

First Quarter 2021 Results

August 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.

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 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 and the impact of the COVID-19 pandemic declared by the World Health Organization on March 11, 2020 (the "COVID-19 Pandemic“) thereon is forward-looking information.

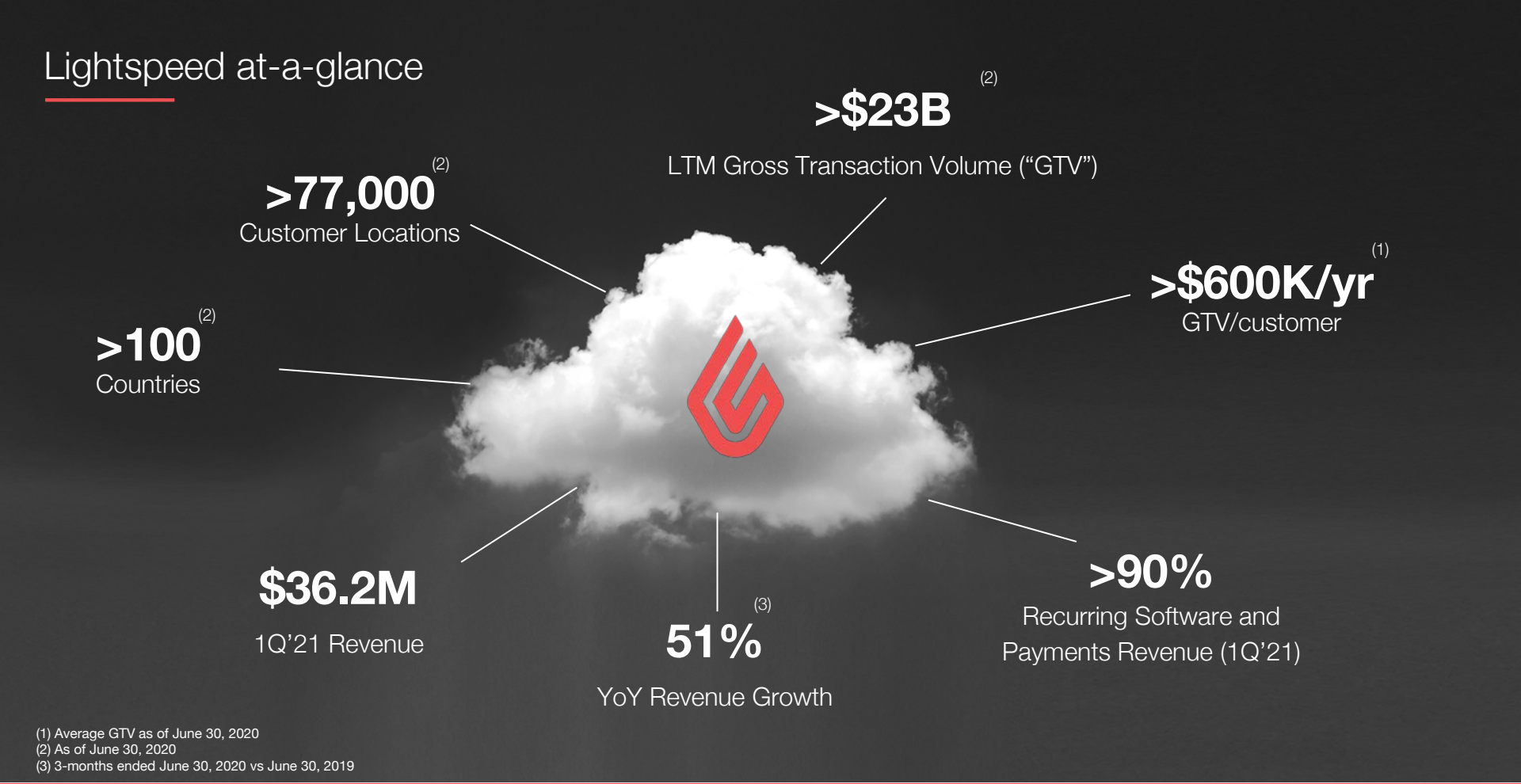
This forward-looking information and other forward-looking information is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate 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 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 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 section “Non-IFRS Measures” of Lightspeed’s press release dated August 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) Average GTV as of June 30, 2020
(2) As of June 30, 2020
(3) 3-months ended June 30, 2020 vs June 30, 2019

