UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2023 Commission File Number: 001-39498

LIGHTSPEED COMMERCE INC.

(Exact name of Registrant as specified in its charter)

Canada	**7372**	**98-1137623**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

700 Saint-Antoine Street East, Suite 300
Montréal, Québec, Canada H2Y 1A6
(514) 907-1801
(Address and telephone number of Registrant's principal executive offices)

Corporation Service Company
251 Little Falls Drive
Wilmington, New Castle County, DE 19808-1674
(302) 636-5400
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Copy to:

Dan Micak, Esq.
Lightspeed Commerce Inc.
700 Saint-Antoine Street East
Suite 300
Montréal, Québec, Canada
H2Y 1A6
(514) 907-1801

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Subordinate Voting Shares	**LSPD**	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by this annual report:

The Registrant had **151,170,305** Subordinate Voting Shares issued and outstanding as of March 31, 2023.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company. ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

PRIOR FILINGS MODIFIED AND SUPERSEDED

This Annual Report on Form 40-F of Lightspeed Commerce Inc. (" **Lightspeed**", "**we**", "**our**", the "**Company**" or the " **Registrant**") for the year ended March 31, 2023, at the time of filing with the U.S. Securities and Exchange Commission (the "**Commission**"), modifies and supersedes all prior documents filed pursuant to Sections 13, 14 and 15(d) of the U.S. Securities Exchange Act of 1934 (as amended, the "**Exchange Act**") for purposes of any offers or sales of any securities after the date of this filing pursuant to any registration statement or prospectus filed pursuant to the U.S. Securities Act of 1933 (as amended, the "**Securities Act**") which incorporates by reference this Annual Report on Form 40-F (or any of the documents filed as Exhibits to this Annual Report on Form 40-F).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Lightspeed has made in this Annual Report on Form 40-F and the documents filed as Exhibits hereto, and from time to time may otherwise make, forward-looking statements under the provisions of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act, and Section 21E of the Exchange Act, and forward-looking information within the meaning of applicable Canadian securities legislation.

The Company's actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

The forward-looking statements represent the Company's views as of the date of this Annual Report on Form 40-F. The Company anticipates that subsequent events and developments may cause these views to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company has no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent the Company's views as of any date other than the date of this Annual Report on Form 40-F.

See Lightspeed's annual information form for the year ended March 31, 2023, attached as Exhibit 99.1 to this Annual Report on Form 40-F, under the heading "Forward-Looking Information" and Lightspeed's management's discussion and analysis for the year ended March 31, 2023, attached as Exhibit 99.2 to this Annual Report on Form 40-F (the "**Lightspeed 2023 MD&A**"), under the heading "Forward-looking information", for a discussion of forward-looking statements.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its consolidated financial statements, which are filed as Exhibit 99.3 to this Annual Report on Form 40-F, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), and which are not comparable to financial statements of United States companies.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

A. ***Evaluation of disclosure controls and procedures***. Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in reports filed with the Commission are recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management to ensure timely decisions regarding required disclosure. Management regularly reviews disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud. The Chief Executive Officer ("**CEO**") and the Chief Financial Officer (" **CFO**"), along with management, have evaluated and concluded that the Company's disclosure controls and procedures as at March 31, 2023 were effective.

B. ***Management's annual report on internal control over financial reporting***. Management of the Company, under the supervision of the CEO and the CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management, including the CEO and CFO, have assessed the effectiveness of the Company's internal control over financial reporting in accordance with Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Based on this assessment, management, including the CEO and CFO, have determined that the Company's internal control over financial reporting was effective as at March 31, 2023. See "Management's Annual Report on Internal Control Over Financial Reporting", which accompanies Lightspeed's audited consolidated financial statements as at March 31, 2023 and 2022 and for the years then ended (the "**Lightspeed 2023 Financial Statements**"), filed as Exhibit 99.3 to this Annual Report on Form 40-F.

C. ***Attestation report of the independent registered public accounting firm***. The effectiveness of the Company's internal control over financial reporting as at March 31, 2023 has been audited by PricewaterhouseCoopers LLP (PCAOB ID No. 271), an independent registered public accounting firm, as stated in their report, which accompanies the Lightspeed 2023 Financial Statements, and is incorporated herein by reference.

D. ***Changes in internal control over financial reporting***. The CEO and the CFO have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its internal controls over financial reporting during the period ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting. No such changes were identified through their evaluation.

E. ***Limitations of controls and procedures.*** Management, including the CEO and CFO, believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

NOTICES PURSUANT TO REGULATION BTR

The Company was not required by Rule 104 of Regulation BTR to send any notices to any of its directors or executive officers during the fiscal year ended March 31, 2023.

AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT

Audit Committee

The Company's board of directors (the "**Board**") has a separately designated standing audit committee (the " **Audit Committee**") established in accordance with section 3(a)(58)(A) of the Exchange Act and satisfies the requirements of Exchange Act Rule 10A-3. The Company's Audit Committee is comprised of three directors, all of whom, in the opinion of the Company's Board, are independent (as determined under Rule 10A-3 of the Exchange Act and the rules of the NYSE) and are financially literate.

Audit Committee Financial Expert

The Company's Board has determined that it has at least one audit committee financial expert serving on its Audit Committee. The Board has determined that Paul McFeeters is an audit committee financial expert and is independent within the meaning of applicable Commission regulations and the listing standards of the New York Stock Exchange (the "**NYSE**").

The Commission has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose on such person any duties, obligations or liability that are greater than those imposed on such person as a member of the Audit Committee and the Board in the absence of such designation and does not affect the duties, obligations or liability of any other member of the Audit Committee or Board.

CODE OF ETHICS

The Board has adopted a written code of conduct and ethics (the " **Code**"), by which it and all officers and employees of the Company, including the Company's principal executive officer, principal financial officer, principal accounting officer and controller or persons performing similar functions, abide. The Code, as amended, is posted on the Company's website at https://investors.lightspeedhq.com/English/management/governance-documents/default.aspx. Except for the Code, and notwithstanding any reference to the Company's website or other websites in this Annual Report or in the documents incorporated by reference herein or attached as Exhibits hereto, no information contained on the Company's website or any other site shall be incorporated by reference in this Annual Report or in the documents incorporated by reference herein or attached as Exhibits hereto.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

PricewaterhouseCoopers LLP acted as the Company's independent registered public accounting firm for the fiscal year ended March 31, 2023. See the section "External Auditor Service Fee" in our AIF, which section is incorporated by reference herein, for the total amount billed to the Company by PricewaterhouseCoopers LLP for services performed in the last two fiscal years by category of service (for audit fees, audit related fees, tax fees and all other fees).

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

See the section "Audit Committee Pre-Approval Policies and Procedures" in our AIF, which section is incorporated by reference herein.

OFF-BALANCE SHEET ARRANGEMENTS

We have no material off-balance sheet arrangements, other than low value and short-term leases, and other purchase obligations (which have been disclosed under "Contractual Obligations" in the Lightspeed 2023 MD&A).

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading "Contractual Obligations" in the Lightspeed 2023 MD&A is incorporated by reference herein.

CORPORATE GOVERNANCE PRACTICES

The NYSE Listed Company Manual generally requires that a listed company's by-laws provide for a quorum for any meeting of the holders of the company's common shares that is sufficiently high to ensure a representative vote. As a foreign private issuer, we have elected to comply with practices that are permitted under Canadian law in lieu of this NYSE requirement. Our by-laws provide that the holders of at least 25% of the shares entitled to vote at the meeting, present in person or represented by proxy, and at least two persons entitled to vote at the meeting, present in person or represented by proxy, constitutes a quorum.

Except as stated above, we are in compliance with the rules generally applicable to U.S. domestic companies listed on the NYSE. We may in the future decide to use other foreign private issuer exemptions with respect to some of the other NYSE listing requirements. Following our home country governance practices, as opposed to the requirements that would otherwise apply to a company listed on the NYSE, may provide less protection than is accorded to investors under the NYSE listing requirements applicable to U.S. domestic issuers.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of the registrant shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the Registrant.

EXHIBIT INDEX

Exhibit Number	Description
99.1	Annual Information Form for the year ended March 31, 2023
99.2	Management's Discussion & Analysis for the year ended March 31, 2023
99.3	Audited Consolidated Financial Statements for the year ended March 31, 2023
99.4	Certification of Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.6	Consent of PricewaterhouseCoopers LLP
101	Interactive Data File (formatted as Inline XBRL)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Exhibits 99.1, 99.2 and 99.3 of this Annual Report on Form 40-F are incorporated by reference into the Registration Statement on Form F-10 of the Registrant, which was originally filed with the Securities and Exchange Commission on May 27, 2021 (File No. 333-256579), the Registration Statement on Form S-8 of the Registrant, which was originally filed with the Securities and Exchange Commission on September 30, 2020 (File No. 333-249175), and the Registration Statement on Form S-8 of the Registrant, which was originally filed with the Securities and Exchange Commission on December 4, 2020 (File No. 333-251139) (together, the "**Registration Statements**"). Exhibit 99.6 is incorporated by reference as an exhibit to the Registration Statements.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereto duly authorized.

Lightspeed Commerce Inc.
(Registrant)

Chief Legal Officer



LIGHTSPEED COMMERCE INC.

ANNUAL INFORMATION FORM

Fiscal Year ended March 31, 2023

May 18, 2023

ANNUAL INFORMATION FORM
LIGHTSPEED COMMERCE INC.
TABLE OF CONTENTS

ANNUAL INFORMATION FORM	1
EXPLANATORY NOTES	2
FORWARD-LOOKING INFORMATION	3
CORPORATE STRUCTURE	8
BUSINESS OF LIGHTSPEED	9
GENERAL DEVELOPMENT OF LIGHTSPEED'S BUSINESS	24
RISK FACTORS	29
DIVIDEND POLICY	67
DESCRIPTION OF SHARE CAPITAL	67
MARKET FOR SECURITIES	70
DIRECTORS AND EXECUTIVE OFFICERS	70
AUDIT COMMITTEE	74
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	76
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	77
TRANSFER AGENT AND REGISTRAR	77
MATERIAL CONTRACTS	77
INTERESTS OF EXPERTS	77
ADDITIONAL INFORMATION	78
EXHIBIT A	A1

EXPLANATORY NOTES

As used in this Annual Information Form ("**AIF**"), unless the context indicates or requires otherwise, all references to the " **Company**", "**Lightspeed**", "**we**", "**us**" or "**our**" refer to Lightspeed Commerce Inc. together with our subsidiaries, on a consolidated basis. Furthermore, as used in this AIF, unless the context indicates or requires otherwise, the following terms have the following meanings:

"**Audit Committee**" means the audit committee of the Board;

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time;

"**CNG Committee**" means the compensation, nominating and governance committee of the Board;

"**COVID-19 Pandemic**" means the COVID-19 pandemic;

"**Ecwid**" means the Ecwid corporate group;

"**Fiscal 2021**" means the fiscal year ending March 31, 2021;

"**Fiscal 2022**" means the fiscal year ending March 31, 2022;

"**Fiscal 2023**" means the fiscal year ending March 31, 2023;

"**Fiscal 2024**" means the fiscal year ending March 31, 2024;

"**NYSE**" means the New York Stock Exchange;

"**NI 52-109**" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* , as amended from time to time;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*, as amended from time to time;

"**NuORDER**" means Lightspeed NuORDER Inc. (the successor to NuORDER, Inc.);

"**POS**" means point of sale;

"**Risk Committee**" means the risk committee of the Board;

"**SaaS**" means software-as-a-service;

"**SMBs**" means small- and medium-sized businesses;

"**TSX**" means the Toronto Stock Exchange; and

"**Vend**" means Vend Limited.

This AIF is dated May 18, 2023, which is the date it was approved by the board of directors of the Company (the " **Board**"), and, unless specifically stated otherwise, all information disclosed in this AIF is provided as at March 31, 2023, the end of Lightspeed's most recently completed fiscal year.

This AIF should be read in conjunction with the Company's audited consolidated financial statements and notes for Fiscal 2023 and Management's Discussion and Analysis for Fiscal 2023, but which, for greater certainty, are not incorporated by reference herein.

Trademarks

This AIF includes certain trademarks, such as "Lightspeed", "Flame Design", "NuORDER" and other trademarks, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks referred to in this AIF may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks.

Presentation of Financial Information and Other Information

We present our consolidated financial statements in U.S. dollars. All references in this AIF to dollars, "$" or "US$" are to United States dollars and all references to Canadian dollars and "C$" are to Canadian dollars. Amounts are stated in U.S. dollars unless otherwise indicated.

Key Performance Indicators

This AIF makes reference to "Average Revenue Per User" or "ARPU", "Customer Locations", "Gross Transaction Volume" or "GTV" and "Gross Payment Volume" or "GPV", which are key performance indicators we monitor to help us evaluate our business,

measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key performance indicators are also used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures and ratios. We also believe that securities analysts, investors and other interested parties frequently use industry metrics in the evaluation of issuers. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

"**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. We use this measure as we believe it provides a helpful supplemental indicator of our progress in growing the revenue that we derive from our customer base. For greater clarity, the number of Customer Locations of the Company in the period is calculated by taking the average number of Customer Locations throughout the period.

"**Customer Location**" means a billing merchant location for which the term of services have not ended, or with which we are negotiating a renewal contract, and, in the case of NuORDER, a brand with a direct or indirect paid subscription for which the terms of services have not ended or in respect of which we are negotiating a subscription renewal. A single unique customer can have multiple Customer Locations including physical and eCommerce sites and in the case of NuORDER, multiple subscriptions. We use this measure as we believe that our ability to increase the number of Customer Locations with a high GTV per year served by our platform is an indicator of our success in terms of market penetration and growth of our business. A Customer Location's GTV per year is calculated by annualizing the GTV for the months in which the Customer Location was actively processing in the last twelve months.

"**Gross Transaction Volume** " or "**GTV**" means the total dollar value of transactions processed through our cloud-based software-as-a-service platform, excluding amounts processed through the NuORDER solution, in the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We use this measure as 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. We have excluded amounts processed through the NuORDER solution from our GTV because they represent business-to-business volume rather than business-to-consumer volume and we do not currently have a robust payments solution for business-to-business volume.

"**Gross Payment Volume** " or " **GPV**" means the total dollar value of transactions processed, excluding amounts processed through the NuORDER solution, in the period through our payments solutions in respect of which we act as the principal in the arrangement with the customer, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We use this measure as we believe that growth in our GPV demonstrates the extent to which we have scaled our payments solutions. As the number of Customer Locations using our payments solutions grows, particularly those with a high GTV, we will generate more GPV and see higher transaction-based revenue. We have excluded amounts processed through the NuORDER solution from our GPV because they represent business-to-business volume rather than business-to-consumer volume and we do not currently have a robust payments solution for business-to-business volume.

See "Key Performance Indicators" from Management's Discussion and Analysis of Financial Condition and Results of Operations for Fiscal 2023.

Exchange Rate Data

The following table sets out the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars during each of the periods specified, the average rate of exchange for those periods and the rate of exchange in effect at the end of each of those periods, each based on the rate of exchange published by the Bank of Canada for conversion of U.S. dollars into Canadian dollars.

	Fiscal Year Ended March 31,	
	2023	**2022**
	(C$)	**(C$)**
Highest rate during the period	1.3856	1.2942
Lowest rate during the period	1.2451	1.2040
Average rate for the period	1.3230	1.2536
Rate at the end of the period	1.3533	1.2496

FORWARD-LOOKING INFORMATION

This AIF 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, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate; macroeconomic conditions such as increasing inflationary pressures, interest rates, instability in the banking sector and global economic uncertainty; our expectations regarding the costs, timing and impact of our cost reduction initiatives; events such as the ongoing COVID-19 Pandemic and the Russian invasion of Ukraine; and expectations regarding industry and consumer spending trends, our growth rates, the achievement of advances in and expansion of our platform, our revenue and the revenue generation potential of our payment-related and other solutions, the impact of our decision to sell our POS and payments solutions as one unified platform, our gross margins and future profitability, acquisition outcomes and synergies, the impact of legal proceedings, the impact of foreign currency fluctuations on our results of operations, our business plans and strategies and our competitive position in our industry 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” or “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”, the negative of these terms and similar terminology. 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 as at the date of the forward-looking information. 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. Certain assumptions made in respect of our ability to build our market share and enter new markets and industry verticals; our ability to attract, develop and retain key personnel; our ability to manage hardware component shortages and supply chain risk and the impact of shortages in the supply chain on our customers; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to execute on our cost reduction initiatives; our ability to continue investing in infrastructure and implement scalable controls, systems and processes to support our growth; our ability to prevent and manage information security breaches or other cyber-security threats; our ability to protect our intellectual property rights and the risk of claims by third parties of intellectual property infringement; the impact of class actions and other litigation claims; the pricing of our offerings; our ability to successfully sell our POS and payments solutions as one unified platform to both new and existing customers; our ability to successfully integrate the companies we have acquired and to derive the benefits we expect from the acquisition thereof; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates, including inflation; seasonality in our business and in the business of our customers; the impact of competition; the changes and trends in our industry or the global economy, including changes in consumer spending; goodwill impairments and the possibility of future impairments; and the changes in laws, rules, regulations, and global standards are material factors in preparing forward-looking information and management’s expectations.

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, is 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 factors identified in our Management’s Discussion and Analysis of Financial Condition and Results of Operations for the year ended March 31, 2023 and our other filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which are available under our profiles on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, and the following risk factors described in greater detail under “Risk Factors” of this AIF:

- our growth may not be sustainable and depends on our ability to attract new customers, retain revenue from existing customers and increase sales to both new and existing customers;
- we may not be able to successfully implement our growth strategy on a timely basis or at all;
- our growth strategy involves building on our success in payments and financial solutions, which may present risks and challenges that we have not yet experienced;
- we have a history of losses and we may be unable to achieve profitability;

- the impact of worldwide economic conditions such as inflation and changes in interest rates, including the resulting effect on the operations of and spending by SMBs and on consumer spending, may adversely affect our business, operating results and financial condition;
- our business could be harmed if we fail to manage our growth effectively and efficiently;
- the markets in which we participate are highly competitive. We may not be able to compete successfully against current and future competitors;
- if we are unable to hire, retain and motivate qualified personnel, our business will suffer;
- if we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform and innovate and introduce new solutions in a manner that responds to our customers' evolving needs, our business may be adversely affected;
- our operating results are subject to seasonal fluctuations;
- exchange rate fluctuations have and may continue to negatively affect our results of operations;
- our limited operating history in new and developing markets and new geographic regions makes it difficult to evaluate our current business and future prospects and may increase the risk that we will not be successful;
- our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive position may be harmed;
- our payments solutions subject us to regulatory requirements, payment card network rules, payment card transactions underwriting and other risks that could be costly and difficult to comply with or that could harm our business;
- our risk management efforts in connection with the processing of payments may not be effective, which could expose us to losses and liability and otherwise harm our business;
- we are subject to additional risks relating to the availability of capital to fund customers, the ability of our customers to generate sales to remit receivables, general macroeconomic conditions, legal and regulatory risks and the risk of fraud;
- we rely on a limited number of suppliers to provide part of the technology we offer through Lightspeed Payments and/or other payments offerings;
- security breaches, denial of service attacks, or other hacking and phishing attacks on our systems or other security breaches, including internal security failures, could harm our reputation or subject us to significant liability, and adversely affect our business and financial results;
- system failures, interruptions, delays in service, catastrophic events, inadequate infrastructure and resulting interruptions in the availability or functionality of our platform could harm our reputation or subject us to significant liability, and adversely affect our business and financial results;
- interruptions or other issues in the proper functioning of or upgrades to our information technology systems could cause disruption to our operations;
- we store personal and other information of our partners, our customers and their consumers and our employees. If the security of this information is compromised or is otherwise accessed without authorization, or is perceived to be compromised or accessed without authorization, our reputation may be harmed and we may be exposed to liability and loss of business;
- we may incur additional costs to maintain legitimate means for our transfer and receipt of personal data from European countries, or may be unable to maintain such legitimate means;
- our business is susceptible to risks associated with international operations, including international sales, our presence and the use of our platform in various countries;
- adverse developments affecting the financial services industry could adversely affect our business, operating results and financial condition;

- the COVID-19 Pandemic and the spread of variants of the COVID-19 virus have adversely affected and may continue to adversely affect our business, operating results and financial condition and this adverse affect could be material;
- we have in the past made, and in the future may make, acquisitions and investments that could divert management's attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations and adversely affect our business, operating results or financial position;
- businesses we acquire may not have disclosure controls and procedures and internal controls over financial reporting, cybersecurity controls and data privacy compliance programs, or their existing controls and programs may be weaker than or otherwise not in conformity with ours;
- our use of "open source" software could negatively affect our ability to sell our solutions and subject us to possible litigation;
- we rely on computer hardware, purchased or leased, and software licensed from and services rendered by third parties in order to run our business;
- third-party hardware that we sell to our customers is generally procured from a single supplier or limited number of suppliers. Thus, we are at risk of shortages, price increases, tariffs, changes, delays or discontinuations of hardware, which could disrupt and materially adversely affect our business;
- if our software or hardware contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our customers;
- we may be unable to achieve or maintain data transmission capacity;
- our growth depends in part on the success of our strategic relationships with third parties;
- portions of our platform use a single cloud service provider to deliver services. Any disruption of services from our cloud service providers could harm our business;
- we rely on the integration of third-party payment processing solutions;
- if we do not maintain the compatibility of our solutions with third-party applications and operating systems that our customers use or the fiscal recording requirements they are required to comply with in their business processes, demand for our solutions could decline;
- our business and prospects would be harmed if changes to technologies used in our platform or new versions or upgrades of operating systems and internet browsers adversely impact the process by which our customers and their consumers interface with our platform;
- mobile devices are increasingly being used to conduct commerce, and if our solutions do not operate as effectively when accessed through these devices, our customers and their consumers may not be satisfied with our services, which could harm our business;
- we may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology;
- we have been, and may in the future be, subject to claims by third parties of intellectual property infringement, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies;
- we are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition;
- from time to time, we are or may become defendants in legal proceedings as to which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment;
- new tax laws could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our solutions and adversely impact our business;
- unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition;
- our future effective tax rates could be subject to volatility or adversely affected by a number of factors;

- tax authorities may seek to assess business taxes, sales and use taxes and other indirect taxes. If we are required to collect such taxes in additional jurisdictions, we might be subject to tax liability for past sales;
- we may not be able to utilize a significant portion of our net operating loss (" **NOL**"), which could adversely affect our potential profitability;
- failure to effectively expand and adapt our go-to-market capabilities could harm our ability to increase our subscriber base and achieve broader market acceptance of our platform;
- we rely on search engines, advertising on the Internet and social networking sites to attract a meaningful portion of our customers. If we are not able to generate traffic to our website through search engines, advertising on the Internet and social networking sites, our ability to attract new customers may be impaired. In addition, if our customers are not able to generate traffic to their stores, restaurants and websites through search engines, advertising on the Internet and social networking sites, their ability to attract consumers may be impaired;
- if we fail to maintain a consistently high level of customer service or if we fail to manage our reputation, our brand, business and financial results may be harmed;
- activities of customers or partners or the content of our customer' shops could damage our brand, subject us to liability, and harm our business and financial results;
- we are subject to export and import controls and anti-corruption and economic sanctions laws that could impair our ability to offer our platform internationally or subject us to liability if we are not in compliance with applicable laws;
- our insurance costs have in the past and may in the future increase significantly, we may be unable to obtain the same level of insurance coverage and our insurance coverage may not be adequate to cover all possible losses we may suffer;
- we may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms;
- provisions of our present and future debt instruments may restrict our ability to pursue business strategies;
- we are dependent upon customers' and consumers' continued and unimpeded access to the internet, and upon their willingness to use the internet for commerce;
- changes in accounting standards and interpretations, and our adoption thereof, as well as subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition;
- we have in the past suffered losses due to goodwill impairment and may in the future suffer losses due to impairment charges;
- climate change may have an adverse impact on our business;
- the market price of our subordinate voting shares has been and may continue to be volatile and your investment could suffer or decline in value;
- we do not currently anticipate paying dividends;
- future sales, or the perception of future sales, of subordinate voting shares by existing shareholders or by us, or future dilutive issuances of subordinate voting shares by us, could adversely affect prevailing market prices for the subordinate voting shares;
- our quarterly results of operations may fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our share price to decline;
- securities analysts' research or reports could impact the price of the subordinate voting shares;
- we incur significant expenses as a result of being a public company;
- as a foreign private issuer, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to our shareholders;
- we may lose foreign private issuer status in the future, which could result in significant additional costs and expenses to us;

- we are required to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be effective, which could adversely affect investor confidence in our Company and, as a result, negatively impact the value of our subordinate voting shares;
- our constating documents permit us to issue additional securities in the future, including subordinate voting shares and preferred shares, without additional shareholder approval;
- provisions of our constating documents and certain Canadian legislation could delay a change of control, limit attempts by our shareholders to replace or remove our current senior management and affect the market price of our subordinate voting shares;
- provisions of Canadian law may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets;
- we are governed by the corporate and securities laws of Canada which in some cases have a different effect on shareholders than the corporate laws of Delaware, U.S. and U.S. securities laws;
- as we are a Canadian corporation and certain of our directors and officers reside in Canada or the provinces thereof and the United Kingdom, it may be difficult for United States shareholders to effect service on us to realize on judgments obtained in the United States. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada; and
- our by-laws designate certain specified courts as the sole and exclusive forums for certain disputes between us and our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

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 opinions, estimates or assumptions referred to above and described in greater detail in “Risk Factors” should be considered carefully by prospective investors.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking information is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this AIF represents our expectations as of the date hereof or as of the date it is otherwise stated to be made, as applicable, and is 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.

All of the forward-looking information contained in this AIF is expressly qualified by the foregoing cautionary statements.

CORPORATE STRUCTURE

Lightspeed was incorporated under the CBCA on March 21, 2005 as Xsilva Systems Inc. We filed articles of amendment on April 20, 2012 to change our name to Lightspeed Retail Inc., on October 22, 2014 to change our name to Lightspeed POS Inc, and on August 6, 2021 to change our name to Lightspeed Commerce Inc.

On December 17, 2008, we filed articles of amendment to split all of our issued and outstanding common shares on a 100,000-to-1 basis. On August 12, 2015, we filed articles of amendment to split all of our issued and outstanding redeemable preferred shares on a 10-to-1 basis. On August 2, 2017, we filed articles of amendment to cancel our class A-1 and class A-2 preferred shares.

Immediately prior to closing of our initial public offering (the “ **IPO**”) on March 15, 2019 (the “**IPO Closing Date**”), we implemented a number of pre-closing capital changes. All of our issued and outstanding redeemable preferred shares were converted into common shares on a one-for-one basis in accordance with their terms. We also filed articles of amendment so as to amend and re-designate our common shares as subordinate voting shares, create a new class of multiple voting shares, repeal the classes of shares relating to our redeemable preferred shares, create a new class of preferred shares, issuable in series and consolidate all of our issued and outstanding

shares on a 4-to-1 basis. On March 18, 2019, we also proceeded to file restated articles of incorporation. See “Description of Share Capital” for more information about our current share capital.

Our head and registered office is located at 700 Saint-Antoine Street East, Suite 300, Montréal, Québec, Canada, H2Y 1A6.

The following chart identifies our material subsidiaries (including jurisdiction of formation, incorporation or continuance of the various entities):

Name of Subsidiary	Jurisdiction of Incorporation or Formation	Ownership Percentage (Voting)
Lightspeed Commerce USA Inc.	Delaware	100%
Lightspeed Netherlands B.V.	Netherlands	100%
Lightspeed Payments USA Inc.	Delaware	100%
Upserve, Inc.	Delaware	100%
Vend Limited	New Zealand	100%

BUSINESS OF LIGHTSPEED

Mission

At Lightspeed, our mission is to bring cities and communities to life by powering businesses’ commerce strategies. We believe the future of commerce requires modern omni-channel cloud solutions, next-generation digital payments capabilities and an interconnected ecosystem of merchants, suppliers and consumers. We plan to continue equipping our restaurant, retail and other customers with modern technology solutions that transform the way they manage their operations.

Overview

Lightspeed offers a cloud-based commerce platform that connects suppliers, merchants and consumers while enabling omni-channel experiences. Our software platform provides our customers with the critical functionality they need to engage with consumers, manage their operations, accept payments, and grow their businesses. We serve customers globally, empowering single- and multi-location retailers, restaurants, golf course operators and other companies to compete successfully in an omni-channel market environment by engaging with consumers across online, mobile, social, and physical channels. We primarily target SMBs with our easy to use and cost efficient solutions. The majority of our revenue is recurring or reoccurring and we have a track-record of growing revenue per customer over time.

Our cloud platform is designed around three interrelated elements: omni-channel consumer experience, a comprehensive back-office operations management suite to improve our customers’ efficiency and insight, and the facilitation of payments. Key functionalities of our platform include full omni-channel capabilities, POS, product and menu management, employee and inventory management (including ordering), analytics and reporting, multi-location connectivity, order-ahead and curbside pickup functionality, loyalty, customer management and tailored financial solutions such as Lightspeed Payments and Lightspeed Capital. By delivering our solutions through the cloud, we enable merchants to reduce dependency on the brick and mortar channel and interact with customers anywhere (in store, online, mobile and social), gain a deeper understanding of their customers and operations by tracking activity and key metrics across all channels, and update inventory, run analytics, change menus, send promotions and otherwise manage their business operations from any location.

Our flagship solutions include Lightspeed Restaurant, a unified hospitality commerce offering, and Lightspeed Retail, a groundbreaking retail commerce offering that unites advanced POS, payments, and eCommerce into one cohesive and powerful solution. In addition, Lightspeed eCommerce allows merchants to enhance omnichannel reach and increase selling flexibility, including through social media platforms and digital marketplaces. Our new flagship solutions are seeing strong reception from customers globally. NuORDER by Lightspeed, once fully integrated, will provide customers with greater supplier access and inventory visibility, automate manual ordering, consolidate supplier portals into the POS, streamline omni-channel operations by making it easy to import product details and photos into the POS, and ensure use of supplier approved brand names and images. Going deep into verticals will also create opportunities for us to monetize our data up and down the supply chain. In Fiscal 2023, we announced the initial launch of Lightspeed B2B, our B2B offering, to several key North American verticals: fashion, outdoor, bikes and sporting goods. We believe our continued investment in Lightspeed B2B represents an opportunity for us to distinguish ourselves from competitors.

Being the commerce platform puts us in a prime position for payment processing and allows us to collect transaction-related data insights. After excluding Customer Locations[1] attributable to the Ecwid eCommerce standalone product, our payments solutions are now available to the majority of our Customer Locations. As of the beginning of Fiscal 2024, we are now selling our POS and payments solutions together as one unified offering. We believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. We are helping our customers by offering free hardware and implementation, helping with contract buy-outs and offering competitive rates. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. We believe processing additional GTV for new and existing customers through our payments solutions will help advance our growth strategies and enable us to reduce complexity in our business. In addition, this initiative will help reduce the costs of supporting a variety of third party payment processors.

Our platform is built to scale with our customers, supporting them as they open new locations, and offering increasingly sophisticated solutions as their business requirements become more complex. Our platform helps SMBs avoid having to piece together multiple, and often disjointed, applications from various providers to leverage the technology they need to run and grow their businesses. Our ecosystem of development, channel and installation partners further reinforces the scalability of our solutions, making them customizable and extensible. We work alongside our customers through their business journey by providing industry-leading onboarding and support services, and fundamentally believe that our success is directly connected to their success.

To further complement our core cloud solutions, we offer a merchant cash advance program called Lightspeed Capital. This program provides cash advances to eligible merchants and is designed to help them with overall business growth and cash management. Merchants use these cash advances to manage their cash flows, to buy inventory, and to invest in marketing, amongst other things.

We sell our solutions primarily through our direct sales force in North America, Europe, the UK, Australia and New Zealand, supplemented by indirect channels in other countries around the world. Our platform is well-suited for various types of SMBs, particularly single- and multi-location retailers with complex operations, such as those with a high product count, diverse inventory needs or a service component, golf course operators and hospitality customers.

While our total number of Customer Locations experienced more gradual growth in Fiscal 2023 than in prior years, the number of our Customer Locations processing over $500,000/year continued to increase. We remain focused on attracting the right customer profile, particularly Customer Locations with a higher GTV[1] and more complex needs, merchants which we believe are ideally suited for our industry-leading solutions.

We believe we have a distinct leadership position in SMB commerce given our scale, breadth of capabilities, and diversity of customers. We generate revenue primarily from the sale of cloud-based software subscriptions and our payments solutions. We offer pricing plans designed to meet the needs of our current and prospective customers that enable Lightspeed solutions to scale with SMBs as they grow. Our subscription plans vary from monthly plans to one-year and multi-year terms. We have also integrated our software with various third party payment processors who pay us a revenue share of the payment processing revenue for customers we refer to them. These arrangements generally predate the availability of our payments solutions in the various markets we serve.

We plan to continue making deliberate investments to drive future growth. We believe that our future success depends on a number of factors, including our ability to expand our market share, build on the successes of our payments and tailored financial solutions, add more solutions to our platform, expand our presence within verticals, and our ability to selectively pursue and to integrate value-enhancing acquisitions.

During the three months ended March 31, 2023, we announced a reorganization to streamline the Company's operating model while continuing to focus on disciplined growth. This new structure represents the next deliberate step to integrate all of our acquired companies and products now that we have successfully launched our flagship products in both retail and hospitality. The reorganization included the reduction of approximately 300 roles. We plan to continue to hire core go-to-market and development roles that support disciplined growth.

We believe that we have significant opportunity to continue to expand ARPU [2] given the number of customers adopting more Lightspeed products over time and that our continued investments will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our customers. We have not been profitable to date. If we are unable to successfully implement our growth strategies and cost reduction initiatives, we may not be able to achieve profitability.

Seasonality

We believe our transaction-based revenues will continue to represent an increasing proportion of our overall revenue mix over time as a result of the continued customer adoption of our payments solutions, and we expect seasonality of our quarterly results to continue to

[1] Refer to the section entitled "Key Performance Indicators"

[2] Refer to the section entitled "Key Performance Indicators"

increase. We expect our overall revenues to continue to become increasingly correlated with respect to the GTV processed by our customers through our platform.

Macro-Economic Conditions including COVID-19

There continues to be uncertainty in the macroeconomic environment, including with respect to increasing inflationary pressures, changes in consumer spending, instability in the banking sector, exchange rate fluctuations and increases of interest rates as well as with respect to the duration and magnitude of the COVID-19 Pandemic and the ability to control resurgences and new variants worldwide. This macroeconomic uncertainty makes it difficult to assess the future impact these events and conditions will have on our customer base, the end markets we serve and the resulting effect on our business and operations, both in the short term and in the long term.

