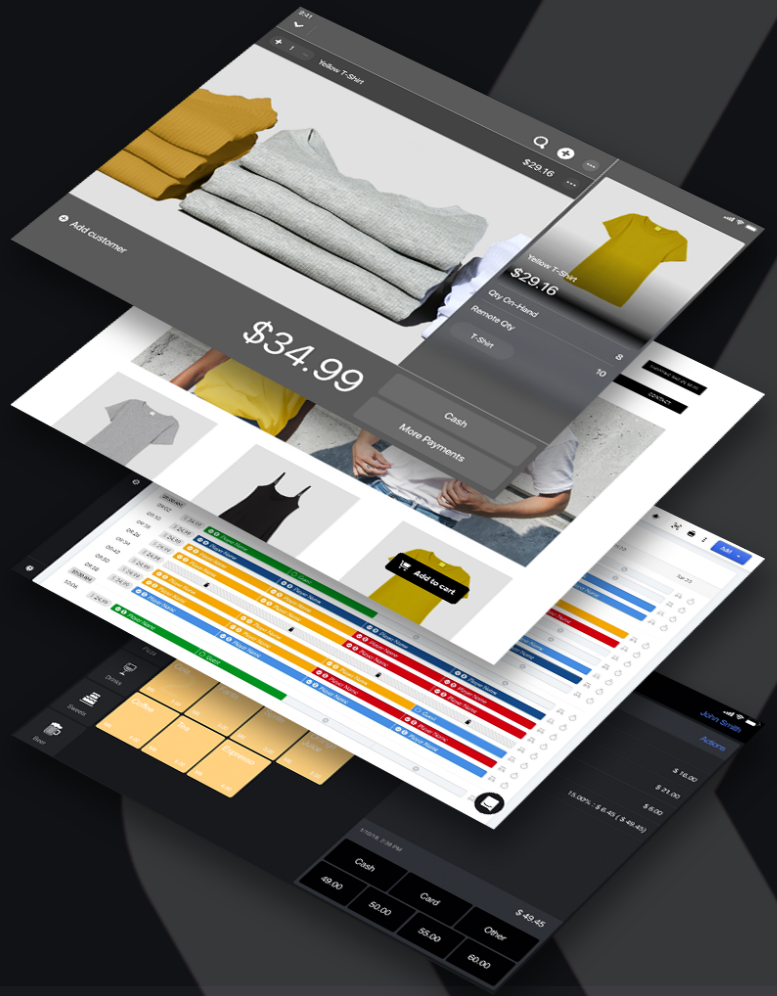
First Quarter 2022 Results

August 5, 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, Adjusted EBITDA and Adjusted EBITDA as a percentage of revenue) 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, profitability, performance, achievements, prospects or opportunities or the markets in which we operate, prospects and customers, the achievement of advances in and expansion of our platform, expectations regarding our revenue and the revenue generation potential of our payment-related and other solutions, expectations regarding our future profitability, 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 the section “Non-IFRS Measures” of Lightspeed’s press release dated August 5, 2021 for more details and the definition of “Adjusted EBITDA“, "Adjusted EBITDA as a percentage of revenue“, “non-IFRS general and administrative expenses”, “non-IFRS research and development expenses” and “non-IFRS sales and marketing expenses”. 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

$16.3B (1)
Q1'22 Gross Transaction Volume ("GTV")

>150,000 (3)
Customer Locations

>100 (1)
Countries

>600K/yr (1)
GTV/customer



$115.9M
Q1'22 Revenue

220% (2)
YoY Revenue Growth

92%
Recurring Subscription & Transaction-based (Q1'22)

(1) As of June 30, 2021
(2) 3-months ended June 30, 2021 vs June 30, 2020
(3) As of June 30, 2021 without giving effect to the acquisition of Ecwid and NuORDER

Lightspeed's cloud platform is powering the future of commerce



Transactions Overview

On June 7th, 2021, the Company announced it had entered into definitive agreements to acquire two global leaders in digital commerce:

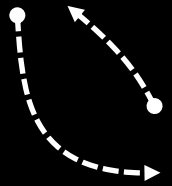
		NuORDER B2B eCommerce Platform	Ecwid eCommerce Platform for SMBs
Transaction Detail	**Purchase Price**	• ~$206.9 million cash net of cash acquired • ~2.1 million Subordinate Voting Shares on closing • ~0.5 million Subordinate Voting Shares over the next three years, contingent on continued employment	• ~$500 million (35% cash, 65% equity)
	Closing Date	• Closed July 1, 2021	• Expected by September 30, 2021
	Revenue / Growth	• $20+ million[1] for 12 months ended March 31, 2021 • +30% YoY revenue growth[2]	• $20+ million[1] for 12 months ended March 31, 2021 • +50% YoY revenue growth[2]
Company Information	**Strategic Rationale**	• Significant acceleration of Lightspeed Supplier Network, significant concentration of apparel brands and B2B financial services opportunity	• Enhances Lightspeed's omni-channel offering with easy-to-use tools to quickly sell online, allowing merchants to unify digital and physical operations
	Headquarters	• Los Angeles, CA	• Encinitas, CA
	Customer base	• 3k+ brands and 100k+ active retailers • Select brands include Canada Goose, Converse and Arc'teryx	• 130,000+ paying customers users spanning 100+ countries