Powers complex SMBs with cloud-based omni-channel commerce platforms

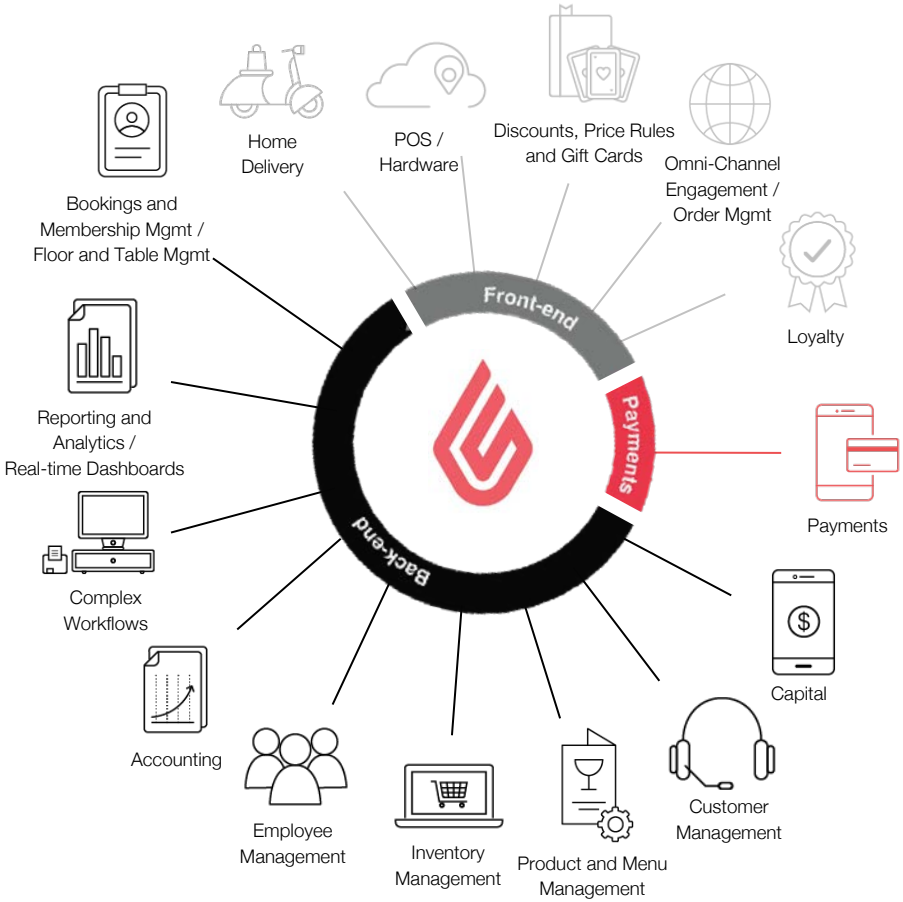


Future-proofing business with technology for the new commerce economy

Lightspeed omni-channel solutions are powering SMBs around the world

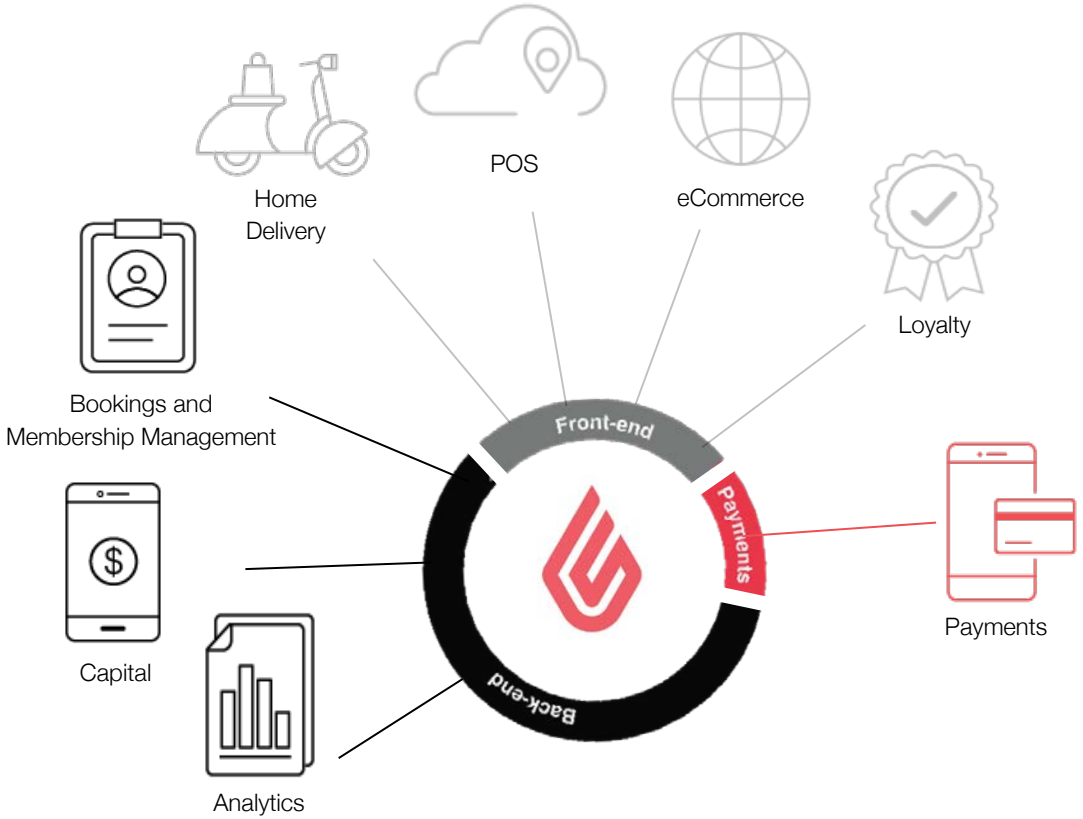
Lightspeed solutions

Lightspeed's cloud-based omni-channel platforms are a hub of end-to-end capabilities for SMBs' rapidly-shifting revenue models



Global customer reach: US, Canada, EMEA, Australia

Lightspeed's product velocity enables our customers' operational agility



- **Lightspeed Capital – Newest product launch**
  - In partnership with Stripe
- **Payments – Recent successful expansion to more markets**
  - Continued strong uptake of Payments drove record June
- **Analytics – Launched new Analytics Core module**
  - Greater optionality for customers to grow at their pace
- **Retail Omnichannel – New curbside pickup / Contactless payments capabilities / Broader digital wallet acceptance**
  - GTV related to eCommerce grew nearly 100% YoY
- **Hospitality POS – New flagship product rolling out globally**
  - New Order Ahead featuring expanded pickup and delivery tools
  - Completely redesigned our restaurant eCommerce product
- **Omni-channel Loyalty – New customer engagement tool**

Lightspeed solutions amplify customers' sales channels to adapt to increasingly digital and virtual realities

Lightspeed is positioned to win – Both in and out of crisis

Solution Set	Omni-channel is now a MUST HAVE and will accelerate migration away from legacy POS systems. Breadth of solution provides one-stop-shop for the core commerce needs of modern SMBs
Software First	Leader and one-stop shop in cloud omni-channel POS. Expect more enhancements designed to help customers preserve and grow revenue streams
Customers	Core complex retailers & hospitality SMBs process >$600K of GTV/yr and grow 4-6x faster vs avg SMB(1). Customers are less susceptible to churn, w/ greater ability to withstand short term economic disruptions—Overall GTV improved through the quarter with 53% growth in June
Go To Market	Virtual model advantages are even more apparent during COVID-19. Able to seamlessly meet increased demand for selling and onboarding eCommerce, Delivery, Loyalty and Payments offerings. Provides increased flexibility to maintain LTV:CAC ratios
Scale & Diversity	>77,000 customer locations spanning >100 countries, balanced between North America & International, as well as Retail & Hospitality. Diverse footprint helpful in managing risk during COVID-19 to focus on growth areas more than offsetting pressured areas