Despite these ongoing risks and uncertainties, we continue to believe there is an accelerated need for our solutions in the retail and hospitality industries as SMBs look to augment traditional in-person selling models with online and digital strategies, operate with fewer employees to manage labor shortages by automating time-consuming tasks, and find new efficiencies and insights into their business. A large portion of our market is currently served by legacy on-premise systems that are expensive, complicated, outdated and poorly equipped to help SMBs adapt to this immediate need. This represents a significant opportunity for us to continue to fuel adoption of our solutions. We believe our growth, despite a challenging macro-economic environment, is an ongoing indicator of this continued shift to cloud-based solutions. Lightspeed believes it is well-positioned to capitalize on this opportunity and will continue to leverage its privileged position at the point of sale to also seize our payments opportunity.

Seizing our payments opportunity means monetizing a larger portion of our customers' GTV. We expect changes in consumer spending or other macro-economic conditions in the various geographies in which we operate to continue to cause variability in our GTV; however, we believe our diversity in customer verticals and geographies we serve will continue to be a strong asset of the business.

Additionally, the Russian invasion of Ukraine has created and is expected to continue to create further global economic uncertainty. We do not have any significant operations, customers or supplier relationships in Russia, Belarus or Ukraine, and have ceased our selling activities to new customers in Russia and Belarus. All of our intellectual property and customer data is located outside of the region. We do have personnel in Russia who were brought on via our acquisition of Ecwid, and as part of our business continuity plans have relocated many outside of Russia to mitigate any reliance on the region. The United States State Department has issued a warning that one of the potential escalations that may result in connection with the war in Ukraine and in response to the increased sanctions announced by many countries against Russia, could be an increased risk of cyber-security attacks to the networks and operations of companies operating from countries that have participated in sanctions against Russia. We take that concern very seriously and have increased our own efforts to monitor our networks and information technology infrastructure for any signs of such attacks. We will continue to monitor the situation closely, but to date we have not experienced any disruptions in our business operations as a result thereof.

We continue to monitor the impact of macro-economic events and conditions on our business, financial condition and operations, as further discussed below. Refer to the section of this Annual Information Form entitled "Risk Factors" and to our other filings with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, for a discussion about the risks with which we are faced.

Competitive Strengths

Comprehensive solution

Our platform enables SMBs to run many core aspects of their operations and sell across multiple channels, all using a single platform. We provide our customers a hub of end-to-end capabilities, including full POS capabilities, full eCommerce capabilities, payment processing, inventory, employee or menu management, tools to manage home delivery and pick-up options, online bookings and membership management capabilities, multi-location connectivity, customer management, loyalty, analytics and reporting, and tailored financial solutions. Retailers and hospitality businesses are able to tailor our services by selecting the features that best meet their needs and eliminate inefficiencies associated with maintaining a patchwork of loosely-connected niche applications. Lightspeed B2B, once fully integrated with our flagship products, will provide customers with greater supplier access and inventory visibility, automate manual ordering, consolidate supplier portals into the POS, streamline omni-channel operations by making it easy to import product details and photos into the POS, and ensure use of supplier approved brand names and images. Meanwhile, suppliers will benefit from greater access to real-time data on goods sold by customers and enhanced brand presence with customers. We maintain a robust ecosystem of third-party integrations, apps and themes that allow our customers to enhance both their online and offline businesses. We and our development partners leverage each other's application program interface (" **APIs**") to connect our respective solutions, thereby extending the breadth of our platform even further through integrations with accounting software solutions and property management platforms, as well as niche applications across a variety of verticals and use cases. Our payments solutions

further enhance our offering, providing our customers with full visibility into the final step of their sales process. Eligible merchants can also leverage Lightspeed Capital, our merchant cash advance program, to receive cash advances designed to help them with overall business growth and cash management. We believe offering a comprehensive solution that allows retail and hospitality businesses to do more with less is essential in the face of challenging macroeconomic conditions, including high inflation rates, staff shortages, changes in consumer spending and overall economic uncertainty.

Simplified user experience

We make complexity simple for our customers at every stage of their development, fro m initial onboarding through to expansion. We provide our solutions through an intuitive, easy-to-use interface that requires minimal training to operate. Our customer support teams are available to our customers around the clock to handle any customer inquiries. We enable customers to manage their businesses on the go by offering cloud-based access to sales, customer and inventory information from anywhere. Customers can generally access data on our platform through any operating system or device. This affords owners and employees more time to spend on what matters most to them: interacting with consumers, selling products and growing their businesses. For retailers, bringing a mobile tablet onto the sales floor gives staff faster access to product information and allows for on-the-spot checkout and shorter line-ups. For restaurants, offering tableside ordering helps shorten wait times and decrease the chances of order mistakes. Lightspeed Restaurant, our flagship hospitality product, works offline as well as online, so that if a customer's internet goes down they can keep operating offline.

Enabler of business growth

We provide our customers with the latest innovations and technologies required to compete successfully and grow their businesses. For physical retailers looking to sell online, our eCommerce solution, Lightspeed eCommerce, integrates directly into their POS system. For hospitality businesses, Lightspeed Delivery provides simplified management of home delivery and consumer pick-up options and Order Anywhere allows our restaurateurs to transition their businesses online and integrate new revenue streams. We provide a retail business intelligence analytics tool with built-in and customizable reports that help retailers identify opportunities to improve their business. In October 2022, we announced the expansion of Lightspeed Advanced Insights to our flagship hospitality product. Powered by our payments solutions, Lightspeed Advanced Insights captures data from every transaction to deliver actionable insights, including menu intelligence to allow restaurateurs to determine which menu items are driving sales and returning consumers, as well as server analytics which connects menu performance with server performance to enable customers to monitor and improve individual server performance. For SMBs seeking to increase consumer engagement, our complete loyalty solution, Lightspeed Loyalty, allows automated, regular communication and incentives to promote increased shopping and dining.

Scalable platform

We have built and leveraged our acquisitions to create a highly scalable platform that can grow alongside our customers. Our solutions are customizable and we have integrated best-in-class features of our acquisitions into our flagship solutions for our target industries, ensuring that an SMB can select the appropriate features and functionalities for its stage of development. When adding a new location, retailers can transfer inventory, get a clear sales overview of the entire business, create a single purchase order for all locations, and access complete purchase history from one central place. We have the ability to handle significant spikes in traffic and consumer activity patterns – for example, around meaningful promotional events such as Black Friday and Cyber Monday. Lightspeed Restaurant, when using Order Anywhere, enables restaurateurs to throttle orders to help manage demand spikes. Given the high scalability and robustness of our platform, we have the ability to serve our customers effectively irrespective of how significantly they grow their businesses. Further, we believe our solutions are ideally suited for customers with complex needs (such as those with high product count, diverse inventory needs or a service component) and high annual GTV.

Differentiated approach to market

While our platform is well-suited for various types of SMBs, we have primarily focused our attention to date on selling to complex, single- and multi-location retailers, restaurants and golf course operators. This targeted approach has allowed us to develop proprietary knowledge of our customers and their industries, and tailor our solutions to address their unique and complex needs. For example, we understand the issues facing a retailer that manages a sophisticated inventory system across multiple locations and channels, or the challenges that arise for restaurateurs with a menu and staff that turns over multiple times daily. Furthermore, challenging macroeconomic conditions, including inflationary pressures, changes in consumer spending, staff shortages and the COVID-19 Pandemic, among other things, have required SMBs to leverage technology to automate and do more with less to offer the same exceptional experiences to their consumers. Our differentiated approach to market and specialized offerings are significant reasons why we have cultivated a broad and loyal customer base. We believe that this focused and tailored approach allows us to help our clients run nearly every aspect of their operations, notwithstanding challenging macroeconomic or global health environments, and is

the reason our customers choose our solutions over those of our competitors. Our retail and hospitality customers collectively operate in more than 100 countries and sell across a wide variety of verticals.

Growth Strategies

We strive to grow our business both organically and through strategic and value-enhancing acquisitions. Key elements of our growth strategy include the following:

- ***Expand Customer Location Footprint Within Ideal Customer Profile.*** We believe that there is significant potential to increase penetration of our total addressable market, attract new customers and further drive our market away from legacy systems toward cloud-based solutions and omni-channel strategies. Our attention continues to be focused on serving complex SMBs, particularly high GTV customers, to which our solutions are particularly well-suited. Adoption of omni-channel capabilities became a near-term focus for our customers during the COVID-19 Pandemic, resulting in immediate and transformational benefits to our market position. Further, challenging macroeconomic conditions in Fiscal 2023, including high inflation rates, staff shortages, changes in consumer spending and overall economic uncertainty, have made it essential for many of our customers to leverage technology to do more with less. We seek to attract new customers by leveraging our brand awareness and continuously innovating our product offerings, particularly in response to changing regulations and consumer behaviours. We plan to continue investing in strategies tailored to attract new businesses to our platform, both in our existing geographies and new markets around the world. We also intend to selectively evaluate opportunities to offer our solutions to businesses operating in industry verticals that we do not currently target.

  We employ a systematic and data-driven framework for generating our funnel of new leads, engaging with these businesses and converting them into active paying customers. Since our founding, we have successfully grown revenue in part by increasing the number of Customer Locations served, particularly in higher GTV cohorts.

- ***Build on Successes in Payments and Financial Solutions.*** We continue to see an acceleration in the adoption of our payment processing solutions, which are the largest driver of growth for the Company. After excluding Customer Locations attributable to the Ecwid eCommerce standalone product, our payments solutions are now available to the majority of our Customer Locations. Offering embedded payments functionality is highly complementary to the platform we offer our customers today and allows us to monetize a greater portion of the GTV processed on our platform annually. For SMBs, this service further reduces complexity by integrating seamlessly into our existing platform, eliminating the need to deal with a separate payments provider and the related data reconciliation, and allowing for more accurate management of their businesses and easier access to additional Lightspeed products, such as Lightspeed Advanced Insights. Lightspeed Capital is designed to help eligible merchants with overall business growth, buy inventory, invest in marketing, or manage cash flows by providing cash advances. As of the beginning of Fiscal 2024, we are now selling our POS and payments solutions together as one unified offering. We believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. We are helping our customers by offering free hardware and implementation, helping with contract buy-outs and offering competitive rates. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. We believe processing additional GTV for new and existing customers through our payments solutions will help advance our growth strategies and enable us to reduce complexity in our business. In addition, this initiative will help reduce the costs of supporting a variety of third party payment processors.

- ***Accelerate ARPU Expansion by Introducing New Modules.*** Given our platform's extensive suite of modules, our customers can add additional functionalities to their initial line-up of Lightspeed products as their needs evolve. We continue to see our customers buying more than one software module from us. We view this as an important measure of our ability to grow our ARPU and drive further value to our customers, which in turn will improve retention rates. We believe that we have significant opportunity to continue to expand ARPU and the number of customers adopting more Lightspeed products over time and that our continued investments will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our customers. Further, we believe that unifying our software and payments offerings will help customers derive even more value from our platform and can lead to additional ARPU expansion. For example, hospitality customers who adopt our payments solutions can also benefit from Lightspeed Advanced Insights, which captures data from transactions and delivers valuable insights on sales and performance trends.

  Our eCommerce platform has historically seen strong adoption with many of our retail customers electing to use Lightspeed eCommerce to power their online selling. In addition, our flagship eCommerce solution offers a new starting point for merchants to join the Lightspeed ecosystem and grow their businesses. We believe our existing customers can leverage our eCommerce solution to enhance their omnichannel reach and increase their selling flexibility.

We plan to add more solutions and modules to our platform, which will allow us to deepen our relationships with existing customers and attract new ones. Since our founding we have successfully added innovative capabilities for payments, eCommerce, home delivery, analytics, loyalty, supplier networks and tailored financial solutions.

- ***Expand Our Presence Within Verticals.*** Our success is directly linked to the success of our customers. We provide our customers with the tools to successfully grow their businesses which in turn benefits our platform growth. We stand to benefit from their growth as they generate more transaction volume, add new locations, upgrade their plans and use more of our solutions. By becoming embedded within the ecosystem of individual verticals, we can create more value for our customers. In Fiscal 2023, we announced the initial launch of Lightspeed B2B, our B2B offering, to several key North American verticals: fashion, outdoor, bikes and sporting goods. We plan to continue to invest and integrate Lightspeed B2B to enable inventory ordering straight from our merchants' POS, and provide brands with data insights on consumers and trends to optimize manufacturing and distribution. We also plan to provide searchable catalogues to help customers set up their business and populate inventory, as well as discover new brands and products. Going deep into verticals also creates opportunities for us to monetize our data up and down the supply chain.

- ***Leading with Our Flagship Solutions.*** Our flagship solutions include Lightspeed Restaurant, a unified hospitality commerce offering, and Lightspeed Retail, a groundbreaking retail commerce offering that unites advanced POS, payments, and eCommerce into one cohesive and powerful solution. Our focus will be on selling these flagship products globally, as we believe two core offerings will reduce complexity, help improve go-to-market momentum and help deliver stronger performance. Our flagship solutions are seeing strong reception from customers globally.

- ***Strategic and Value-Enhancing Acquisitions.*** We complement our organic growth strategies with a selective approach to acquisitions. We identify possible acquisition targets to increase our market penetration in new and existing markets, enter new verticals and accelerate our product roadmap more effectively than we can achieve organically. We believe that our market position allows us to navigate the fragmented competitive landscape to find acquisition opportunities that most effectively help us achieve these objectives.

  Since our initial public offering on the TSX, we have made several acquisitions that have expanded our geographic footprint and built scale for our business. We have also completed acquisitions to advance our platform, strengthen our technology and help us deliver on our goal of being the dominant commerce platform in our core verticals. Our acquisitions coupled with our organic growth have created opportunities for us to leverage our increased scale to derive better economics from our payment partners and other vendors that we utilize to deliver our solutions, as well as broaden our brand awareness.

  As our commerce ecosystem scales, the value proposition that we offer to merchants, suppliers and consumers will be reinforced and enhanced. For merchants, ecosystem growth helps drive incremental operational efficiencies, consolidate more business processes into a single touchpoint, and take advantage of deeper insights and analytics. Suppliers will benefit from greater access to transaction-related data, a larger and more qualified customer base and a single touchpoint to manage more of their merchant relationships. For consumers, we help further enrich the commerce experience by providing a more seamless omni-channel shopping experience, greater context and personalization, and increased convenience. Our ability to facilitate these ecosystem synergies strengthens our value proposition to our customers and solidifies our position in the market.

Value Proposition for the Entire Ecosystem

We are committed to driving value across the commerce ecosystem. To do so, we are building a one-stop, commerce platform that we believe will create value for merchants, suppliers and consumers. Our vision of the value that this commerce platform will deliver is as follows:

For Merchants:

- a complete commerce platform;
- direct integration with suppliers for catalogue and inventory feeds;
- the ability to connect with consumers in-store, online, on social media and on Lightspeed and/or third party marketplaces;
- insights, data analytics and recommendation engines to generate extra revenue and margin;
- technology to automate and do more with less to offer the same exceptional experiences to their consumers while managing costs in the face of challenging macroeconomic conditions; and

- financial solutions to accept payments and provide capital.

For Suppliers:

- digitized and streamlined process that enables ordering and payments capabilities connected to the merchant's POS;
- additional revenue opportunities through brand and product discovery capabilities and automated reordering;
- data insights on trends to optimize manufacturing and distribution; and
- opportunity for merchants to become distributors in the network.

For Consumers:

- one account and one login to manage a consumer's profile, preferences and bookings;
- a tailored and customized shopping experience both in store and online;
- the ability to discover, locate and buy from unique local merchants and restaurants;
- the convenience and quality of service consistent with big brands and eCommerce marketplaces; and
- the opportunity to give back to the community and promote small businesses.

We are creating localized networks to succeed in a number of “winner-takes-most” retail verticals, including apparel & footwear, pets, gift and books, bikes, sporting goods, outdoor, golf, home & garden, toys & hobbies, vape & smoke, health & beauty and jewelry, and hospitality verticals, including multi-location quick service, drinking establishments, full service, and hotels and multi-revenue centers.

Our Solutions

Our easy-to-use, omni-channel, commerce-enabling SaaS platform equips our customers with the critical functionality they need to engage with consumers online and offline, manage their operations, accept payments, leverage actionable insights from transactions, connect to suppliers and grow their businesses. Our customers can use a computer, tablet or mobile device to access front-office, back-office, and payments operational dashboards, enabling them to effectively manage their businesses. Our flagship solutions include Lightspeed Restaurant, a unified hospitality commerce offering, and Lightspeed Retail, a groundbreaking retail commerce offering that unites advanced POS, payments and eCommerce into one cohesive and powerful solution.

Our Flagship Products

- **Retail**. In Fiscal 2023, we announced the launch of our new flagship retail solution, Lightspeed Retail, in North America, Australia, New Zealand, Singapore, Hong Kong, the UK and South Africa. Lightspeed Retail unites advanced POS, payments and eCommerce solutions into one cohesive and powerful solution. Leveraging the power of headless commerce, complex multi-store inventory management, powerful integrations, and a completely reimagined interface, Lightspeed Retail helps business owners elevate their strategy while managing the complex challenges of the evolving retail landscape. In addition, Lightspeed eCommerce, our flagship eCommerce solution, allows merchants to enhance omnichannel reach and increase selling flexibility, including through social media platforms and digital marketplaces. Lightspeed eCommerce offers a new starting point for merchants to join the Lightspeed ecosystem and grow their businesses with the help of sophisticated in-store and online commerce tools, advanced data, simple product ordering functionality and streamlined access to suppliers. By simplifying and unifying omni-channel operations, Lightspeed retail merchants can reduce the time spent on managing inventory, orders, and product details, as well as elevate the shopping experience with a suite of customer management features that help boost sales like abandoned cart recovery and customer communication tools.

- **Hospitality**. In Fiscal 2022, we launched our flagship hospitality commerce platform, Lightspeed Restaurant, in North America and Europe. In Fiscal 2023, we rolled out Lightspeed Restaurant in Australia to help power Australia's restaurant revival. Lightspeed Restaurant brings together an innovative POS, contactless payments, online ordering, advanced inventory, and advanced insights to create a powerful hospitality solution for running a smarter, more efficient restaurant. In Fiscal 2023, we announced the expansion of Lightspeed Advanced Insights to Lightspeed Restaurant. Powered by our payments solutions, Lightspeed Advanced Insights captures data from every transaction to deliver actionable insights, including menu intelligence to allow restaurateurs to determine which menu items are driving sales and returning consumers, as well as server analytics which connects menu performance with server performance to enable customers to monitor and improve individual server performance. Through Lightspeed Restaurant, restaurant owners, chefs and managers receive a

daily email detailing everything they need to know before doors open, and a shift prep email detailing reservations, VIP guests and notes for the service ahead. Additional key merchant resources include comprehensive integrated inventory, easy-to-use-and-learn work flows for staff and shifts, and contactless ordering and payments through Order Anywhere, which enables restaurateurs to upload their menus and sell their products on our online ordering platform without commission fees or hidden charges.

- **Lightspeed B2B**. In Fiscal 2022, we acquired NuORDER, a transformative digital platform connecting brands and retailers. This acquisition established Lightspeed as a global distribution network for leading brands, accelerating our supplier network offering to simplify product ordering for retailers and offer suppliers critical insights into how their products move. In Fiscal 2023, we announced the initial launch of Lightspeed B2B, our B2B offering, to several key North American verticals: fashion, outdoor, bikes and sporting goods. Our B2B offering directly connects buyers and suppliers in real time to visualize and develop assortments, localize and cater to different markets, and complete orders that deliver the best product to consumers. Lightspeed will continue to invest in streamlining the supply chain with Lightspeed B2B, with the vision to give retailers direct access to suppliers, provide on-demand and endless inventory, and create sell-through data visibility and better control of distribution for the benefit of suppliers.

Front-End Customer Experience Solutions

- *Point of Sale.* Accessible from a mobile device or computer, our POS platforms are designed to allow merchants to create, manage and receive customer orders, sell their products and collect payments.
- *Omni-Channel Engagement.* Our retail platform enables retailers to create a fully-localized and secure online store that is an extension of the products and inventory they offer in-store. Retailers can choose from a collection of responsive themes offered in our theme store, or use the built-in editor to customize their site, including adding additional pages or a built-in blog. Customers can use our channel integrations such as Facebook and Google to drive traffic to their site. Our flagship eCommerce solution, Lightspeed eCommerce, empowers retailers to sell directly on social media, online marketplaces, and search engines. Our Order Anywhere solution for our restaurant users allows our restaurateurs to transition their businesses online and integrate new revenue streams.
- *Home Delivery.* Hospitality customers can reach consumers by easily integrating to many of the market-leading home delivery platforms and manage these orders in a single system. In addition, with Order Ahead in North America, we provide a cost-efficient online ordering management system designed to facilitate takeout, enabling restaurants to provide customers with a completely contactless dining experience. Curbside Pick-Up enables our retailers' consumers to shop curbside for convenience and flexibility.
- *Order Management.* Lightspeed Restaurant enables consumers to place orders directly from a mobile tablet in a restaurant. Orders are then automatically sent to the kitchen for processing. Our kitchen display system allows orders to be sent to a mobile tablet or display screen in the restaurant kitchen for immediate processing in a quick-service environment. Restaurants are also able to accept and manage takeout and delivery orders. Consumers can make orders in person, on the phone, or from several integrated online ordering services. Through Order Anywhere, consumers can browse our customers' menu, order, and pay all by simply scanning a QR code, providing a secure, contactless dining experience.
- *Discounts, Price Rules and Gift Cards.* Customers are able to offer discounts at the POS, as well as sell and manage gift cards. Our retail customers can set price rules, while restaurant customers can configure when, and to whom, discounts are offered.
- *Loyalty.* Lightspeed enables retailers and restaurants to offer a fully-integrated loyalty program allowing consumers to accumulate points through retailer or restaurant purchases and redeem points when they visit the retailer or restaurant.
- *Hardware.* We also offer a suite of sleek third-party hardware products to complement our software solutions for both our retail and hospitality customers, such as our customer facing display, stands, barcode scanners, receipt printers, cash drawers, payment terminals and an assortment of other accessories.

Back-End Operations Management Solutions

- *Product and Menu Management.* Retailers can add and manage the products they sell, including updating descriptions, categories and images. Retailers can use our public catalogues to save them time creating products. Restaurants can configure their menus, by adding products, organizing them into categories and creating combo products.
- *Inventory Management.* Our inventory management system allows retailers and restaurateurs to keep track of the available inventory, access vendor product catalogues, create and receive orders from vendors and track costs, and transfer inventory between multiple stores. Lightspeed Restaurant's automatic inventory feature in particular provides real-time tracking down to the ounce as menu items are sold, offering automatic replenishment when inventory is received. In

addition, Lightspeed Restaurant's recipe costing feature allows customers to calculate and understand costs and margins for any menu item by tracking every ingredient and any price fluctuations.

- *Supplier Network*. NuORDER by Lightspeed, once fully integrated, will provide customers with greater supplier access and inventory visibility, automate manual ordering, consolidate supplier portals into the POS, streamline omni-channel operations by making it easy to import product details and photos into the POS, and ensure use of supplier approved brand names and images. Suppliers will benefit from greater access to real-time data on goods sold by merchants and enhanced brand presence with merchants. NuORDER by Lightspeed offers Virtual Showroom technology, visual assortment and merchandising tools, payments and data integration for businesses of all sizes.
- *Bookings and Membership Management*. Golf course operators can book reservations online, manage tee-time schedules and administer membership billing.
- *Customer Management*. Our customers can keep track of consumer information and sales history, which enables them to individually customize the consumer experience.
- *Employee Management*. With the support of partner apps we integrate, our customers can seamlessly coordinate and schedule employees to help enable a high-performing work environment.
- *Accounting.* Our platform helps enable retailers and restaurants to automatically sync their sales, payments and tax data from multiple locations with accounting software from a variety of leading accounting platforms.
- *Floor and Table Management.* Restaurants can create floor plans to organize their tables into groups. Fine dining establishments can organize floors to reflect the actual layout of their restaurant, while quick-service establishments can organize for ease of use. Through our partnership with OpenTable, our customers can increase table turnover and improve the overall customer experience, all integrated within the Lightspeed platform.
- *Complex Workflows.* Many of our features are equipped to handle advanced workflows that are common for established physical location businesses. These include putting products on layaway and adding a deposit, special orders of products from a vendor, credit accounts for customers, managing physical inventory counts, tracking orders and transfer requests across multiple retail locations.
- *Reporting and Analytics.* Retailers can view real-time reports on sales, inventory, payments, customers, employee performance and many other aspects of their businesses. Our restaurant platform allows owners to view real-time reports on revenue, tips, payments, employees, and other facets of their business. Additionally, we provide a retail business intelligence analytics tool with built-in and customizable reports that help retailers identify opportunities to improve their business. Powered by our payments solutions, Lightspeed Advanced Insights captures data from every transaction to deliver actionable insights, including menu intelligence to allow restaurateurs to determine which menu items are driving sales and returning consumers, as well as server analytics which connects menu performance with server performance to enable customers to monitor and improve individual server performance.
- *Real-Time Dashboard.* Our real-time dashboard equips SMBs with data-driven insights into the performance of their business, including sales for the ongoing period compared to historical periods, and an overview of back-of-house operations.
- *APIs.* We and our development partners leverage each other's APIs to connect our respective solutions, thereby extending the breadth of our platform even further through integrations with accounting software solutions and property management platforms, as well as niche applications across a variety of verticals and use cases.

Embedded Payments and Financing Solutions

- *Lightspeed Payments.* Our embedded payment processing solution allows our customers to accept electronic payments in-store, through connected terminals, curbside and online. Our customers can manage their payments directly in the Lightspeed back-office, giving them a single view of their cash flow to their bank account. Our payments processing solutions capture data from every transaction to deliver actionable insights to our customers, such as through our Advanced Insights solution. Through our partnerships we support digital wallet to deliver a frictionless shopping experience for consumers. We also support localized payment methods in the different countries in which our customers operate.
- *Integrated Payment Gateways.* Although we are now selling our POS and payments solution together as one unified offering as of the beginning of Fiscal 2024, we still permit customers to connect to several payments partners in the United States, Canada, Europe, the United Kingdom and Asia Pacific if they are ineligible for our embedded payments offering, if they pay us a third party payments processing fee or in certain other instances specific to the customer's circumstances.

- *Lightspeed Capital*. To further complement our core cloud solutions, we offer a merchant cash advance program called Lightspeed Capital. This program provides cash advances to eligible merchants and is designed to help them with overall business growth and cash management. Merchants use these cash advances to manage their cash flows, to buy inventory, and to invest in marketing, amongst other things.

The Lightspeed Customer Journey

Highly Efficient Customer Acquisition, Sales and Distribution

Our acquisition strategy for new customers is highly refined, scalable and largely virtual in approach. Our primary approach to lead generation is to leverage our expertise in using marketing techniques to drive inbound interest to our solutions and a virtual sales team to qualify and finalize contracts with our customers. To complement this strategy, we have begun to invest in outbound-led and partner-led lead generation, particularly for complex merchants and restaurateurs with high annual GTV. In certain instances we may supplement this approach with field sales teams.

Our structured go-to-market approach begins with marketing outreach, targeting potential customers throughout their entire journey on the path to purchase through online channels (paid and organic search, social media, video and content marketing) and offline channels (trade shows and local events). We also utilize outbound lead generation strategies through account-based marketing, particularly for high GTV merchants and restaurateurs, to supplement our marketing outreach through online channels. Based on user data and actions, we are able to ascertain with a high degree of certainty the stage of the marketing funnel into which a prospect should be grouped and we deliver targeted advertising, informative content and tools relevant to that particular stage of the purchase journey in an effort to push them further down the funnel.

In addition to these methods we also use our growing customer base and third-party referrers as advocates for our brand. These customers and third parties may earn incentives, including commissions, for referring other businesses who become Lightspeed customers. We also partner with industry leaders and influencers who are very active in our target markets or key consumer verticals to drive lead generation. We plan to leverage Lightspeed B2B, once fully integrated with our flagship solutions, to provide valuable sell-through data to suppliers, which in turn can help to drive greater inbound interest for our solutions through supplier referrals.

Once a potential customer engages with our marketing channels, our team of in-house sales development representatives qualify the opportunity by exploring the needs of the prospective customer to validate that our products are well-suited to their needs and to ensure appropriate budget exists, amongst other criteria. Only highly-qualified leads are then passed on to our business development teams to quote, configure and conclude a commercial contract.

Onboarding a customer is also done virtually; indicative of the ease of use of our platform. Customers receive an onboarding session that is completed in hours, and allows them to be transactional quickly.

After our brief onboarding period, our team of account managers, customer success managers and business consultants engage the customer to ensure that the customer is maximizing its use of our solutions, often resulting in further upselling opportunities for us.

Our pricing model is designed to make it easy for customers to quickly get started with our products. We offer affordable, simple to understand packages from less than $100 per month per Customer Location, to over $1,000 per month per Customer Location depending on customer size and complexity (excluding NuORDER by Lightspeed whose customer base consists of larger customers as compared to our SMBs). Our additional modules such as Lightspeed eCommerce, Lightspeed Analytics, Lightspeed Advanced Insights, Lightspeed Loyalty, Lightspeed Accounting, Lightspeed Order Anywhere and Lightspeed Delivery may come with an additional monthly charge per Customer Location and are sold either by business development team, or by our account management team after the initial sale. Lightspeed Payments is designed to be transparent and easy to understand, unlike the models charged by many of the legacy payment processors, and we price our solution at market competitive rates based on a percentage of GTV electronically processed through our platform. As of the beginning of Fiscal 2024, we are now selling our POS and payments solutions together as one unified offering. We believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. We are helping our customers by offering free hardware and implementation, helping with contract buy-outs and offering competitive rates. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. We believe processing additional GTV for new and existing customers through our payments solutions will help advance our growth strategies and enable us to reduce complexity in our business. In addition, this initiative will help reduce the costs of supporting a variety of third party payment processors.

We offer pricing plans designed to meet the needs of our current and prospective customers that enable Lightspeed solutions to scale with our customers as they grow. Our subscription plans vary from monthly plans to one-year and multi-year terms. In most markets we serve, we price our products in the local currency of our customers. While this has and may continue to subject us to the impact of

foreign currency fluctuations, we believe this makes us more competitive in those local markets. The majority of our sales and marketing efforts are accomplished in-house.

Our focus will be on selling our flagship products, as we believe two core offerings will reduce complexity, help improve go-to-market momentum and help deliver stronger performance.

We believe the breadth of our capabilities and simplicity of our platform and applications helps to create a customer adoption flywheel effect around our solutions and dynamic cross-selling. Our platform also collects, manages and analyzes significant amounts of commerce data, which operators use to run their businesses more efficiently and surface deeper insights. We believe this strengthens our value proposition and encourages them to unlock greater value from our platform by purchasing upgraded plans and additional solutions. As the number of businesses using our platform grows, we gain greater visibility into the markets in which we operate through the transaction-related data we collect, such as product sell-through data. In certain markets, we are able to leverage the data to derive incremental value for our customers and their suppliers, thereby strengthening our position as a commerce operating systems provider of choice in those markets and helping drive greater inbound interest for our solutions through supplier referrals.

Strong Partner Network

Our customer acquisition strategy also involves channel partners in certain geographies and industry verticals. The Lightspeed Experts Network is our network of certified local channel partners and focuses on in-person interactions with customers as an extension of the internal Lightspeed sales and support teams. These partners are trained and certified on our platform and provide us with a local presence in a variety of markets. Our channel partners typically earn a percentage of the monthly revenue from the customers they bring on board. These percentages vary based on the volumes and breadth of services provided by those partners. In addition, some of our value-add channel partners enable us to access industry verticals outside of traditional retail and hospitality or new geographies and continue to be an important part of our partner network.

Competition

Our market is large, evolving, highly-fragmented, competitive and has low barriers to entry. Our competitors range from large, well-established vendors to smaller, earlier-stage ones. We notably compete with traditional and cloud-based POS software and terminal providers, payment processors, peer-to-peer payment providers, and business software providers such as those that provide eCommerce, supplier networks, inventory management, analytics, and appointment solutions. We expect competition to intensify in the future, particularly as industry consolidation occurs and as large, well-established vendors increasingly service more complex SMBs and brands. We believe the principal competitive factors in our market are:

- quality of onboarding and customer experience;
- simplicity and ease of use;
- ability to offer cost-effective, subscription-based and payments solutions;
- ability to run in a cloud-based environment;
- availability of strong third-party partner networks;
- vision for commerce and product strategy;
- ability to offer tailored financial solutions and data services;
- breadth and depth of functionality, including omni-channel and headless commerce capabilities;
- accuracy and timeliness of reporting, including real-time data;
- access to suppliers, creating sell-through data visibility and better control of distribution for the benefit of suppliers;
- capabilities to support local market requirements such as language, compliance, including with fiscal regulations, and consumer behaviour;
- pace of innovation;
- security and reliability, including minimizing the occurrence and duration of outages; and
- ability to support customers' growth and scalability.

Overall, taking into account each of these factors, we believe that we compare favorably to our competitors. We seek to differentiate ourselves from competitors primarily on the basis of providing SMBs with a hub of easy-to-use, end-to-end capabilities and comprehensive post-sale support. We are also investing in our Lightspeed B2B solution to directly connect retailers to suppliers to simplify product ordering and discovery for retailers and offer suppliers critical insights into how their products move. On the other

hand, many competitors offer payments and POS services that have features that are not tailored to particular verticals, business types or seller needs, and many competitors, especially larger ones, have offerings with comprehensive features and integrations that we believe are inaccessible to SMBs and brands due to their complexity, high cost and the resources required to implement them. We remain focused on attracting the right customer profile, particularly customers with a higher GTV and more complex needs, customers which we believe are ideally suited for our industry-leading solutions.

We do not believe that any of our competitors offer an integrated solution including all of the features and functionalities of our products. However, some customers may choose to do business with different vendors that offer, without limitation, one or more of the following:

- POS software;
- payment processing;
- employee, inventory or ingredient management software;
- eCommerce software;
- B2B eCommerce solutions;
- restaurant management software;
- loyalty solutions;
- analytics and advanced reporting;
- multi-location connectivity;
- tailored financial solutions, including merchant cash advances; and
- customer marketing services.

We expect the markets for these solutions and services to evolve and overlap, which we expect will increase competition in our industry.

Sustainability

Sustainability is embedded in our guiding principles, and we are working towards a sustainable future and a greener economy. As part of this commitment, we have taken steps to help our customers' reduce their carbon footprint. We partner with Sustainably Run on a Carbon Free Dining program. The partnership gives our customers' diners the ability to offset the carbon emissions associated with their purchase by planting trees and provides our customers with sustainable credits towards purchasing Lightspeed products. The program has resulted in the planting of over 1.3 million trees. In addition to offsetting carbon emissions, these trees provide food, income and education for the communities sponsored to plant the trees. We also partner with TravelPerk to offset carbon emissions for our business travel by airplane, automobile, and train. We choose to partner with companies that are also environmentally conscientious. Most of our solutions are powered by Amazon Web Services ("AWS") and Google Cloud platforms. Google Cloud is 100% powered by renewable energy and AWS has committed to powering its operations with 100% renewable energy by 2025.