1) Calculated in accordance with US GAAP
2) For the twelve-month period ended March 31, 2021

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

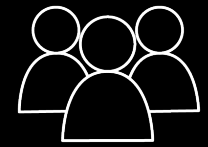
Payments & Financing

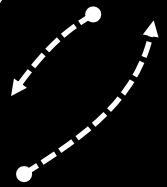
Tailored financial solutions

- Lightspeed Payments
- Lightspeed Capital

Open API Supporting an Ecosystem of Integrated Partners

Consumers





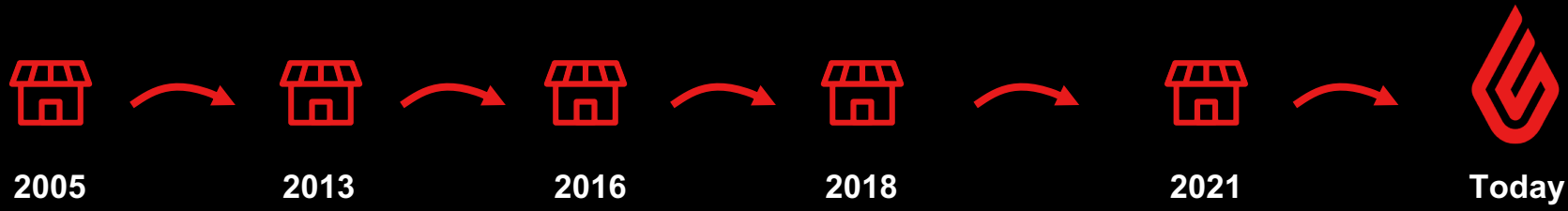
Track record of innovative solutions for the evolving needs of independent merchants

A History of Transformative Innovation in Commerce…

- Mac-Based Retail POS Solutions
- Mobile-Based POS Solutions
- Cloud-Based POS Solutions
- POS Solutions for Restaurants
- Omni-Channel Engagement
- Reporting and Analytics
- Home Delivery
- Loyalty
- Lightspeed Payments

…Accelerated in 2020 and 2021

- Omni-Channel Checkout Enhancements
- Lightspeed Capital
- eCommerce for Restaurants
- Order Ahead
- Lightspeed Subscriptions
- Supplier Network
- Google Local Ads



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

Telluride Ski Resort, a National Historic Landmark in Colorado with world-renowned ski terrain and a peaceful modern village has selected Lightspeed as their commerce platform of choice. Telluride's vast range of resort activities and luxurious cuisine experiences have partnered with Lightspeed Retail, Lightspeed eCommerce, and Lightspeed Payments to operate their ski resort.

Space Exploration Technologies Corp. (SpaceX), the American aerospace company headquartered in California and founded by Elon Musk has chosen Lightspeed Restaurant Solutions to support their headquarters' hospitality operations. SpaceX has partnered with Lightspeed Payments, Lightspeed Ordering, and Lightspeed Restaurant to operate their café, manage inventory, point of sale, and ordering.

Kei Restaurant, an award winning Japanese restaurant in Paris by Kei Kobayashi, has selected Lightspeed Restaurant to seamlessly manage the acclaimed Michelin 3-star experience. Combining modernity and respect for tradition, Kei Restaurant offers a unique experience highlighted by numerous accolades from *Les Grandes Tables du Monde* and *Gault & Millau* awards.

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 to 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**
- **~50%** 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 March 31, 2021 (excludes customers from acquisitions after Q1'20)

Financial Overview

Financial model characteristics

Features

Recurring Subscriptions + **Recurring Payments** =

- New customers
- More locations
- More modules

% of transaction volume



Benefits

92%
Recurring Subscription & Transaction-based Revenue (1)

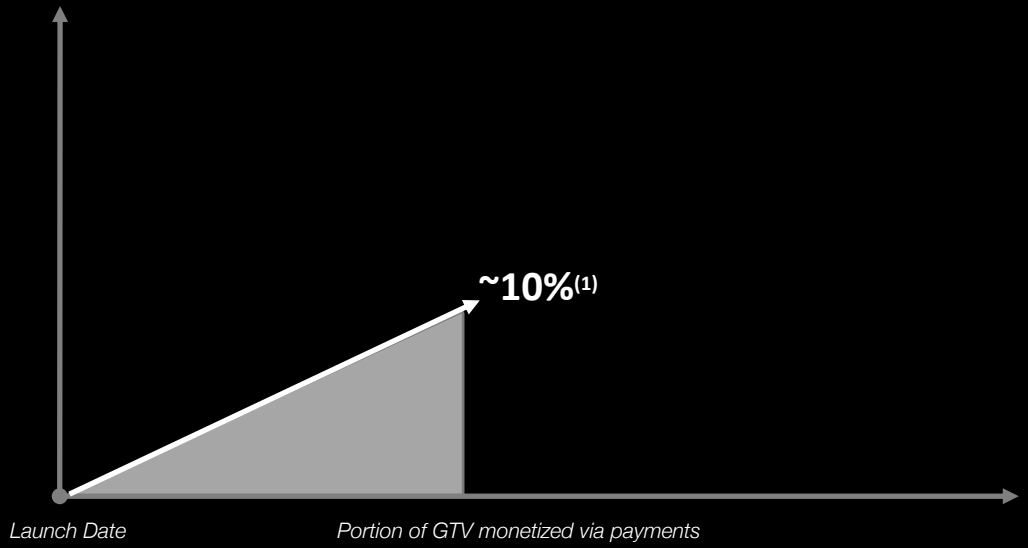
Growth in Average Revenue / Customer Location (ARPU) (2)

