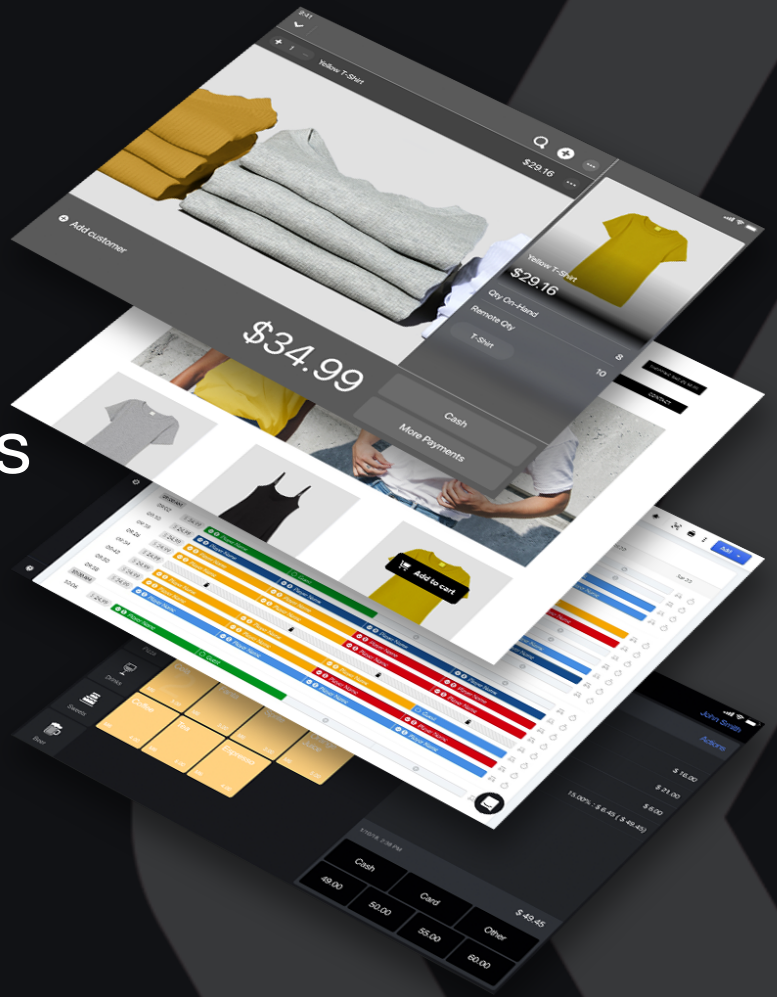
Third Quarter 2021 Results

February 4, 2021



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 (including revenues 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, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate, prospects and customers, expected acquisition outcomes and synergies, and the impact of the COVID-19 pandemic declared by the World Health Organization on March 11, 2020 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, 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 profile 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 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 February 4, 2021 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



~$29B[1]
LTM Gross Transaction Volume (“GTV”)

~115,000[1]
Customer Locations

>100[1]
Countries

~$600K/yr[1]
GTV/customer

~$58M
3Q’21 Revenue

91%
Recurring Software and Payments Revenue (3Q’21)

79%[2]
YoY Revenue Growth

(1) As of December 31, 2020
(2) 3-months ended December 31, 2020 vs December 31, 2019

Lightspeed's cloud platform is powering the future of commerce



Recent acquisitions

SHOPKEEP

Leading Cloud-Based Retail and Hospitality Commerce Platform

>20,000
Customer Locations (1)

~$7.0Bn
LTM GTV (1)

- ✓ Added scale in U.S. retail and hospitality
- ✓ Leverages experience with merchant cash advance offering to supplement existing capital solution

Acquisition closed in November 2020 for consideration comprising ~$134M of cash net of cash acquired, 7.4M Subordinate Voting Shares and 40.4M in replacement awards issued for the assumption of the stock option plan of ShopKeep



Upserve

Leading Cloud-Based Restaurant Management Software Company

>7,000
Customer Locations (1)

~$6.0Bn
LTM GTV (1)

- ✓ Added scale in U.S. high-end hospitality
- ✓ Enhances Lightspeed's analytics, inventory management and workforce management capabilities

Acquisition closed in December 2020 for consideration comprising ~$99M of cash net of cash acquired, 5.9M Subordinate Voting Shares and a $2.5M payable