Lightspeed is also a place of diversity, equity and inclusion, and it has been since our Executive Chair Dax Dasilva founded the Company in Montreal’s Gay Village in 2005. The first four Lightspeed employees were all from the LGBTQ2S+ community and, based on the 2023 annual DEI engagement survey, 10% of our employees identify as LGBTQ2S+. Our commitment to a diverse and inclusive workplace can be seen at all levels of our Company, including our Employee-led Networks for women, LGBTQ2S+ community members and BIPOC community members. Furthermore, the board of directors has committed to a target of at least 37.5% of women in its membership and is actively recruiting new members with this goal in mind. We believe in creating value across our ecosystem, including by ensuring meaningful wealth creation opportunities for all employees. All permanent employees are granted an equity stake in the Company upon hire, ensuring employees’ interests are aligned with those of our shareholders.

Culture and Employees

At Lightspeed, we pride ourselves on our culture and employees. We are a company infused with culture, just as much as code. Our values are what unite us, but our differences are what inspire us. We strive to do the best work of our lives together, and we celebrate our successes every chance we get.

Our values and leadership principles focus on perseverance and relentlessly driving towards results while retaining our high standards of excellence, all within an environment that fosters positivity, trust, mutual respect, accountability and individual ownership. We value ongoing learning and invest in annual global summits for our sales and marketing teams. We also offer employees leadership development programs as well as access to self-directed learning programs to supplement their formal learning experiences and take

courses at any time based on individual interests and goals. We encourage our team members to be just as invested in their communities as they are in Lightspeed by providing them with annual volunteer days. In addition, we have implemented a flexible paid time off program for our employees in North America, United Kingdom, Australia and New Zealand, which program removes maximum caps allocated to volunteer days, vacation days, sick days and personal days, and provides our employees more control and flexibility over their careers.

We are committed to building a more inclusive, flexible workplace that meets the diverse needs of our employees. For that, we have created the Lightspeed PX (People Experience) program. Through our Lightspeed PX (People Experience) program, we offer a variety of flexible, location-based working models to enable our employees to do their best work from their choice of a variety of locations around the globe on a temporary basis. While we strongly believe in the power of in-person collaboration through an in-office working model, we also utilize fully remote and hybrid working models to provide employees with flexibility that matches the demands of their lives outside of work.

We have a strong history of positive feedback from employees on the inclusive nature of our culture, including through anonymous surveys we conduct each year. Based on the results of an anonymous survey conducted in March 2023 and responded to by approximately 82% of employees worldwide, 84% of employees feel that Lightspeed values diversity, 84% of employees feel respected at Lightspeed and 82% feel comfortable sharing their personal experiences at Lightspeed.

As of March 31, 2023, we had approximately 3,000 employees and contractors worldwide. None of our employees are represented by a labor organization or are party to a collective bargaining arrangement, other than our French employees who are by default covered by the collective bargaining agreement negotiated by the Syntec Federation for engineering, software and consulting companies and our Belgian employees who are by default covered by the collective bargaining agreements negotiated by the Joint Committee No. 200. We consider our relationship with our employees to be excellent and this is a hallmark of our company. Our employees often say that working at Lightspeed gives them the opportunity to collaborate with the best talent, and this is highly valued. We care for and respect our employees and they, in turn, respect and are dedicated to Lightspeed. Based on results of an anonymous survey conducted in March 2023 and responded to by approximately 82% of employees worldwide, 86% of employees reported that they felt they could be their authentic self at work.

As of March 31, 2023, the following chart presents the diversity on our Board and senior management, as well as the percentage of the Board and senior management comprised of persons from each such designated group.

Director and Management Diversity Matrix

Country of Principal Executive Offices	Canada
Foreign Private Issuer	Yes
Disclosure Prohibited under Home Country Law	No
Total Number of Directors	7

Part I: Gender Identity

	Female		Male		Non-Binary		Did not Disclose Gender	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Board	2	28.6%[1]	5	71.4%	0	0%	0	0%
Senior Management	3	33.3%	6	66.7%	0	0%	0	0%

Part II: Demographic Background

	LGBTQ2S+		Visible Minorities		Aboriginal peoples		Persons with disabilities		Did not Disclose Demographic Background	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Board	1	14.3%	1	14.3%	0	0%	0	0%	0	0%
Senior Management	1	11.1%	4	44.4%	0	0%	0	0%	0	0%

1) The board of directors has committed to a target of at least 37.5% of women in its membership and is actively recruiting new members with this goal in mind.

Based on results of an anonymous diversity and inclusion survey conducted by the Company and responded to by approximatel y 82% of all employees worldwide, 38% of employees self-identify as wome n, 30% of our employees self-identify as belonging to an ethnic minor ity, 10% of employees self-identify as part of the LGBTQ2S+ community, and 5% self-identify as having a disability.

In exceptional circumstances, due to the competitive landscape in which we operate and our need for highly specialized skillsets that may not be readily available locally, Lightspeed may recruit foreign nationals requiring visas to work in the countries in which they work or offshore employees. In such circumstances, Lightspeed may engage specialized counsel to assist in obtaining such visas. We have elaborated procedures and practices to accommodate for such circumstances while complying with applicable laws. As of March 31, 2023, approximately 7.60% of Lightspeed employees hold a temporary residence authorization or otherwise require a visa to work in the country in which they are employed, none of which are located offshore from their entity of employment.

Facilities

We are headquartered in Montréal, Canada. We do not own any real property. We believe that our current facilities are adequate to meet our current needs and we expect to continue to adapt our facilities to promote in-person collaboration through an in-office working model. In addition, we have and will continue to evaluate the use of fully remote and hybrid working models.

Intellectual Property

Our intellectual property and proprietary rights are important to our business. In accordance with industry practice, we protect our proprietary products, technology and our competitive advantage through a combination of contractual provisions and trade secret, patents, copyright and trademark laws in Canada, the United States, the U.K., Europe, Asia-Pacific and other jurisdictions in which we conduct our business. Over time, we have assembled and continue to assemble a portfolio of patents, trademarks, service marks, copyrights, domain names and trade secrets covering our products and services. We also have confidentiality agreements, assignment agreements and license agreements with employees, contractors and third parties, which limit access to and use of our intellectual property.

We are subject to risks related to our intellectual property. For more information, see “Risk Factors – Risks Related to our Business and Industry”.

Government Regulation

We are subject to a number of federal, state, provincial and foreign laws and regulations that affect companies in B2B and B2C industries. While we monitor changes in these laws and regulations, many are still evolving and it is possible that current or future laws or regulations could be interpreted or applied in a manner that would prohibit, alter, or impair our existing or planned products and services. For more information, see “Risk Factors – Risks Related to our Business and Industry”.

Regulations Applicable to eCommerce

We are subject to laws, regulations and policies that govern the amount and type of taxes our customers are required to collect and remit. Federal, state, provincial and foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. In addition, in many jurisdictions, laws relating to the liability of providers of online services for activities of their customers and other third parties continue to be tested by a number of claims, including actions based on defamation, invasion of privacy and other torts, unfair competition, unfair, deceptive and abusive practices, copyright and trademark infringement, and other theories based on the nature of the relevant content. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances applicable to solutions provided over the internet could therefore be enacted at any time, possibly with retroactive effect. We may also be subject to federal, state, provincial and other taxes if a tax authority asserts that our activities or the activities of our subsidiaries are sufficient to establish nexus, or sales and use tax or other indirect tax if any such tax authority asserts that distribution of our solutions over the internet is subject to sales and use or other indirect taxes. A recent global trend has seen many jurisdictions enacting or considering enacting tax legislation (typically referred to as "Marketplace Facilitator" laws) that enables tax authorities to shift the sales tax collection and remittance obligations from a third-party seller to the company that provides the online platform to the third-party seller making the sale. We are monitoring the developments in each relevant jurisdiction, the full impact of which remains uncertain. For more information, see “Risk Factors – Risks Related to our Business and Industry”.

Regulations Concerning Payment Processing

We are currently subject to a variety of laws and regulations in the United States, Canada and elsewhere related to payments processing, including those governing cross-border and domestic money transmission, gift cards and other prepaid access instruments, electronic funds transfers, taxation reporting requirements, contract disclosure requirements, foreign exchange, privacy and data

protection and banking. We are also subject to various anti-corruption, economic sanctions, export control and anti-money laundering laws, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and its regulations, the Foreign Corrupt Practices Act (U.S.), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA Patriot Act, the U.K. Bribery Act 2010 and Proceeds of Crime Act 2002, the Anti-Money Laundering and Counter Financing of Terrorism Act 2009 (New Zealand), economic sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control, export controls administered by the Department of Commerce's Bureau of Industry and Security, and other anti-bribery and anti-money laundering laws, economic sanctions and export control laws in countries in which we conduct activities. Concern about the use of payment processing services for illegal conduct, such as money laundering or to support terrorist activities, may result in legislation or other governmental action that could require changes to our platform. Depending on how our payments solutions, our merchant cash advance offerings and our other customer solutions evolve, and as we expand into new geographies, we expect to become subject to additional laws in Canada, the United States, Europe, Asia-Pacific and elsewhere.

We are subject to laws prohibiting unfair, deceptive or anti-competitive trade practices enforced by various regulatory agencies, including, in the U.S., the FTC and U.S. state attorneys general, in Canada, the Competition Bureau, in Europe, the European Commission, in the United Kingdom, the Competition and Markets Authority. These agencies and regulators may take actions that affect the activities of us or our partners, and in some cases may subject us to investigations, fees, fines and disgorgement of funds or enforcement actions if we are deemed to have aided and abetted or otherwise facilitated illegal or improper activities.

Regulations Governing Cybersecurity and the Protection of Data and Privacy

Our customers can use our platform to collect, store and use personal or identifying information regarding their employees and consumers. In addition, we store personal information and other confidential information of our partners, customers and their consumers and employees, and may also store credit card information of our customers. Accordingly, we may be subject to federal, state, provincial and foreign laws regarding cybersecurity and the protection of data and privacy, including the Personal Information Protection and Electronic Documents Act (Canada), the California Consumer Privacy Act, as amended, Quebec's Act respecting the protection of personal information in the private sector, the United Kingdom General Data Protection Regulation, and the European General Data Protection Regulation ("**GDPR**"). Further, the privacy and data protection laws in some jurisdictions require companies to notify governmental authorities and/or individuals of certain security breaches, such as those involving certain types of personal data or those giving rise to a significant risk of harm to an individual. Our agreements with certain customers require us to notify them in the event of a security incident. Additionally, we are required, based on contracts with certain customers and the privacy and data protection laws in some jurisdictions, to use industry-standard or reasonable measures to safeguard personal or confidential information. We post on our website or otherwise make available to customers our privacy policy, data processing agreement, and terms of service, which describe the way we process customer data and data relating to their employees and consumers. These documents set out Lightspeed's commitment to processing personal data in a responsible manner and in compliance with applicable data protection legislation.

Lightspeed has appointed dedicated resources to design and oversee its cybersecurity, privacy and data protection policies and procedures, and continually assesses its technology platform in light of new legal and regulatory developments. Our Security and Privacy teams are experienced and certified practitioners. Lightspeed employees complete privacy and security training at least annually and phishing campaigns are conducted at least biannually. Lightspeed has implemented a wide range of measures to protect data from unauthorized access, accidental loss or destruction. For instance, Lightspeed hosts its product infrastructure with multi-tenant, outsourced infrastructure providers. The physical and environmental security controls of its infrastructure providers are audited for SOC 2 Type II, ISO 27001 and PCI DSS compliance, among other certifications. In addition, Lightspeed implements network access control mechanisms designed to prevent network traffic using unauthorized protocols from reaching its product infrastructure. The technical measures implemented differ between infrastructure providers and include virtual private cloud implementations, security access controls, and traditional firewall rules and multi-factor authentication on administrative consoles. Our production networks are protected by endpoint detection and response and other security controls. We have designed our infrastructure to log extensive information about system behaviour, traffic received, system authentication, and other application requests. Internal systems aggregate log data and alert appropriate employees of malicious, unintended, or anomalous activities. We monitor open source and subscription-based threat intelligence services to stay abreast of the latest security developments. Finally, third party assessments, including SOC 2 Type 1, attest to our governance and practices and we maintain multiple PCI DSS certifications.

Lightspeed personnel, including security, operations, and support personnel, are responsive to detected incidents. We have implemented an incident management program to define the procedures we follow to mitigate the effect of and rapidly respond to security incidents and unplanned interruptions in service. We rely on internal teams and third-party automated services to continually monitor service interruptions and notify the incident response team of any issues. Aside from our Security and Privacy teams, our incident response may include members of executive management, the legal department, the product leadership team, support and customer success. Incidents are categorized by severity, helping us trigger the appropriate response cascade. Internal and external communications are made as appropriate. An internal post-mortem must be held after any incident and a record of each incident is kept, including relevant metrics and artifacts. Further, we hold incident table-top exercises on a biannual basis to test and strengthen

our processes. Executive management participates in one table-top exercise annually. A post-mortem follows each table-top exercise to ensure that we capture learnings and are able to improve our future incident response practices.
The regulatory framework in Canada, the United States, Europe, Asia-Pacific and many other jurisdictions in respect of cybersecurity and the protection of data and privacy is constantly evolving and is likely to remain uncertain for the foreseeable future. As our business continues to expand, and as laws and regulations continue to be passed and their interpretations continue to evolve in numerous jurisdictions, additional laws and regulations may become relevant to us. Certain aspects of the interpretation and application of such laws and regulations are also ambiguous. We are subject to risks relating to protection of data and privacy. For more information, see "Risk Factors – Risks Related to our Business and Industry".

Communications Regulation

We send or enable the sending of emails and other communications in a variety of contexts, including when providing digital receipts and in our marketing efforts. Communications laws and regulations, including those promulgated by the Canadian Radio-television and Telecommunications Commission and Federal Communications Commission, apply to certain aspects of this activity in Canada, the United States and elsewhere.

Fiscal Regulation

In a number of jurisdictions, POS systems must comply with applicable fiscalization laws including VAT fraud prevention laws (France), the *Cash Register Anti-Tampering Ordinance* (Germany), laws relating to the certification of registered cash register systems in the hospitality sector (Belgium), the *Cash Register Security Regulation* (Austria), the *Cash Register System Act* (Norway) and the *Bookkeeping Act* (Norway). Such rules and regulations may require the automated storage or reporting of (inalterable) transaction data and they may require storing transaction data at a specific location. Local tax authorities may require merchants to use certified POS software and/or submit transaction reports on a regular basis or otherwise upon request. Countries for which we have adapted our platform for compliance with fiscalization laws include Austria, Belgium, France, Germany, Italy, Norway and Québec, Canada.

Sanctions and Export and Import Control Regulations

As a result of our international operations, we are subject to a number of Canadian, U.S. and foreign laws and regulations relating to economic sanctions and to export and import controls which govern or restrict our business and activities in certain countries or regions and with certain persons, including sanctions regulations administered or enforced by the Office of the Superintendent of Financial Institutions in Canada, the economic sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control, economic sanctions regulations administered by the Office of Financial Sanctions Implementation in the U.K., and the export control laws administered by the U.S. Commerce Department's Bureau of Industry and Security, the U.S. State Department's Directorate of Defense Trade Controls, and the Canadian Export and Import Controls Bureau. We are also subject to export and import controls administered by the United Kingdom, the European Union and other jurisdictions where we have business operations. International developments outside of our control, such as the invasion of Ukraine by Russia and related events, have resulted in international sanctions and restrictions and may continue to lead to economic sanctions, export controls and other restrictions that impede or prohibit doing business with certain parties or in certain regions.

Additional Developments

Legislators and regulators in the jurisdictions in which we operate continue to examine a wide variety of issues that could impact our business, including direct and indirect tax, products liability, import and export compliance, accessibility for the disabled, insurance, marketing, privacy, data protection, information security, and labor and employment matters. As our business continues to develop and expand, additional rules and regulations may become relevant.

GENERAL DEVELOPMENT OF LIGHTSPEED'S BUSINESS

Below is a summary of key general developments of our business over the last three completed financial years. As of March 31, 2023, Lightspeed operated in a single operating and reportable segment.

Three-Year Business Development History

Fiscal 2021

On April 8, 2020, we provided a business update that we had seen positive momentum through most of the fourth quarter of the fiscal year ending March 31, 2020 prior to feeling the impact of the global economic disruption caused by the COVID-19 Pandemic, that we

were well-capitalized as of March 31, 2020, and that we were engaging in customer-focused initiatives to mitigate the impact of the COVID-19 Pandemic, such as offering subscription discounts and deferred payment arrangements and taking other cost-containment measures.

On June 16, 2020, we announced new eCommerce features, including among other things, Live Preview Themes, which allow customers to test the look of their online store prior to going live, and Multi-Location Inventory, which allow customers to display to consumers their inventory availability for all store locations online.

On July 30, 2020, we announced new features to help drive digital transformation for our retail customers, including Mobile Tap for curbside pick-up and contactless payment, Digital Wallet for faster eCommerce conversion, and Analytics Core, a new module that provides a low cost entry point to Lightspeed's existing analytics suite giving retailers greater access to the sales, inventory and employee performance insights necessary to make data-driven decisions about the future.

On August 5, 2020, we announced the launch of Lightspeed Capital, powered by Stripe, for our U.S. retail customers. This product was initially designed through a referral partnership with Stripe to help eligible merchants with overall business growth, more specifically to buy inventory, invest in marketing, or manage cash flows, by providing cash advances.

On August 25, 2020, we announced the release of Lightspeed eCom (now Order Anywhere) for our restaurant users. The solution allows Lightspeed restaurant users to start or transition their businesses online and integrate new revenue streams.

On September 3, 2020, we announced the appointment of Merline Saintil to our board of directors, which appointment was effective on August 17, 2020. Ms. Saintil ceased to serve in her role as a member of our board of directors effective December 31, 2022.

On September 15, 2020, we announced the completion of our U.S. initial public offering and listing on the NYSE of 10,896,196 subordinate voting shares for total gross consideration of approximately $332.3 million, including 896,196 subordinate voting shares issued upon the partial exercise of the underwriters' over-allotment option which accounted for total gross consideration of $27.3 million. A secondary sale of 2,142,808 subordinate voting shares by certain shareholders was also made on the same day for gross consideration of $65.4 million, with the underwriting fees relating to their shares being paid by the selling shareholders. This secondary sale included the conversion of 238,456 multiple voting shares into subordinate voting shares.

On September 30, 2020, we announced the availability of Order Ahead, a cost-efficient online ordering management system designed to facilitate takeout, enabling North American restaurants to provide consumers with a completely contactless dining experience.

On November 5, 2020, we announced the acquisition of ShopKeep Inc. (now Lightspeed Commerce USA Inc.), a leading cloud commerce platform provider for both retail and hospitality based in the United States, which closed on November 25, 2020.

On November 24, 2020, we announced the appointment of Manon Brouillette to our board of directors, which appointment was effective on November 2, 2020. Ms. Brouillette resigned from her role as a member of our board of directors, effective June 11, 2021, to focus on her new role as Chief Operating Officer and Deputy CEO of the Verizon Consumer Group.

On December 1, 2020, we announced the acquisition of the business of Al Dente Intermediate Holdings, LLC through the acquisition of Al Dente Topco, Inc. ("**Upserve**"), a leading restaurant management cloud software company based in the United States. As a result of the issuance by the Company from treasury of subordinate voting shares as partial consideration for the acquisition of Upserve, all of our outstanding multiple voting shares were automatically converted into subordinate voting shares, on a one-for-one basis as a result of reaching the automatic conversion ownership threshold attached to the multiple voting shares, all in accordance with their terms. As a result of such automatic conversion, the subordinate voting shares are our only class of shares issued and outstanding, and they continue to carry one vote per share. Pursuant to the terms of our restated articles of incorporation, upon the automatic conversion of all of our issued and outstanding multiple voting shares, the authorized and unissued multiple voting shares as a class were automatically deleted entirely from our authorized capital, together with the rights, privileges, restrictions and conditions attaching thereto.

On January 12, 2021, we announced the initial availability of our supplier network offering for North American retailers. The integrated stock ordering solution connects merchants with suppliers to help democratize the supply chain.

On February 12, 2021, we completed a marketed public offering of subordinate voting shares in the United States and Canada through the issuance of new shares and a sale of shares held by certain shareholders, including DHIDasilva Holdings Inc. (a company controlled by our founder and Executive Chair) and certain members of management. The marketed public offering consisted of an aggregate of 9,660,000 subordinate voting shares, including the exercise in full by the underwriters of their over-allotment option to purchase 1,260,000 additional subordinate voting shares. A total of 8,860,000 subordinate voting shares were issued from treasury for gross proceeds of $620.2 million for the Company. A sale of 800,000 subordinate voting shares by DHIDasilva Holdings Inc. and

certain members of management was also made on the same day for gross proceeds of $56 million, with the underwriting fees relating to their shares being paid by the selling shareholders.

On March 11, 2021, we announced the acquisition of Vend, which closed on April 16, 2021.

Fiscal 2022

On April 6, 2021, we announced the initial availability of Lightspeed Payments for hospitality merchants in the United Kingdom and Europe.

In May 2021, due to the depleted amount available under our prior short form base shelf prospectus, we filed a new short form base shelf prospectus (the "**2021 Base Prospectus**") with the securities commissions in each of the provinces and territories of Canada and a corresponding shelf registration statement on Form F-10 with the U.S. Securities and Exchange Commission (the "**2021 Registration Statement**"). The 2021 Base Prospectus and the 2021 Registration Statement allows Lightspeed and certain of its security holders to offer up to C$4 billion of subordinate voting shares, preferred shares, debt securities, warrants, subscription receipts, units, or any combination thereof, during the 25-month period that the 2021 Base Prospectus is effective.

In May 2021, we entered into a partnership with one of the world's leading providers of online reservations, OpenTable. This partnership helps to increase table turnover and improve the overall customer experience, all integrated within the Lightspeed platform. On July 19, 2022, we announced the expansion of this partnership from Europe to North America.

On June 7, 2021, we announced we had entered into definitive agreements to acquire NuORDER, a transformative digital platform connecting businesses and suppliers in numerous countries, and Ecwid, a California-based global eCommerce provider. In addition to the acceleration of our supplier network offering, the acquisition of NuORDER provides business-to-business financial services opportunities. The acquisition of Ecwid enhanced our omni-channel offering with easy-to-use tools to quickly sell online allowing our merchants to better combine digital and physical operations. On July 1, 2021, we completed the acquisition of NuORDER, and on October 1, 2021, we completed the acquisition of Ecwid.

On July 12, 2021, we announced the results of an exploratory study we conducted with Carleton University's Sprott School of Business and Canada's LGBTQ+ Chamber of Commerce on the impacts of the COVID-19 Pandemic on the LGBTQ+ North American business community. Such study was undertaken to better understand the businesses we power on our one-stop commerce platform and identify ways to help merchants continue to build thriving businesses.

On August 3, 2021, we announced the general availability of Lightspeed Payments for hospitality merchants in Germany, Switzerland, France, Belgium and the Netherlands.

On August 9, 2021, we announced that we amended Lightspeed's articles in accordance with the *Canada Business Corporations Act* and, effective August 6, 2021, changed the Company's name to Lightspeed Commerce Inc. The Company's subordinate voting shares continued to trade under the TSX and NYSE ticker symbol "LSPD". We made this change to better reflect Lightspeed's more comprehensive offering beyond a point of sale solution to a one-stop commerce platform for merchants around the world. At the annual and special meeting of our shareholders held on August 5, 2021, our shareholders passed a special resolution authorizing an amendment to the Company's articles to effect this name change.

On August 11, 2021, we completed a public offering of subordinate voting shares in the United States and Canada through the issuance of new shares. The public offering consisted of an aggregate of 8,855,000 subordinate voting shares, including the exercise in full by the underwriters of their over-allotment option on August 13, 2021, to purchase 1,155,000 additional subordinate voting shares. The subordinate voting shares were issued from treasury for gross proceeds of $823.5 million, with share issuance costs (including the underwriters' fee and other expenses related to the offering) amounting to approximately $33.0 million.

On September 29, 2021, we commented on a report issued about us on the same day by a short seller.

On October 14, 2021, we announced the launch of our flagship hospitality commerce solution, Lightspeed Restaurant, in North America. On January 26, 2022, we announced the expanded launch of Lightspeed Restaurant including order throttling to help manage demand spikes, the expansion of Order Anywhere in Europe, and integrated payments for all Canadian Lightspeed hospitality customers.

On October 22, 2021, we announced the expansion of Lightspeed Capital to eligible U.S. customers, including merchants from the acquisitions of ShopKeep, Upserve and Vend.

On October 28, 2021, we announced the launch of our flagship eCommerce solution, Lightspeed eCommerce, to our retail customers.

On November 2, 2021, we announced the expansion of Lightspeed Payments in Australia and to U.S. merchants who joined via the acquisition of Vend.

On November 23, 2021, we hosted our inaugural Capital Markets Day at the NYSE, where our senior management team provided an update on Lightspeed's products, markets and vision for the future.

On January 25, 2022, we announced the appointments of Nathalie Gaveau and Dale Murray to our board of directors, which appointments were effective on January 24, 2022. Mmes. Gaveau and Murray are internationally-recognized technology entrepreneurs that bring extensive knowledge of the European and Asia-Pacific markets to an already distinguished board.

On February 2, 2022, we announced, as part of our long-term succession planning process, that our board of directors had appointed JP Chauvet to the role of Chief Executive Officer with immediate effect. We also announced that our outgoing CEO, Dax Dasilva, would continue to serve the Company in the newly-created role of Executive Chair and that our current Chair, Patrick Pichette, would immediately become our Lead Independent Director.

On February 22, 2022, we announced the appointment of Crystal Caligiuri as our Executive Vice President of Customers. Crystal Caligiuri departed the Company in January 2023.

On March 24, 2022, we announced promotions and a new hire to our executive leadership team. Brandon Nussey was promoted to the newly created role of Chief Operating Officer and Asha Bakshani was promoted to Chief Financial Officer, with such promotions effective May 23, 2022. In addition, Rani Hammond, an accomplished global human resources executive, was hired as our Chief People Officer effective April 18, 2022. Ms. Hammond departed the Company in January 2023. Mr. Nussey departed the Company in May 2023.

Fiscal 2023

On May 5, 2022, we announced the launch of our flagship retail solution, Lightspeed Retail, in North America, Australia, New Zealand, Singapore, Hong Kong, the UK and South Africa. Lightspeed Retail unites advanced POS, payments, and eCommerce solutions into one cohesive and powerful solution. Leveraging the power of headless commerce, complex multi-store inventory management, powerful integrations, and a completely reimagined interface, Lightspeed Retail helps business owners elevate their strategy while managing the complex challenges of the evolving retail landscape.

On June 2, 2022, we announced the initial launch of Lightspeed B2B to three key North American verticals: fashion, outdoor and sporting goods. Lightspeed B2B, once fully integrated with our flagship products, will provide customers with greater supplier access and inventory visibility, automate manual ordering, consolidate supplier portals into the POS, streamline omni-channel operations by making it easy to import product details and photos into the POS, and ensure use of supplier approved brand names and images. Meanwhile, suppliers will benefit from greater access to real-time data on goods sold by customers and enhanced brand presence with customers.

On July 6, 2022, we announced the release of our inaugural Sustainability Report and environmental, social and governance highlights for Fiscal 2022[3].

On July 13, 2022, we announced the launch of Lightspeed Payments for Golf, further advancing on Lightspeed's commitment to bring embedded payments to its customers globally across products and industries.

On September 6, 2022, we announced the initial launch of Lightspeed Restaurant in Australia to help power Australia's restaurant revival.

On October 3, 2022, we announced the expansion of Lightspeed Restaurant to include Lightspeed Advanced Insights. Powered by our payments solutions, Lightspeed Advanced Insights captures data from every transaction to deliver actionable insights, including menu intelligence to allow restaurateurs to determine which menu items are driving sales and returning consumers, as well as server analytics which connects menu performance with server performance to enable customers to monitor and improve individual server performance.

On October 4, 2022, we announced that Lightspeed appointed Ryan Tabone, a former Google executive with a track record of tackling large-scale technology challenges and empowering product and technology teams, as Lightspeed's Chief Product and Technology Officer.

[3] Information contained in, or otherwise accessed through, Lightspeed's Sustainability Report is not deemed part of this Annual Information Form and such Sustainability Report and information is not incorporated by reference herein.

On October 21, 2022, we announced the promotion of Jean-David Saint-Martin from the role of Chief Revenue and Customer Officer to the role of President, having responsibility for the strategic direction and performance for all of Lightspeed's verticals. Michael DeSimone, Lightspeed's Chief Business Officer who joined via acquisition in 2020 and led successful integration initiatives, departed the Company at the end of 2022.

On November 15, 2022, we hosted our annual Capital Markets Day at our headquarters in Montreal, where our senior management team provided an update on Lightspeed's products, markets, customer profiles and plans for the future.

On November 16, 2022, we announced that Lightspeed was honored as an Enterprise Fast 15 award winner as part of the 2022 Deloitte Technology Fast 50 program, which recognizes fast- enterprise-level technology, media and telecommunications companies by revenue-growth percentage over their last four years of operation.

On December 6, 2022, we announced that Lightspeed appointed Kady Srinivasan, a former Klaviyo and Dropbox executive with vast experience scaling up SaaS companies, expanding businesses and launching innovative cloud-based software solutions, as its Chief Marketing Officer.

On January 17, 2023, we announced a reorganization to streamline the Company's operating model while continuing to focus on profitable growth. The new structure is expected to unlock efficiencies and included the reduction of approximately 300 roles.

Recent Developments

On May 18, 2023, pursuant to "well-known seasoned issuer" blanket orders of the Canadian Securities Administrators, we filed a new short form base shelf prospectus (the "**Base Prospectus**") with the securities commissions in each of the provinces and territories of Canada and a corresponding shelf registration statement on Form F-10 with the U.S. Securities and Exchange Commission (the "**Registration Statement**"). The Base Prospectus and the Registration Statement allows Lightspeed and certain of its security holders to offer subordinate voting shares, preferred shares, debt securities, warrants, subscription receipts, units, or any combination thereof, in amounts, at prices and on terms to be set forth in one or more shelf prospectus supplements during the 25-month period that the Base Prospectus is effective.

RISK FACTORS

In addition to all other information set out in this AIF, as well as our Management's Discussion and Analysis for Fiscal 2023 and our audited financial statements and related notes thereto for Fiscal 2023, the following specific factors could materially adversely affect us and/or our business, financial condition and results of operations. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may also become important factors that affect our future business, financial condition and results of operations. The occurrence of any of these risks could materially and adversely affect our business, prospects, financial condition, results of operations or cash flow. This AIF also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors including the risks described below. See "Forward Looking Information".

Risks Related to Our Business and Industry

Our growth may not be sustainable and depends on our ability to attract new customers, retain revenue from existing customers and increase sales to both new and existing customers.

We generate revenue primarily from the sale of cloud-based software subscriptions and payments solutions. In addition, we offer a variety of hardware and other services to provide value-added support to our customers and supplement our subscription and transaction-based revenue solutions. Subscription revenues are principally realized through the sale of subscriptions to our customers. Our subscription plans vary from monthly plans to one-year and multi-year terms. Our customers generally have no long-term obligation to renew their subscriptions, and the difficulty and costs associated with switching to a competitor may not be significant for many of our customers. As a result, even though the number of customers using our platform has grown in recent years, there can be no assurance that we will be able to attract new customers or retain existing customers. We have historically experienced customer turnover as a result of our focus on SMBs, which are more susceptible than larger businesses to changes in general economic conditions and other risks affecting their businesses. Many of these SMBs are in the entrepreneurial stage of their development and there is no guarantee that their businesses will succeed. Such customers may be particularly susceptible to uncertainty in the macroeconomic environment, including with respect to increasing inflationary pressures, changes in consumer spending, exchange rate fluctuations and increases of interest rates as well as with respect to the duration and magnitude of the COVID-19 Pandemic and the ability to control resurgences and new variants worldwide. New customers joining our platform may also decide not to continue or renew their subscription for reasons outside of our control. Our costs associated with subscription renewals are substantially lower than costs associated with generating revenue from new customers or costs associated with generating sales of additional solutions to existing customers. Therefore, if we are unable to retain revenue from existing customers or if we are unable to increase revenues from existing customers, even if such losses are offset by an increase in new customers or an increase in other revenues, our operating results could be adversely impacted.

We may also fail to attract new customers, retain revenue from existing customers or increase sales to both new and existing customers as a result of a number of other factors, including:

- reductions in our current or potential customers' spending levels;
- competitive factors affecting the SaaS market, including the introduction or innovation of competing platforms, discount pricing and other strategies that may be implemented by our competitors;
- global political, economic, social and environmental risks that may impact our operations or our customers' operations and/or decrease consumer spending, including pandemics such as the COVID-19 Pandemic and the spread of variants of the COVID-19 virus and other global health emergencies, natural disasters, acts or threats of war or terrorism and other general security concerns;
- our ability to execute on our product roadmap, growth strategy and operating plans;
- our ability to successfully sell and transition new and existing customers to our flagship solutions;
- our decision to sell our POS and payments solutions together as one unified offering, thereby requiring a large portion of our new and existing customers to adopt our payments solutions;
- a decline in the market share of SMBs relative to large enterprises;
- a decline in our customers' level of satisfaction with our platform and customers' usage of our platform;
- changes in our relationships with third parties, including our suppliers, app developers, theme designers, referral sources, resellers, payments processors, installation partners and other partners;
- the timeliness and success of new products and services we may offer in the future;

- customer perceptions of business in the context of our growth and in the context of acquisitions we complete;
- our ability to expand into new verticals and geographies;
- our brand recognition;
- concerns relating to actual or perceived privacy or security breaches;
- the frequency and severity of any system outages;
- terminations of relationships with certain customers for unacceptable business practices, contract breaches or because required by law;
- technological changes or problems; and
- our focus on long-term value over short-term results, meaning that we may make strategic decisions that may not maximize our short-term revenue or profitability if we believe that the decisions are consistent with our mission and will improve our financial performance over the long-term.

Due to these factors and the continued evolution of our business, our historical revenue growth rate and operating margin may not be indicative of future performance.

While a significant majority of our current customer base consists of SMBs, we continue to pursue growth with the enterprise and mid-market customers in our retail and hospitality markets. These types of customers pose different sales and marketing challenges, and have different requirements, and we cannot be sure that we will achieve the same success in those customer bases as we have achieved to date in sales to SMBs.

Additionally, we anticipate that our growth rate will decline over time to the extent that the number of customers using our platform increases and we achieve higher market penetration rates. As our growth rate declines, investors' perception of our business may be adversely affected and the trading price of our subordinate voting shares could decline as a result. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to retain revenue from existing customers and increase sales to existing customers.

We may not be able to successfully implement our growth strategy on a timely basis or at all.

Our future growth, profitability and cash flows depend upon our ability to successfully implement our growth strategy, which, in turn, is dependent upon a number of factors, including our ability to:

- expand our Customer Location footprint, particularly among complex retailers and restaurateurs with high annual GTV;
- build on our success in payments and financial solutions, including requiring a large portion of our new and existing customers to adopt our payments solutions as a result of our decision to sell our POS and payments solutions together as one unified offering;
- accelerate ARPU expansion by introducing new modules;
- sell and transition new and existing customers to our flagship solutions;
- expand our presence within verticals and geographies; and
- selectively pursue and integrate strategic and value-enhancing acquisitions.