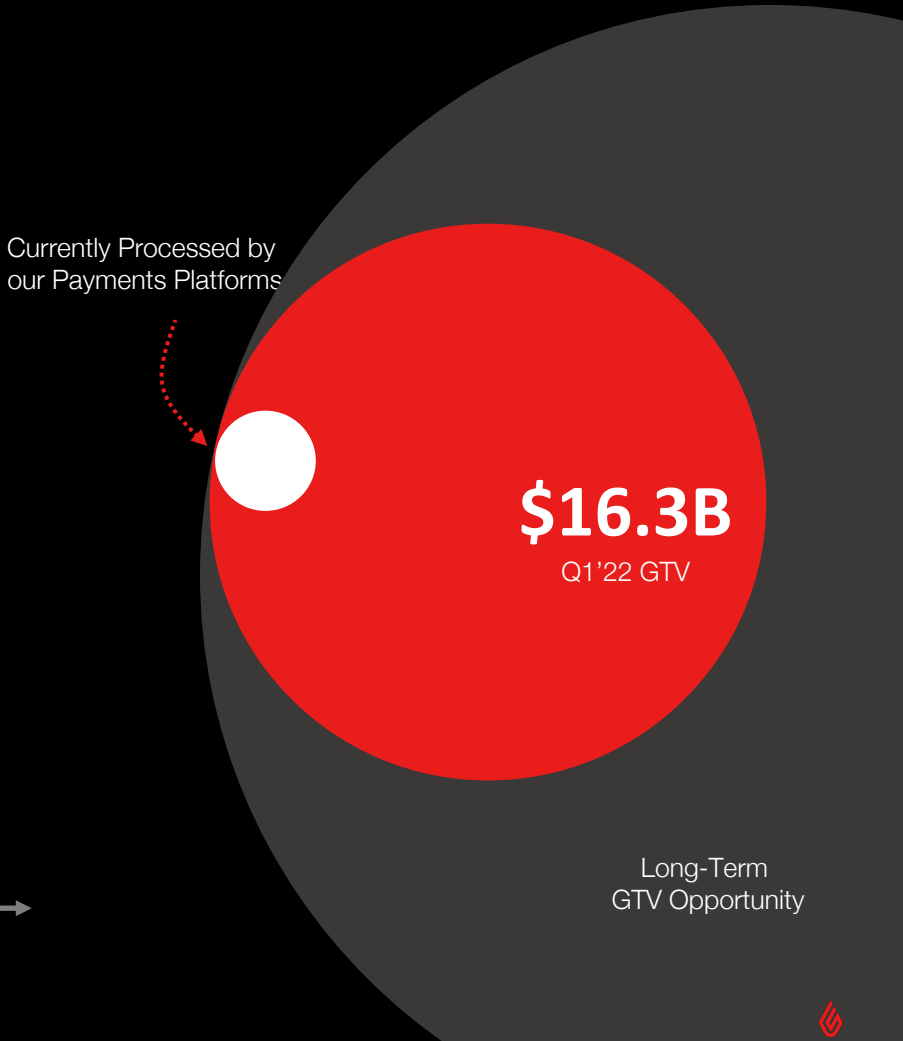
Positive Net Dollar Retention Rates (3)

(1) For the three-month period ended June 30, 2021
(2) Comparison of Q1'21 to Q1'22
(3) For the year ended March 31, 2021

The Lightspeed Payments opportunity

- Lightspeed Payments had its strongest quarter yet, with higher revenue and customer additions than any other quarter