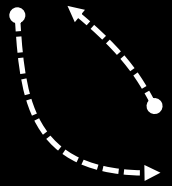


(1) As of September 30, 2020

A comprehensive commerce OS for sophisticated independent businesses

Suppliers





Lightspeed Merchant Platform

Comprehensive Back-Office Suite

Manage your operations with ease, no matter the complexity

- Complex Workflows
- Employee and inventory Management
- Product and Menu Management
- Bookings and Membership Management
- Floor & Table Management
- Customer Management
- Discounts, Price Rules & Gift Cards
- Reporting, Analytics and Dashboards
- Accounting
- Loyalty and Subscriptions
- Supplier Network
- ●●●

Omni-Channel Reach

Engage with your customers wherever they are

- In-Store Cloud POS
- eCommerce
- Mobile
- Curbside Pickup and Delivery
- Marketplaces / Platforms
- Order Ahead
- APIs

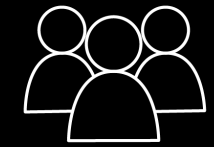
Payments & Financing

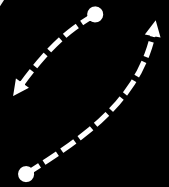
Tailored financial solutions

- Lightspeed Payments
- Lightspeed Capital

Open API Supporting an Ecosystem of Integrated Partners

Consumers

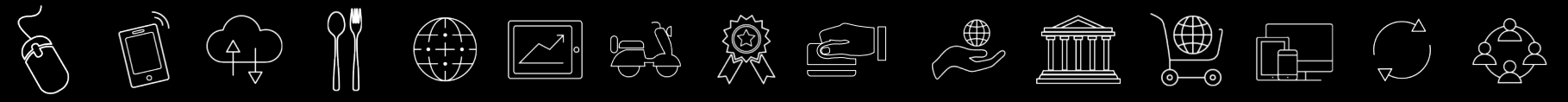


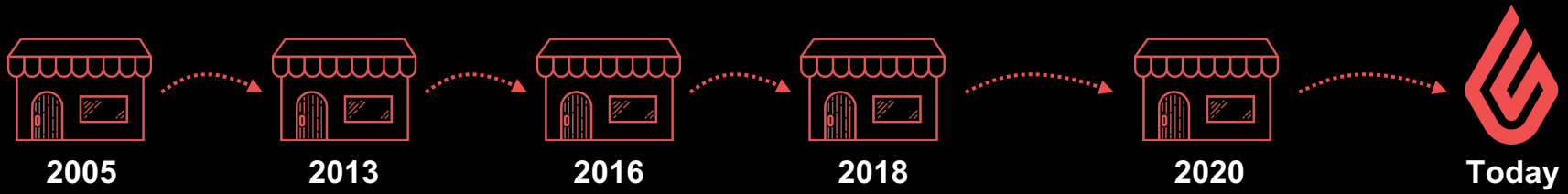


Track record of innovative solutions for the evolving needs of independent merchants

A History of Transformative Innovation in Commerce…

…Accelerated in 2020 and 2021





Lightspeed Supplier Network

Connecting merchants with suppliers and democratizing the supply chain



Supply Chain Visibility: Provides direct supplier access and inventory visibility through a single platform

Automation: Automates manual ordering and consolidates supplier portals into the POS, shortening the inventory cycle

Streamlined Omni-Channel: Product details and photos are imported into the POS with the click of a button, making selling online quick and easy

Supplier Insights: Provides suppliers with real time data on goods sold by merchants

Enhanced Brand Presence: Allows merchants to discover supplier brands and import product information, ensuring use of supplier approved brand names and images

Notable new customers

STEWART & GIBSON LTD
EST. 1919

Based in Northern Ireland, Stewart & Gibson Ltd is a family-run department store that's been in operation for over 100 years. Selling over 15,000 SKUs but still using manual cash registers, they turned to Lightspeed to modernize their brick-and-mortar location and sync it with their budding eCom offering.

BANFF SUNSHINE

Located in the heart of the Canadian Rockies, Banff Sunshine Village is a dream destination for skiers and snowboarders looking for some of Canada's best snow and uninterrupted 360° mountain views. They'll be launching Lightspeed in four retail shops, including Lightspeed Analytics, POS, Account Integration and Pro Services features.