There can be no assurance that we can successfully achieve any or all of the above initiatives in the manner or time period that we expect. Further, achieving these objectives will require investments which may result in short-term costs without generating any current revenue and therefore may be dilutive to our earnings. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect our strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition and results of operations.

Our growth strategy involves building on our success in payments and financial solutions, which may present risks and challenges that we have not yet experienced.

Our payments solutions continue to become an increasingly important part of our business. Payments solutions also represent an entry point for us into the provision of other financial solutions. Payments and financial solutions continue to represent a new area of business for our Company and building on our success so far in this area is integral to our growth strategy. However, we and our management have limited operating experience executing this strategy. This strategy has and will continue to require significant investment in cross-functional operations and management focus, along with investment in supporting technologies and people.

Implementation of this strategy may also divert management's attention from other aspects of our business and place a strain on our management, operational, development and financial resources, as well as our information systems. The availability of Lightspeed Payments globally and the availability of other payments and financial solutions worldwide requires us to comply with different and evolving laws governing payment processing, financial services, as well as the collection, storage and use of information and data, including personal data. We may incur additional costs and operational challenges in complying with these laws, and differences in these laws may cause us to operate our businesses differently in different territories. If so, we may incur additional costs and may not fully realize the investment in our international expansion.

Further, we are developing certain solutions that form a part of our payments and other financial solutions set such as merchant cash advances. Development of new solutions incorporating advanced technology is a complex process and subject to numerous uncertainties. Our success in developing such solutions will depend in part on our ability to develop them in a manner that keeps pace with continuing changes in technology, evolving industry standards, new solution and product introductions by competitors, changing client preferences and requirements and the interoperability of such solutions with our platform, including the platforms of companies we acquire, and third-party developed portions thereof.

In addition, we face competition from established payment processors offering existing and proven payment solutions and other financial solutions providers. These payment processors and other financial solutions providers and their product offerings benefit from a long history of market acceptance and familiarity as compared to Lightspeed Payments and our other payments and financial solutions. Potential customers for our payments solutions and financial solutions may be reluctant to adopt our solutions over existing solutions for a variety of reasons, such as transition costs, business disruption, or loss of functionality to which they are accustomed. Customers may also consider our solutions as inferior to similar solutions offered by our competitors. Further, many of our customers, including the customers of companies we have acquired, currently rely on integrated payments solutions, on which we achieve lower margins compared to Lightspeed Payments. Finally, the marketability of our payments and other financial solutions we offer could be significantly affected by changes in economic or market conditions or by the adoption of new technologies and solutions, including payment technologies. There can be no assurance that our customers will adopt Lightspeed Payments over other competing payment solutions or existing integrated payments solutions, nor can there be any assurance that our customers will adopt our other financial solutions as they become available.

If we are unable to provide a convenient and consistent payment experience for our customers, our ability to compete and our results of operations could be adversely affected. In addition, if the solutions we have incorporated into or offer alongside our payments solutions do not appeal to our customers, reliably function as designed, or maintain the privacy and security of customer data, we may experience a loss of customer confidence or lost revenue, which could adversely affect our reputation and results of operations.

As of the beginning of Fiscal 2024, we are now selling our POS and payments solutions together as one unified offering because we believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. We are helping our customers by offering free hardware and implementation, helping with contract buy-outs and offering competitive rates. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. While we believe that offering a complete all-in-one platform that includes payment processing functionality along with all the other functionality of our platform offers our customers significant advantages over separate POS solutions, some potential or existing customers may not desire to use our payment processing services or to switch from their existing payment processing vendors, or we may be limited in our ability to switch these customers to our embedded payments solution by virtue of the terms and conditions of partnerships we have with third party payments processors. There can be no assurance that our efforts to require new and existing customers to adopt our payments solutions will be successful and we may lose certain customers, and our operating results may be adversely affected if we are not successful in our efforts.

We have a history of losses and we may be unable to achieve profitability.

We incurred net losses of $1.07 billion in Fiscal 2023, $288.4 million in Fiscal 2022, and $124.3 million in Fiscal 2021. At March 31, 2023, we had an accumulated deficit of $2.00 billion. These losses and accumulated deficit are a result of, among other things, the substantial investments we made to grow our business, expenses incurred in connection with our acquisitions and a non-cash goodwill impairment charge of $748.7 million in the third quarter of Fiscal 2023. We expect to make significant expenditures to grow our business in the future. We will continue to carefully monitor the uncertainty in the macroeconomic environment, including with respect to increasing inflationary pressures, changes in consumer spending, exchange rate fluctuations and increases of interest rates as well as the impact of the COVID-19 Pandemic and the spread of variants of the COVID-19 virus on our addressable market.

We plan to make opportunistic and deliberate investments in sales and marketing to attract new businesses to our platform, both in our existing core geographies and verticals as well as new markets around the world. We also plan to increase our investment in research and development as we continue to introduce new products and services to extend the functionality of our platform and innovate in response to changing regulations and consumer behaviours. We also intend to invest in maintaining our high level of customer service

and support, which we consider critical for our continued success. We expect to incur additional general and administrative expenses over time as a result of our growth and a competitive market for attracting, retaining and motivating personnel. In particular, our share-based compensation expense for our equity awards has resulted in an increase in our expenses for Fiscal 2023 and may result in increases in our expenses in future periods, and related payroll taxes on share-based compensation expense may also contribute to such increases. In order to support the continued growth of our business and to comply with continuously changing security and operational requirements, we plan to continue investing in our hosting and network infrastructure. We also may continue to selectively pursue acquisition opportunities, which require that we incur various expenses and fees of external advisors. Businesses we have acquired and may in the future acquire have different levels of profitability than us, which may affect our overall profitability, particularly until we are able to realize expected synergies. These increased expenditures will make it harder for us to achieve profitability and we cannot predict with certainty whether we will achieve profitability in the near term or at all.

Historically, our costs have increased each year due to these factors and we expect to continue to incur increasing costs to support our anticipated future growth. If the costs associated with acquiring new customers, including online advertising and paid search costs, outbound lead generation, or the terms on which our partners refer clients to us, materially rise in the future, our expenses may rise significantly. If we are unable to generate adequate revenue growth and manage our expenses, we may continue to incur significant losses and may not achieve or maintain profitability, which could cause the trading price of our subordinate voting shares to further decline. While we have been able to leverage the increased scale of our business to negotiate better economics under certain of our payment processing agreements, there is uncertainty as to whether we will be able to negotiate even more favorable economics under such arrangements in the future. Additionally, failure to generate adequate revenue growth, as well as other related factors, may cause decreases in asset values, such as our goodwill, that are deemed to be other than temporary, which may result in further impairment losses.

We may make decisions that would reduce our short-term operating results if we believe those decisions will improve the experiences of our customers and their consumers and if we believe such decisions will improve our operating results over the long-term. These decisions may not be consistent with the expectations of investors and may not produce the long-term benefits that we expect, in which case our business may be materially and adversely affected.

The impact of worldwide economic conditions such as inflation and changes in interest rates, including the resulting effect on the operations of and spending by SMBs and on consumer spending, may adversely affect our business, operating results and financial condition.

Our performance is subject to worldwide economic conditions and global events, including political, economic, social and environmental risks that may impact our operations or our customers' operations. Such conditions and events may adversely affect consumer confidence, consumer spending, consumer discretionary income or changes in consumer purchasing habits. Deterioration in general economic conditions, including any rise in unemployment rates, inflation and increases in interest rates, have adversely affected and may continue to adversely affect consumer spending, consumer debt levels and credit and debit card usage, and as a result, have adversely affected our financial performance by reducing the number of transactions or average purchase amount of transactions processed using our payments solutions. Deterioration in general economic conditions may also cause financial institutions to restrict credit lines to cardholders or limit the issuance of new cards to mitigate cardholder credit concerns, which could further reduce the number or average purchase amount of transactions processed using our payments solutions. Many of the customers that use our platform are SMBs and many are also in the entrepreneurial stage of their development. SMBs may be disproportionately affected by the aforementioned economic conditions or economic downturns, especially if they sell discretionary goods. SMBs may also be disproportionately affected by other economic conditions, including labor shortages and global supply chain issues. SMBs frequently have limited budgets and may choose to allocate their spending to items other than our platform, especially in times of economic uncertainty or recessions. Economic and geopolitical uncertainties, including those related to the COVID-19 Pandemic, variants of the COVID-19 virus, and Russia's invasion of Ukraine may further amplify such risks.

Economic downturns have and may continue to adversely impact retail and hospitality sales, which could result in us processing lower payments volumes and customers who use our platform going out of business or deciding to stop using our services in order to conserve cash. Moreover, our customers that run restaurants or customers in certain of our retail verticals operate in industries which are intensely competitive and subject to heightened exposure to economic conditions affecting consumer discretionary spending, resulting in overall risk and a rate of failure that are typically greater than for businesses generally.

Weakening economic conditions may also adversely affect third parties, including suppliers and partners, with whom we have entered into relationships and upon whom we depend in order to operate and grow our business. Uncertain and adverse economic conditions may also lead to increased write-offs of our trade receivables, and refunds and chargebacks or potential losses to our merchant cash advance program, any of which could adversely affect our business.

Our business could be harmed if we fail to manage our growth effectively and efficiently.

The growth we have experienced in our business places significant demands on our operational infrastructure. The scalability and flexibility of our platform depends on the functionality of our technology and network infrastructure and its ability to handle increased traffic and demand for bandwidth. The growth in the number of customers using our platform and the number of requests processed through our platform has increased the amount of data that we process. Any problems with the transmission of increased data and requests could result in harm to our brand or reputation. Moreover, as our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance its scalability in order to maintain the performance of our platform.

To support our growth, we expect to make significant sales and marketing expenditures to increase sales of our platform and increase awareness of our brand and significant research and development expenses to increase the functionality of our platform and to introduce additional related modules and features. A significant portion of our investments in our sales and marketing and research and development activities will precede the benefits from such investments, and we cannot be sure that we will receive an adequate return on our investments.

Our growth has placed, and will likely continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We intend to further expand our overall business with no assurance that our revenues will continue to grow. As we grow, we will be required to continue to improve our operational and financial controls and reporting procedures and we may not be able to do so effectively. Furthermore, some members of our management do not have significant experience managing a large global business operation, so our management may not be able to manage such growth effectively. In managing our growing operations, we are also subject to the risks of over-hiring and/or overcompensating our employees and over-expanding our operating infrastructure. As a result, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross profit or operating expenses.

In addition, we believe that an important contributor to our success has been our corporate culture, which we believe fosters innovation, teamwork and passion for our customers and a focus on attractive design and technologically advanced and well-crafted software. As a result of our growth, a large portion of our employees have been with us for fewer than two years, and many have joined in a remote work environment. As we continue to grow, we must effectively integrate, develop and motivate employees, some of whom are based in various countries around the world and some of whom come to us via our acquisitions. In addition, we must preserve our ability to execute quickly in further developing our platform and implementing new features and initiatives. As a result, we may find it difficult to maintain our corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to recruit and retain personnel, to continue to perform at current levels or to execute on our business strategy effectively and efficiently.

Additionally, certain of our key growth metrics are calculated using internal company data based on the activity we measure on our platform and may be compiled from multiple systems, including systems that are organically developed or acquired through our acquisitions. There are inherent challenges and limitations in measuring our business globally at scale, and the methodologies used to calculate our key metrics inherently require some judgment. We regularly review our processes for calculating these key metrics, and from time to time we may make adjustments to improve their accuracy or relevance. Further, as our business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer appropriate measures of our performance. If investors do not consider our reporting metrics to accurately reflect our business or they disagree with our methodologies, our reputation may be harmed and our business may be adversely impacted.

The markets in which we participate are highly competitive. We may not be able to compete successfully against current and future competitors.

We face competition in various aspects of our business and we expect such competition to intensify in the future as existing and new competitors introduce new services or enhance existing services. We have competitors with longer operating histories, larger customer bases, greater brand recognition, greater experience and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than we do. Our potential new or existing competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or customer requirements. In addition, some of our larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies or terms of service and offer more attractive sales terms or customer promotions, which could cause us to lose potential sales or to sell our solutions at lower prices. We also face competition from niche companies that offer particular products that attempt to address certain of the problems that our platform solves or certain customer needs. In addition, there are a number of companies that are not currently direct competitors but that could in the future shift their focus on our industries and offer competing products and services. There is also a risk that certain of our current customers and business partners could terminate their relationships with us and use the insights they have gained from partnering with us to introduce their own competing products. As our business evolves, the competitive pressure to innovate will encompass a wider range of products and services. While we have invested, and expect to continue to invest significant

resources in research and development to continue to enhance our platform, there is no assurance that we can satisfy evolving customer and consumer demands, achieve expected returns, sustain or enhance our competitive advantage, or recoup our investments in a timely manner, or at all.

Competition may intensify as our competitors enter into business combinations or alliances or raise additional capital, or as established companies in other industry verticals or geographic markets expand into our industry verticals or geographic markets. For instance, certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against us in areas where we operate including, among other things: by integrating competing platforms or features into products they control such as search engines, web browsers, marketplaces, mobile device operating systems or social networks; by making acquisitions; or by making access to our platform more difficult. For example, many large technology platforms have started to impose, and will likely continue to impose, restrictions on the ability of other parties to access or use data from their customers and users. Apple has implemented changes to iOS that have impacted how applications and third parties can access user information and Google has announced similar changes. These increasingly restrictive practices could affect our customers' ability to sell or market their offerings, which could affect the demand for our platform and lead to the loss of current or prospective customers or other business relationships. Further, current and future competitors could choose to offer a different pricing model or to undercut prices in an effort to increase their market share. Local competitors may also be more established in the international markets we have expanded to and have a better understanding of local customs, providing them a competitive advantage. If we cannot compete successfully against current and future competitors, our business, results of operations and financial condition could be negatively impacted.

As of the beginning of Fiscal 2024, we are now selling our POS and payments solutions together as one unified offering because we believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. We are helping our customers by offering free hardware and implementation, helping with contract buy-outs and offering competitive rates. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. While we believe that offering a complete all-in-one platform that includes payment processing functionality along with all the other functionality of our platform offers our customers significant advantages over separate POS solutions, some potential or existing customers may not desire to use our payment processing services or to switch from their existing payment processing vendors, or we may be limited in our ability to switch these customers to our embedded payments solution by virtue of the terms and conditions of partnerships we have with third party payments processors. There can be no assurance that our efforts to require new and existing customers to adopt our payments solutions will be successful, and our operating results may be adversely affected if we are not successful in our efforts.

If we are unable to hire, retain and motivate qualified personnel, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. Our ability to identify, hire, develop, motivate and retain qualified personnel will directly affect our ability to maintain and grow our business, and such efforts will require significant time, expense and attention. The inability to attract or retain qualified personnel or delays in hiring required personnel may seriously harm our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills and employees with high levels of experience in designing and developing software and internet-related services, will be critical to our future success and demand and competition for such talent is high. We are also substantially dependent on our direct sales force to obtain new customers and increase sales to existing customers. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, and retaining a sufficient number of sales personnel to support our growth. If we are unable to hire, train, and retain a sufficient number of qualified and successful sales personnel, our business, financial condition, and results of operations could be harmed.

The continued existence of a remote or hybrid working environment may negatively impact our ability to hire, retain and motivate talent. In Fiscal 2023, we increased our focus on in-person collaboration through the reinforcement of an in-office working model. While we continue to offer flexible work arrangements in certain circumstances across our Company, we may face difficulty hiring and retaining our workforce as a result of this shift to greater in-office attendance.

Competition for highly skilled personnel in the geographic areas in which we operate can be intense due in part to the more limited pool of qualified personnel as compared to other places in the world, and we have experienced difficulties hiring employees from foreign jurisdictions to work in our offices. Further, changes in the Canadian dollar, the Euro, the British pound sterling, the New Zealand dollar, Swiss Franc or the Australian dollar relative to the U.S. dollar and other currencies could make it more difficult for us to offer compensation packages to new employees that are competitive with packages in the United States or elsewhere and could increase our costs of acquiring and retaining qualified personnel, especially as our workforce becomes increasingly global. Our efforts to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or have divulged proprietary or other confidential information.

While we have in the past and intend to continue to issue options, restricted share units or other equity awards as key components of our overall compensation and employee attraction and retention efforts, we are required under IFRS to recognize shared-based compensation expense in our operating results for employee share-based compensation under our equity grant programs which may increase the pressure to limit share-based compensation. Our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing employees and we have in the past granted, and may be required to grant additional awards or offer alternative forms of compensation to attract and retain highly skilled personnel. The trading price of our subordinate voting shares has been and is likely to continue to be volatile, is subject to fluctuations in response to various factors and may not appreciate. If the perceived value of our equity awards declines for these or other reasons, it may adversely affect our ability to attract and retain highly skilled personnel.

If we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform and innovate and introduce new solutions in a manner that responds to our customers' evolving needs, our business may be adversely affected.

The markets in which we compete are characterized by constant change and innovation and we expect them to continue to evolve rapidly. Our success has been based on our ability to identify and anticipate the needs of our customers and design a platform that provides them with the breadth of tools they need to operate and grow their businesses. Our ability to attract new customers, retain revenue from existing customers and increase sales to both new and existing customers will depend in large part on our ability to continue to improve and enhance the functionality, performance, reliability, support, design, security and scalability of our platform and to innovate and introduce new solutions.

We expect that new services and technologies applicable to the industries in which we operate will continue to emerge and evolve, including developments in POS, eCommerce, online marketplaces, supplier networks, data, payments and other financial solutions technology. Other potential changes are on the horizon as well, notably in the payments space, such as developments in real-time payments, contactless payments, blockchain, crypto-currencies and in tokenization, which replaces sensitive data (e.g., payment card information) with symbols (tokens) to keep data safe in the event of a breach. Similarly, there is rapid innovation in the provision of other products and services to businesses, including tailored financial solutions and marketing services. These new services and technologies may be superior to, impair, or render obsolete the products and services we currently offer or the technologies we currently use to provide them. We have in the past, and may experience in the future, difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements, or we may not be fast enough in adopting innovative solutions and practices such as artificial intelligence tools in our software development lifecycle. Software development involves a significant amount of time for our research and development team, as it can take our developers months to update, code and test new and upgraded solutions and integrate them into our platform. We must also continually update, test and enhance our software platform. The continual improvement and enhancement of our platform requires significant investment and we may not have the resources to make such investment. Our improvements and enhancements may not result in our ability to recoup our investments in a timely manner, or at all. We may make significant investments in new solutions or enhancements that may not achieve expected returns. The success of any enhancement or new solution depends on several factors, including the timely completion and market acceptance of the enhancement or new solution, as well as the accuracy of our estimates regarding the total addressable market for such enhancement or new solution. Our ability to develop new enhancements or solutions may also be inhibited by industry-wide standards, payment card networks, laws and regulations, resistance to change by customers, difficulties relating to integration or compatibility with third-party software or hardware, or third parties' intellectual property rights.

Any new solution we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate meaningful revenue. Improving and enhancing the functionality, performance, reliability, support, design, security and scalability of our platform is expensive, time-consuming and complex, and to the extent we are not able to do so in a manner that responds to our customers' evolving needs, our business, operating results and financial condition will be adversely affected.

Our operating results are subject to seasonal fluctuations.

Our transaction-based revenues are directionally correlated with the total dollar value of transactions processed through our platform. We believe our transaction-based revenues will continue to represent an increasing proportion of our overall revenue mix over time as a result of the continued customer adoption of our payments solutions, and we expect seasonality of our quarterly results to continue to increase. We expect our overall revenues to continue to become increasingly correlated with respect to the GTV processed by our customers through our platform. Accordingly, we believe that our business may become more seasonal in the future and that historical patterns in our business may not be a reliable indicator of our future performance. Fluctuations in quarterly results may materially and adversely affect the predictability of our business and the price of our subordinate voting shares.

Exchange rate fluctuations have and may continue to negatively affect our results of operations.
Exchange rate fluctuations may negatively affect our results of operations. Our presentation and functional currency is the U.S. dollar. We derive the largest portion of our revenues in U.S. dollars and the largest proportion of our expenses in U.S. dollars. Exchange rate fluctuations have and may continue to negatively affect our revenue as our software subscriptions are generally billed in the local currency of the country in which the customer is located, and the underlying GPV (from which we earn transaction-based revenue) is also expected to be denominated in local currency. To the extent that we have significant revenues denominated in foreign currencies, any strengthening of the U.S. dollar would reduce our revenues as measured in U.S. dollars. Our head office and a significant portion of our employees are located in Canada, along with additional presence in Europe, Australia and New Zealand. A large amount of our expenses are incurred in Canadian dollars and Euros with a smaller proportion of expenses incurred in other foreign currencies. As a result, our expenses may be adversely impacted by a decrease in the value of the U.S. dollar relative to these currencies but primarily the Canadian dollar and the Euro.

During Fiscal 2022, we adopted a hedging program to mitigate the impact of foreign currency fluctuations on future cash flows and expenses by entering into foreign exchange forward contracts which we have designated as cash flow hedges. Our hedging program does not mitigate the impact of foreign currency fluctuations on our revenue. We do not have foreign exchange forward contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange forward contracts in respect of other foreign currencies. Currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency fluctuates in value against the U.S. dollar, the use of hedges could result in losses greater than if the hedging had not been used. There can be no assurance that our hedging strategies, if any, will be effective in the future or that we will be able to enter into foreign exchange forward contracts on satisfactory terms.

Our limited operating history in new and developing markets and new geographic regions makes it difficult to evaluate our current business and future prospects and may increase the risk that we will not be successful.

Though we launched our first solution in 2005, the majority of our revenue growth has occurred in the past few years. We also operate in new and developing markets that may not develop as we expect. This limited operating history in new and developing markets and new geographic regions and recent growth make it difficult to accurately assess our future prospects. You should consider our future prospects in light of the challenges and uncertainties that we face, including the fact that it may not be possible to discern fully the trends that we are subject to, and that elements of our business strategy are new and subject to ongoing development. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing and unforeseen expenses as we continue to grow our business. If we do not manage these risks successfully, our business, results of operations and prospects will be harmed.

Our future success will depend in part upon our ability to expand into new geographic regions, whether by acquisition or otherwise, and we will face risks entering markets in which we have limited or no experience and in which we have limited or no brand recognition. It is costly to establish, develop and maintain international operations, and to promote our brand internationally. In addition, expanding into new geographic regions where foreign languages may be used will require substantial expenditures and take considerable time and attention, and we may not be successful enough in these new markets to recoup our investments in a timely manner, or at all. Our efforts to expand into new geographic regions may not be successful, which could limit our ability to grow our business.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive position may be harmed.

We believe that maintaining, promoting and enhancing the Lightspeed brand is critical to expanding our business. Maintaining and enhancing our brand will depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative solutions, which we may not do successfully.

Errors, defects, data breaches, disruptions, outages or other performance problems with our platform, including with third-party applications, may harm our reputation and brand. We may introduce new solutions or terms of service that our customers and their consumers do not like, which may negatively affect our brand. Additionally, if our customers or their consumers have a negative experience using our solutions or third-party solutions integrated with Lightspeed, such an experience may affect our brand, especially as we continue to attract larger customers to our platform.

We receive media coverage globally. Any unfavorable media coverage or negative publicity about our industry or our Company, including, for example, publicity relating to the quality and reliability of our platform, our privacy and security practices, our product changes, our payment processing terms of service or rates, our financial reporting, litigation, regulatory activity, or the actions of our partners or our customers, could seriously harm our reputation, even if inaccurate or misleading. Such negative publicity could also adversely affect the size, demographics, engagement, and loyalty of our customers and result in decreased revenue, which could seriously harm our business. Critics of our industry, and others who may want to pursue an agenda have in the past and may in the

future utilize the internet, the press and other means to publish criticisms of our industry, our Company and our competitors, or make allegations regarding our business and operations, or the business and operations of our competitors. We or others in our industry may receive similar negative publicity or allegations in the future, and it could be costly, time consuming, distracting to management, cause fluctuations in the market price of our subordinate voting shares and harm our business and reputation.

We believe that the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions at competitive prices, successful promotion of our brand will depend on the effectiveness of our marketing efforts. While we market our platform primarily through advertisements on search engines, social networking and media sites, and paid banner advertisements on other websites, our platform is also marketed through our partner and reseller channels and through a number of free traffic sources, including customer referrals, word-of-mouth and search engines. The success of our brand promotion efforts is partly dependent on our visibility on third-party advertising platforms and changes in the way these platforms operate or changes in their terms or data use practices could make marketing and promotion of our platform and brand more expensive and difficult. Our efforts to market our brand have involved significant expenses. Our marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses we incur in building and maintaining our brand.

Our payments solutions subject us to regulatory requirements, payment card network rules, payment card transactions underwriting and other risks that could be costly and difficult to comply with or that could harm our business.

Our business depends on our ability to facilitate the acceptance by our customers of credit and debit cards, and this ability is provided by payment card networks. We do not directly access the payment card networks that enable acceptance of payment cards. As a result, we must rely on banks and payment processors to process transactions on our behalf. The payment card networks and our payment processors require us to comply with payment card network operating rules.

Our intention to build on the success of our payments solutions, which is core to our growth strategy, subjects us to a number of risks related to payments processed through our platform. These risks include, but are not limited to, the following:

- we pay interchange and other fees, which may increase our operating expenses;
- our payments processors may terminate their relationships with us, fine us or increase our operation costs, if we are unable to maintain our chargeback ratios at acceptable levels, if we violate card network rules or if we engage in any other business or activity that in the view of our payments processors may increase our risk profile;
- increased costs and diversion of management time and effort and other resources to deal with fraudulent transactions, chargeback disputes and risk monitoring;
- potential fraudulent or otherwise illegal or prohibited activity by our customers, their consumers, developers, employees or third parties which could lead to increased liabilities, particularly as an increasing amount of our GTV is processed via eCommerce;
- potential unpaid customer chargebacks and fees for which we must bear the loss;
- restrictions on funds or required reserves or other forms of security related to payments;
- data breaches involving credit card information or other personal information, including security breaches of our customers' systems which could lead to increased liabilities; and
- additional disclosure and other requirements, including new reporting regulations and new payment card network operating rules.

We are required by our payments processors to comply with payment card network operating rules and those of the banks and we have agreed to reimburse our payments processors and the banks for any fees or fines they are assessed by payment card networks as a result of any unpaid liabilities or rule violations by us or our customers. The payment card networks have discretion to both set and interpret the card rules and the banks can add to these rules. The payment card network operating rules are set by their boards, which may be influenced by card issuers, and some of those issuers are our competitors with respect to these processing services. Many banks directly or indirectly sell processing services to merchants in direct competition with us. These banks could attempt, by virtue of their influence on the networks, to alter the networks' rules or policies to the detriment of non-members including certain of our businesses. In addition, we face the risk that one or more payment card networks or other processors may, at any time, assess penalties against us or terminate our ability to accept credit card payments or other forms of online payments from customers, which would have an adverse effect on our business, financial condition and operating results.

If we fail to comply with the rules and regulations adopted by the payment card networks, we would be in breach of our contractual obligations to our payments processors, banks, partners and customers. Such failure to comply may subject us to fines, penalties, damages, higher transaction fees, increased security requirements and civil liability, and could eventually prevent us from processing

or accepting payment cards or could lead to a loss of payment processor partners, even if there is no compromise of customer information.

We are currently subject to a variety of laws and regulations globally related to payment processing, including those governing cross-border and domestic money transmission, gift cards and other prepaid access instruments, electronic funds transfers, taxation reporting requirements, contract disclosure requirements, foreign exchange, anti-money laundering, anti-corruption, counter-terrorist financing, privacy and data protection, banking, sanctions and import and export control restrictions. Depending on how our platform and our other customer solutions evolve, and as we expand our payments solutions to new geographies, we expect to become subject to additional laws, either in existing or new jurisdictions. In some jurisdictions, the application or interpretation of these laws and regulations is not clear. Our efforts to comply with these laws and regulations could be costly and result in diversion of management time and effort and may still not guarantee compliance. In the event that we are found to be in violation of any such legal or regulatory requirements, we may be subject to monetary fines or other penalties such as a cease and desist order, or we may be required to make changes to our platform, any of which could have an adverse effect on our business, financial condition and results of operations.

Our risk management efforts in connection with the processing of payments may not be effective, which could expose us to losses and liability and otherwise harm our business.

As we continue to focus on the adoption of our payments solutions across our customer base, greater efforts will be required to vet and monitor our customers and to determine whether the transactions we process for them are legitimate. Our solutions have in the past and may in the future be used to process illegitimate transactions, and in such event we are expected to settle those funds to customers and may be unable to recover them, in which case we would suffer losses and liability. These types of illegitimate transactions can also expose us to governmental and regulatory scrutiny and enforcement actions, and potentially prevent us from satisfying our contractual obligations to our third-party partners which may cause us to be in breach of our obligations. The highly automated nature of, and liquidity offered by, our payments services make us a target for illegal or improper uses, including fraudulent or illegal sales of goods or services, money laundering, and terrorist financing. Identity thieves and those committing fraud using stolen or fabricated credit card or bank account numbers, or other deceptive or malicious practices, potentially can steal significant amounts of money from our customers, which amounts we have been and may continue to be required to absorb. In configuring our payments services, we face an inherent trade-off between security and customer convenience. Our risk management policies, procedures, techniques, and processes may not be sufficient to identify all of the risks to which we are exposed, to enable us to mitigate the risks we have identified, or to identify additional risks to which we may become subject in the future. Our current business, changes due to macroeconomic uncertainty and anticipated domestic and international growth will continue to place significant demands on our risk management and compliance efforts, and we will need to continue developing and improving our existing risk management infrastructure, techniques, and processes. As a greater number of customers use our services, our exposure to material risk losses from a single customer, or from a small number of customers, will increase. In addition, when we introduce new services, focus on new business types, or begin to operate in markets where we have a limited history of fraud loss, we may be less able to forecast and reserve accurately for those losses. Furthermore, if our risk management policies and processes contain errors or are otherwise ineffective, we may suffer large financial losses and our business may be materially and adversely affected.

We have and will continue to be exposed to risks associated with chargebacks and refunds in connection with payment card fraud or relating to the goods or services provided by our customers. In the event that a billing dispute between a cardholder and a customer is not resolved in favor of the customer, including in situations where the customer engaged in fraud, the transaction is typically “charged back” to the customer and the purchase price is credited or otherwise refunded to the cardholder. If we are unable to collect chargeback or refunds from the customer’s account, or if the customer refuses to or is unable to reimburse us for a chargeback or refunds due to closure, bankruptcy, or other reasons, we may bear the loss for the amounts paid to the cardholder, in addition to corresponding fees and fines. While we have the right to do so, we do not typically collect and maintain reserves from our customers to cover these potential losses, and for customer relations purposes, we sometimes decline to seek reimbursement for certain chargebacks. The risk of chargebacks is typically greater with those of our customers that promise future delivery of goods and services, and that finalize sales in a card-not-present environment such as online or over the phone, which risk becomes increasingly significant as a greater amount of our GTV is processed via eCommerce solutions. Moreover, chargebacks typically increase during economic downturns due to customers becoming insolvent or bankrupt or otherwise unable to fulfill their commitments for goods or services. Additionally, global supply chain disruptions and shortages have and may continue to negatively affect customers' ability to deliver goods and services on time or at all, which increases the risk of chargebacks. If we are unable to maintain our losses from chargebacks at acceptable levels, the payment card networks could fine us, increase our operating costs, or terminate our ability to process payment cards. Any increase in our operating costs could damage our business, and if we were unable to accept payment cards, our business would be materially and adversely affected.

We are subject to additional risks relating to the availability of capital to fund customers, the ability of our customers to generate sales to remit receivables, general macroeconomic conditions, legal and regulatory risks and the risk of fraud.

To further complement our core cloud solutions, we offer a merchant cash advance program called Lightspeed Capital. This program provides cash advances to eligible merchants and is designed to help them with overall business growth and cash management. Merchants use these cash advances to manage their cash flows, to buy inventory, and to invest in marketing, among other things. Such merchant cash advance programs are subject to additional risks. We are dependent on certain third-party partners to operationalize merchant cash advances. Further, if we cannot source capital to fund the advances for our customers, we might have to reduce the availability of this service, or cease offering it altogether. A decline in macroeconomic conditions could lead to a decrease in the number of our customers eligible for an advance, and/or increase the risk of fraud or non-payment. If more of our customers cease operations, experience a decline in sales, or engage in fraudulent behaviour, it would make it more difficult for us to obtain the receivables we have purchased via merchant cash advances or to obtain repayment of merchant cash advances we have made. In addition, if we fail to correctly predict the likelihood of timely repayment of merchant cash advances, our business may be materially and adversely affected. Merchant cash advances are generally unsecured obligations, and they are not guaranteed or insured in any way. If we are unable to properly manage the risks of offering merchant cash advances to customers, our business may be materially and adversely affected.

The legal and regulatory environment also subjects us to risk related to any cash advance programs we offer or may offer, and these risks increase with expansion into new geographies. For example, in Fiscal 2023 we expanded Lightspeed Capital into the United Kingdom and New Zealand. Laws and regulations related to merchant cash advances continue to evolve, particularly in the United States. If laws and regulations change subjecting merchant cash advances to licensing, disclosure or other issuing requirements, our costs may increase or we may decide to discontinue the merchant cash advance program altogether or in part, and our business and results of operations would be negatively impacted.

We intend to continue to explore other products, models, structures and markets to advance cash or capital to our merchants. Some of those models, structures or markets may require, or be deemed to require, additional procedures, partnerships, licenses, regulatory approvals or capabilities. Should we fail to expand and evolve in this manner, or should these new products, models, structures, markets or new regulations or interpretations of existing regulations, impose requirements on us that are impractical or that we cannot satisfy, the future growth and success of our merchant cash advance program may be materially and adversely affected.

We rely on a limited number of suppliers to provide part of the technology we offer through Lightspeed Payments and/or other payments offerings.

In order to provide our payments solutions, we have entered into a variety of payment processing agreements including with Stripe, Inc. and its subsidiaries (collectively, "**Stripe**"), Adyen N.V. ("**Adyen**"), Worldpay, LLC (" **Worldpay**"), PayPal, Inc. ("**Paypal**") and Cayan LLC (" **Cayan**"). Additionally, certain of our payments solutions for acquired customers are provided via payment processing agreements with First Data Corporation ("**First Data**"). These agreements are of significant importance to Lightspeed Payments and/or our other payments offerings and any disruption or problems with Worldpay, Stripe, Adyen, PayPal, Cayan, First Data or their respective services could have an adverse effect on our reputation, results of operations and financial results. If any of these providers were to terminate their relationship with us, we could incur substantial delays and expenses in finding and integrating an alternative payment service provider into our ecosystem, and the quality and reliability of such alternative payment service provider may not be comparable. Any long-term or permanent disruption in Lightspeed Payments and/or our other payments offerings would negatively impact our revenues, since our customers would be required to use one of our integrated payment processing solutions or a third-party payment provider.