(1) Lightspeed's 2019 Year in Review study of thousands of Lightspeed retail locations in US & Canada

Lightspeed growth strategies

Expand Customer Base

- ✓ Large, underserved SMB market with strong industry tailwinds supporting increased cloud POS adoption
- ✓ Continuing to invest in marketing strategies and product innovation, tailored to attract net new customer locations to the platform

Expand Payments & Financial Solutions

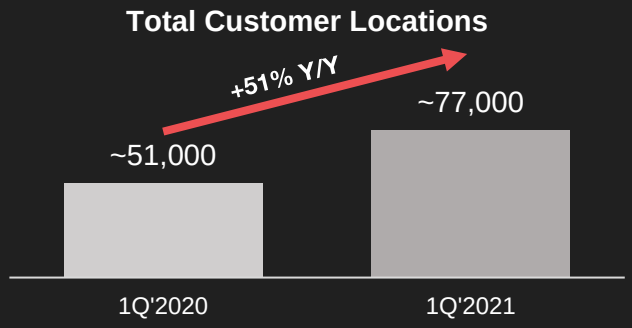
- ✓ Record quarter of GTV processed through Lightspeed Payments
- ✓ Continued penetration into existing customer base
- ✓ Introduce Payments offering outside North America
- ✓ Grow Lightspeed Capital in US Retail

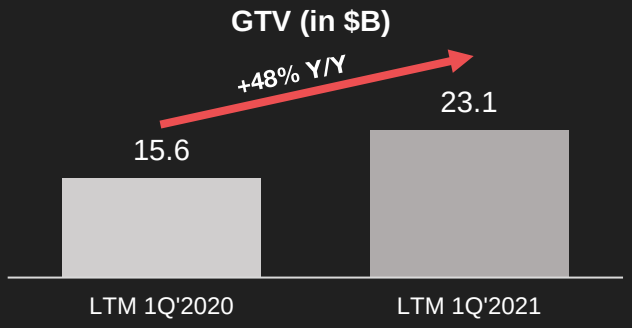
Expand ARPU

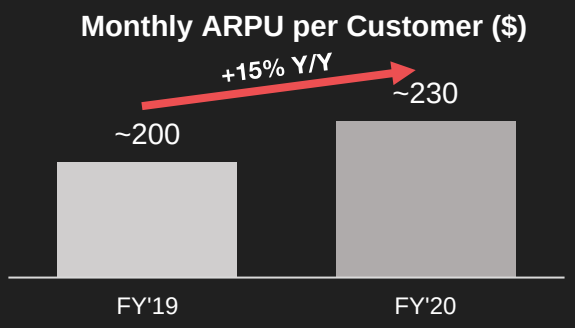
- ✓ Lightspeed offers a range of premium add on modules to its core POS system, including accounting, analytics, loyalty, and payments and has a demonstrated ability to upsell to merchants over time
- ✓ 40% of customers (excluding recent acquisitions) using >1 Lightspeed module(1)

Selective Pursuit of M&A

- ✓ Lightspeed has completed 9 acquisitions since 2013—and 4 acquisitions post-IPO—to expand its product offerings, enter new markets, and grow the customer base
- ✓ Leverage sales & marketing expertise, both in existing geos and new markets







(1) As of FY ended March 31, 2020

Lightspeed Capital

- Launched in August 2020 to US-based retailers using Lightspeed Payments, in partnership with Stripe
- Provides financing of up to $50,000 per retail location; These financing limits are subject to expand over time
- Leverages Lightspeed's rich customer-level insights to provide tailored and efficient source of funds to retailers, bypassing lengthy bank applications, collateral obligations, and other bureaucratic processes
- Accessible reporting and automated, flexible repayments allows our customers to focus on what matters, their businesses
- Approval based on retailer's history with Lightspeed Payments, and draws on data from Stripe's global business network
- Will leverage Stripe's capacity for capital - keeping Lightspeed balance sheet strong to continue to pursue growth strategies



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 (1)