LAN KWAI FONG
蘭桂坊集團
GROUP

Lan Kwai Fong Group is a household name in Asia, with restaurants and hotels in Hong Kong. A market leader in F&B, retail, leisure and entertainment, they've become a success story thanks to their creative vision, constant innovations and pioneering ventures—and are now switching to Lightspeed in their search for a more robust system.

Lightspeed's multiple growth vectors

Expand Customer Location Footprint



- **Significant potential to increase penetration of our TAM**, attract new customers and drive customers to adopt cloud-based systems in place of legacy systems
- Expand in existing markets and **target new geographies and verticals**

Build on Successes in Payments and Financial Solutions



- **Highly complementary of current offering** and allows us to monetize a larger portion of GTV
- **Lightspeed Capital** provides additional lane of growth

Accelerate ARPU Expansion by Introducing New Modules



- Large portion of existing customers are **adopting additional modules as they grow**
- **45%** of customers **use more than one Lightspeed module** (1)

Expand Presence Within Verticals



- Become **embedded within the ecosystem of verticals**
- Monetize data up and down the supply chain

Pursue Strategic and Value Enhancing M&A



- **Leverage acquired expertise** to facilitate continued growth
- Identify targets to increase market penetration, enter new verticals and accelerate product roadmap

(1) As of December 31, 2020 (excludes customers from acquisitions after 1Q'20)

Financial Overview

Financial model characteristics

Features

Recurring Subscriptions + **Recurring Payments** =

New customers · More locations · More modules

% of transaction volume



Benefits

91%
Recurring Software and Payments Revenue (1)

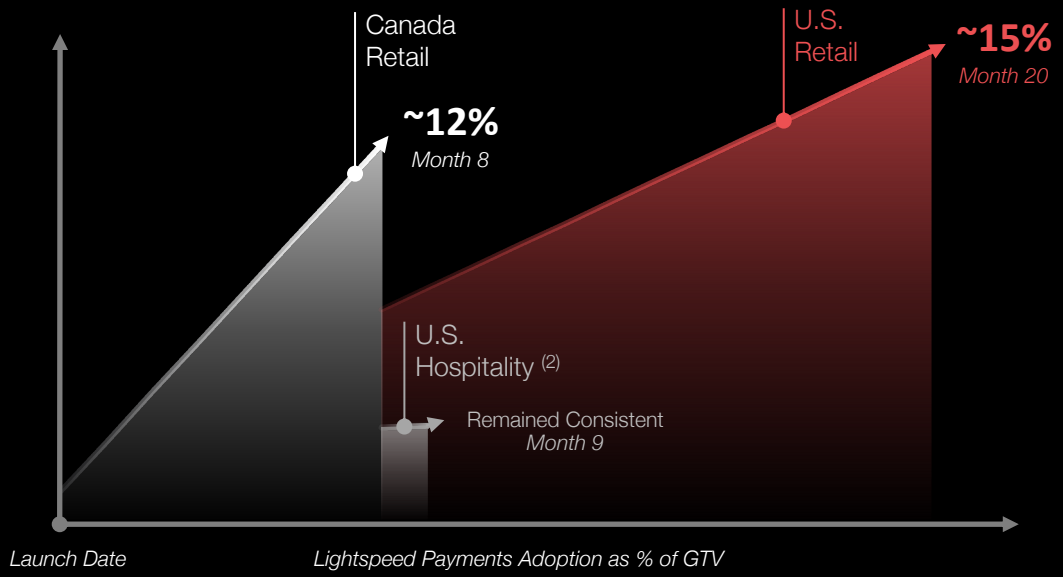
Growth in Average Revenue / Customer Location (ARPU) (2)