As of the beginning of Fiscal 2024, we are now selling our POS and payments solutions together as one unified offering because we believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. We may be limited in our ability to switch these customers to our embedded payments solution by virtue of the terms and conditions of partnerships we have with third party payments processors. Further, our third party partners have in the past and may in the future allege that we have improperly engaged with certain customers. Any such allegations could damage our reputation and brand and expose us to a risk of litigation or other liabilities, which would be costly, time consuming, distracting to management and adversely affect our ability to successfully sell our POS and payments solutions together as one unified offering.

Security breaches, denial of service attacks, or other hacking and phishing attacks on our systems or other security breaches, including internal security failures, could harm our reputation or subject us to significant liability, and adversely affect our business and financial results.

We operate in an industry that is prone to cyber attacks. Failure to prevent or mitigate security breaches and improper access to or disclosure of our data, customer data, or the data of their consumers, could result in the loss or misuse of such data, which could harm

our business and reputation. The security measures we have integrated into our internal networks and platforms which are designed to prevent or minimize security breaches may not function as expected or may not be sufficient to protect our internal networks and platforms against certain attacks. In addition, incidents can originate on our partners' websites or systems, which can then be leveraged to access our website or systems, further preventing our ability to successfully identify and mitigate an attack. Techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently. As a result, we may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into our networks. While we have established a cyber attack remediation plan to enable us to assess and respond to such attacks, there can be no assurance that the measures set forth under such plan will be adequate in all circumstances nor that they will be effective in mitigating, or allowing us to recover from, the effects of such attacks. In addition, we have insurance coverage, but this coverage may be insufficient to compensate us for all liabilities that we may incur.

Our customers' storage and use of data concerning their businesses and their consumers is essential to their use of our platform, which stores, transmits and processes our customers' proprietary information and personal information relating to them, their employees and their consumers. If a security breach were to occur, as a result of third-party action, employee error, breakdown of our internal security processes and procedures, malfeasance or otherwise, and the confidentiality, integrity or availability of our customers' data was disrupted, we could incur significant liability to our customers, to partners and to individuals whose information was being stored by our customers, and our platform may be perceived as less desirable, which could negatively affect our business and damage our reputation.

Our platform and third-party applications available on, or that interface with, our platform have been and in the future may be subject to distributed denial of service attacks ("**DDoS**"), a technique used by hackers to take an internet service offline by overloading its servers, and we cannot guarantee that applicable recovery systems, security protocols, network protection mechanisms and other procedures are or will be adequate to prevent network and service interruption, system failure or data loss. In addition, computer malware, viruses, ransomware, extortion, and hacking and phishing attacks or social engineering incidents by third parties are prevalent in our industry. We have experienced such attacks and security incidents in the past and may experience them in the future. For example, in Fiscal 2023 we were the target of frequent phishing and distributed DDoS attempts.

Moreover, our platform and third-party applications available on, or that interface with, our platform could be breached if vulnerabilities in our platform or third-party applications are exploited by unauthorized third parties or due to employee error, breakdown of our internal security processes and procedures, malfeasance, or otherwise. Further, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information or otherwise compromise the security of our internal networks, electronic systems and/or physical facilities in order to gain access to our data or our customers' data. Since techniques used to obtain unauthorized access change frequently and the size and severity of DDoS attacks and security breaches are increasing, we may be unable to implement adequate preventative measures or stop DDoS attacks or security breaches while they are occurring. As a result of our increased visibility, the size of our customer base, and the increasing amount of confidential information we process, we believe that we are increasingly a target for such breaches and attacks. This threat may intensify in the event of retaliatory cyber attacks stemming from or related to Russia's invasion of Ukraine. In addition to our own platform and applications, some of the third parties we work with may receive information provided by us, by our customers, or by our customers' consumers through web or mobile applications integrated with Lightspeed. If these third parties fail to adhere to adequate data security practices, or in the event of a breach of their networks, our own and our customers' data may be improperly accessed, used or disclosed.

Any actual or perceived DDoS attack or security breach could damage our reputation and brand, expose us to a risk of litigation and possible liability and require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the DDoS attack or security breach. Some jurisdictions have enacted laws requiring companies to notify individuals and authorities of data security breaches involving certain types of personal or other data and our agreements with certain customers and partners require us to notify them in the event of a security incident. Similarly, if our suppliers experience data breaches and do not notify us or honor their notification obligations to authorities or users, we could be held liable for the breach. We may not be in a position to assess whether a data breach at one of our suppliers would trigger an obligation or liability on our part. Such mandatory disclosures are costly, could lead to negative publicity, and may cause our customers to lose confidence in the effectiveness of our data security measures. Moreover, if a high-profile security breach occurs with respect to another SaaS provider, customers may lose trust in the security of the SaaS business model generally, which could adversely impact our ability to retain revenue from existing customers or attract new ones. Similarly, if a high-profile security breach occurs with respect to a retailer or eCommerce platform, customers may lose trust in eCommerce more generally, which could adversely impact our customers' businesses. Any of these events could harm our reputation or subject us to significant liability, and materially and adversely affect our business and financial results.

System failures, interruptions, delays in service, catastrophic events, inadequate infrastructure and resulting interruptions in the availability or functionality of our platform could harm our reputation or subject us to significant liability, and adversely affect our business and financial results.

Our brand, reputation and ability to attract, retain and serve our customers are also dependent upon the reliable performance of our platform, including our underlying technical infrastructure. Our platform is mission critical for our customers who rely on them to manage their businesses and the data collected in connection therewith, including transaction records, information about inventory and customers and other important business information and data. Our systems, those of our third-party data center facilities and those of our payment partners and other service providers may experience service interruptions, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks and other geopolitical unrest, cyberattacks or disruptions, computer viruses, ransomware, malware or other events. Our systems are also subject to break-ins, sabotage, and acts of vandalism. Our platform and technical infrastructure may not be adequately designed with sufficient reliability and redundancy and our disaster recovery planning, which includes using geographically distinct and multi-region data centers, may not be sufficient to avoid performance delays or outages that could be harmful to the businesses of our customers and our business.

In addition, as a provider of payments and financial services solutions, we are subject to increased scrutiny by regulators that may require specific business continuity and disaster recovery plans and more rigorous testing of such plans. This increased scrutiny may be costly and time-consuming and may divert our resources from other business priorities. We have experienced increased growth in GPV over the past years and expect growth to continue for the coming years; however, despite the implementation of architectural changes to safeguard sufficient future processing capacity on our payments platform, in the future the payments platform could potentially reach the limits of the number of transactions it is able to process, resulting in longer processing time or even downtime. Our efforts to safeguard sufficient future processing capacity are time-consuming, involve significant technical risk and may divert our resources from new features and products, and there can be no guarantee that these efforts will succeed. Furthermore, any efforts to further scale the platform or increase its complexity to handle a larger number or more complicated transactions could result in performance issues, including downtime. A failure to adequately scale our payments platform could therefore materially and adversely affect our business, financial condition or results of operations.

We have in the past experienced and may in the future experience service interruptions which disrupt the availability or reduce the speed or functionality of one or more of our solutions. These events have resulted and likely will result in loss of revenue. In addition, they could result in significant expense to repair or replace damaged equipment and remedy resultant data loss or corruption. A prolonged interruption in the availability or reduction in the speed or other functionality of our platform could materially harm our reputation and business. Frequent or persistent interruptions in access to functionality of our platform could cause our customers to believe that our platform is unreliable. If our platform is unavailable when our customers attempt to access it, or if our platform does not perform to expected levels, especially during peak periods for our customers, such as the holiday shopping season, our customers may cease to use our platform entirely. Moreover, to the extent that any system failure or similar event results in damages to customers or their businesses, these customers could seek compensation from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly to address. While we have implemented measures intended to prevent or mitigate such interruptions, there can be no assurance that such measures will successfully prevent service interruptions in the future.

A significant natural disaster could have a material and adverse effect on our business. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems at our headquarters or the data centers of our service providers could result in lengthy interruptions in access to or functionality of our platform or could result in related liabilities. We do not maintain insurance sufficient to compensate us for the potentially significant losses that could result from disruptions to our services.

Interruptions or other issues in the proper functioning of or upgrades to our information technology systems could cause disruption to our operations.

Our information technology systems require periodic modifications, upgrades, and replacement that subject us to costs and risks, including potential disruption to our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel or outside firms to implement and operate existing or new systems, diversion of management's attention from other aspects of our business, and other risks and costs of delays or difficulties in transitioning to new or modified information technology systems or of integrating new or modified information technology systems into our current technical infrastructure.

We are continually improving and upgrading our information technology systems, including systems of the companies we have acquired, which acquired systems we have been integrated to varying degrees. Implementation of new information technology systems is complex, expensive, and time-consuming. If we fail to timely and successfully implement new information technology systems, or improvements or upgrades to existing or integrated information technology systems, or if such information technology systems do not operate as intended, this could have an adverse impact on our business, internal controls (including internal controls over financial reporting), results of operations and financial condition.

We heavily rely on our information technology systems to manage our various business operations and regulatory compliance. Our technical infrastructure has in the past and may in the future be subject to damage or interruption from a variety of sources, including power outages, computer and telecommunications failures, fraud, computer viruses, cyber security breaches, vandalism, severe weather conditions, catastrophic events, military or political conflicts, terrorism, and human error. If our information technology systems are damaged, fail to function properly, or otherwise become compromised or unavailable, we may incur substantial costs to repair or replace them, and we may experience loss of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business, results of operations and financial condition.

We store personal and other information of our partners, our customers and their consumers and our employees. If the security of this information is compromised or is otherwise accessed without authorization, or is perceived to be compromised or accessed without authorization, our reputation may be harmed and we may be exposed to liability and loss of business.

We store personal information and other confidential information of our partners and our customers, and may also store credit card information of our customers. We also collect and maintain personal information of our employees. Third-party software applications integrated with Lightspeed and the third-party applications available on our platform may also store personal information and/or other confidential information. We do not regularly monitor or review the content that our customers upload and store, or the information provided to us through the applications integrated with our platform, and, therefore, we do not control the substance of the content hosted within our platform, which may include personal information. Additionally, we use third-party service providers and subprocessors to help us deliver services to customers and their consumers. These service providers and subprocessors may store personal information, credit card information and/or other confidential information.

We have in the past experienced and may in the future experience successful attempts by third parties to obtain unauthorized access to the personal information of our partners, our customers and our customers' consumers, and events or situations as a result of which this information was or could be exposed through human error, malfeasance or otherwise. The unauthorized or inadvertent release or access, or other compromise of this information could have a material adverse effect on our business, financial condition and results of operations. Even if such a data breach were to affect one or more of our competitors or our customers' competitors, rather than us, the resulting consumer concern could negatively affect our customers and/or our business.

We are also subject to federal, state, provincial and foreign laws regarding cybersecurity and the protection of data. The regulatory framework in Canada, the United States, Europe and many other jurisdictions in respect of privacy issues is constantly evolving and is likely to remain uncertain for the foreseeable future. For example, in September 2021, Quebec adopted *Bill 64, an Act to modernize legislative provisions as regards the protection of personal information* ("**Bill 64**"), which has and is expected to continue to bring significant updates to the Act respecting personal information in the private sector. Bill 64's requirements will come into effect progressively over three years, and will require organizations to establish data governance practices, develop corporate data management policies, adopt technological solutions to de-index or transfer personal information upon request and issue internal guidelines to support staff and service providers in the implementation of the new privacy regime. Bill 64 introduces penalties of up to CAD $25 million or 4% of global turnover for serious violations of the Act, whichever amount is higher. In the United States, the California Consumer Privacy Act of 2018 (the "**CCPA**"), which took effect on January 1, 2020, gives California residents expanded rights related to their personal information, including the right to access and delete their personal information, and receive detailed information about how their personal information is used and shared. The CCPA prohibits discrimination against individuals who exercise their privacy rights, provides for civil penalties for violations, and creates a private right of action for certain data breaches that is expected to increase data breach litigation. Many of the CCPA's requirements as applied to personal information of a business's personnel and related individuals were subject to a moratorium that expired on January 1, 2023. The expiration of the moratorium may increase our compliance costs and our exposure to public and regulatory scrutiny, costly litigation, fines and penalties. Additionally, on January 1, 2023, the California Privacy Rights Act ("**CPRA**") went into effect and amended the CCPA. Among other things, the CPRA restricts the use of certain categories of sensitive personal information, establishes restrictions on the retention of personal information, expands the types of data breaches subject to the private right of action, and establishes the California Privacy Protection Agency to implement and enforce the new law and impose administrative fines. Similar laws have passed in Virginia, Colorado, Connecticut, Iowa and Utah, and have been proposed in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging.

In the European Economic Area ("**EEA**"), we are subject to the GDPR, and in the United Kingdom, following its exit from the European Union ("**Brexit**"), we are subject to the United Kingdom data protection regime consisting primarily of the UK General Data Protection Regulation (" **UK GDPR**") and the UK Data Protection Act 2018, in each case in relation to our collection, control, processing, sharing, disclosure, transfer and other use of data relating to an identifiable living individual (personal data). The GDPR, and national implementing legislation in EEA member states, and the UK GDPR, impose a strict data protection compliance regime including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that an appropriate legal basis is in place or otherwise exists to justify data processing activities;

granting rights for data subjects in regard to their personal data (including data access rights, the right to be “forgotten” and the right to data portability); introducing the obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; defining pseudonymized (i.e., key-coded) data; imposing limitations on retention of personal data; maintaining a record of data processing; and complying with the principles of accountability and data minimization as well as the obligation to demonstrate compliance through policies, procedures, training and audit.

The GDPR significantly increased penalties for non-compliance with European data protection regulations. Fines for certain breaches of the GDPR and the UK GDPR are significant e.g., fines for certain breaches of the GDPR or the UK GDPR range from €10 million / £8.7 million to €20 million / £17.5 million or 2% to 4% of total global annual turnover. In addition to the foregoing, a breach of the GDPR or UK GDPR could result in regulatory investigations, reputational damage, orders to cease/ change our data processing, enforcement notices, and/ or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

We are also subject to evolving EU and UK privacy laws on cookies and e-marketing. In the European Union and the United Kingdom, regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem, and current national laws that implement the ePrivacy Directive are highly likely to be replaced by an EU regulation known as the ePrivacy Regulation which will significantly increase fines for non-compliance. In the European Union and the United Kingdom, informed consent is required for the placement of a cookie or similar technologies on a user’s device and for direct electronic marketing. The GDPR also imposes conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. While the text of the ePrivacy Regulation is still under development, recent European court and regulator decisions, regulators’ recent guidance and recent campaigns by a not-for-profit organization are driving increased attention to cookies and tracking technologies. If regulators continue to enforce the strict approach in recent guidance, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities. Regulation of cookies and similar technologies, and any decline in the use of cookies or similar online tracking technologies as a means to identify and potentially target users, may lead to broader restrictions and impairments on our marketing and personalization activities and may negatively impact our efforts to understand users.

The interpretation and application of the above laws are often uncertain and such laws may be interpreted and applied in a manner inconsistent with our current policies and practices or require us to make changes to our platform. Additionally, laws in some jurisdictions, as well as our contracts with certain customers, require us to use industry-standard or reasonable measures to safeguard personal information or confidential information, and thereby mitigate the risk of a security incident. These laws, which tend to focus around individuals’ financial and payment related information, are increasingly relevant to us, as we have started to process more information from our customers’ consumers through our platform.

Our failure to comply with legal or contractual requirements around the security of personal information could lead to significant fines and penalties imposed by regulators, as well as claims by our partners, our customers and their consumers, our employees or other relevant stakeholders. These proceedings or violations could force us to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability or injunctive relief, diversion of management’s time and attention, increase our costs of doing business, and materially adversely affect our reputation and the demand for our solutions.

In addition, while we employ security measures to protect any personal information that we may collect and store, such as through encryption and authentication technology licensed from third parties, advances in computer capabilities, new discoveries in the field of cryptography and other developments may result in a compromise or breach of the technology we use to protect personal information. Techniques used to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and are becoming increasingly sophisticated. As a result, we, and third parties we work with, including service providers we use and third party apps or other services used by our customers, may be unable to anticipate these techniques, detect the attacks for long periods of time or implement adequate preventative measures. If our security measures fail to protect personal information adequately, including any credit card information we collect or transmit, we could be liable to our partners or our customers for their losses. As a result, we could be subject to fines, we could face regulatory or other legal action, and our customers could end their relationships with us. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. In addition, while we carry insurance against cybersecurity risks that we consider appropriate, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that our insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations.

Further, because data security is a critical competitive factor in our industry, we may make statements in our privacy statements and notices and in our marketing materials describing the security of our platform, including descriptions of certain security measures we employ or security features embedded within our products. Should any of these statements be untrue, become untrue, or be perceived to be untrue, even if through circumstances beyond our reasonable control, we may face claims, including claims of unfair or deceptive trade practices, brought by the U.S. Federal Trade Commission, state, local, or foreign regulators (e.g., a European Union-based data protection agency), or private litigants.

We may incur additional costs to maintain legitimate means for our transfer and receipt of personal data from European countries, or may be unable to maintain such legitimate means.

Following the invalidation of the EU - U.S. Privacy Shield in 2020, we rely on standard contractual clauses published by the European Commission for transfers of personal data (as such term is defined under the GDPR) from our European employees, customers and users from the EU to the U.S. While the validity of the EU standard contractual clauses was confirmed by the Court of Justice of the European Union ("CJEU") and revised standard contractual clauses came into effect in 2021, the use of the standard clauses with respect to data transfers to the U.S. may be subject to further challenge and subsequent guidance from the European Data Protection Board has cast doubt on their adequacy. While we have begun using the revised clauses for relevant new data transfers, there is uncertainty as to whether all our partners and vendors have effectively adopted the revised clauses in a timely manner with respect to our existing contracts. There is some uncertainty around whether the revised clauses can be used for all types of data transfers, particularly whether they can be relied on for data transfers to non-EEA entities subject to the GDPR. The new EU standard contractual clauses apply only to the transfer of data outside of the EEA and not the UK. The UK Information Commissioner's Office has published its own International Data Transfer Agreement that acts as a standalone transfer agreement and an International Data Transfer Addendum that can be tacked onto the new EU standard contractual clauses to cover data transfers from the UK. We adopted this transfer mechanism for relevant new data transfers and we will be required to implement it for relevant existing contracts and certain additional contracts and vendor arrangements by March 21, 2024. Additionally, although the European Commission adopted an adequacy decision on June 28, 2021 allowing the continued flow of personal data from Europe to the UK, this decision will be regularly reviewed going forward and may be revoked if the UK diverges from its current adequate data protection laws following Brexit.

The U.S. Department of Commerce and the European Commission are working towards a new Trans-Atlantic Data Privacy Framework (“DPF”) to replace the EU - U.S. Privacy Shield framework. Following a U.S. Executive Order implementing the DPF, the European Commission launched its adequacy determination procedure for data transfers under the arrangement. Similar discussions are also necessary with Switzerland, which is not an EU member, and the UK, which has ceased to be an EU member. However, there is uncertainty about the DPF’s ability to withstand scrutiny. Accordingly, we may experience reluctance or refusal by current or prospective European customers to use our products, and we may find it necessary or desirable to make further changes to our handling of personal data of European residents, including arrangements to store and process such data outside the U.S.

The regulatory environment applicable to the handling of the personal data of individuals from Europe and the UK, and our actions taken in response may cause us to assume additional liabilities or incur additional costs, and could result in our business, operating results and financial condition being harmed. Additionally, should we continue to transfer the personal data of individuals from Europe, the UK and Switzerland to the U.S. without a solution that is compliant with the GDPR (and equivalent laws of the UK and Switzerland), we and our customers may face a risk of enforcement actions by data protection authorities in Europe, the UK and Switzerland. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel and negatively affect our business, operating results and financial condition.

Our business is susceptible to risks associated with international operations, including international sales, our presence and the use of our platform in various countries.

We currently have customers in more than 100 countries and we expect to continue to expand our international operations and penetration in international markets in the future and we may continue to expand our workforce globally, including in emerging markets. However, our international operations, sales and the use of our platform in various countries subject us to risks that we do not generally face with respect to domestic operations or sales within North America. These risks include, but are not limited to:

- greater difficulty in enforcing contracts, including our general terms of service and other agreements;
- lack of familiarity and burdens and complexity involved with complying with multiple, conflicting and changing foreign laws, standards, regulatory requirements, tariffs, export controls and other barriers;
- difficulties in ensuring compliance with countries’ multiple, conflicting and changing international trade, customs and sanctions laws, including with respect to our personnel acquired via our acquisition of Ecwid and increased sanctions and export controls related to Russia's invasion of Ukraine;
- compliance with U.S., Canadian and foreign anti-corruption, anti-bribery, and anti-money laundering laws;
- bureaucratic obstacles, selective or arbitrary government actions, and corruption;

- data privacy laws which may require that customer and consumer data be stored and processed in a designated territory;
- restricted access to and/or lower levels of use of the internet;
- difficulties in managing systems integrators and technology partners;
- different technology standards, different commercial practices, including payment methods, and different strategic priorities for customers in various jurisdictions and costs and difficulties associated with localizing our platform and solutions including developing products in multiple languages that are tailored for local preferences and customs;
- restrictions and prohibitions related to communications and advertising by or through online service providers;
- limitations on technology infrastructure, which could limit our ability to migrate international operations to our existing systems, which could result in increased costs;
- potentially adverse tax consequences, including the complexities of foreign value-added tax (or other tax) systems and restrictions on the repatriation of earnings;
- uncertain political and economic climates and increased exposure to global political, economic, social and environmental risks that may impact our operations or our customers' operations and/or decrease consumer spending, including high inflation, economic recession, pandemics such as the COVID-19 Pandemic and other global health emergencies, supply chain disruptions, natural disasters, acts or threats of war or terrorism and other general security concerns, such as Russia's invasion of Ukraine;
- difficulties in ensuring compliance with government regulations of eCommerce and other services, which could lead to lower adoption rates;
- restrictive governmental actions, including restrictions on foreign ownership;
- expropriation or nationalization of property;
- greater liability under the laws of foreign countries for actions taken by our subsidiaries;
- fiscal recording requirements on retailers, restaurants and other businesses;
- lower levels of credit card usage and increased payment risks;
- different employer/employee relationships and labor regulations and other challenges caused by distance, language and cultural differences;
- currency exchange rates or currency control regulations;
- reduced or uncertain protection for intellectual property rights in some countries;
- new and different sources of competition;
- difficulties in dealing with underdeveloped banking systems;
- being impacted by any "trade war" or counter-sanctions between governments or related retaliatory actions;
- reduced demand for our platform at historical price points; and
- lower levels of consumer spending.

These factors may cause our international costs of doing business to exceed our comparable domestic costs and may also require significant management attention and financial resources. Any negative impact from our international business efforts could adversely affect our business, results of operations and financial condition. Some of our partners also have international operations and are also subject to these risks and if such partners are unable to appropriately manage these risks, our business, results of operations and financial condition may be adversely affected.

Adverse developments affecting the financial services industry could adversely affect our business, operating results and financial condition.

Adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. The Department of the Treasury, the Federal Reserve and the FDIC released a statement that indicated that all depositors of Silicon Valley Bank would have access to all of their funds, including funds held in uninsured deposit accounts. There is no guarantee, however, that the U.S. Department of Treasury, FDIC and Federal Reserve Board, or in the case of a Canadian Bank, the Bank of Canada and the Canada Deposit Insurance Corporation, will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

We do not hold material cash deposits or securities at Silicon Valley Bank and have not experienced any adverse impact to our liquidity or to our business, operating results and financial condition as a result of such closure. However, uncertainty remains over liquidity concerns in the broader financial services industry, and our business or the industry as a whole may be adversely impacted in ways that we cannot predict at this time.

Further, a significant portion of our assets are held in cash and cash equivalents. If the financial uncertainty were to impact a broad segment of the financial services environment, our business, operating results and financial condition could be adversely affected.

The COVID-19 Pandemic and the spread of variants of the COVID-19 virus have adversely affected and may continue to adversely affect our business, operating results and financial condition and this adverse affect could be material.

The future impact of the COVID-19 Pandemic on our business, financial condition and results of operations remains uncertain. Measures attempting to contain and mitigate the effects of the virus such as travel restrictions, self-isolation measures, mandatory closures of non-essential services and businesses, physical distancing practices, and the resulting effect on the operations of and spending by merchants, brands and consumers including supply chain issues have disrupted and may in the future disrupt our normal operations and impact our employees, vendors, partners, and our customers and their consumers. The degree to which COVID-19 will continue to affect our business, operating results and financial condition will depend on highly uncertain and unpredictable future developments.

The COVID-19 Pandemic has impacted and may in the future impact our customers, including their GTV, overall demand for our services, and anticipated subscription pauses and churn rates due to business closures and temporary business shutdowns. It has also limited, and may in the future limit, their ability to obtain inventory or ingredients and supplies, to generate sales, or to make timely payments to us. COVID-19 has also caused heightened uncertainty in the global economy. Slowdowns in economic growth, particularly where they reduce consumer spending, have negatively impacted and may continue to negatively impact our customers and our results of operations. Uncertain and adverse economic conditions may also lead to increased write-offs of our trade receivables, and refunds and chargebacks or potential losses for our merchant cash advance program and may require us to recognize an impairment related to our non-financial assets in our financial statements. See the risk factor titled "*We have in the past suffered losses due to goodwill impairment and may in the future suffer losses due to impairment charges* ."

Uncertainty in the global economy and market volatility has been and may in the future be exacerbated by new variants and mutations of the COVID-19 virus. Continued capital markets volatility may cause further declines in the price of our subordinate voting shares, increasing the risk that further securities class action lawsuits may be instituted against us.

The COVID-19 Pandemic and related restrictions may also disrupt or delay the ability of employees to work, cause delays or disruptions in services provided by our vendors, increase our vulnerability and that of our partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events. The duration, severity and ongoing impacts of the COVID-19 Pandemic may also have the effect of heightening many of the other risks described herein. Additionally, although we have attempted to identify the COVID-19-related risks faced by our business, the uncertainty and lack of predictability around the COVID-19 Pandemic means there may be other risks not presently known to us or that we presently believe are not material that could also affect our business, financial condition and results of operations. While it remains difficult to estimate the overall severity, extent or duration of the COVID-19 Pandemic, to the extent it materially adversely affects our employees, customers, vendors, partners and/or other stakeholders, it may also have a material adverse effect on our business, financial condition or results of operations.

We have in the past made, and in the futu re may make, acquisitions and investments that could divert management's attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations and adversely affect our business, operating results or financial position.

Pursuing strategic and value-enhancing acquisitions or investment opportunities is one of our key growth strategies and has been an important contributor to our past growth. Any transactions that we enter into could be material to our financial condition and results of operations. The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures, whether or not such transactions are ultimately completed. Acquisitions and investments involve a number of risks, such as:

- diversion of management time and focus from operating our business;
- use of resources that are needed in other areas of our business;
- in the case of an acquisition, implementation or remediation of controls, procedures and policies of the acquired company;
- in the case of an acquisition, difficulty integrating the accounting systems and operations of the acquired company;
- in the case of an acquisition, coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company and difficulty converting the customers of the acquired company onto our systems, platforms and contract terms, including disparities in the revenues, licensing, support or professional services model of the acquired company;
- in the case of an acquisition, difficulty integrating, supporting or enhancing acquired product lines or services, including difficulty in transitioning acquired solutions developed with different source code architectures to our integrated

platforms, difficulty in supporting feature development across our full suite of house-built and acquired solutions and strain on resources from marketing and supporting multiple platforms prior to integration;

- in the case of an acquisition, retention and integration of employees from the acquired company, and preservation of our corporate culture;
- in the case of an acquisition, reliance on certain existing executive teams of acquired companies in new industries;
- in the case of an acquisition, difficulty delivering on our product strategy, including building a platform that enables us to drive value across our full ecosystem of merchants, suppliers and consumers;
- unforeseen costs or liabilities;
- adverse effects to our existing business relationships with partners and customers as a result of the acquisition or investment;
- the possibility of adverse tax consequences;
- in the case of an acquisition, we may not be able to secure required regulatory approvals or otherwise satisfy closing conditions for a proposed transaction in a timely manner, or at all;
- litigation or other claims inherited from or arising in connection with the acquired company or investment; and
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries. For more information, see the risk factor titled "*Our business is susceptible to risks associated with international operations, including international sales, our presence and the use of our platform in various countries*."

In addition, a significant portion of the purchase price of companies we acquire has historically been and in the future may be allocated to acquired goodwill and other intangible assets, which must be tested at least annually for impairment in the case of goodwill and assessed for impairment in the case of other intangible assets. During the three months ended December 31, 2022, there were changes in macro-economic conditions and our share price and market capitalization decreased. We conducted an impairment test as at December 31, 2022 that resulted in a non-cash impairment charge of $748.7 million related to goodwill. In the future, if our acquisitions do not yield expected returns, we may be required to recognize further impairment losses in our results of operations, which could impair our ability to achieve profitability in the future.

Acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect our share price, or result in issuances of securities with superior rights and preferences to the subordinate voting shares or the incurrence of debt with restrictive covenants that limit our future uses of capital in pursuit of business opportunities.

We may not be able to identify acquisition or investment opportunities that meet our strategic objectives, or to the extent that such opportunities are identified, we may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to us.

Businesses we acquire may not have disclosure controls and procedures and internal controls over financial reporting, cybersecurity controls and data privacy compliance programs, or their existing controls and programs may be weaker than or otherwise not in conformity with ours.

We have a history of acquiring businesses of varying sizes and organizational complexities. Upon consummating an acquisition, we seek to implement our disclosure controls and procedures, our internal controls over financial reporting as well as procedures relating to cybersecurity and compliance with data privacy laws and regulations at the acquired company as promptly as possible. Depending upon the nature and scale of the business acquired, the implementation of our disclosure controls and procedures as well as the implementation of our internal controls over financial reporting at an acquired company may be a lengthy process and may divert our attention from other business operations. Our integration efforts may periodically expose deficiencies or suspected deficiencies in the controls, procedures and programs of an acquired company that were not identified in our due diligence undertaken prior to consummating the acquisition. Where there exists a risk of deficiencies in controls, procedures or programs, we may not be in a position to comply with our obligations under applicable laws, regulations, rules and listing standards or we may be required to avail ourselves of scope limitations with respect to certifications required thereunder, and, as a result, our business and financial condition may be materially harmed.

Our use of "open source" software could negatively affect our ability to sell our solutions and subject us to possible litigation.

Our solutions incorporate and are dependent to a significant extent on the use and development of "open source" software, and we intend to continue our use and development of open source software in the future. Such open source software is generally licensed by

its authors or other third parties under open source licenses and is typically freely accessible, usable and modifiable. Pursuant to such open source licenses, we may be subject to certain conditions, including requirements that we offer our proprietary software that incorporates the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third-party that uses or distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our solutions that contained or are dependent upon the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our solutions. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our platform. The terms of many open source licenses to which we are subject have not been interpreted by U.S., Canadian or foreign courts. Accordingly, there is a risk that terms of these licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our solutions. The potential impact of these terms on our business is therefore uncertain and may result in unanticipated obligations regarding our solutions and technologies. It is our view that we do not distribute most of our software, since no installation of our software is necessary for many of our solutions and parts of our platform are accessible solely through the “cloud”. Nevertheless, this position could be challenged. Any requirement to disclose our proprietary source code, any termination of open source license rights or any payment of damages for breach of contract could be harmful to our business, results of operations or financial condition, and could help our competitors develop products and services that are similar to or better than ours.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties, controls on the origin or development of the software, or remedies against the licensors. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect our business.

Although we believe that we have complied with our obligations under the various applicable licenses for open source software, it is possible that we may not be aware of all instances where open source software has been incorporated into our proprietary software or used in connection with our solutions or our corresponding obligations under open source licenses. We do not have robust open source software usage policies or monitoring procedures in place. We rely on multiple software programmers to design our proprietary software and we cannot be certain that our programmers have not incorporated open source software into our proprietary software that we intend to maintain as confidential or that they will not do so in the future. To the extent that we are required to disclose the source code of certain of our proprietary software developments to third parties, including our competitors, in order to comply with applicable open source license terms, such disclosure could harm our intellectual property position, competitive advantage, results of operations and financial condition. In addition, to the extent that we have failed to comply with our obligations under particular licenses for open source software, we may lose the right to continue to use and exploit such open source software in connection with our operations and solutions, which could disrupt and adversely affect our business.

We rely on computer hardware, purchased or leased, and software licensed from and services rendered by third parties in order to run our business.

We rely on computer hardware, purchased or leased, and software licensed from and services rendered by third parties in order to run our business, sometimes by a single-source supplier or from a limited number of suppliers. Third-party hardware, software and services may not continue to be available on commercially reasonable terms, may give preferential treatment to competitors' services (including their own services), or may not be available at all. Any loss of the right to use or any failures of third-party hardware, software or services could result in delays in our ability to run our business until equivalent hardware, software or services are developed by us or, if available, identified, obtained and integrated, which could be costly and time-consuming and may not result in an equivalent solution, any of which could cause an adverse effect on our business and operating results. Further, customers could assert claims against us in connection with service disruptions or cease conducting business with us altogether. Even if not successful, a claim brought against us by any of our customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our solutions.

Third-party hardware that we sell to our customers is generally procured from a single supplier or limited number of suppliers. Thus, we are at risk of shortages, price increases, tariffs, changes, delays or discontinuations of hardware, which could disrupt and materially adversely affect our business.

Many of our solutions require or benefit from the use of third-party hardware products that we sell to our retail and hospitality customers, such as our tablets, customer-facing display, receipt printers, networking hardware, cash drawers, servers, stands, barcode scanners, payment terminals and an assortment of accessories. A number of such products – including, for example, Lite Servers, which are offered as part of our restaurant hardware kits, sales recording modules (also known as MEVs), or payment terminals used in connection with Lightspeed Payments – come from limited or single sources of supply. To date, we have not identified alternative suppliers for many of the single-sourced hardware products sold to our customers. Due to our reliance on the products produced by

such single-source suppliers, we are subject to the risk of shortages and long lead times in the supply of certain products. For instance, hardware used as part of Lightspeed Payments must meet stringent certification requirements in addition to being compatible with the technical specifications of the payment system with which it must interface, thus rendering sourcing of such hardware difficult and potentially time-consuming. In the case of off-the-shelf hardware components, we are subject to the risk that our suppliers may discontinue or modify them, or that the hardware components may cease to be available on commercially reasonable terms, or at all.