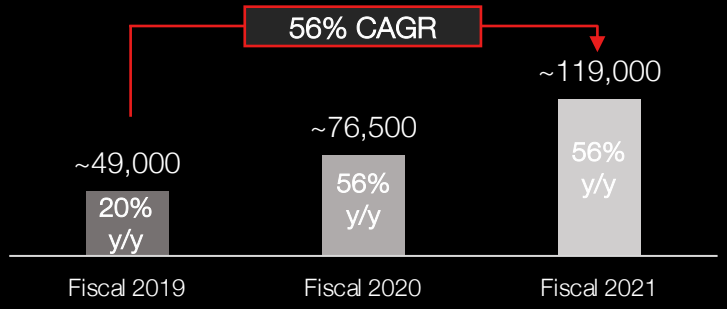




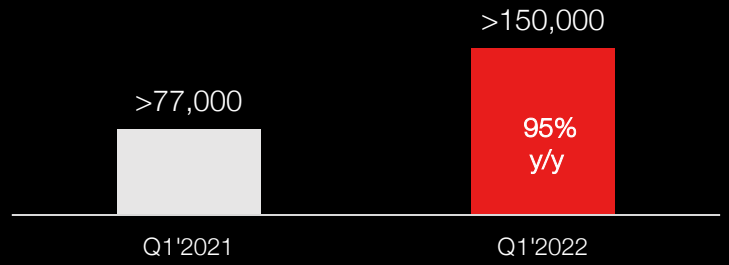
(1) For the full quarter of Q1'22

Diverse, high-quality, growing customer base

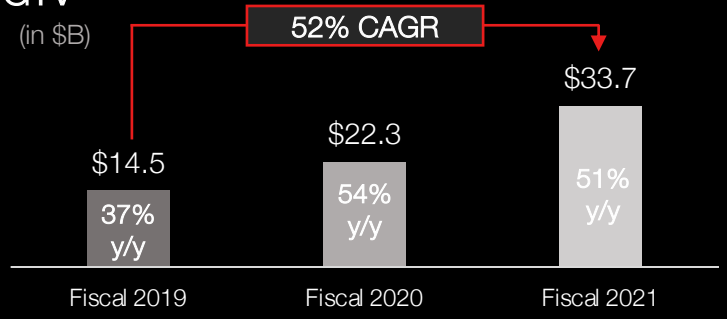
Total Customer Locations



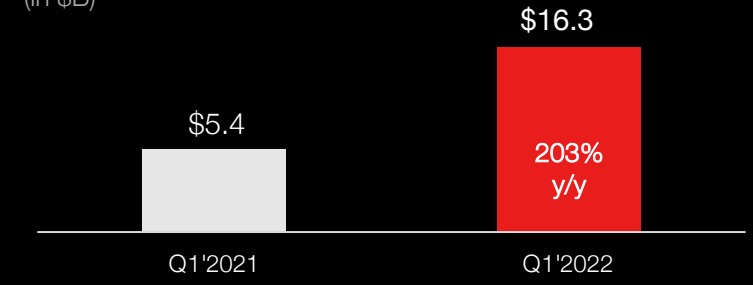
Total Customer Locations



GTV (1) (in $B)



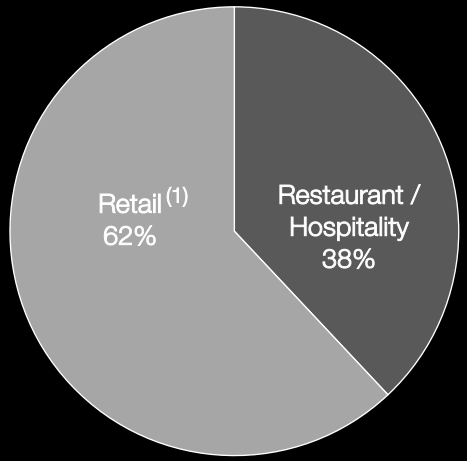
GTV (1) (in $B)