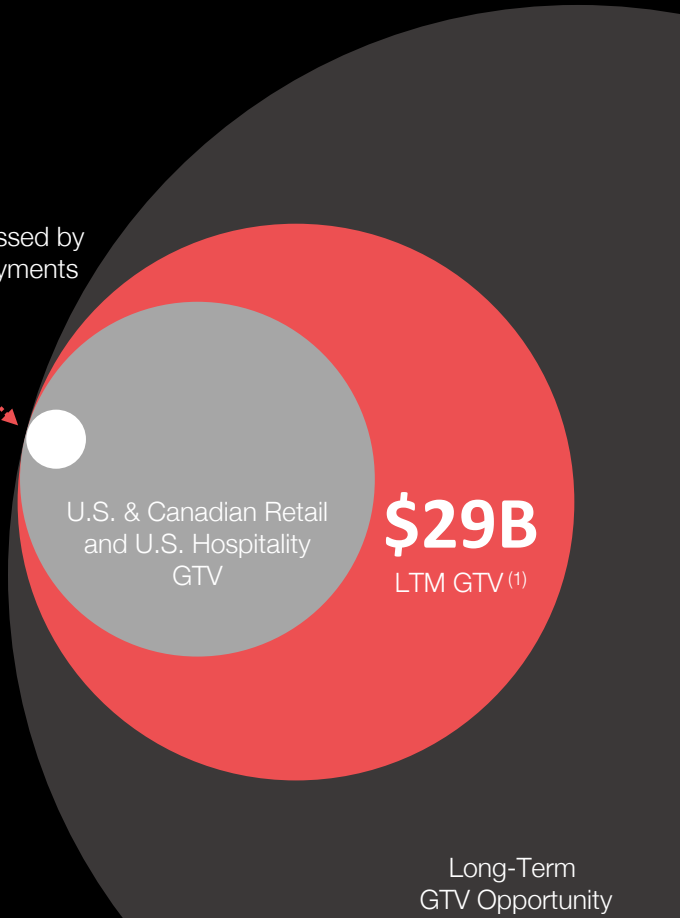
Positive Net Dollar Retention Rates (3)

(1) As of December 31, 2020
(2) Comparison of FY'19 to 3Q'21
(3) As of FY ended March 31, 2020

The Lightspeed Payments opportunity

- Currently, approximately 60% of new customers are contracting for Lightspeed Payments alongside their core software subscription
- Solution priced at ~2.60% of the electronic transaction volume processed on a gross basis



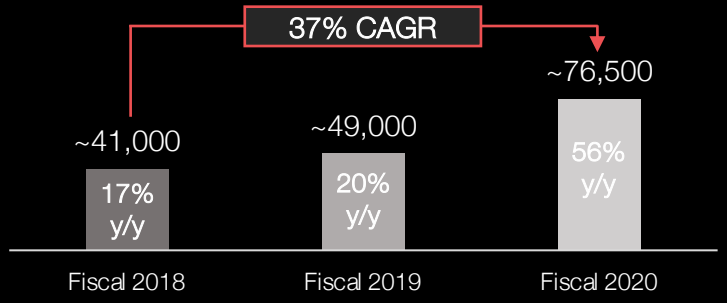


(1) LTM GTV as of December 31, 2020

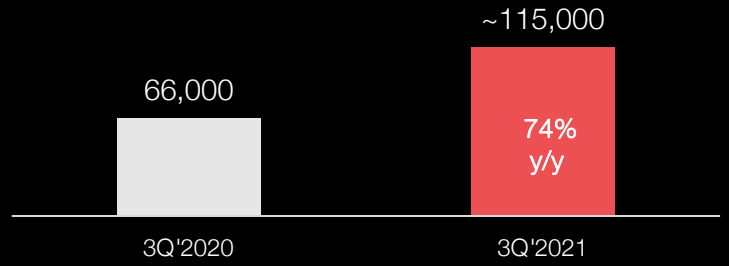
(2) Growth in the adoption of Lightspeed Payments in U.S. Hospitality has been impacted by the COVID-19 pandemic