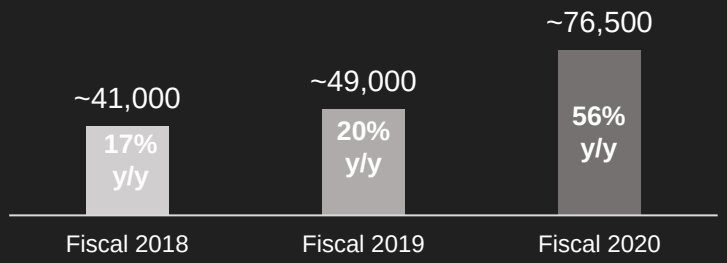
Growth in Average Revenue/Customer (ARPU) (2)

Positive Net Dollar Retention Rates (2)

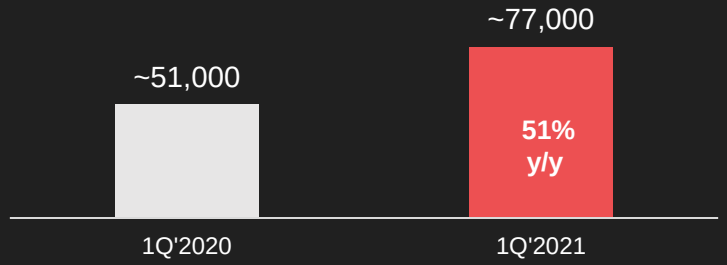
(1) As of June 30, 2020
(2) As of FY ended March 31, 2020

Diverse, high-quality, growing customer base

Total Customer Locations



Total Customer Locations



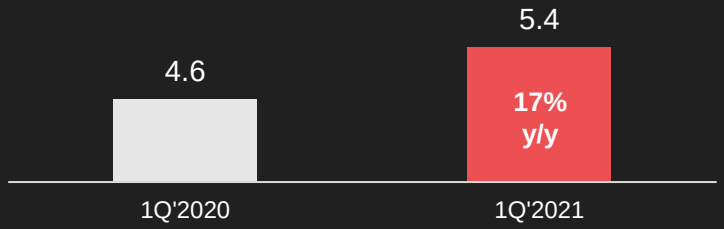
GTV (1)

(in $B)



GTV (1)

(in $B)



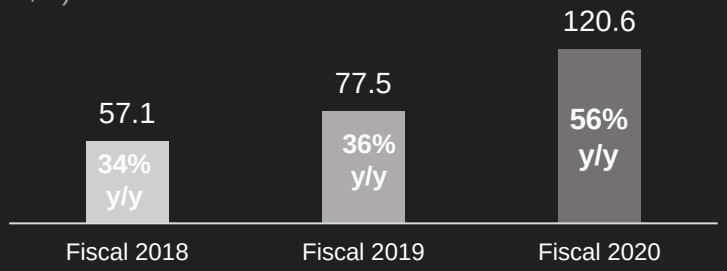
(1) GTV does not represent revenue generated by Lightspeed. See Appendix A

GTV Improved Through Quarter with 53% Growth in June, Driven by Omnichannel and Rebounding from Initial Stages of Outbreak

Strong revenue growth

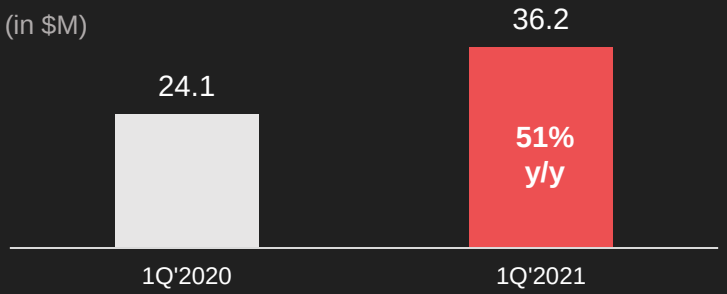
Total Revenue

(in $M)



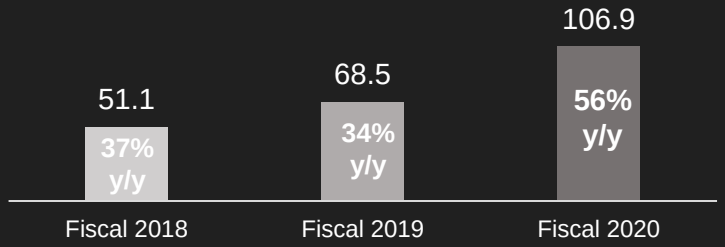
Total Revenue

(in $M)