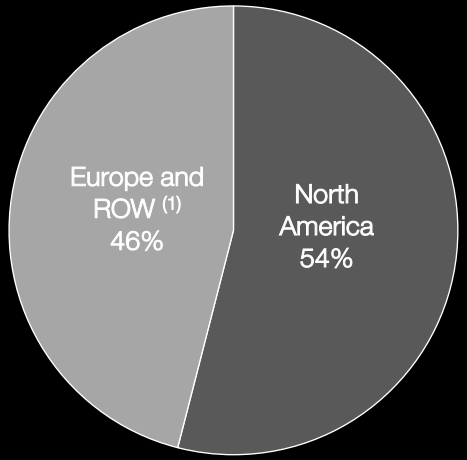


(1) GTV does not represent revenue generated by Lightspeed. See Appendix A

Global footprint with strength across diversified end markets

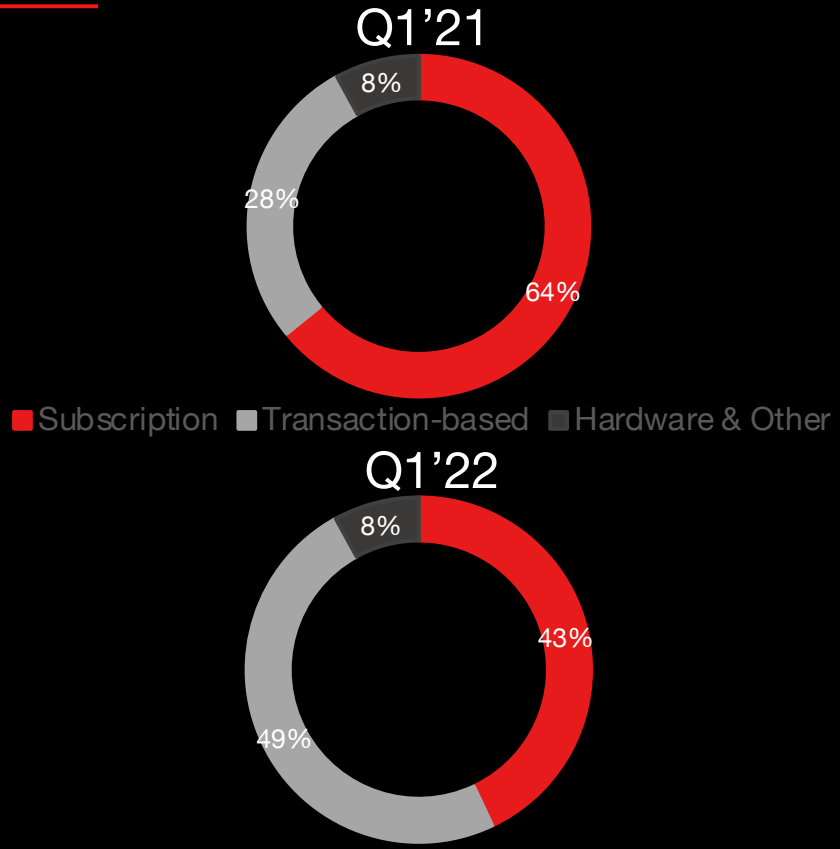
- Diversified Merchant Base Across Geographies and Verticals
- Scale in Highly Fragmented Markets
- Leadership Position in North American Market with Growing Global Presence

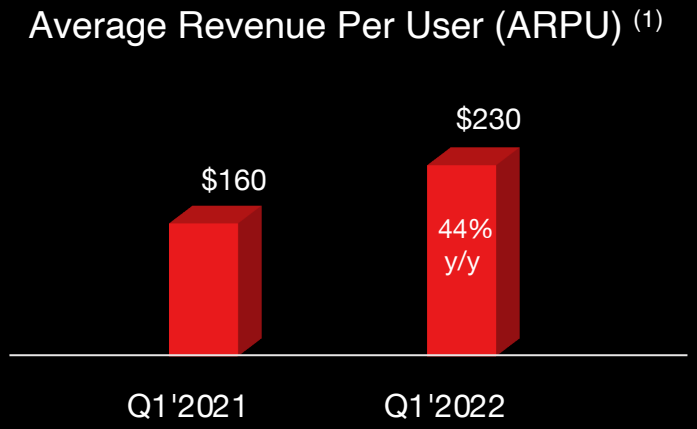




(1) Customer location count and industry distribution is approximate as of June 30, 2021

Shifting Sales Mix – Growing ARPU

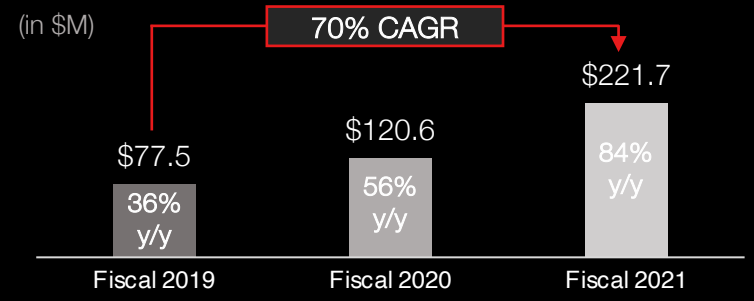




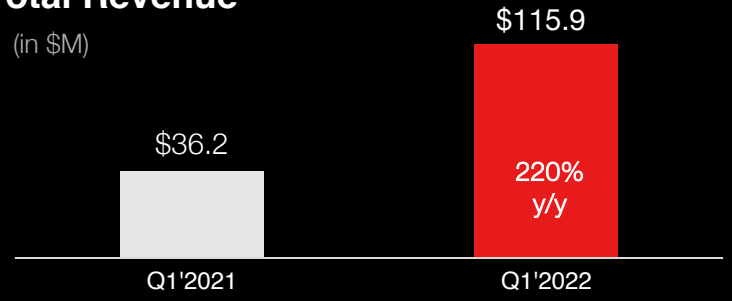
(1) Key Performance Indicator see Appendix A

Strong revenue growth

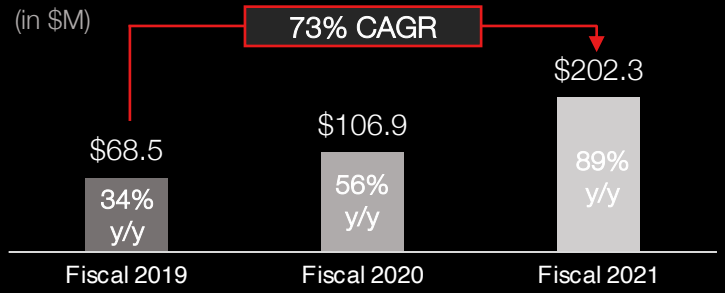
Total Revenue



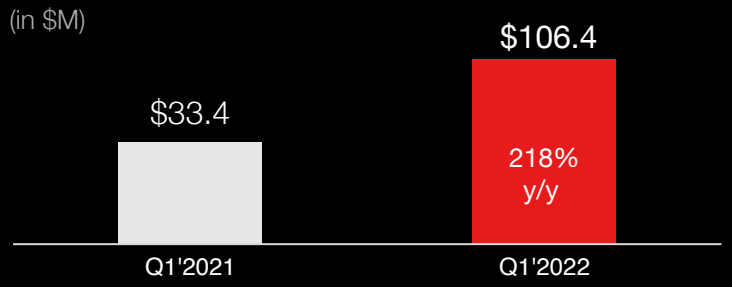
Total Revenue



Subscription & Transaction-Based Revenue



Subscription & Transaction-Based Revenue



Improving Profitability

Adjusted EBITDA (1)