Diverse, high-quality, growing customer base

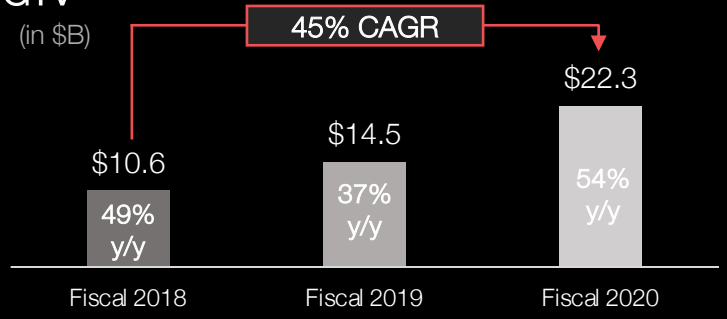
Total Customer Locations



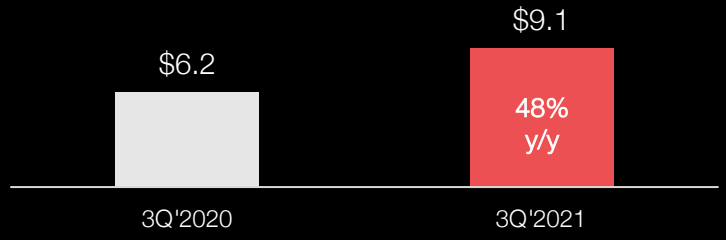
Total Customer Locations



GTV (1) (in $B)



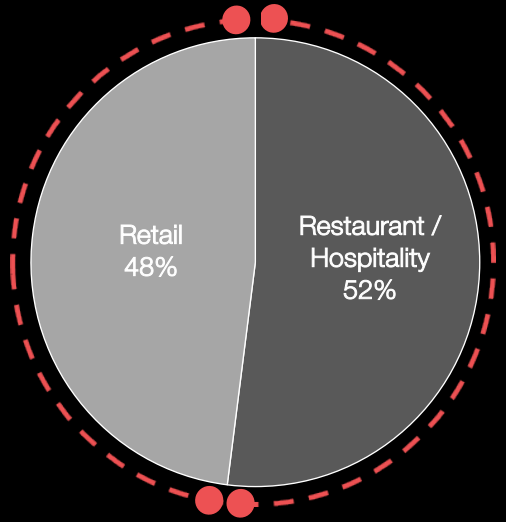
GTV (1) (in $B)

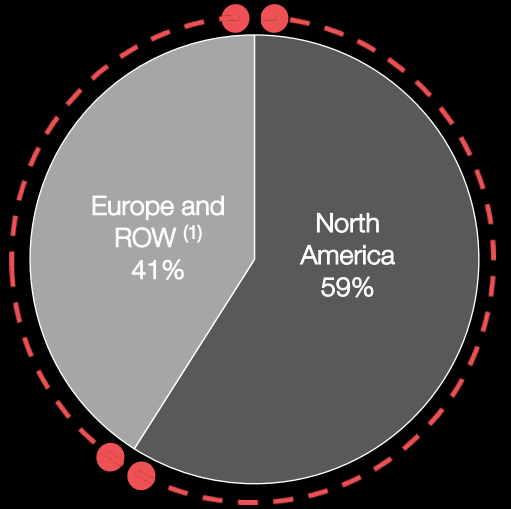


(1) GTV does not represent revenue generated by Lightspeed. See Appendix A

Global footprint with strength across diversified end markets

- Diversified Merchant Base Across Geographies and Verticals
- Scale in Highly Fragmented Markets
- Leadership Position in North American Market with Growing Global Presence

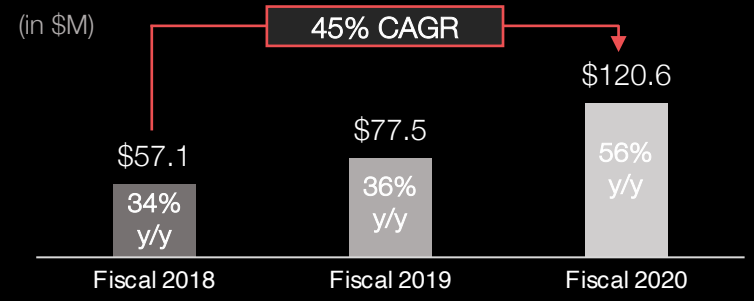




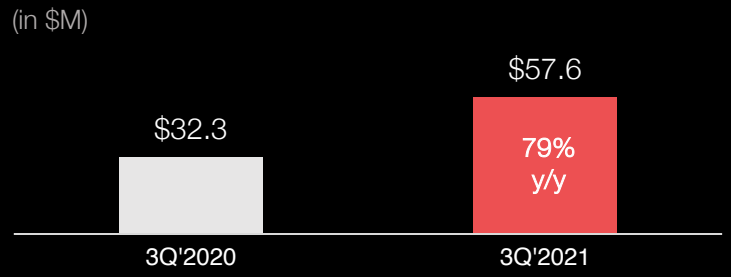
(1) Customer location count distribution is approximate as of December 31, 2020

