerce-enabling SaaS platform** for complex 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
- **Lightspeed Payments** is key inflection point
- **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

"Payments Adoption Rate" means, as the context dictates, the number of eligible new Lightspeed customers who contracted for Lightspeed Payments in addition to the core offering during a given period, or the number of eligible existing Lightspeed customers who contracted for Lightspeed Payments during a given period



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