(in $M)

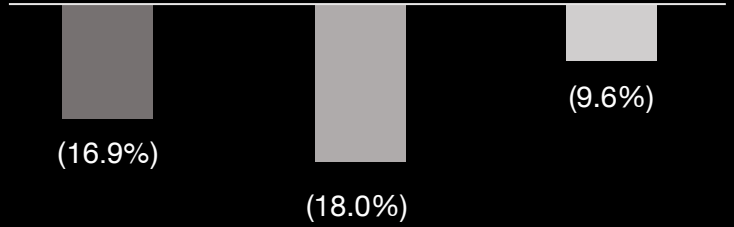


Adjusted EBITDA (1)

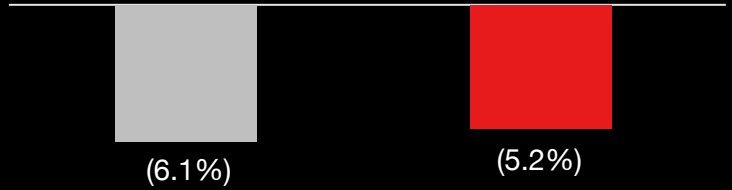
(in $M)



Adjusted EBITDA(1) as % of Revenue

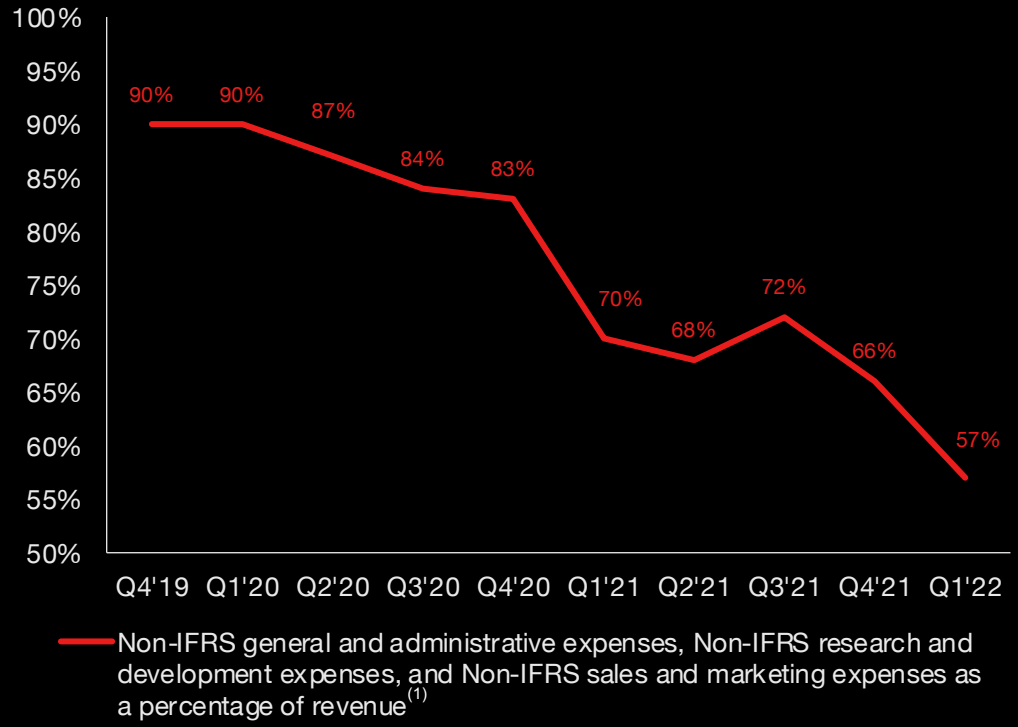


Adjusted EBITDA(1) as % of Revenue



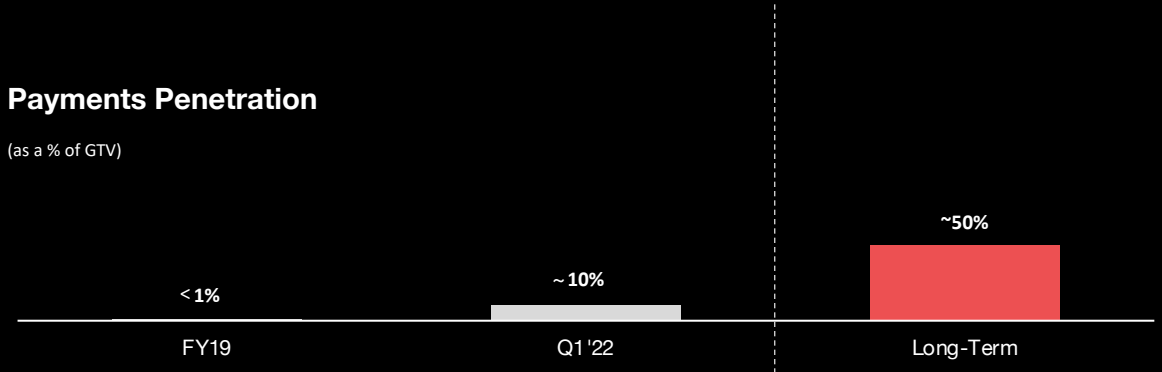
(1) Please see Appendix A for Non-IFRS financial measures definition and reconciliation to net loss