Strong revenue growth

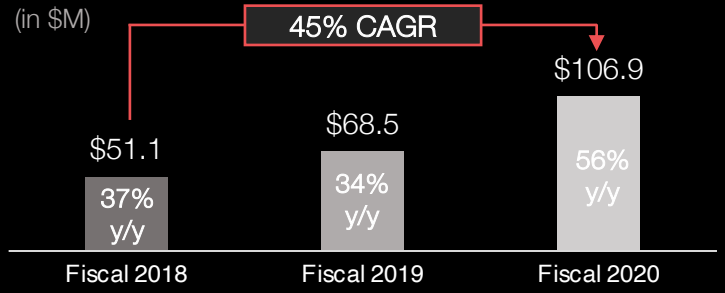
Total Revenue



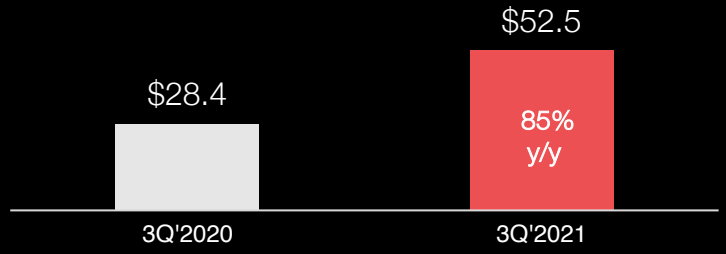
Total Revenue



Software + Payments Revenue



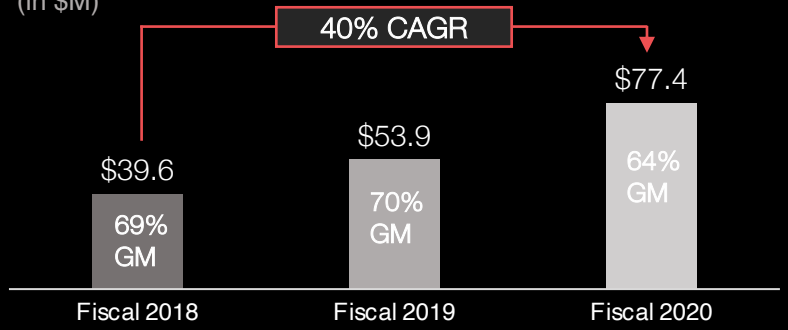
Software + Payments Revenue



Significant gross profit expansion

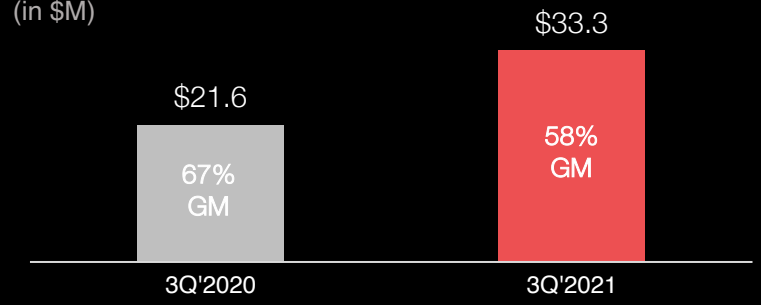
Gross Profit

(in $M)



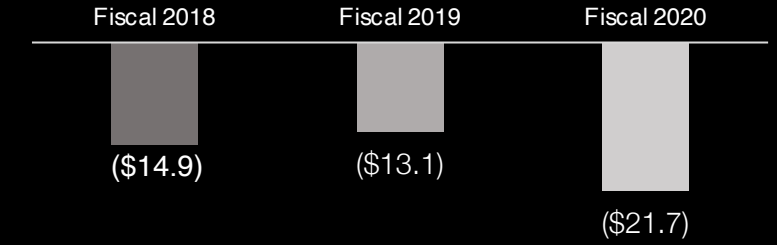
Gross Profit

(in $M)