We have in the past experienced, and may in the future experience, product shortages or delays or other hardware problems, and the availability of such products may be difficult to predict. The current global supply chain disruptions and shortages have affected our supply chain and resulted in low levels of inventory for some of our hardware products. We therefore in some cases have been unable to timely fulfill orders for some hardware products. Additionally, various sources of supply-chain risk, including strikes, delays or shutdowns at delivery ports, disruptions or shutdowns caused by health crises such as the COVID-19 Pandemic, or loss of or damage to hardware products while they are in transit or storage, could limit the supply of such products. In the event of a shortage or supply interruption from our hardware suppliers, we may not be able to develop alternate sources quickly, cost-effectively, or at all.

As the scale of the hardware solutions we provide increases, including with respect to the adoption of our payments solutions across our global customer base, we will also need to accurately forecast, purchase, store and transport components at higher volumes. If we are unable to accurately match the timing and quantities of hardware component purchases to our actual needs or successfully implement automation, inventory management, and other systems to accommodate the increased complexity in our supply chain, we may incur unexpected production disruption, storage, transportation, and write-off costs, which may harm our business and operating results.

We also rely on certain suppliers located internationally as part of our supply chain, and the supply chain risks described above may similarly apply to or be more pronounced in respect of those international suppliers. For example, many of the tablets in our supply chain are manufactured in China. Any interruption or delay in product supply, any increases in product costs, or the inability to obtain these products from alternate sources at acceptable prices and within a reasonable amount of time, would harm our ability to provide such products to our customers on a timely basis. This could harm our relationships with our customers, prevent us from acquiring new customers, and materially and adversely affect our business.

We expect our suppliers to comply with laws and standards on labor, health and safety, the environment, human rights and business ethics, but we do not directly control them or their practices or standards. If any of these suppliers violates laws or implements practices or standards regarded as unethical, corrupt, or non-compliant, we could experience supply chain disruptions, government actions or fines, litigation, customer and other stakeholder dissatisfaction, canceled orders and damage to our reputation.

If our software or hardware contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our customers.

Software such as ours often contains errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our platform may contain serious errors or defects, security vulnerabilities or software bugs that we may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance, litigation and damage to our reputation and brand, any of which could have an adverse effect on our business, financial condition and results of operations. Similarly, third-party software that we incorporate into our platform may also be subject to errors, defects, security vulnerabilities or software bugs. Furthermore, our platform is a multi-tenant cloud-based system that allow us to deploy new versions and enhancements to all of our customers simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all of our customers of a single platform simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of our customers. Additionally, our hardware products may have defects in design, manufacture, or associated software. Such defects could exposes us to product liability claims, product replacements or modifications, write-offs of inventory, litigation or regulatory action.

Since our customers use our services for processes that are critical to their businesses, errors, defects, security vulnerabilities, service interruptions or software bugs in our platform could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, a customer could share information about bad experiences on social media, which could result in damage to our reputation and loss of future sales. There can be no assurance that provisions typically included in our agreements with our customers that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of our customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our solutions.

We may be unable to achieve or maintain data transmission capacity.

Customers using our platform often draw significant numbers of consumers over short periods of time, including from events such as new product releases, holiday shopping seasons and flash sales, which significantly increases the traffic on our servers and the volume of transactions processed on our platform. Our servers may be unable to achieve or maintain data transmission capacity high enough to handle increased traffic or process requests in a timely manner. Our failure to achieve or maintain high data transmission capacity could significantly reduce demand for our solutions. Further, as our customers grow and as we continue to attract larger customers, the volume of transactions processed on our platform will increase, especially if such customers draw significant numbers of consumers over short periods of time. In the future, we may be required to allocate resources, including spending substantial amounts of money, to upgrade our technology and infrastructure in order to handle the increased load. Our ability to deliver our solutions also depends on the development and maintenance of internet infrastructure by third parties, including the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. If one of these third parties suffers from capacity constraints, our business may be adversely affected. In addition, because we and our customers historically generate a disproportionate amount of revenue in our fiscal third quarter, any disruption in our customers' ability to process and fulfill customer orders in the fiscal third quarter could have a disproportionately negative effect on our transaction-based revenues and our operating results.

Our growth depends in part on the success of our strategic relationships with third parties.

We anticipate that the growth of our business will continue to depend on third-party relationships, including strategic partnerships and relationships with our service providers and suppliers, app developers, theme designers, referral sources, resellers, payments processors, installation partners, providers of online sales channels and other partners. In addition to growing our third-party partner ecosystem, we have entered into agreements with, and intend to pursue additional relationships with, other third parties, such as shipping partners and technology and content providers. Identifying, negotiating and documenting relationships with third parties requires significant time and resources as does integrating third-party technology and content. Some of the third parties that sell our services have direct contractual relationships with our customers, and in these circumstances, we risk the loss of such customers if those third parties fail to perform their contractual obligations, including in the event of any such third party’s business failure. Our agreements with providers of cloud hosting, technology, content and consulting services are typically non-exclusive and do not prohibit such service providers from working with our competitors or from offering competing services. In particular, we have limited providers of cloud hosting services. These third-party providers may choose to terminate their relationship with us or to make material changes to their businesses, products or services in a manner that is adverse to us.

The success of our platform depends, in part, on our ability to integrate third-party applications, themes and other offerings into our third-party ecosystem. Third-party developers may also change the features of their offering of applications and themes or alter the terms governing the use of their offerings in a manner that is adverse to us. If third-party applications and themes change such that we do not or cannot maintain the compatibility of our platform with these applications and themes, or if we fail to provide third-party applications and themes that our customers desire to add to their businesses, demand for our platform could decline. If we are unable to maintain technical interoperation, our customers may not be able to effectively integrate our platform with other systems and services they use. We may also be unable to maintain our relationships with certain third-party vendors if we are unable to integrate our platform with their offerings. In addition, third-party developers may refuse to partner with us or limit or restrict our access to their offerings. Partners may also impose additional restrictions on the ability of third parties like Lightspeed and our customers to access or use data from their consumers. Such changes could functionally limit or terminate our ability to use these third-party offerings with our platform, which could negatively impact our solution offerings and harm our business. If we fail to integrate our platform with new third-party offerings that our customers want or need for their businesses, or to adapt to the data transfer requirements of such third-party offerings, we may not be able to offer the functionality that our customers and their clients expect, which would negatively impact our offerings and, as a result, harm our business.

Further, our competitors may effectively incentivize third-party developers to favor our competitors’ products or services, which could diminish our prospects for collaborations with third-parties and reduce subscriptions to our platform. In addition, providers of third-party offerings may not perform as expected under our agreements or under their agreements with our customers, and we or our customers may in the future have disagreements or disputes with such providers. If any such disagreements or disputes cause us to lose access to products or services from a particular supplier, or lead us to experience a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, they could have an adverse effect on our business and operating results.

Portions of our platform use a single cloud service provider to deliver services. Any disruption of services from our cloud service providers could harm our business.

We currently host our platform and support our operations on multiple data centers provided by limited cloud service providers, including AWS and Google Cloud Platform ("**GCP**"). We do not have control over the operations of the facilities AWS or GCP use.

If, for any reason, we are required to migrate our computing to another cloud service provider, such a transition could require significant time and expense and our business could be adversely impacted.

Neither AWS nor GCP guarantee that access to our platform will be uninterrupted or error-free. Any damage to, or failure of, our providers' systems could result in interruptions to our platform. Interruptions in our services would reduce our revenue, subject us to potential liability and adversely affect our ability to retain our customers or attract new customers and would also impact our relationships with partners and consumers using applications integrated into our platform. The performance, reliability and availability of our platform is critical to our reputation and our ability to attract and retain customers, suppliers, and consumers with whom we have a direct relationship. If service interruptions occur customers, suppliers or consumers have in the past and may in the future share information about negative experiences on social media, which could result in damage to our reputation and loss of future sales. In addition, the hosting costs for our cloud services have increased over time and may increase further if we continue to require more computing or storage capacity and such capacity may not be available on the same terms or with the same costs or at all. These costs could adversely impact our business and financial condition.

We rely on the integration of third-party payment processing solutions.

A portion of our customers use integrated payment processing solutions referred to them by us. Such solutions are provided by third-party payment processors who in many cases pay us a share of revenues derived from their relationship with our customer or referral fees. While we prefer our customers use our own embedded payments solutions over such integrated third-party payment processing solutions, in certain circumstances we will need to refer customers to such integrated third-party payment processing solutions for the purpose of providing our customers with comprehensive platform offerings. Given that the reliability of the payment facilities used by our customers is critical to the management of their businesses, any performance interruption, delay or failure affecting the payment processing solutions with which we integrate could harm our brand, reputation and ability to attract, retain and serve our customers. We have no control over the operations of our payment processing partners and our ability to expeditiously remediate any such performance interruption, delay or failure is limited. Although we continue to expand the availability of our payments solutions, we expect that integrated payment processing solutions will remain in use with a number of customers over the foreseeable future. As such, if we fail to maintain integration partnerships with dependable third-party payment processors, we may not be able to offer an important functionality that our customers and their consumers expect, which would negatively impact our offerings and, as a result, harm our business and results of operations.

If we do not maintain the compatibility of our solutions with third-party applications and operating systems that our customers use or the fiscal recording requirements they are required to comply with in their business processes, demand for our solutions could decline.

Our solutions can be used alongside a wide range of other systems, such as enterprise software systems and business software applications used by our customers in their businesses. If we do not support the continued integration of our solutions with third-party applications, including through the provision of application programming interfaces that enable data to be transferred readily between our solutions and third-party applications, demand for our solutions could decline, and we could lose new and existing customers. We will also be required to make our solutions compatible with new or additional third-party applications that are introduced into the markets that we serve. We may not be successful in making our solutions compatible with these third-party applications, which could reduce demand for our solutions and adversely affect our revenues. In addition, prospective customers, especially large customers, may require heavily customized features and functions unique to their business processes. If prospective customers require customized features or functions that we do not offer, then the market for our solutions will be adversely affected. In certain cases the solutions we provide require the use of products sold by particular suppliers. Demand for our solutions and our resulting revenues are therefore partially dependent on the success, prevalence and adoption of such suppliers' products by our customers.

In addition, certain jurisdictions impose and other jurisdictions may introduce in the future fiscal recording requirements on retailers, restaurants and other businesses, such as the mandatory use of sales recording modules. If our POS platform and other solutions fail to comply or to support our customers' compliance with fiscal recording requirements applicable in a jurisdiction, we may be unable to attract or retain customers in such jurisdiction, which would harm our business.

Our business and prospects would be harmed if changes to technologies used in our platform or new versions or upgrades of operating systems and internet browsers adversely impact the process by which our customers and their consumers interface with our platform.

We believe the simple and straightforward interface for our platform has helped us to expand and offer our solutions to customers with limited technical expertise. In the future, providers of internet browsers could introduce new features that would make it difficult for customers to use our platform. In addition, internet browsers for desktop, tablets or mobile devices could introduce new features, change existing browser specifications such that they would be incompatible with our platform, or prevent consumers from accessing our customers' businesses. Any changes to technologies used in our platform, to existing features that we rely on, or to operating

systems or internet browsers that make it difficult for customers to access our platform or consumers to access our customers' businesses, may make it more difficult for us to maintain or increase our revenues and could adversely impact our business and prospects.

Mobile devices are increasingly being used to conduct commerce, and if our solutions do not operate as effectively when accessed through these devices, our customers and their consumers may not be satisfied with our services, which could harm our business.

Commerce transacted over mobile devices continues to grow rapidly. We are dependent on the interoperability of our platform, including our payments solutions, with third-party mobile devices and mobile operating systems as well as web browsers that we do not control. Any changes or technical issues in such devices, systems or web browsers that degrade the functionality of our platform or solutions, reduce our ability to update or distribute solutions, or give preferential treatment to competitive services could adversely affect usage of our platform. Mobile commerce is a key element in Lightspeed's strategy and effective mobile functionality is integral to our long-term development and growth strategy. In the event that our customers and their consumers have difficulty accessing and using our platform on mobile devices, our business and operating results could be adversely affected.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology.

Our trade secrets, trademarks, domain names, patents and other intellectual property rights are important to our business. We rely on, and expect to continue to rely on, a combination of confidentiality clauses, assignment agreements and license agreements with employees and third parties, patents, trade secrets, copyrights and trademarks to protect our intellectual property, brand and competitive advantage, all of which offer only limited protection. The steps we take to protect our intellectual property require significant resources and may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. We may be required to use significant resources to monitor and protect these rights. Despite our precautions, it may be possible for unauthorized third parties to copy our platform and use information that we regard as proprietary to create services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our proprietary information may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, the laws of some countries do not protect intellectual property rights to the same extent as the laws of Canada and the United States. We expect to continue to expand internationally and, in some foreign countries, the mechanisms for enforcement of intellectual property rights may be inadequate to protect our technology. We may not be able to acquire or maintain appropriate domain names in all countries in which we do business, or prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. Furthermore, regulations governing domain names may not protect our trademarks or similar proprietary rights.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in securing ownership of our intellectual property or controlling access to our proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, may not be adequate to protect our confidential information, trade secrets and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing software that is substantially equivalent or superior to our software. In addition, others may independently discover our trade secrets and confidential information, and in such cases, we likely would not be able to assert any trade secret rights against such parties. Additionally, we may from time to time be subject to opposition or similar proceedings with respect to applications for registrations of our intellectual property, including our trademarks. While we aim to acquire adequate protection of our brand through trademark registrations in key markets, occasionally third parties may have already registered or otherwise acquired rights to identical or similar marks for services that also address our market. We rely on our brand and trademarks to identify our platform and to differentiate our platform and services from those of our competitors, and if we are unable to adequately protect our trademarks, third parties may use our brand names or trademarks similar to ours in a manner that may cause confusion in the market, which could decrease the value of our brand and adversely affect our business and competitive advantages.

Policing unauthorized use of our intellectual property and misappropriation of our technology and trade secrets is difficult and we may not always be aware of such unauthorized use or misappropriation. Despite our efforts to protect our intellectual property rights, unauthorized third parties may attempt to use, copy or otherwise obtain and market or distribute our intellectual property rights or technology or otherwise develop services with the same or similar functionality as our platform. If our competitors infringe, misappropriate or otherwise misuse our intellectual property rights and we are not adequately protected, or if our competitors are able to develop a platform with the same or similar functionality as ours without infringing our intellectual property, our competitive advantage and results of operations could be harmed. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual

property. As a result, we may be aware of infringement by our competitors but may choose not to bring litigation to enforce our intellectual property rights due to the cost, time and distraction of bringing such litigation. Furthermore, if we do decide to bring litigation, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits challenging or opposing our right to use and otherwise exploit particular intellectual property, services and technology or the enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our solutions, impair the functionality of our platform, prevent or delay introductions of new or enhanced solutions, result in our substituting inferior or more costly technologies into our platform or injure our reputation. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to developing and protecting their technology or intellectual property rights than we do.

We have been, and may in the future b e, subject to claims by third parties of intellectual property infringement, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.

The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents, copyright and other intellectual property rights. Third parties have asserted and may in the future assert that our platform, solutions, technology, methods or practices infringe, misappropriate or otherwise violate their intellectual property or other proprietary rights. Such claims may be made by our competitors seeking to obtain a competitive advantage or by other parties. Additionally, in recent years, non-practicing entities have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours. The risk of claims may increase as the number of solutions that we offer, the geographies we operate in and competitors in our market increases and overlaps occur. In addition, to the extent that we gain greater visibility and market exposure, we face a higher risk of being the subject of intellectual property infringement claims. See "Legal Proceedings and Regulatory Actions".

Third parties may assert that we are directly or secondarily liable because a customer or partner offered or sold products or services, or engaged in other conduct that infringes, misappropriates, or otherwise violates their intellectual property or other proprietary rights. Third parties may assert that we are not protected by laws or legal doctrines allowing a safe harbor to platforms for infringing content posted by the platform's users.

Any such claims, regardless of merit, that result in litigation could result in substantial expenses, divert the attention of management, cause significant delays in introducing new or enhanced services or technology, materially disrupt the conduct of our business and have a material and adverse effect on our brand, business, financial condition and results of operations. Although we do not believe that our proprietary technology, processes and methods have been registered by any third party, it is possible that intellectual property rights have been issued to third parties that cover all or a portion of our business. As a consequence of any patent or other intellectual property claims, we could be required to pay substantial damages, develop non-infringing technology, enter into royalty-bearing licensing agreements, stop selling or marketing some or all of our solutions, re-brand our solutions or end our relationship with certain customers or partners. We may also be obligated to indemnify our customers or partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. If it appears necessary, we may seek to secure license rights to intellectual property that we are alleged to infringe at a significant cost, potentially even if we believe such claims to be without merit. If required licenses cannot be obtained, or if existing licenses are not renewed, litigation could result. Litigation is inherently uncertain and can cause us to expend significant money, time and attention to it, even if we are ultimately successful. Any adverse decision could result in a loss of our proprietary rights, subject us to significant liabilities, require us to seek licenses for alternative technologies from third parties, prevent us from offering all or a portion of our solutions and otherwise negatively affect our business and operating results.

We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management, including our Chief Executive Officer, Jean Paul Chauvet, and other key employees to execute on our business plan and to identify and pursue new opportunities and product innovations. The failure to properly manage succession plans and/or the loss of services of senior management or other key employees could significantly delay or prevent the achievement of our strategic objectives. From time to time, there have been and may in the future be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Departing executives could decide to join a competitor or otherwise compete with us. The loss of the services of one or more of our senior management or other key employees for any reason could adversely affect our business, financial condition and operating results and require significant amounts of time, training and resources to find suitable replacements and integrate them within our business, and could adversely affect our corporate culture.

From time to time, we are or may become defendants in legal proceedings as to which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.

From time to time, we are or may become involved in various legal proceedings, including commercial, marketing and communications practices, product liability, employment, corporate and securities matters, privacy, alleged infringement of third-party patents and other intellectual property rights, class action and other litigation and claims, as well as governmental and other regulatory inquiries, investigations, audits and proceedings. Such matters, whether meritorious or not, can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Determining reserves for our pending litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of one or more of such proceedings could result in substantial damages, settlement costs, fines and penalties.

The number and significance of our legal disputes and inquiries have increased as we have grown larger, as our business has expanded in scope and geographic reach, and as our products and services have increased in complexity, and we expect that we will continue to face additional legal disputes as we continue to grow and expand, particularly during periods of heightened volatility in the capital markets and in the market price of our subordinate voting shares. We also receive significant media attention, which could result in increased litigation or other legal or regulatory reviews and proceedings. In addition, our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could expose us to increased risks that would be uninsured, and adversely impact our ability to attract directors and officers. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on our business, operating results or financial condition. See "Legal Proceedings and Regulatory Actions".

New tax laws could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our solutions and adversely impact our business.

With sales and operations in various countries, we are subject to multiple forms of taxation in many jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The application of federal, state, provincial, local and foreign tax laws to solutions provided over the internet is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, possibly with retroactive effect, and could be applied solely or disproportionately to solutions provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent, and could ultimately result in a negative impact on our results of operations and cash flows.

The Inflation Reduction Act, or IRA, which was enacted in the United States in August 2022, included provisions for a 15% minimum tax on adjusted financial statement income of certain large corporations, as well as an excise tax on certain share buybacks by public corporations. Additionally, various countries and organizations such as the Organization for Economic Cooperation and Development are in the process of considering changes to existing frameworks that could impact our Company if proposed or new laws are enacted in countries where we operate our business. These recent tax developments could increase our future tax liability, which in turn could adversely impact our business and future profitability.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.

With sales and operations in various countries, we are subject to multiple forms of taxation in many jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have an adverse impact on our liquidity and results of operations.

In addition, the authorities in several jurisdictions could review our tax returns and impose additional tax, interest and penalties, which could have an impact on us and on our results of operations. Although we believe that our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, the content of our tax filings or tax positions, which could result in additional tax, interest and penalties on us, which could have an impact on our results of operations. We and some of the companies we have acquired participate in government programs that provide investment tax credits based upon qualifying research and development expenditures, headcount increases, or other government-targeted incentives. If taxation authorities successfully challenge such expenses or the correctness of such tax credits claimed, our historical operating results could be adversely affected.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in business operations including entry into new businesses and geographies and increased hiring in new geographies;
- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of share-based compensation including as a result of the price of our subordinate voting shares;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in countries where we have lower statutory tax rates and higher than anticipated earnings in countries where we have higher statutory tax rates.

We currently conduct activities in the United States and other jurisdictions through our subsidiaries pursuant to transfer pricing arrangements and may in the future conduct operations in other jurisdictions pursuant to similar arrangements. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us. Similarly, we may be subject to income tax in jurisdictions if tax authorities argue that our in-country activities could constitute a permanent establishment.

Tax authorities may seek to assess business taxes, sales and use taxes and other indirect taxes. If we are required to collect such taxes in additional jurisdictions, we might be subject to tax liability for past sales.

There is a risk that various jurisdictions could assert that we are liable for business activity taxes, which are levied upon income or gross receipts, or for the collection of local sales and use taxes or other indirect taxes. This risk exists regardless of whether we are subject to federal, state, provincial or local income tax. Tax authorities are becoming increasingly active in asserting nexus for business activity tax purposes and imposing sales and use taxes and other indirect taxes on products and services provided over the internet. We may be subject to indirect taxes if a local tax authority asserts that our activities or the activities of our subsidiaries are sufficient to establish nexus. We could also be liable for the collection of indirect taxes if a local tax authority asserts that distribution of our solutions over the internet is subject to indirect taxes. Each jurisdiction has different rules and regulations governing indirect taxes, and these rules and regulations are subject to varying interpretations that change over time. We review these rules and regulations periodically and, when we believe we are subject to sales and use taxes in a particular state, voluntarily engage state and local tax authorities in order to determine how to comply with their rules and regulations.

A recent global trend has seen many jurisdictions enacting or considering enacting tax legislation (typically referred to as "Marketplace Facilitator" laws) that enables tax authorities to shift the sales tax collection and remittance obligations from a third-party seller to the company that provides the online platform to the third-party seller making the sale. We are monitoring the developments in each relevant jurisdiction, the full impact of which remains uncertain. Any failure by us to prepare for and to comply with these and similar reporting and record-keeping obligations, to the extent they are applicable to us, could result in substantial monetary penalties and other sanctions, adversely impact our ability to do business in certain jurisdictions, and harm our business.

A successful assertion by one or more jurisdictions could also result in tax assessments, penalties, and interest, and we may be required to collect sales or other taxes in the future on subscription revenue which could result in substantial tax liabilities for past transactions and otherwise harm our business. We cannot be certain that we will not be subject to indirect taxes or related penalties for past sales in jurisdictions where we currently believe no such taxes are required. New obligations to collect or pay taxes of any kind could increase our cost of doing business.

We may not be able to utilize a significant portion of our net operating loss ("NOL"), which could adversely affect our potential profitability.

We have NOLs due to prior period losses. These NOLs, and NOLs of companies we have acquired and may in the future acquire, could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our potential profitability.

Failure to effectively expand and adapt our go-to-market capabilities could harm our ability to increase our subscriber base and achieve broader market acceptance of our platform.

Increasing our customer base and achieving broader market acceptance of our platform, particularly among high GTV retailers and restaurateurs, will depend, in part, on our ability to effectively expand and adapt our go-to-market operations and activities globally. We are substantially dependent on our online marketing efforts and on our direct sales force to obtain new customers. Our go-to-market organization has expanded over time. We plan to continue to expand cores roles in our go-to-market labour force, both domestically and internationally, to help support disciplined growth. Our ability to achieve significant revenue growth in the future will depend, in part, on our success in recruiting, training and retaining a sufficient number of experienced go-to-market professionals. New hires require significant training and time before they achieve full productivity, particularly in new verticals and territories. Our recent and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business. We also may not achieve anticipated growth in revenues from our partners if we are unable to attract and retain additional motivated partners, if any existing or future channel partners fail to successfully market, resell, implement or support our platform for their customers, or if they represent multiple providers and devote greater resources to market, resell, implement and support the products and solutions of these other providers. Because we do not have a long history of expanding and adapting our go-to-market labour force, we cannot predict whether, or to what extent, our sales will increase as we expand and adapt our go-to-market labour force or how long it will take for personnel to become productive. If our go-to-market initiatives do not generate a significant increase in revenue, our business and future growth prospects could be harmed.

We rely on search engines, advertising on the Internet and social networking sites to attract a meaningful portion of our customers. If we are not able to generate traffic to our website through search engines, advertising on the Internet and social networking sites, our ability to attract new customers may be impaired. In addition, if our customers are not able to generate traffic to their stores, restaurants and websites through search engines, advertising on the Internet and social networking sites, their ability to attract consumers may be impaired.

Most of our customers find our business through internet search engines, such as Google, advertisements online and on social networking sites, such as Facebook and TikTok. The prominence of our website in response to internet searches is a critical factor in attracting potential customers to our platform. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic.

Similarly, many consumers locate our customers' businesses through internet search engines, advertisements online and social networking sites. If our customers are listed less prominently or fail to appear in search results for any reason, visits to our customers' stores, restaurants and websites could decline significantly. As a result, our customers' businesses may suffer, which would affect the GTV and payments that they process through our platform and could affect the ability of such customers to pay for our solutions or adversely affect our transaction-based revenues.

Search engines revise their algorithms from time to time in an attempt to optimize their search results. If search engines modify their algorithms, our website and our customers' websites may appear less prominently or not at all in search results, which could result in reduced traffic to our website and to our customers' stores, restaurants and websites.

Additionally, the price of marketing our solutions over search engines or social networking sites has increased in the past and may continue to increase, and we may incur additional marketing expenses or may be required to allocate a larger portion of our marketing spend to search engine marketing and our business and operating results could be adversely affected. Furthermore, competitors may in the future bid on the search terms that we use to drive traffic to our website. Such actions could increase our marketing costs and result in decreased traffic to our website. In addition, search engines or social networking sites may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, it could result in reduced traffic to our website and sales of our solutions. Certain of the search engines or social networking sites we rely on may become restricted or prohibited in certain geographies. As well, new search engines or social networking sites may develop in a way, particularly in specific jurisdictions, that reduce traffic on existing search engines and social networking sites and if we are not able to achieve awareness through advertising or otherwise, we may not achieve significant traffic to our website through these new platforms. If we are unable to continue to successfully promote and maintain our websites, or if we incur excessive expenses to do so, our business and operating results could be adversely affected.

If we fail to maintain a consistently high level of customer service or if we fail to manage our reputation, our brand, business and financial results may be harmed.

We believe our focus on customer service and support is critical to attract and onboard new customers, retain our existing customers and grow our business. As a result, we have invested heavily in the quality and training of our support team, along with the tools they

use to provide this service. We also maintain a sizeable support team contingent via third-party providers located in Morocco and the Philippines.

The number of our customers has grown over time, which puts additional pressure on our support organization. In order to meet these needs, we have relied in the past and will continue to rely on self-service customer support to resolve common or frequently asked questions, which supplement our customer support teams. If we are unable to provide efficient and effective customer support globally at scale including through the use of self-service support or by leveraging evolving technology such as artificial intelligence, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could harm our margins and results of operations.

If we or our third-party service providers are unable to maintain a consistently high level of customer service, we may lose existing customers. In addition, our ability to attract new customers is highly dependent on our reputation and on positive recommendations from our existing customers. Any failure to maintain a consistently high level of customer service and to help our customers quickly resolve issues and provide effective ongoing support could harm our ability to retain existing customers and attract new customers and our reputation with existing or potential customers could suffer. We may experience difficulties maintaining a consistent level of service across our international operations and third-party providers.

Activities of customers or partners or the content of our customers' shops could damage our brand, subject us to liability, and harm our business and financial results.

Our terms of service and acceptable use policy prohibit our customers and our partners from using our platform to engage in illegal or otherwise prohibited activities and our terms of service and acceptable use policy permit us to terminate a customer's shop or a partner's account if we become aware of such use. Customers or partners may nonetheless engage in prohibited or illegal activities or upload store content in violation of applicable laws, without our knowledge, which could subject us to liability. Furthermore, our brand may be negatively impacted by the actions of customers or partners that are deemed to be hostile, offensive, inappropriate or illegal. While we use technology to monitor for compliance with or eligibility for certain Lightspeed offerings, we do not proactively monitor and comprehensively monitor or review the appropriateness of all the content on our customers' shops in connection with our services and we do not have control over customer activities or the activities in which our customers' consumers engage. The safeguards we have in place may not be sufficient for us to avoid liability or avoid harm to our brand, especially if such hostile, offensive, inappropriate or illegal use is high profile, which could adversely affect our business and financial results. Customers using the platform may also operate businesses in regulated industries, which are subject to additional scrutiny, increasing the potential liability we could incur. In addition, due to our international expansion, we may be subject to international actions alleging that customers' store content violate laws in foreign jurisdictions, which could negatively effect our business and operations. The laws relating to the liability of online service providers are evolving and subject to challenge including claims related to defamation, libel, breach of contract, invasion of privacy, negligence, copyright or trademark infringement. Developments in these laws in various jurisdictions could subject us to liability, penalties or restrictions on our business.

We are subject to export and import controls and anti-corruption and economic sanctions laws that could impair our ability to offer our platform internationally or subject us to liability if we are not in compliance with applicable laws.

As a result of our international operations, we and the companies we have acquired are subject to a number of Canadian, U.S. and foreign laws relating to anti-corruption, anti-money laundering, economic sanctions and to export and import controls which presently limit and could limit further our ability to offer our platform in certain jurisdictions or to certain customers. In addition, the export of our technology, hardware or software in certain jurisdictions may require governmental authorizations. Various jurisdictions also regulate the import of certain encryption technology, including imposing import permitting and licensing requirements, and have enacted laws that could limit our ability to offer our platform in those countries. Complying with export or import controls and anti-corruption, anti-money laundering and economic sanctions laws may be time-consuming and result in the delay or loss of business opportunities.

Our business operates in the payments industry which results in higher risk of potential money-laundering activities by third parties and could result in liability for us if our employees and partners fail to prevent or otherwise facilitate, aid or abet activity. Despite operating pursuant to anti-money laundering programs designed to prevent such occurrences, we may assist in the opening of an account or processing of a payment for a person on a prohibited party list.

Any change in export or import controls, anti-corruption laws, anti-money laundering laws, economic sanctions or related legislation, or change in the countries, governments, persons, or technologies targeted by such restrictions or legislation, could result in decreased use of our platform by customers or in our decreased ability to offer our platform internationally, which would harm our business, operating results and financial condition. Furthermore, failure by us or our customers to comply with export or import controls or with anti-corruption, anti-money laundering or economic sanctions laws may expose us to government investigations, more onerous compliance requirements and significant civil or criminal penalties, which could harm our business, operating results and financial

condition. Furthermore, this could also result in us facing liability under our contracts with third parties, which could significantly affect our ability to conduct some aspects of our business.

Sanctions and export controls have also been imposed by the United States, Canada and other countries in connection with Russia's invasion of Ukraine, including restrictions on selling or importing goods, services or technology in or from certain regions, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia and Belarus. It is possible that we may inadvertently and without our knowledge provide solutions or services to individuals or entities that have been designated by OFAC or other relevant sanctions authorities that are located in a jurisdiction subject to comprehensive sanctions by the United States, Canada or another country in which we do business, and providing such solutions or services may not be in compliance with applicable economic sanctions regulations. As the situation develops and the regulatory environment continues to evolve, we have and may continue to adjust our business practices as required by applicable rules and regulations.

Our insurance costs have in the past and may in the future increase significa ntly, we may be unable to obtain the same level of insurance coverage and our insurance coverage may not be adequate to cover all possible losses we may suffer.

We generally renew our insurance policies annually. If the cost of coverage becomes too high or if we believe certain coverage becomes inapplicable, we may need to reduce our policy limits, increase retention amounts or agree to certain exclusions from our coverage or other changes to the terms and conditions of our coverage to reduce the premiums to an acceptable amount or to otherwise reduce coverage for certain occurrences. On the other hand, we may determine that we either do not have certain coverage that would be prudent for our business and the risks associated with our business or that our current coverages are too low to adequately cover such risks and increase our coverage. In either event, we may incur additional or higher premiums for such coverage than in prior years.

Among other factors, national security concerns including retaliatory cyber attacks stemming from or related to Russia's invasion of Ukraine, catastrophic events, pandemics such as the COVID-19 Pandemic, or any changes in any applicable statutory requirement binding insurance carriers to offer certain types of coverage have in the past and may in the future adversely affect available insurance coverage and result in, among other things, increased premiums on available coverage (which may cause us to elect to reduce our policy limits or not renew our coverage) and additional exclusions from coverage. As cyber incidents and threats continue to evolve, we may be required to expend additional, perhaps significant, resources to continue to update, modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Although we maintain and monitor our information technology systems and we have insurance coverage for protecting against cyber security risks, such systems and insurance coverage may not be sufficient to protect against or cover all the losses we may experience as a result of any cyber-attacks.

We may suffer damage due to a casualty loss (such as fire, natural disasters, pandemics and acts of war or terrorism) or other losses, such as those related to labor, professional liability or certain actions or inactions by our management, directors, employees or others, that could severely disrupt its business or subject us to claims by third parties who are injured or harmed. Although we maintain insurance that we believe to be adequate, such insurance may be inadequate or unavailable to cover all the risks to which our business and assets may be exposed, including risks related to certain litigation. Additionally, if any of our insurance providers becomes insolvent, they would be unable to pay claims that we make. Further, some of our agreements with customers or partners may require that we procure certain types of insurance, and if we are unable to obtain and maintain such insurance, we would be in violation of the terms of these agreements. Should an uninsured loss (including a loss that is less than the applicable deductible or that is not covered by insurance) or loss in excess of insured limits occur, it could have a significant adverse impact on our business, results of operations or financial condition.

We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms.

From time to time, we may seek additional equity or debt financing to fund our growth, enhance our platform, respond to competitive pressures or make acquisitions or other investments. Our business plans may change, general economic, financial or political conditions in our markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on our cash flows and the anticipated cash needs of our business. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. We cannot predict the timing or amount of any such capital requirements at this time. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business at the rate desired and our results of operations may suffer. In addition, any financing through issuances of equity securities would be dilutive to holders of our shares, and any new securities we issue could have rights, preferences and privileges superior to those of holders of our subordinate voting shares. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising

activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Provisions of our present and future debt instruments may restrict our ability to pursue business strategies.

We currently have a revolving operating credit facility ("**Revolver**"), which is collateralized by substantially all of our assets. Our Revolver requires us, and any debt instruments we may enter into in the future may require us, to comply with certain covenants that limit our ability to, among other things:

- dispose of certain assets;
- complete certain mergers or acquisitions or change of control transactions; and
- engage in any business other than that in which we currently engage.

These restrictions could inhibit our ability to pursue our business strategies. If we default under our Revolver, and such event of default is not cured or waived, the lenders could terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately. We may also incur additional indebtedness in the future. The instruments governing such indebtedness could contain provisions that are more restrictive than those to which we are presently subject. If we are unable to repay, refinance or restructure our indebtedness when payment is due, the lenders could proceed against the collateral granted to them to secure such indebtedness, as applicable, or force us into bankruptcy or liquidation.

We are dependent upon customers' and consumers' continued and unimpeded access to the internet, and upon their willingness to use the internet for commerce.