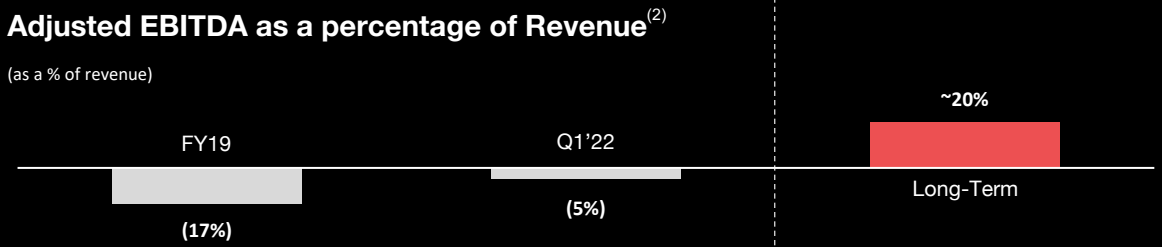
OPEX Trends



(1) Non-IFRS general and administrative expenses, non-IFRS research and development expenses and non-IFRS sales and marketing expenses exclude the effect of stock-based compensation expenses and related payroll taxes, and in the case of non-IFRS general and administrative expenses and non-IFRS sales and marketing expenses, transaction-related costs.

Long-term view of Lightspeed's cost structure [1]





- Lightspeed has a clear path to sustained profitability. In the longer term Lightspeed believes the following are achievable:
- Lightspeed will continue to take market share as more customers move to cloud based solutions.
- ARPU will expand as customers adopt more of the software portfolio.
- Payments penetration as a % of GTV will expand from ~10% today to ~50%.
- The Company will continue to see operating leverage in the expense lines as we achieve scale.
- Once 50% payments penetration is attained, Adjusted EBITDA as a percentage of revenue of ~20% is achievable.
- Gross margin should decline as Payments becomes a bigger portion of mix – somewhat offset by new financial services and improved payments economics with scale.

(1) Please see Appendix B for the assumptions, risks and uncertainties related to the Long-term view of Lightspeed's cost structure.
(2) 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 subscriptions and transactions
- **Growing and diverse customer base** driving $16.3B GTV globally in Q1'22 (1)
- **Lightspeed Payments now driving significant growth** from Global customer base
- **Well capitalized with ~$604M** in unrestricted cash (1)

(1) As of June 30, 2021

APPENDIX A

Appendix A – Industry Metrics

Appendix A

“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.

“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. We believe that our ability to increase the number of Customer Locations served by our platform is an indicator of our success in terms of market penetration and growth of our business. We have successfully demonstrated a history of growing both the number of our Customer Locations and GTV per Customer Location through the increased use of our platform.

“Gross Transaction Volume” or “GTV” means the total dollar value of transactions processed through our cloud-based software-as-a-service 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 customers 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 platforms as of the beginning of the month and dividing our subscription and transaction-based revenue attributable to this cohort in the then-current month by total subscription and transaction-based 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 payroll taxes, compensation expenses relating to acquisitions completed, foreign exchange gains and losses, transaction-related costs, restructuring and litigation provisions. Adjusted EBITDA as a percentage of revenue is calculated by dividing our Adjusted EBITDA by our revenue. The following table reconciles net loss to Adjusted EBITDA for the periods indicated:

(In thousands of US dollars)	Three months ended June 30,		Fiscal year ended March 31,		
	2021	2020	2021	2020	2019
Net Loss	(49,337)	(20,116)	(124,278)	(53,531)	(183,525)
Fair value loss on Redeemable Preferred Shares[1]	-	-	-	-	191,219
Stock-based compensation and related payroll taxes[2]	16,675	7,216	44,755	9,930	3,110
Depreciation and amortization[3]	19,507	5,644	36,483	13,467	4,537
Foreign exchange loss (gain)[4]	249	480	2,098	(395)	987
Net interest (income) expense[3]	(226)	301	353	(1,766)	(181)
Acquisition-related compensation[5]	2,014	5,129	11,807	11,087	454
Transaction-related costs[6]	5,296	659	11,615	2,658	1,023
Restructuring[7]	197	-	1,760	-	-
Litigation provisions[8]	1,205	-	-	-	-
Income tax expense (recovery)	(1,594)	(1,519)	(5,792)	(3,110)	(30,729)
Adjusted EBITDA	(6,014)	(2,206)	(21,199)	(21,660)	(13,105)