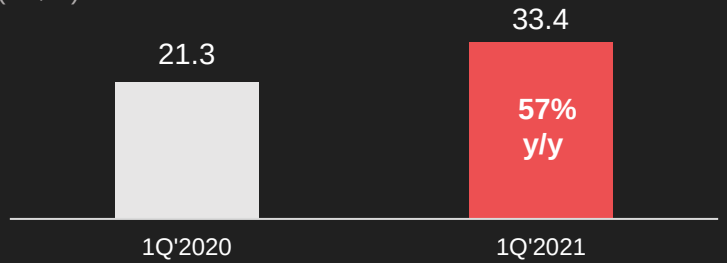
Software + Payments Revenue

(in $M)



Software + Payments Revenue

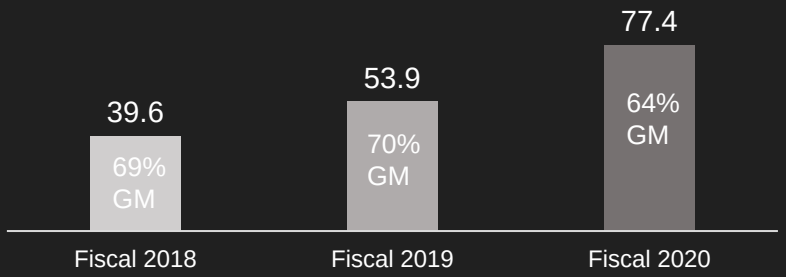
(in $M)



Significant gross profit expansion

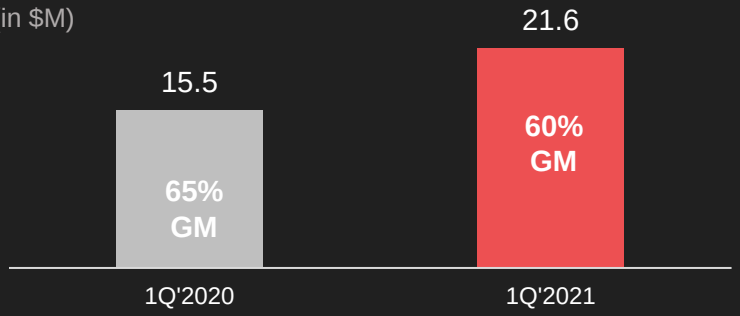
Gross Profit

(in $M)



Gross Profit

(in $M)



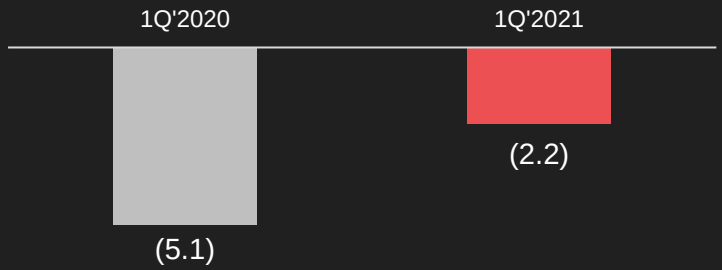
Adjusted EBITDA

(in $M)



Adjusted EBITDA

(in $M)



Investment highlights



- **Leading global cloud omni-channel commerce platforms** powering SMBs in the new digital economy
- **Large total addressable market** mainly served by legacy systems poorly equipped to support migration to cloud
- **Strong and consistent growth** with vast majority of revenue generated from recurring software subscriptions
- **Growing and diverse customer base** driving >$23B of commerce globally
- **Lightspeed Payments now driving significant growth** for North American retail and U.S. hospitality customers
- **Well capitalized with ~$204M** in unrestricted cash

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, or by the number of Customer Locations, as the context dictates, of the Company in the period.

“Customer Location” means a billing customer location for which the term of services has 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.

“Net Dollar Retention Rate” is calculated as of the end of each month by considering the cohort of customers on our commerce platforms 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.



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