Our success depends upon the general public's ability to access the internet, including through mobile devices, and its continued willingness to use the internet to pay for purchases, communicate, access social media, research and conduct commercial transactions. The adoption of any laws or regulations that adversely affect the growth, popularity or use of the internet, including changes to laws or regulations impacting internet neutrality, could decrease the demand for our platform, increase our operating costs, or otherwise adversely affect our business. Given uncertainty around these rules, we could experience discriminatory or anti-competitive practices that could impede both our and our customers' growth, increase our costs or adversely affect our business. In the future, providers of internet browsers could introduce new features that would make it difficult for customers to use our platform. In addition, internet browsers for desktop, tablets or mobile devices could introduce new features, or change existing browser specifications, such that they would be incompatible with our platform. If customers or their consumers become unable, unwilling or less willing to use the internet for commerce for any reason, including lack of access to high-speed communications equipment, congestion of traffic on the internet, internet outages or delays, disruptions or other damage to customers' or consumers' computers, increases in the cost of accessing the internet and security and privacy risks or the perception of such risks, our business could be adversely affected.

Changes in accounting standards and interpretations, and our adoption thereof, as well as subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

IFRS accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regards to a wide range of matters that are relevant to our business, including revenue recognition, impairment of goodwill and intangible assets, income taxes and provisions, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

Further, our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

We have in the past suffered losses due to goodwill impairment and may in the future suffer losses due to impairment charges.

We have incurred a non-cash impairment charge for goodwill and may incur further impairment charges which would negatively impact our operating results. We account for goodwill impairment in accordance with IAS 36, Impairment of Assets, which among other things, requires that goodwill be tested for impairment at least annually. During the three months ended December 31, 2022, there were changes in macro-economic conditions and the Company's share price and market capitalization decreased. This led to the carrying amount of the Company's net assets exceeding the Company's market capitalization as at December 31, 2022. This triggered an impairment test to be performed on the Company's goodwill for its operating segment (the "Segment"), which is the level at which management monitors goodwill. The timing of this test also aligned with the Company's annual impairment test of goodwill. Our test

as at December 31, 2022 resulted in a non-cash impairment charge of $748.7 million related to goodwill during the three months ended December 31, 2022 as the terminal value multiple was negatively impacted by the macro-economic conditions and the Company's share price decrease, and the Company's revenue growth rate was negatively impacted by the macro-economic impact on our customer's sales.

If the carrying value of the Segment is below the Segment's recoverable amount in the future, we may have to recognize further goodwill impairment losses in our results of operations in future periods. This could impair our ability to achieve profitability in the future. Goodwill is more susceptible to impairment risk if business operating results or economic conditions deteriorate. We are required to perform our next annual goodwill impairment analysis on December 31, 2023, or earlier should there be a goodwill impairment trigger before then. For additional information, refer to note 16 of our audited annual consolidated financial statements for Fiscal 2023.

Climate change may have an adverse impact on our business.

While we seek to mitigate our business risks associated with climate change by establishing environmental programs and partnering with organizations who are also focused on mitigating their own climate-related risks, we recognize that there are inherent climate-related risks wherever business is conducted. Any of our primary locations or third-party data centers may be vulnerable to the adverse effects of climate change. Furthermore, it is more difficult to mitigate the impact of these events on our employees while they work from home. Changing market dynamics, global policy developments, and the increasing frequency and impact of extreme weather events on critical infrastructure in the U.S., Canada and elsewhere have the potential to disrupt our business, the business of our third-party suppliers, and the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations. In particular, we rely on data centers to deliver our solutions, which consume significant amounts of energy. To the extent that energy prices increase as a result of carbon pricing or other measures, this could affect our cost structure. Additionally, failure to uphold, meet or make timely forward progress against our public commitments and goals or mandates by regulators related to climate action could adversely affect our business, brand, financial performance or ability to recruit and retain talent.

Risks Related to Ownership of the Subordinate Voting Shares

The market price of our subordinate voting shares has been and may continue to be volatile and your investment could suffer or decline in value.

The market price of our subordinate voting shares has fluctuated significantly in the past and we expect it to fluctuate in the future, and it may decline. For example, from March 31, 2022 to March 31, 2023, our closing share price on the NYSE has ranged from $12.71 (lowest) to $34.14 (highest). We cannot assure you that an active trading market for our subordinate voting shares will be sustained, and we therefore cannot assure you that you will be able to sell your subordinate voting shares when you would like to do so, or that you will obtain your desired price for your shares, and you could lose all or part of your investment. Some of the factors that may cause the market price of our subordinate voting shares to fluctuate include, but are not limited to:

- market risk due to inflation, changes in interest rates, exchange rates, changes in consumer spending, geopolitical events, or recessions;
- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- changes in pricing or product strategies by us or our competitors, including our decision to require a large portion of our new and existing customers to adopt our payments solutions;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, short sell reports or any activity related to short selling, hedging and other derivative transactions in our subordinate voting shares;
- technical factors in the public trading market for our subordinate voting shares that may produce price movements that may or may not comport with macro, industry or company-specific fundamentals, including, without limitation, the sentiment of retail investors (including as may be expressed on financial trading and other social media sites), the amount and status of short interest in our subordinate voting shares, access to margin debt, trading in options and other derivatives on our subordinate voting shares and other technical trading factors;
- litigation or regulatory action against us;

- breaches of security or privacy incidents, and the costs associated with any such breaches and remediation;
- developments or disputes concerning our intellectual property rights, our products, or third-party proprietary rights;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with applicable securities regulators, including our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;
- positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in general political, economic, industry and market conditions and trends, including as a result of the COVID-19 Pandemic or the spread of variants of the COVID-19 virus, or events arising out of or related to Russia's invasion of Ukraine and the market reaction thereto;
- sales of our subordinate voting shares by existing shareholders;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this section of the AIF.

Additionally, these factors, as well as other related factors, have in the past and may in the future cause decreases in asset values, such as our goodwill, that are deemed to be other than temporary, which may result in further impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, social and governance practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in our subordinate voting shares by those institutions, which could materially adversely affect the trading price of our subordinate voting shares.

In addition, the stock markets have historically experienced substantial price and volume fluctuations, particularly in the case of shares of technology companies, and such fluctuations may be driven by factors other than our operations or results. Such broad market and industry factors may harm the market price of our subordinate voting shares. Therefore, the price of our subordinate voting shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our subordinate voting shares regardless of our operating performance. Specifically, in recent periods, the stock market has experienced heightened volatility as a result of inflationary pressures, changes in interest rates, changes in consumer spending and other macroeconomic factors. This volatility has had a negative impact on the market price of securities issued by many companies, including ours and other companies in our industry. There can be no assurance that fluctuations in price and volume will not continue or reoccur. If such increased levels of volatility and market turmoil continue or reoccur for a prolonged period of time, our operations and the trading price of our subordinate voting shares may be materially adversely affected.

In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. We have been and may in the future be subject to such litigation, and accordingly could incur substantial costs, fines and penalties (for which our director and officer liability insurance could be insufficient), our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

We do not currently anticipate paying dividends.

Our current policy is to reinvest our earnings to finance the growth of our business. Therefore, we do not anticipate paying any cash dividends on our securities, including the subordinate voting shares, in the foreseeable future. Any future determination to pay dividends on our securities will be at the discretion of the Board and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant. Until the time that we do pay dividends, which we might never do, our shareholders will not be able to receive a return on their subordinate voting shares unless they sell such subordinate voting shares for a price greater than their acquisition price, and such appreciation may never occur. See "Dividend Policy".

Future sales, or the perception of future sales, of subordinate voting shares by existing shareholders or by us, or future dilutive issuances of subordinate voting shares by us, could adversely affect prevailing market prices for the subordinate voting shares.

Subject to compliance with applicable securities laws, sales of a substantial number of subordinate voting shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of subordinate voting shares or securities convertible into subordinate voting shares intend to sell subordinate voting shares, could reduce the prevailing market price of our subordinate voting shares. We cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of our subordinate voting shares. If the market price of our subordinate voting

shares were to drop as a result, this might impede our ability to raise additional capital and might cause remaining shareholders to lose all or part of their investment. Moreover, we have historically offered subordinate voting shares as a significant component of the purchase price for acquisitions.

In addition, certain holders of options and other share-based awards will have an immediate income inclusion for tax purposes when they exercise their options or when their other awards are share-settled (that is, tax is not deferred until they sell the underlying subordinate voting shares). As a result, these holders may be required to sell subordinate voting shares purchased on the exercise of options or issued upon share settlement of share-based awards in the same year that they exercise their options or in which their share-based awards are share-settled. This might result in a greater number of subordinate voting shares being sold in the public market, and reduced long-term holdings of subordinate voting shares by our management and employees.

Our quarterly results of operations may fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our share price to decline.

Our quarterly revenue and results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of our subordinate voting shares could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including:

- demand for and market acceptance of our solutions;
- the mix of services sold during a period;
- our ability to retain and increase sales to customers and attract new customers;
- the timing of product deployment which determines when we can recognize the associated revenue;
- the timing and success of introductions of new solutions or upgrades by us or our competitors;
- changes in global economic conditions, including inflation, changes in interest rates, changes in consumer spending and exchange rate fluctuations;
- changes in our pricing policies or product strategies or those of our competitors, including our decision to require a large portion of our new and existing customers to adopt our payments solutions;
- competition, including entry into the industry by new competitors and new offerings by existing competitors;
- the seasonal buying patterns of our customers and their consumers;
- network outages or security breaches; and
- the amount and timing of expenditures related to expanding our operations, research and development or introducing new solutions.

Due to the foregoing factors, and the other risks discussed in this AIF, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

Securities analysts' research or reports could impact the price of the subordinate voting shares.

The trading market for our subordinate voting shares may be facilitated in part by the research and reports that industry or financial analysts publish about us or our industry. If few analysts provide coverage about us or our industry, the trading price of our subordinate voting shares could be lower than otherwise. If one or more of the analysts covering us or our business downgrade their evaluations of us, our business or the value of our subordinate voting shares, the price of our subordinate voting shares could decline. If one or more of these analysts cease to cover us or our industry, we could lose visibility in the market for our subordinate voting shares, which in turn could cause the price of our subordinate voting shares to decline.

In addition, the stock prices of many companies in the technology industry have declined significantly after those companies failed to meet the financial outlook publicly announced by the companies or the expectations of analysts, and stock prices have even declined significantly after such companies exceeded, or even significantly exceeded, such outlook or expectations. If our financial results fail to meet our announced outlook or the expectations of analysts or public investors, or even if our financial results exceed, or even significantly exceed, such outlook or expectations, or if we reduce our outlook for future periods, our share price may decline.

We incur significant expenses as a result of being a public company.

As a public company in the United States, we have incurred and will continue to incur additional legal, accounting, reporting and other expenses that we did not incur as a public company in Canada. The additional demands associated with being a U.S. public company may disrupt regular operations of our business by diverting the attention of some of our senior management team away from revenue-producing activities to additional management and administrative oversight, adversely affecting our ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing our business. Any of these effects could harm our business, results of operations and financial condition.

If our efforts to comply with new United States laws, regulations and standards differ from the activities intended by regulatory and governing bodies, such regulatory bodies or third parties may initiate legal proceedings against us and our business may be adversely affected. As a public company in the United States, it is expensive for us to obtain director and officer liability insurance, and we continue to have to manage trade-offs between accepting reduced coverage or incurring higher costs to continue or expand our coverage. Certain other factors may also render insurance more difficult or expensive to obtain, including us having our head office located in Quebec (Canada). These factors could also make it more difficult for us to attract and retain qualified directors.

The U.S. Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting. In the event that we are not able to demonstrate compliance with the Sarbanes-Oxley Act, that our internal control over financial reporting is perceived as inadequate, or that we are unable to produce timely or accurate financial statements, investors may lose confidence in our operating results and the price of our subordinate voting shares may decline. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE.

Pursuant to Section 404 of the U.S. Sarbanes-Oxley Act (“Section 404”), we are required to furnish a report by our management on our internal control over financial reporting, which must be accompanied by an attestation report on our internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of our internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may issue a report that is qualified or adverse if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently than we do.

As a foreign private issuer, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to our shareholders.

We are a “foreign private issuer” as such term is defined in Rule 405 under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and are permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare our disclosure documents filed under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), in accordance with Canadian disclosure requirements. Under the Exchange Act, we are subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. As a result, we do not file the same reports that a U.S. domestic issuer would file with the SEC, although we are required to file or furnish to the SEC the continuous disclosure documents that we are required to file in Canada under Canadian securities laws. In addition, our officers, directors, and principal shareholders are exempt from the reporting and “short swing” profit recovery provisions of Section 16 of the Exchange Act. Therefore, our shareholders may not know on as timely a basis when our officers, directors and principal shareholders purchase or sell shares, as the reporting deadlines under the corresponding Canadian insider reporting requirements are longer.

As a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements. We are also exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. While we expect to comply with the corresponding requirements relating to proxy statements and disclosure of material non-public information under Canadian securities laws, these requirements differ from those under the Exchange Act and Regulation FD and shareholders should not expect to receive in every case the same information at the same time as such information is provided by U.S. domestic companies.

In addition, as a foreign private issuer, we have the option to follow certain Canadian corporate governance practices, except to the extent that such laws would be contrary to U.S. securities laws, and provided that we disclose the requirements we are not following and describe the Canadian practices we follow instead. We plan to rely on this exemption. As a result, our shareholders may not have the same protections afforded to shareholders of U.S. domestic companies that are subject to all U.S. corporate governance requirements. As we continue to increase our presence in the United States, we may cease to qualify as a foreign private issuer. If we

cease to qualify, we will be subject to the same reporting requirements and corporate governance requirements as a U.S. domestic issuer which may increase our costs of being a public company in the United States.

We may lose foreign private issuer status in the future, which could result in significant additional costs and expenses to us.

We may in the future lose our foreign private issuer status if a majority of our shares are held in the United States and we fail to meet the additional requirements necessary to avoid loss of foreign private issuer status, such as if: (1) a majority of our directors or executive officers are U.S. citizens or residents; (2) a majority of our assets are located in the United States; or (3) our business is administered principally in the United States. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such compliance mandatory. The regulatory and compliance costs to us under securities laws as a U.S. domestic issuer will be significantly more than the costs incurred as a Canadian foreign private issuer. If we were not a foreign private issuer, we would not be eligible to use foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are generally more detailed and extensive than the forms available to a foreign private issuer. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

We are required to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be effective, which could adversely affect investor confidence in our Company and, as a result, negatively impact the value of our subordinate voting shares.

We are subject to reporting and other obligations under applicable U.S. and Canadian securities laws, including the U.S. Sarbanes-Oxley Act and NI 52-109, and the rules of the NYSE and the TSX. These reporting and other obligations place significant demands on our management, administrative, operational and accounting resources. In order to meet such requirements, we have, among other things, established systems, implemented financial and management controls, reporting systems and procedures and hired qualified accounting and finance staff, and may be required to do so in the future. However, if we are unable to accomplish any necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market price of our subordinate voting shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Our constating documents permit us to issue additional securities in the future, including subordinate voting shares and preferred shares, without additional shareholder approval.

Our amended and restated articles of incorporation permit us to issue an unlimited number of subordinate voting shares. We anticipate that we will, from time to time, issue additional subordinate voting shares in the future, including in connection with potential acquisitions and pursuant to exercises and settlements of our granted equity awards. Subject to the requirements of the TSX and the NYSE, we will not be required to obtain the approval of shareholders for the issuance of additional subordinate voting shares. Any further issuances of subordinate voting shares will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings.

Our amended and restated articles of incorporation also permit us to issue an unlimited number of preferred shares, issuable in series. While we have no present plans to issue any preferred shares, our Board has the authority to issue preferred shares and determine the price, designation, rights, (including voting and dividend rights), preferences, privileges, restrictions and conditions of such preferred shares and to determine to whom they shall be issued. Any issuance of preferred shares may result in further dilution to existing

shareholders and have an adverse effect on the value of their shareholdings. We cannot foresee the terms and conditions of any future offerings of preferred shares nor the effect they may have on the market price of the subordinate voting shares.

Provisions of our constating documents and certain Canadian legislation could delay a change of control, limit attempts by our shareholders to replace or remove our current senior management and affect the market price of our subordinate voting shares.

Our Board has the authority to issue preferred shares and to determine the preferences, limitations and relative rights of preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred shares may be issued with liquidation, dividend and other rights superior to the rights of our subordinate voting shares. The potential issuance of preferred shares may delay or prevent a change in control of the Company, make the removal of senior management more difficult, discourage bids for our subordinate voting shares at a premium over the market price and adversely affect the market price and other rights of the holders of our subordinate voting shares.

These provisions may frustrate or prevent any attempts by our shareholders to launch a proxy contest or replace or remove our current senior management by making it more difficult for shareholders to replace members of our Board, which is responsible for appointing the members of our senior management. Any of these provisions could have the effect of delaying, preventing or deferring a change in control which could limit the opportunity for our subordinate voting shareholders to receive a premium for their subordinate voting shares, and could also affect the price that investors are willing to pay for subordinate voting shares.

Provisions of Canadian law may delay, prevent or make undesirable an acquisition of all or a significant portion of our shares or assets.

The Investment Canada Act (Canada) subjects an acquisition of control of us by a non-Canadian to government review if the value of our assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant Minister is satisfied that the investment is likely to be of net benefit to Canada. This could prevent or delay a change of control and may eliminate or limit strategic opportunities for shareholders to sell their subordinate voting shares.

We are governed by the corporate and securities laws of Canada which in some cases have a different effect on shareholders than the corporate laws of Delaware, U.S. and U.S. securities laws.

We are governed by the CBCA and other relevant laws, which may affect the rights of shareholders differently than those of a company governed by the laws of a U.S. jurisdiction, and may, together with our constating documents, have the effect of delaying, deferring or discouraging another party from acquiring control of the Company by means of a tender offer, a proxy contest or otherwise, or may affect the price an acquiring party would be willing to offer in such an instance. The material differences between the CBCA and Delaware General Corporation Law ("DGCL") that may have the greatest such effect include, but are not limited to, the following: (i) for material corporate transactions (such as mergers and amalgamations, other extraordinary corporate transactions or amendments to our articles) the CBCA generally requires a two-thirds majority vote by shareholders, whereas DGCL generally requires only a majority vote; and (ii) under the CBCA, holders of 5% or more of our shares that carry the right to vote at a meeting of shareholders can requisition a special meeting of shareholders, whereas such right does not exist under the DGCL.

As we are a Canadian corporation and certain of our directors and officers reside in Canada or the provinces thereof and the United Kingdom, it may be difficult for United States shareholders to effect service on us to realize on judgments obtained in the United States. Similarly, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada.

We are governed by the CBCA with our principal place of business in Canada, certain of our directors and officers reside in Canada or the provinces thereof and the United Kingdom and the majority of our assets and all or a substantial portion of the assets of these persons may be located outside the United States. Consequently, it may be difficult for investors who reside in the United States to effect service of process in the United States upon us or upon such persons who are not residents of the United States, or to realize upon judgments of courts of the United States predicated upon the civil liability provisions of the U.S. federal securities laws. A judgment of a U.S. court predicated solely upon such civil liabilities may be enforceable in Canada by a Canadian court if the U.S. court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. Investors should not assume that Canadian courts: (i) would enforce judgments of U.S. courts obtained in actions against us or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or blue sky laws of any state within the United States, or (ii) would enforce, in original actions, liabilities against us or such persons predicated upon the U.S. federal securities laws or any such state securities or blue sky laws. Similarly, some of our directors and officers are residents of countries other than Canada and all or a substantial portion of the assets of such persons are located outside Canada. As a result, it may be difficult for Canadian investors to initiate a lawsuit within Canada against these persons. In addition, it may not be possible for Canadian investors to collect from these persons judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for Canadian investors to succeed in a lawsuit in the United States based solely on violations of Canadian securities laws.

Our by-laws designate certain specified courts as the sole and exclusive forums for certain disputes between us and our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

We have adopted a forum selection by-law that provides that, unless we consent in writing to the selection of an alternative forum, the courts of the Province of Québec, Canada and appellate courts therefrom (or, failing such Court, any other "court" as defined in the CBCA having jurisdiction, and the appellate Courts therefrom), will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf; (2) any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us; (3) any action or proceeding asserting a claim arising pursuant to any provision of the CBCA or our amended and restated articles of incorporation or by-laws; or (4) any action or proceeding asserting a claim otherwise related to our "affairs" (as defined in the CBCA). Our forum selection by-law also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of Québec and to service of process on their counsel in any foreign action initiated in violation of our by-law. Therefore, it may not be possible for securityholders to litigate any action relating to the foregoing matters outside of the Province of Québec. Our forum selection by-law seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to our affairs to be litigated in a single forum. While forum selection clauses in corporate charters and by-laws are becoming more commonplace for public companies in the United States and have been upheld by courts in certain states, they are untested in Canada.

In addition, we have adopted a forum selection by-law that provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. This forum selection by-law further provides that any person or entity holding, purchasing or otherwise acquiring any of our securities is deemed to have notice of and consented to this forum selection by-law. While the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are “facially valid” under Delaware law, there is uncertainty as to whether other courts will enforce our forum selection by-law.

It is possible that the validity of our forum selection by-laws could be challenged and that a court could rule that such by-law is inapplicable or unenforceable. If a court were to find our forum selection by-laws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions and we may not obtain the benefits of limiting jurisdiction to the courts selected.

DIVIDEND POLICY

We have not declared or paid any cash dividends on our securities since our IPO. We currently intend to retain any future earnings to fund the development and growth of our business and/or to pay down debt and do not currently anticipate paying dividends on the subordinate voting shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

DESCRIPTION OF SHARE CAPITAL

The following description of our share capital summarizes certain provisions contained in our amended and restated articles of incorporation and by-laws. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our amended and restated articles of incorporation and by-laws.

Our authorized share capital consists of (i) an unlimited number of subordinate voting shares and (ii) an unlimited number of preferred shares, issuable in series, of which 151,170,305 subordinate voting shares and no preferred shares were issued and outstanding as of March 31, 2023.

We previously had multiple voting shares issued and outstanding, but all such multiple voting shares were automatically converted into subordinate voting shares, on a one-for-one basis on December 1, 2020, as a result of reaching the automatic conversion ownership threshold attached to the multiple voting shares, all in accordance with their terms. As a result of such automatic conversion, the subordinate voting shares are our only class of shares issued and outstanding, and they continue to carry one vote per share. Pursuant to the terms of our amended and restated articles of incorporation, upon the automatic conversion of all of our issued and outstanding multiple voting shares, the authorized and unissued multiple voting shares as a class were automatically deleted entirely from our authorized capital, together with the rights, privileges, restrictions and conditions attaching thereto, such that as at the date hereof, the Company has only two classes of shares authorized for issuance, being the subordinate voting shares and the preferred shares.

Subordinate Voting Shares

Rank

Upon our liquidation, dissolution or winding up, the holders of subordinate voting shares are entitled to share ratably in all assets of the Company remaining after payment of debts and liabilities, subject to the rights of any preferred shares having priority over the subordinate voting shares, if any.

Dividends

The holders of outstanding subordinate voting shares are entitled to receive dividends at such times and in such amounts and form as our Board may from time to time determine, but subject to the rights of the holders of any preferred shares. We are permitted to pay dividends unless there are reasonable grounds for believing that: (i) we are, or would after such payment be, unable to pay our liabilities as they become due; or (ii) the realizable value of our assets would, as a result of such payment, be less than the aggregate of our liabilities and stated capital of all classes of shares.

Voting Rights

The holders of outstanding subordinate voting shares are entitled to receive notice and attend all general and special meetings of shareholders of the Company, and each such subordinate voting share entitles its holder to one vote. As of March 31, 2023, the subordinate voting shares collectively represented 100% of our issued and outstanding shares and 100% of the voting power attached to all of our issued and outstanding shares.

Preferred Shares

The preferred shares are issuable at any time and from time to time in one or more series. The Board is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the preferred shares of each series, which may include voting rights, the whole subject to the issue of a certificate of amendment setting forth the designation and provisions attaching to the preferred shares or shares of the series. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of shares, and will

not be entitled to vote separately as a class upon a proposal to amend our Articles in the case of an amendment of the kind referred to in paragraph (a), (b) or (e) of subsection 176(1) of the CBCA. The preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank on parity with the preferred shares of every other series and will be entitled to preference over the subordinate voting shares and any other shares ranking junior to the preferred shares with respect to payment of dividends and distribution of any property or assets in the event of the Company's liquidation, dissolution or winding-up, whether voluntary or involuntary. We currently anticipate that the preferred shares will not carry any pre-emptive, redemption, conversion, exchange or retraction rights, nor will they contain any purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities and any other material restrictions, or provisions requiring a securityholder to contribute additional capital.

Other Important Provisions of our Constating Documents

Advance Notice Provisions

We have adopted an advance notice by-law that includes provisions with respect to the election of our directors in our amended and restated articles of incorporation (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods require that we receive notice of a director's nomination: (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date (the "**Notice Date**") of the annual meeting of shareholders is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

Forum Selection

We have adopted a forum selection by-law that provides that, unless we consent in writing to the selection of an alternative forum, the courts of the Province of Québec, Canada and appellate courts therefrom (or, failing such court, any other "court" as defined in the CBCA having jurisdiction, and the appellate courts therefrom), will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf; (2) any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us; (3) any action or proceeding asserting a claim arising pursuant to any provision of the CBCA or our amended and restated articles of incorporation or by-laws, or (4) any action or proceeding asserting a claim otherwise related to our "affairs" (as defined in the CBCA). Our forum selection by-law also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of Québec and to service of process on their counsel in any foreign action initiated in violation of our by-law.

In addition, we have adopted a forum selection by-law that provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, regardless of whether such complaint also involves parties other than us, including but not limited to any underwriters or auditors we have retained. This forum selection by-law further provides that any person or entity holding, purchasing or otherwise acquiring any of our securities is deemed to have notice of and consented to this forum selection by-law. This by-law is enforceable by any party to a complaint covered by this by-law.

Investor Rights Agreement

In connection with closing of our IPO, we entered into an investor rights agreement with DHIDasilva Holdings Inc., a company controlled by our founder and Executive Chair, and Caisse de dépôt et placement du Québec ("**Caisse**", and collectively, the "**Principal Shareholders**"), with respect to certain shareholder rights (the "**Original Investor Rights Agreement**"). On September 9, 2020, the Original Investor Rights Agreement was amended and restated in connection with the Company's initial public offering in the United States to grant the Principal Shareholders substantially equivalent registration rights in connection with a U.S. public

offering as were offered in the Original Investor Rights Agreement (the Original Investor Rights Agreement, as amended and restated, the "**Investor Rights Agreement**"). As of the date hereof, Caisse holds less than 20% of our subordinate voting shares (on a non-diluted basis). The following is a summary of the material attributes and characteristics of the Investor Rights Agreement. This summary is qualified in its entirety by reference to the provisions of that agreement, which contains a complete statement of those attributes and characteristics. The Investor Rights Agreement has been filed with the Canadian securities regulatory authorities and furnished with the U.S. Securities and Exchange Commission and is available on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

Nomination Rights

The Investor Rights Agreement provides that Caisse would be entitled to nominate one of the Company's directors as part of the slate of director candidates proposed by the Company in any management information circular, and would continue to be entitled to nominate such director for so long as it held at least 20% of our subordinate voting shares (on a non-diluted basis). Moreover, if Caisse held at least 20% of our subordinate voting shares (on a non-diluted basis), the Company, acting reasonably, would consult Caisse in respect of any appointment or replacement of the Chair of the Board. Any nominee of Caisse designated under the Investor Rights Agreement must be considered independent within the meaning of NI 52-110. Quorum for meetings of the Board must include the nominee of Caisse (if applicable per the above), subject to customary exceptions. As of the date hereof, Caisse holds less than 20% of our subordinate voting shares (on a non-diluted basis).

The Investor Rights Agreement also provides that, should the Company grant additional nomination rights in the future to an investor other than Caisse, the Company shall cause such other investor to exercise all voting rights under its control to vote in favour of the nominee of Caisse, provided that such other investor may abstain from voting in favour of such nominee of Caisse.

Restrictive Covenant

The Investor Rights Agreement limits the Company's ability to prejudice the maintenance within Québec of its head office. Such restrictive covenant will continue to apply until the occurrence of either (i) Caisse ceasing to hold at least 15% of our subordinate voting shares (on a non-diluted basis) or (ii) seven years following the completion of our IPO.

Registration Rights

The Investor Rights Agreement provides for demand registration rights in favour of the Principal Shareholders, provided such Principal Shareholder holds at least 20% of our subordinate voting shares (on a non-diluted basis), that enable them, under certain circumstances, to require the Company to qualify by prospectus in Canada all or any portion of the subordinate voting shares held by them for a distribution to the public, provided that the Company is not obliged to effect (i) more than two demand registrations in any 12-month period, (ii) a demand registration within 90 days following the completion of an offering in which a demand registration right or piggyback registration right has been exercised, or (iii) any demand registration where the value of the subordinate voting shares offered under such demand registration is less than C$25 million.

The Investor Rights Agreement also provides for piggyback registration rights (subject to certain customary exemptions) allowing the Principal Shareholders, provided such Principal Shareholder holds at least 10% of our subordinate voting shares (on a non-diluted basis), to include their subordinate voting shares in certain public offerings of subordinate voting shares, subject to certain underwriters' cutback rights.

MARKET FOR SECURITIES

Trading Price and Volume

Our subordinate voting shares are listed for trading on the TSX and the NYSE under the symbol “LSPD”. The following table sets forth the price ranges and volumes of our subordinate voting shares traded on the TSX for each month of Fiscal 2023 during which our shares traded on the TSX.

TSX

Fiscal 2023	High (C$)	Low (C$)	Volume (#)
April	42.68	27.01	23,839,997
May	35.80	19.58	40,577,540
June	35.58	25.16	31,778,287
July	31.04	22.72	25,454,241
August	32.26	24.40	27,724,563
September	26.91	22.25	25,882,499
October	27.48	21.73	27,492,318
November	27.08	18.84	48,884,154
December	23.69	17.27	27,988,180
January	24.54	19.06	25,269,636
February	26.75	20.16	25,102,701
March	21.54	18.62	20,421,562

The following table sets forth the price ranges and volumes of our subordinate voting shares traded on the NYSE for each month of Fiscal 2023 during which our shares traded on the NYSE.

NYSE

Fiscal 2023	High (US$)	Low (US$)	Volume (#)
April	34.14	21.06	20,807,806
May	26.88	15.03	31,450,894
June	28.35	19.47	22,188,312
July	23.84	17.62	23,191,303
August	25.34	18.63	24,319,267
September	20.72	16.16	20,841,124
October	20.28	15.56	22,064,559
November	19.99	13.93	34,100,376
December	17.61	12.71	22,290,849
January	18.43	13.95	18,412,588
February	20.12	14.77	21,970,352
March	15.81	13.53	18,505,937

None of our other securities were listed for trading or quoted on any exchange or market.

DIRECTORS AND EXECUTIVE OFFICERS

The following tables set out, as of the date of this Annual Information Form, for each of our directors and executive officers, the person’s name, municipality of residence, position(s) with the Company, previously held positions for the last five years and, if a director, the year in which the person became a director. Our directors are either elected annually by the shareholders at the annual meeting of shareholders or, subject to our amended and restated articles of incorporation and applicable law, appointed by our board of directors between annual meetings. Each director holds office until the close of the next annual meeting of our shareholders or until he

or she ceases to be a director by operation of law, or until his or her removal or resignation becomes effective. Executive officers are appointed by the Board to serve, subject to the discretion of the Board, until their successors are appointed.

Directors

Name and Place of Residence	**Position(s) with Lightspeed**	**Director Since**	**Principal Occupation**	**Previously Held Positions (Last Five Years)**
Patrick Pichette[(1)(2)] London, United Kingdom	Lead Independent Director	2018	General Partner, Inovia Capital	General Partner, Inovia Capital (2018 to present) Director, Twitter, Inc. (from 2017 to 2022) Director, Bombardier Inc. (from 2013 to 2017)
Paul McFeeters[(1)(3)] Milford, Ontario	Director	2018	Corporate Director	-
Rob Williams[(1)(3)] Edmonds, Washington	Director	2018	Corporate Director	Management Consultant (2016 to present) Board Member, Cymax Group Technologies (from 2021 to present)
J.P. Chauvet Outremont, Québec	Director and Chief Executive Officer	2013	Chief Executive Officer	President, Lightspeed Commerce Inc. (from 2016 to 2022)
Dax Dasilva Westmount, Québec	Executive Chair	2005	Executive Chair	Chief Executive Officer, Lightspeed Commerce Inc. (from 2005 to 2022)

Dale Murray[(2)] Cobham, United Kingdom	Director	2022	Corporate Director	Non-Executive Director, Jupiter Fund Management plc (from 2021 to present) Non-Executive Director, Rated People Ltd (from 2021 to present) Non-Executive Director, LendInvest plc (from 2021 to present) Non-Executive Director, The Cranemere Group Ltd. (from 2019 to present) Non-Executive Director, Xero Limited (from 2018 to present) Partner, Founders Intelligence (from 2019 to 2020) Non-Executive Director, the Peter Jones Foundation (from 2014 to 2018) Non-Executive Director, Sussex Place Ventures Ltd (from 2012 to 2019)
Nathalie Gaveau[(2)(3)] London, United Kingdom	Director	2022	Corporate Director	Senior Advisor, Boston Consulting Group (BCG) (from 2021 to present) Director, PortAventura World (from 2022 to present) Non-Executive Director, Calida AG (from 2018 to 2022) Non-Executive Director, Coca-Cola EuroPacific Partners (from 2019 to present) Director, Sonepar (from 2023 to Present) President and Director, Tailwind International Acquisition Corp. (from 2021 to 2023) Managing Director and Partner, BCG (from 2019 to 2020) Director, HWX Partners Ltd (2019) Founder and Chief Executive Officer, Shopcade (from 2010 to 2019)

(1) Member of the Audit Committee. Mr. McFeeters is Chair of the Audit Committee.
(2) Member of the Compensation, Nominating and Governance Committee. Ms. Murray is Chair of the Compensation, Nominating and Governance Committee.
(3) Member of the Risk Committee. Mr. Williams is Chair of the Risk Committee.