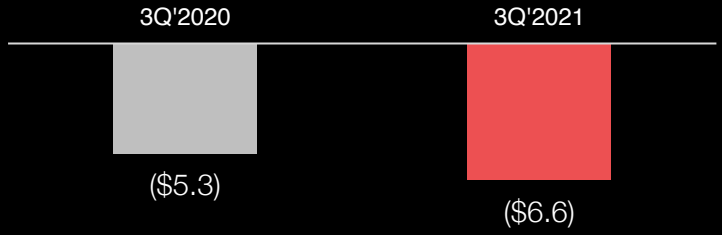
Adjusted EBITDA (1)

(in $M)



Adjusted EBITDA (1)

(in $M)



(1) Please see Appendix A for Non-IFRS financial measures definition and reconciliation to net loss

Investment highlights



- **Leading global cloud omni-channel commerce platforms** powering independent businesses 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 >$29B of LTM GTV globally (1)
- **Lightspeed Payments now driving significant growth** for North American retail and U.S. hospitality customers
- **Well capitalized with ~$233M** in unrestricted cash (1)

(1) As of December 31, 2020

APPENDIX

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.

Appendix A – Industry Metrics (Cont'd)

Appendix A

"Adjusted EBITDA" is defined as net loss excluding interest, taxes, depreciation and amortization, or EBITDA, as adjusted for stock-based compensation and related expenses, fair value loss on redeemable preferred shares (for the fiscal years ended March 31, 2019 and 2018), compensation expenses relating to acquisitions completed, foreign exchange gains and losses and transaction-related expenses. The following table reconciles net loss to Adjusted EBITDA for the periods indicated:

(In thousands of US dollars)	Three months ended December 31,		Fiscal year ended March 31,		
	2020	2019	2020	2019	2018
Net Loss	**(42,651)**	**(15,762)**	**(53,531)**	**(183,525)**	**(96,179)**
Fair value loss on redeemable preferred shares [1]	--	--	--	191,219	59,985
Stock-based compensation and related payroll taxes [2]	18,370	3,534	9,930	3,110	1,258
Depreciation and amortization [3]	9,674	3,188	13,467	4,537	5,119
Foreign exchange loss (gain) [4]	778	315	(395)	987	(287)
Net interest (income) expense [3]	67	(283)	(1,766)	(181)	26
Acquisition-related compensation [5]	2,258	3,187	11,087	454	942
Transaction-related costs [6]	6,970	971	2,658	1,023	--
Income tax expense (recovery)	(2,025)	(403)	(3,110)	(30,729)	14,246
Adjusted EBITDA	**(6,559)**	**(5,253)**	**(21,660)**	**(13,105)**	**(14,890)**

(1) This loss is with respect to the change in valuation of our Redeemable Preferred Shares from period to period, which is a non-cash item. Prior to the completion of our initial public offering on March 15, 2019, all of our Redeemable Preferred Shares were converted and the liability was reduced to $Nil with a corresponding increase in share capital. There will be no further impact on our results of operations from these shares

(2) 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 as well as related payroll taxes given that they are directly attributable to stock-based compensation, are estimates and therefore subject to change. For the three months ended December 31, 2020, the stock based compensation expense was $9,954 (December 2019 - $2,334) and the related payroll taxes were $8,416 (December 2019 - $1,200). For the fiscal year ended March 31, 2020, the stock-based compensation expense was $8,870 (March 31, 2019 - $1,693) and the related payroll taxes were $1,060 (March 31, 2019 - $1,417)

(3) In connection with the accounting standard IFRS 16 – Leases, for the three months ended December 31, 2020, net loss includes depreciation of $956 related to amortization of right-of-use assets, interest expense of $253 on lease liabilities, and exclude an amount of $1,022 relating to rent expense. For the fiscal year ended March 31, 2020, net loss includes depreciation of $2,492 related to amortization of right-of-use assets, interest expense of $852 on lease liabilities, and excludes an amount of $2,894 relating to rent expense

(4) These non-cash losses (gains) relate to foreign exchange translation

(5) These costs represent a portion of the consideration paid to acquired businesses that is associated with the ongoing employment obligations for certain key employees of such acquired businesses

(6) These expenses relate to professional, legal, consulting, accounting and other fees relating to our public offerings and acquisitions that would otherwise not have been incurred



IR contact

investorrelations@lightspeedhq.com

lightspeed