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 June 30, 2021, the stock-based compensation expense was $12,387 (June 2020 - $5,529) and the related payroll taxes was an expense of $4,288 (June 2020 - expense of $1,687).
3) In connection with the accounting standard IFRS 16 - Leases, for the three months ended June 30, 2021, net loss includes depreciation of $1,625 related to right-of-use assets, interest expense of $310 on lease liabilities, and excludes an amount of $1,756 relating to rent expense ($827, $233, and $954 respectively for the three months ended June 30, 2020).
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 contingent upon the ongoing employment obligations for certain key employees of such acquired businesses, or on certain performance criteria being achieved.
6) 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.
7) In connection with the Company's acquisitions of ShopKeep and Upserve, certain functions and the associated management structure were reorganized to realize certain synergies and ensure organizational agility. The one time expenses associated with this plan were recorded as a restructuring charge.
8) These costs represent provisions taken in respect of non-ordinary course litigation matters, net of amounts covered by insurance.

APPENDIX B

Long-Term Financial Outlook Disclaimer

Long-Term Financial Outlook

Our long-term targets reflect the stabilization of gross margin despite the current trend of customer adoption of Lightspeed Payments resulting in an increased proportion of transaction-based revenue relative to higher-margin subscription-based revenue. Our long-term targets also reflect a gradual increase in operating leverage, including as a result of increased average revenue per customer and the benefits of increased scale in our primary operating expense lines.

Such long-term targets constitute financial outlook and forward-looking information within the meaning of applicable securities laws. The purpose of communicating long-term targets is to provide a description of management's expectations regarding our intended operating model and financial performance at a further stage of business maturity. Such information may not be appropriate for other purposes.

A number of assumptions were made by the Company in preparing our long-term targets, including:

- Continuation of favorable economic conditions in our core geographies and verticals, including relatively elevated consumer confidence, disposable income and employment.
- The COVID-19 pandemic having durably subsided with broad immunity achieved in our core geographies and verticals, including the elimination of social distancing measures and other restrictions generally in such markets.
- Customer adoption of Lightspeed Payments in line with past rates and expectations, with new customers having an average GTV at or above planned levels and market penetration of our payment processing solutions eventually reaching 50% of our overall GTV.
- Our ability to price our payment processing solutions in line with our expectations
- Our ability to achieve success in the continued expansion of Lightspeed Payments beyond North American customers.
- Revenue streams resulting from partner referrals remaining in line with historical rates (particularly in light of the continued expansion of Lightspeed Payments, which competes with the solutions offered by some of these referral partners).
- Growth in subscription ARPU in line with past rates and expectations, driven by customer adoption of additional solutions and modules and the introduction of new solutions, modules and functionalities.
- Our ability to price solutions and modules in line with our expectations.
- Growth in Customer Locations in line with past rates and expectations.
- Our ability to successfully integrate acquired companies and to derive expected benefits from such acquisitions.
- Our ability to attract, develop and retain key personnel.
- The ability to effectively develop and expand our labour force, including our sales, marketing, support and product and technology organizations, in each case both domestically and internationally.
- Our ability to manage customer churn.
- Our ability to manage requests for subscription pauses, customer discount and payment deferral requests.
- Assumptions as to foreign exchange rates and interest rates.

Long-Term Financial Outlook Disclaimer (continued)

Many factors may cause actual results, level of activity, performance or achievements to differ materially from those expressed or implied by such targets, including 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. In particular, our long-term targets are subject to risks and uncertainties related to:

- The COVID-19 pandemic, including the risk of any new or continued resurgence in our core geographies and the resulting impact on SMBs, including heightened levels of churn owing to business failures, requests for subscription pauses, payment deferrals and delayed purchase decisions.
- Other macroeconomic factors affecting SMBs.
- Our ability to implement our growth strategy.
- The substantial investments and expenditures required in the foreseeable future to expand our business.
- Our liquidity and capital resources, including our ability to secure debt or equity financing on satisfactory terms.
- Our ability to increase scale and operating leverage.
- Our ability to continue the acceleration of the global rollout of Lightspeed Payments.
- Our reliance on a small number of suppliers for parts of the technology in Lightspeed Payments.
- Our ability to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform.
- Our ability to compete and satisfactorily price our solutions in a highly fragmented and competitive market.
- Strategic relations with third parties, including our reliance on integration of third-party payment processing solutions.
- Our ability to maintain sufficient levels of hardware inventory.
- 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 sales and use of our platform in various countries.
- Litigation and regulatory compliance.
- Our ability to expand our sales capability and maintain our customer service levels and reputation.
- Gross margin and operating expenses being measures determined in accordance with generally accepted accounting principles, and the fact that such measures may be affected by unusual, extraordinary or non-recurring items, or by items which do not otherwise reflect operating performance or which hinder period-to-period comparisons.
- Our expectation to continue pursuing acquisitions or other strategic opportunities, some of which may be material in size or result in significant integration difficulties or expenditures, or otherwise impact our ability to achieve profitability on our intended timeline or at all.

See “Disclaimer – Cautionary Note Regarding Forward-Looking Information”.



IR contact

investorrelations@lightspeedhq.com

lightspeed