Executive Officers

Name and Place of Residence	Position(s) with Lightspeed	Years with Lightspeed	Previously Held Positions (Last Five Years)
Dax Dasilva Westmount, Québec	Executive Chair	18	Chief Executive Officer, Lightspeed Commerce Inc. (from 2005 to 2022)
J.P. Chauvet Outremont, Québec	Director and Chief Executive Officer	11	President, Lightspeed Commerce Inc. (from 2016 to 2022)
Jean-David Saint-Martin Montréal, Québec	President	4	Chief Revenue and Customer Officer, Lightspeed Commerce Inc. (from 2019 to 2022) Co-Founder and Chief Executive Officer, Chronogolf Inc. (from 2013 to 2019)
Asha (Hotchandani) Bakshani[1)] Côte Saint-Luc, Québec	Chief Financial Officer	8	Executive Vice President of Finance, Lightspeed Commerce Inc. (from 2019 to 2022) Vice President of Finance, Lightspeed Commerce Inc. (from 2015 to 2019)
Daniel Micak Kitchener, Ontario	Chief Legal Officer & Corporate Secretary	5	EVP, General Counsel and Corporate Secretary, Lightspeed Commerce Inc. (from 2018 to 2022) Vice President, Assistant General Counsel & Assistant Corporate Secretary, D2L Inc. (from 2017 to 2018) Assistant General Counsel & Assistant Corporate Secretary, D2L Inc. (from 2011 to 2017)
Ryan Tabone New York, New York	Chief Product and Technology Officer	<1	Vice President, Google (from 2007 to 2022)
Kady Srinivasan San Ramon, California	Chief Marketing Officer	<1	SVP, Global Head of Marketing, Klaviyo (from 2021 to 2022) Chief Marketing Officer, Owlet (from 2019 to 2020) VP, Marketing, Sofi (from 2019 to 2019) Head of GTM, Dropbox (from 2017 to 2019)
Shirvani Mudaly Montréal, Québec	Chief People Officer	2	Vice President of People and Culture, APAC, Lightspeed Commerce Inc. (from 2021 to 2023) Chief People Officer, Vend (from 2018 to 2021)
Cameron Walker Ajax, Ontario	Chief of Staff	4	Vice President of Corporate Development, Lightspeed Commerce Inc. (from 2021 to 2022) Director of Corporate Development, Lightspeed Commerce Inc. (from 2019 to 2021) Vice President, Tax, Brookfield Asset Management (from 2018 to 2019)

Ownership of Securities

As of May 16, 2023, as a group, our directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 15,051,982 subordinate voting shares, representing 9.94% of the subordinate voting shares and voting power attached to all of our issued and outstanding shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of Lightspeed, no director or executive officer of Lightspeed is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Lightspeed), that: (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied such company access to any

exemption under securities legislation (each an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of Lightspeed, other than as disclosed below, no director or executive officer of Lightspeed, or a shareholder holding a sufficient number of securities of Lightspeed to materially affect the control of Lightspeed, (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Lightspeed) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder. Patrick Pichette was a director of Boosted Boards, a private manufacturer of electronic skateboards and scooters, until May 2020. Boosted Boards made an assignment for the benefit of creditors in April 2020. The sale of assets and the liquidation have been completed.

To the knowledge of Lightspeed, no director or executive officer of Lightspeed, or a shareholder of Lightspeed holding a sufficient number of securities of Lightspeed to materially affect the control of Lightspeed has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the knowledge of Lightspeed, there are no existing or potential material conflicts of interest between Lightspeed or a subsidiary of Lightspeed and any director or officer of Lightspeed or of a subsidiary of Lightspeed, except that certain of our directors and officers also serve as directors or officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies. Directors are required to comply with the relevant provisions of the CBCA regarding conflicts of interest.

AUDIT COMMITTEE

Composition of the Audit Committee

Our Audit Committee consists of a minimum of three directors, currently comprised of Paul McFeeters, who acts as chair of this committee, Patrick Pichette and Rob Williams. Our board of directors has determined that each of these directors meets the independence requirements, including the heightened independence standards for members of the Audit Committee, of the NYSE, the SEC and NI 52-110. Our board of directors has determined that each of the members of the Audit Committee is independent and financially literate within the meaning of the NYSE rules and NI 52-110. Mr. McFeeters has been identified as an audit committee financial expert as defined by the SEC rules.

Relevant Education and Experience of the Audit Committee Members

Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Paul McFeeters (Chair)

Mr. McFeeters retired from OpenText in September 2014 where he had served as the Chief Financial Officer since June 2006. Mr. McFeeters has more than thirty years of C-level business experience, including previous employment as Chief Financial Officer of Platform Computing Inc., a grid computing software vendor from 2003 to 2006, and of Kintana Inc., a privately-held IT governance software provider, from 2000 to 2003. Mr. McFeeters also held President and CEO positions at MD Private Trust from 1997 to 2000. Between 1981 and 1996 Mr. McFeeters worked at Municipal Financial Corporation and held various progressive positions there including Chief Financial Officer, Chief Operating Officer, President and Chief Executive Officer. Mr. McFeeters was a member of the board of directors of Constellation Software Inc., a diversified software company, from 2014 to 2022 and served on its audit

committee. From 2015 to August 2019, Mr. McFeeters was a board advisor for Hootsuite, a social media management company. From 2007 to January 2016, Mr. McFeeters was a member of the board of Blueprint Software Systems Inc., an enterprise requirements software solutions provider. Mr. McFeeters holds a B.B.A (Honours) from Wilfrid Laurier University and an MBA from Schulich School of Business at York University and is a Chartered Professional Accountant. Mr. McFeeters has been a director of Lightspeed since 2018.

Patrick Pichette

Mr. Pichette is a General Partner at Inovia Capital, a Montreal based venture firm, which he joined in April 2018. Mr. Pichette previously served as Senior Vice President and Chief Financial Officer of Google Inc. from August 2008 until May 2015. Prior to joining Google, from January 2001 until July 2008, Mr. Pichette served as an executive officer of Bell Canada Enterprises Inc., including, in his last position, as President, Operations for Bell Canada, and previously as Executive Vice President, Chief Financial Officer, and Executive Vice President of Planning and Performance Management. Prior to joining Bell Canada Enterprises Inc., from 1996 to 2000, Mr. Pichette was a principal at McKinsey & Company. Prior to that, from 1994 to 1996, he served as Vice President and Chief Financial Officer of Call-Net Enterprises Inc., a Canadian telecommunications company. Mr. Pichette was previously a member of the board of directors of Twitter, Inc. from December 2017 to October 2022. Mr. Pichette was also previously a director of Bombardier Inc. from October 2013 to November 2017 and of Amyris, Inc., a renewable products company, from March 2010 to May 2013. Mr. Pichette holds a Master of Arts degree in philosophy, politics, and economics from Oxford University, where he attended as a Rhodes Scholar, and a Bachelor of Arts degree in Business Administration from Université du Québec à Montréal. Mr. Pichette has been a director of Lightspeed since 2018.

Rob Williams

Mr. Williams has over 25 years of leadership experience in eCommerce, retail and SaaS companies. In his near decade at Amazon (2006 to 2015), Mr. Williams held five senior leadership positions on both the Retail and Seller teams. In his last role, Mr. Williams led Amazon's Tier 1 Vendor team for Global Vendor Management. Prior to that, Mr. Williams led three business teams for Amazon's Seller Fulfillment by Amazon (FBA) division: the Seller Reimbursement and Recovery/Liquidations team, the Contact Reduction team, and the Defect Reduction team. Previously, he led the FBA Product Development Roadmap team. Before that role, Mr. Williams led Product Management for Amazon's Competitive Strategy and Negotiations Team. Prior to Amazon, Mr. Williams was on the leadership team of Magnolia Hi-Fi when they were acquired by Best Buy. Mr. Williams was promoted to National Director at Best Buy, where he led Sales Development for the Magnolia Home Theater store within a store project. Mr. Williams was at Magnolia Hi-Fi and Best Buy from September 1994 to June 2006. Prior to that in 1994 he was a criminal prosecutor under the City of Seattle's Trial Advocacy Program. Mr. Williams holds his Bachelor of Arts degree in Business Administration from the University of Washington and his Juris Doctor, Law from the Willamette University College of Law. He is also a guest lecturer on International Business for the University of Washington School of Business Administration and a keynote speaker on how to build a company culture of Disruptive Innovation and consults worldwide on eCommerce, retail and technology. Mr. Williams has served as a member of the board of directors of Cymax Group since May 2021. Mr. Williams has been a director of Lightspeed since 2018.

Charter of the Audit Committee

The Board has adopted a written charter, the text of which is reproduced in its entirety as Exhibit A, setting forth the purpose, composition, authority and responsibility of the Audit Committee, consistent with the rules of the NYSE, the SEC and NI 52-110. The Audit Committee assists the Board in fulfilling its oversight of, among other things:

- the quality and integrity of the Company's financial statements and related information;
- the qualifications, independence, appointment and performance of the external auditor;
- the accounting and financial reporting policies, practices and procedures of the Company and its subsidiaries and affiliates;
- the Company's financial risk management practices and financial reporting compliance;
- management's design, implementation and effective conduct of internal controls over financial reporting and disclosure controls and procedures;
- the performance of the Company's internal audit function; and
- preparation of disclosures and reports required to be prepared by the Audit Committee by any law, regulation, rule or listing standard.

It is the responsibility of the Audit Committee to maintain free and open means of communication between the Audit Committee, the external auditor, the internal audit function, the Risk Committee and the management of the Company. The Audit Committee is given

full access to the Company's management and records, internal audit function and external auditor as necessary to carry out these responsibilities. At least annually, the Audit Committee reviews and confirms the independence of the external auditor by obtaining statements from the external auditor describing all relationships with Lightspeed, including with respect to any non-audit services. The Audit Committee has the authority to carry out such special investigations as it sees fit in respect of any matters within its various roles and responsibilities. The Company provides appropriate funding, as determined by the Audit Committee, for the payment of compensation to the external auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Audit Committee Pre-Approval Policies and Procedures

Under its charter, the Audit Committee is required to pre-approve all non-audit services to be performed by the external auditors in relation to us, together with approval of the engagement letter for such non-audit services and estimated fees thereof. The pre-approval process for non-audit services also involves consideration of the potential impact of such services on the independence of the external auditors and whether the service for which approval is sought is a prohibited service under applicable laws, regulations, rules or listing standards.

The Committee may delegate the pre-approval of services provided by the external auditor to one or more members of the Committee, which member(s) shall be independent to the extent required by any applicable law, regulation, rule or listing standard. Any such delegate shall report his or her approvals to the Committee at the next scheduled meeting.

External Auditor Service Fee

For Fiscal 2023 and Fiscal 2022, we paid the following fees with our external auditor, PricewaterhouseCoopers LLP:

	Fiscal 2023	Fiscal 2022
Audit fees[(1)]	C$2,038,349	C$2,272,267
Audit related fees[(2)]	C$60,422	C$57,299
Tax fees[(3)]	C$20,792	C$4,690
All other fees[(4)]	C$-	C$493,906
Total fees	C$2,119,563	C$2,828,162

(1) Audit fees relate to professional services rendered for the audit of our annual consolidated financial statements and reviews of our interim consolidated financial statements for the first three quarters of the year, fees for the audit of an employee benefit plan for Fiscal 2023 and fees for services in connection with our public offering of subordinate voting shares in Fiscal 2022.
(2) Audit-related fees relate to professional services, including in connection with translation services.
(3) Fees for tax compliance, tax advice and tax planning.
(4) All other fees, including fees related to due diligence, not included above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that, other than the proceedings described in the next paragraphs, none of the litigation in which we are currently involved, or have been involved since the beginning of our most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition, cash flows or results of operations.

Beginning in October 2021, the Company and certain of the Company's officers and directors were named as defendants to an application for authorization to bring a securities class action filed before the Superior Court of Quebec, and the Company and certain of the Company's officers and directors were named as defendants in a securities class action brought in U.S. district court for the Eastern District of New York (a separate action brought in the Southern District of New York was voluntarily dismissed after a lead plaintiff was appointed in the Eastern District of New York action). The application and action are sought on behalf of purchasers of our subordinate voting shares, and are based upon allegations that the defendants made false and/or misleading statements to the public and seek unspecified damages. On June 27, 2022, the Company filed a motion to dismiss the securities class action brought in the U.S. district court for the Eastern District of New York. Plaintiffs to the securities class action brought in the U.S. district court for

the Eastern District of New York filed an opposition to the Company's motion to dismiss, and the Company filed a reply. The Company and management intend to vigorously defend against each of these proceedings.

On October 22, 2021, CloudofChange, LLC, a non-practising entity, filed a patent infringement lawsuit against the Company in the Western District of Texas. The patents at issue in the suit include U.S. Patents Nos. 9,400,640, 10,083,012 and 11,226,793. These patents generally relate to web-based point of sale builder systems. The Company and management intend to vigorously defend against the action.

The Company has not provisioned for the above-mentioned matters as the outcome is not determinable nor is the amount of loss, if any, reasonably estimable given the present stage of the proceedings in each case. An adverse outcome in these proceedings could have a material adverse effect on our business, financial condition, results of operations and reputation, and could cause the market value of our subordinate voting shares to decline.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this AIF, the Company's audited annual consolidated financial statements and notes for Fiscal 2023 and Management's Discussion and Analysis for Fiscal 2023, no director or executive officer of Lightspeed, and to the knowledge of the directors and executive officers of Lightspeed, (i) no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of Lightspeed's voting shares, (ii) nor any of such persons' or companies' associates or affiliates, (iii) nor any associates or affiliates of any director of executive officer of Lightspeed, has had a material interest, direct or indirect, that has materially affected or is reasonably expected to materially affect the Company within the three most recently completed financial years or during the current financial year.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our subordinate voting shares in Canada is TSX Trust Company (Canada), at its principal office in Montréal, Québec, and in the United States is American Stock Transfer & Trust Company, LLC, at its principal office in Brooklyn, New York.

MATERIAL CONTRACTS

The Investor Rights Agreement is the only material contract, other than those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last financial year ended March 31, 2023, or entered into prior to such date, but which is still in effect and that is required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 - *Continuous Disclosure Obligations.*

See "Description of Share Capital – Investor Rights Agreement", for a summary of the Investor Rights Agreement. A copy of the Investor Rights Agreement is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

INTERESTS OF EXPERTS

The Company's independent registered public accounting firm is PricewaterhouseCoopers LLP, who have issued a Report of Independent Registered Public Accounting Firm dated May 18, 2023 in respect of the Company's consolidated financial statements as at March 31, 2023 and 2022 and for each of the years ended March 31, 2023 and 2022 and on the effectiveness of internal control over financial reporting as at March 31, 2023. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Code of Ethics of Chartered Professional Accountants (Québec) and the rules of the U.S. Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB) on auditor independence.

ADDITIONAL INFORMATION

Additional information about Lightspeed is available on our website at www.lightspeedhq.com, the website maintained by the Canadian Securities Administrators at www.sedar.com, or on the website maintained by the SEC at www.sec.gov.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans will be contained in our management information circular that will be filed in connection with our next annual meeting of shareholders. Once filed, the circular will be available on our website at www.lightspeedhq.com and at www.sedar.com and www.sec.gov.

Additional financial information is provided in our audited annual consolidated financial statements and notes and MD&A for the fiscal year ended March 31, 2023, available on our website at www.lightspeedhq.com and at www.sedar.com and www.sec.gov.

References to our website in this AIF or any documents that are incorporated by reference in this AIF do not incorporate by reference the information on such website into this AIF, and we disclaim any such incorporation by reference.

We are a "foreign private issuer" as such term is defined in Rule 405 under the Securities Act and are not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. Under the Exchange Act we are subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. As a result, we do not file the same reports that a U.S. domestic issuer would file with the SEC, although we are required to file or furnish to the SEC the continuous disclosure documents that we are required to file in Canada under Canadian securities laws.

We will provide without charge to each person, including any beneficial owner, on the written or oral request of such person, a copy of any or all documents referred to above which have been or may be incorporated by reference in this Annual Information Form or our Annual Report on Form 40-F for the year ended March 31, 2023 (not including exhibits to such incorporated reports that are not specifically incorporated by reference into such reports). Requests for such copies should be directed to us via email to investorrelations@lightspeedhq.com, or by calling (514) 907-1801.

EXHIBIT A

LIGHTSPEED COMMERCE INC.

AUDIT COMMITTEE CHARTER

I. GENERAL

1. Mandate and Purpose of the Committee

The purpose of the Audit Committee (the "**Committee**") is to assist the board of directors (the "**Board**") of Lightspeed Commerce Inc. (the "**Company**") in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions, including the Board's oversight of:

- **a.** the quality and integrity of the Company's financial statements and related information;
- **b.** the qualifications, independence, appointment and performance of the external auditor;
- **c.** the accounting and financial reporting policies, practices and procedures of the Company and its subsidiaries and affiliates;
- **d.** the Company's financial risk management practices and financial reporting compliance;
- **e.** management's design, implementation and effective conduct of internal controls over financial reporting and disclosure controls and procedures;
- **f.** the performance of the Company's internal audit function; and
- **g.** preparation of disclosures and reports required to be prepared by the Committee by any law, regulation, rule or listing standard.

2. Authority of the Committee

- **a.** The Committee has the authority to delegate to subcommittees, provided however that the Committee shall not delegate any power or authority required by any law, regulation, rule or listing standard to be exercised by the Committee as a whole.
- **b.** The Committee has the authority, and the Company will provide it with proper funding to enable it, to:
  - i. engage independent counsel and other advisors as it determines necessary or advisable to carry out its duties and to set and pay the compensation for any such advisors; and
  - ii. communicate directly with the external auditors and to obtain information it requires from employees, officers, directors and external parties.

Approved by the Board of Directors on May 18, 2022.

II. PROCEDURAL MATTERS

1. Composition

The Committee will be composed of a minimum of 3 members.

2. Member Qualifications

a. Every Committee member must be a director of the Company.

b. Every Committee member must be qualified to serve on the Committee pursuant to the requirements of any applicable law, regulation, rule or listing standard, including being "independent" and "financially literate" as such terms are defined by applicable laws, regulations, rules and listing standards.

c. At least one member of the Committee will have accounting or related financial management experience or expertise and such person shall be designated the "audit committee financial expert" for the purposes of applicable securities laws, regulations, rules and listing standards.

3. Member Appointment and Removal

Committee members will be appointed by the Board. The members of the Committee will be appointed promptly after each annual shareholders' meeting and will hold office until a successor is appointed, they are removed by the Board or they cease to be directors of the Company.

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Committee and will be filled by the Board if the membership of the Committee falls below 3 directors.

4. Committee Structure and Operations

a. Chair

The Board will appoint one Committee member to act as its chair (the " **Chair**"), provided that if the Board does not so designate a Chair, the Committee, by a majority vote, may designate a Chair. The Chair may be removed at any time at the discretion of the Board. The incumbent Chair will continue in office until a successor is appointed or he or she is removed by the Board or ceases to be a director of the Company. If the Chair is absent from a meeting, the Committee will, by majority vote, select another Committee member to preside at that meeting.

b. Meetings

The Chair will be responsible for developing and setting the agenda for Committee meetings and determining the time, place and frequency (which shall be at least quarterly) of Committee meetings, provided that any member of the Committee or the external auditor may call a Committee meeting.

c. Notice

i. Notice of the time and place of every Committee meeting will be given verbally or in writing to each member of the Committee and to the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") and the Chief Operating Officer ("**COO**") of the Company at least 24 hours prior to the time fixed for such meeting.

ii. The external auditor of the Company will be given notice of every Committee meeting and, at the expense of the Company, will be entitled to attend and be heard thereat.

iii. If requested by a Committee member, the external auditor will attend every Committee meeting held during such external auditor's term of office.

d. Quorum

A majority of the Committee constitutes a quorum. No business may be transacted by the Committee except by resolution in writing signed by all the Committee members or at a Committee meeting at which a quorum of the

Committee is present in person or by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. At Committee meetings, Committee actions shall require approval of a majority of Committee members.

e. Attendees

The Committee may invite any directors, officers and employees of the Company and any advisors as it sees fit from time to time to attend Committee meetings (or any part thereof) and assist in the discussion and consideration of matters relating to the Committee. The Committee will meet *in camera* at each meeting.

f. Secretary

The Committee will appoint a secretary to the Committee who need not be a director or officer of the Company.

g. Records

Minutes of Committee meetings will be recorded and maintained by the Committee's secretary and will be presented to the Chair for review and approval.

5. Committee and Charter Review

The Committee will annually review and assess its performance, effectiveness and contribution, including an evaluation of whether this Charter appropriately addresses the matters that are and should be within its scope. The Committee will conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board, including any recommended changes to this Charter and to the Company's policies and procedures.

6. Reporting to the Board

The Committee will report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

III. RESPONSIBILITIES

1. Financial Reporting

a. The Committee is responsible for:

i. discussing with management, the internal audit function and the external auditor the quality and acceptability of accounting and financial reporting standards;

ii. discussing with management, the internal audit function and the external auditor the Company's internal controls and the integrity of the financial reporting and related attestations by the external auditors of the Company's internal controls over financial reporting;

iii. in the course of discussion with management, the internal audit function and the external auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved; and

iv. engaging the external auditor to perform a review of the interim financial statements required to be prepared by any applicable law, regulation, rule or listing standard and reviewing their findings; however, no formal report from the external auditor will be required.

2. External Auditor

a. The Company's external auditor is required to report directly to the Committee.

b. The Committee is responsible for recommending to the Board:

i. the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

ii. the compensation of the external auditor.

c. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company,

including the resolution of disagreements between management and the external auditor regarding financial reporting.

d. The Committee is responsible for reviewing and approving the proposed audit scope, focus areas, timing and key decisions (e.g., materiality, reliance on internal audit) underlying the audit plan and the appropriateness and reasonableness of the proposed audit fees.

3. Relationship with the External Auditor

The Committee is responsible for:

a. establishing effective communication processes with management, the Board and the external auditor so that it can objectively monitor the quality and effectiveness of the external auditor's relationship with management and the Committee;

b. receiving and reviewing regular reports from the external auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditors' final report;

c. meeting regularly with the external auditor without management present;

d. considering and reviewing with management the internal control memorandum or management letter containing the external auditor's recommendations and management's response, if any, including an evaluation of the adequacy and effectiveness of the Company's internal financial controls and procedures for financial reporting and following up with respect to any identified weaknesses;

e. receiving and reviewing, at least as frequently as required by any applicable law, regulation, rule or listing standard, a report by the external auditor describing its internal quality control procedures and all relationships between the external auditor or any affiliates thereof and the Company or persons in financial reporting oversight roles at the Company that, as of the report's date, may reasonably be thought to bear on independence, and discussing with the external auditor the potential effects of such relationships;

f. reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the Company's present and former external auditors; and

g. pre-approving all audit and non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor where such pre-approval is required by any applicable law, regulation, rule or listing standard.

The Committee may delegate the pre-approval of services provided by the external auditor to one or more members of the Committee, which member(s) shall be independent to the extent required by any applicable law, regulation, rule or listing standard. Any such delegate shall report his or her approvals to the Committee at the next scheduled meeting.

4. Accounting Policies

The Committee is responsible for:

a. reviewing the Company's accounting policy note to ensure completeness and acceptability with the accounting standards adopted by the Company as part of the approval of the financial statements;

b. reviewing with management and the external auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;

c. discussing with management and the external auditor the acceptability, appropriateness (within the range of acceptable options and alternatives), degree of aggressiveness/conservatism and quality of underlying accounting policies, disclosures and key estimates and judgments; and

d. discussing with management and the external auditor the clarity and completeness of the Company's financial and non-financial disclosures.

5. Financial Risk Management and Financial Reporting Compliance

The Committee is responsible for:

a. reviewing, with Company counsel, compliance and legal matters that could have a significant impact on the Company's financial statements, including pending or threatened material litigation;

b. discussing the Company's policies with respect to risk assessment and risk management as well as the Company's major financial risk exposures and the steps management and the Risk Committee have undertaken to control them;

c. to the extent permitted by law, considering waivers of the Code of Conduct and Ethics applicable to members of the Compensation, Nominating and Governance Committee, and if appropriate, granting any such waivers; and

d. in consultation with management, the Risk Committee and the internal audit function, identifying the principal financial risks and deciding on the Company's "appetite" for such financial risks.

6. Controls and Control Deviations

a. The Committee is responsible for reviewing and discussing:

i. management's annual plan for monitoring of internal controls over financial reporting;

ii. the plan and scope of the annual audit with respect to planned reliance and testing of controls;

iii. major points contained in the auditor's management letter resulting from control evaluation and testing; and

iv. the Company's disclosure controls and procedures, including any significant deficiencies in or material non-compliance with, such controls and procedures.

b. The Committee is also responsible for:

i. reviewing plans of the external auditors to ensure the combined evaluation and testing of controls is comprehensive, well coordinated, cost effective and appropriate to risks, business activities and changing circumstances;

ii. receiving from management and the external auditors regular reports on all major control deviations, or indications/detection of fraud, and how such control breakdowns have been corrected;

iii. meeting regularly with management without the external auditor present; and

iv. reviewing the risk of management's ability to override the Company's internal controls.

c. The Committee shall review and discuss with the Company's CEO, CFO and COO the process for the certifications to be provided and receive and review any disclosure from the Company's CEO, CFO and COO made in connection with the required certifications of the Company's quarterly and annual reports filed, including

i. any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data; and

ii. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

d. The Committee shall establish procedures for:

i. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

e. The Committee shall review the Company's policies and procedures for reviewing and approving or ratifying related-party transactions, and review, approve or ratify all related-party transactions as applicable.

f. The Committee shall institute and oversee special investigations, as needed.

7. Internal Audit

a. The Company's internal audit function is required to report directly to the Committee.

b. The Committee is responsible for the appointment, remuneration, replacement, reassignment, or removal of the head of the internal audit function.

c. The Committee is responsible for conducting an annual review of the performance of the internal audit function and assessing the effectiveness and operational adequacy of the department.

d. The Committee is responsible for reviewing and approving the proposed internal audit scope, focus areas, timing and key decisions underlying the internal audit plan and the appropriateness and reasonableness of the proposed budget and resource plan.

8. Relationship with the Internal Audit Function

The Committee is responsible for:

a . establishing effective communication processes with management, the Board and the internal audit function so that it can objectively monitor the quality and effectiveness of the internal audit function's relationship with management and the Committee;

b. meeting regularly with the internal audit function without management and the external auditor present;

c. reviewing and approving at least annually the internal audit function's internal audit charter;

d. reviewing the results of the quality assurance and improvement program (and results communicated by the head of the internal audit function); and

e. receiving and reviewing regular reports from the internal audit function on the progress against the approved internal audit plan, important findings, and recommendations for improvements.

9. Public Disclosure of Financial Information and Other Public Disclosure

In connection with the public disclosure of financial information and other public disclosure, the Committee shall:

a. review the Company's annual and interim financial statements, MD&A, prospectus-type documents, earnings press releases (including financial outlook, future-oriented financial information and other forward-looking information) and other disclosure material filed with any securities commission before the Company publicly discloses this information and, if appropriate, recommend for approval by the Board, focusing particularly on:

i. any changes in accounting policies and practices;

ii. any material areas where judgment must be exercised;

iii. the going concern assumption, if any;

iv. compliance with accounting standards; and

v. subject to the advice of internal or external legal counsel, compliance with applicable laws, regulations, rules and listing standards;

b. review with management its evaluation of the Company's procedures and controls designed to assure that information required to be disclosed in the Company's periodic public reports is recorded, processed, summarized and reported in such reports within the time periods specified by applicable laws, regulations, rules and listing standards for the filing of such reports, and consider whether any changes are appropriate in light of management's evaluation of the effectiveness of such disclosure controls;

c. as applicable, establish a policy, which may include delegation to an appropriate member or members of management, for release of earnings press releases as well as for the release of financial information and earnings guidance provided to analysts and rating agencies;

d. satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures; and

e. to the extent deemed appropriate, review and supervise the preparation by management of:

i. any information of the Company required to be filed by the Company with applicable securities regulators or stock exchanges;

ii. press releases of the Company containing material financial information, earnings guidance, forward-looking statements, information about operations or any other material information;

iii. correspondence broadly disseminated to the shareholders of the Company; and

iv. other relevant material written and oral communications or presentations.

10. Other Responsibilities

a. The Chair of the Committee is responsible for setting forth the Committee's expectations with respect to information (e.g., nature, level of detail, timing, reports, etc.) and ensuring the information received is responsive to important performance measures and to the key risks the Committee oversees.

b. The Committee is responsible for, and has the explicit authority, to investigate any matters that fall within the Committee's responsibilities.

11. Limitation on Duties of the Committee

The Committee shall discharge its responsibilities and shall assess the information provided by the Company's management and any external advisors, including the external auditor, in accordance with its business judgment. Committee members are not full-time Company employees and are not, and do not represent themselves to be, professional accountants or auditors. The authority and responsibilities set forth in this Charter do not create any duty or obligation of the Committee to (i) plan or conduct any audits, (ii) determine or certify that the Company's financial statements are complete, accurate, fairly presented or in accordance with IFRS or GAAP, as applicable, and applicable laws, regulation, rules or listing standards, (iii) guarantee the external auditor's reports, or (iv) provide any expert or special assurance as to internal controls or management of risk. Committee members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons from whom they receive information, the accuracy and completeness of the information provided and management's representations as to any audit or non-audit services provided by the external auditor.

Nothing in this Charter is intended or may be construed as to impose on any Committee member or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject under applicable law. This Charter is not intended to change or interpret the Company's amended and restated articles of incorporation or by-laws or any law, regulation, rule or listing standard to which the Company is subject, and this Charter should be interpreted in a manner consistent with all such applicable laws, regulations, rules and listing standards. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to Company securityholders or other liability whatsoever.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "Lightspeed", "we", "us" or "our" refer to Lightspeed Commerce Inc. together with our subsidiaries, on a consolidated basis as constituted on March 31, 2023.

This MD&A dated May 18, 2023, for the three months ended March 31, 2023 and 2022 and the years ended March 31, 2023 ("Fiscal 2023") and 2022 ("Fiscal 2022"), should be read in conjunction with the Company's audited consolidated financial statements and the notes related thereto for the years ended March 31, 2023 and 2022, included elsewhere in this annual report. The financial information presented in this MD&A is derived from the Company's audited annual consolidated financial statements for Fiscal 2023 and Fiscal 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in U.S. dollars except where otherwise indicated.

We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, we are permitted to prepare this MD&A in accordance with Canadian disclosure requirements, which requirements are different than those of the United States.

Additional information relating to Lightspeed, including our most recently completed Annual Information Form and our Annual Report on Form 40-F for the fiscal year ended March 31, 2023, is available on our website at investors.lightspeedhq.com and can be found on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

Forward-looking Information

This MD&A 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, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate; macroeconomic conditions such as increasing inflationary pressures, interest rates, instability in the banking sector and global economic uncertainty; our expectations regarding the costs, timing and impact of our cost reduction initiatives; events such as the ongoing COVID-19 pandemic (the "COVID-19 Pandemic") and the Russian invasion of Ukraine; and expectations regarding industry and consumer spending trends, our growth rates, the achievement of advances in and expansion of our platform, our revenue and the revenue generation potential of our payment-related and other solutions, the impact of our decision to sell our POS and payments solutions as one unified platform, our gross margins and future profitability, acquisition outcomes and synergies, the impact of legal proceedings, the impact of foreign currency fluctuations on our results of operations, our business plans and strategies and our competitive position in our industry 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" or "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", the negative of these terms and similar terminology. 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 as at the date of the forward-looking information. 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. Certain assumptions made in respect of our ability to build our market share and enter new markets and industry verticals; our ability to attract, develop and retain key personnel; our ability to manage hardware component shortages and supply chain risk and the impact of shortages in the supply chain on our customers; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to execute on our cost reduction initiatives; our ability to continue investing in infrastructure and implement scalable controls,

systems and processes to support our growth; our ability to prevent and manage information security breaches or other cyber-security threats; our ability to protect our intellectual property rights and the risk of claims by third parties of intellectual property infringement; the impact of class actions and other litigation claims; the pricing of our offerings; our ability to successfully sell our POS and payments solutions as one unified platform to both new and existing customers; our ability to successfully integrate the companies we have acquired and to derive the benefits we expect from the acquisition thereof; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates, including inflation; seasonality in our business and in the business of our customers; the impact of competition; the changes and trends in our industry or the global economy, including changes in consumer spending; goodwill impairments and the possibility of future impairments; and the changes in laws, rules, regulations, and global standards are material factors in preparing forward-looking information and management's expectations.

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, is 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 factors described in the "Summary of Factors Affecting our Performance" section of this MD&A, in the "Risk Factors" section of our Annual Information Form dated May 18, 2023, and in our other filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which are available under our profiles 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 opinions, estimates or assumptions referred to above and described in greater detail in this MD&A should be considered carefully by prospective investors.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking information is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents our expectations as of the date hereof or as of the date it is otherwise stated to be made, as applicable, and is 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.

All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

This MD&A includes certain trademarks, including "Lightspeed", "Flame Design", "NuORDER" and other trademarks, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks referred to in this MD&A may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks.

Additional information relating to Lightspeed, including our most recently completed Annual Information Form, can be found on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

Overview

Lightspeed offers a cloud-based commerce platform that connects suppliers, merchants and consumers while enabling omni-channel experiences. Our software platform provides our customers with the critical functionality they need to engage with consumers, manage their operations, accept payments, and grow their businesses. We serve customers globally, empowering single- and multi-location retailers, restaurants, golf course operators and other companies to compete successfully in an omni-channel market environment by engaging with consumers across online, mobile, social, and physical channels. We primarily target small and medium-sized businesses ("SMBs") with our easy to use and cost efficient solutions. The majority of our revenue is recurring or reoccurring and we have a track-record of growing revenue per customer over time.

Our cloud platform is designed around three interrelated elements: omni-channel consumer experience, a comprehensive back-office operations management suite to improve our customers' efficiency and insight, and the facilitation of payments. Key functionalities of our platform include full omni-channel capabilities, point of sale ("POS"), product and menu management, employee and inventory management (including ordering), analytics and reporting, multi-location connectivity, order-ahead and curbside pickup functionality, loyalty, customer management and tailored financial solutions such as Lightspeed Payments and Lightspeed Capital. By delivering our solutions through the cloud, we enable merchants to reduce dependency on the brick and mortar channel and interact with customers anywhere (in store, online, mobile and social), gain a deeper understanding of their customers and operations by tracking activity and key metrics across all channels, and update inventory, run analytics, change menus, send promotions and otherwise manage their business operations from any location.

Our flagship solutions include Lightspeed Restaurant, a unified hospitality commerce offering, and Lightspeed Retail, a groundbreaking retail commerce offering that unites advanced POS, payments, and eCommerce into one cohesive and powerful solution. In addition, Lightspeed eCommerce allows merchants to enhance omnichannel reach and increase selling flexibility, including through social media platforms and digital marketplaces. Our new flagship solutions are seeing strong reception from customers globally. NuORDER by Lightspeed, once fully integrated, will provide customers with greater supplier access and inventory visibility, automate manual ordering, consolidate supplier portals into the POS, streamline omni-channel operations by making it easy to import product details and photos into the POS, and ensure use of supplier approved brand names and images. Going deep into verticals will also create opportunities for us to monetize our data up and down the supply chain. In Fiscal 2023, we announced the initial launch of Lightspeed B2B, our B2B offering, to several key North American verticals: fashion, outdoor, bikes and sporting goods. We believe our continued investment in Lightspeed B2B represents an opportunity for us to distinguish ourselves from competitors.

Being the commerce platform puts us in a prime position for payment processing and allows us to collect transaction-related data insights. After excluding Customer Locations attributable to the Ecwid eCommerce standalone product, our payments solutions are now available to the majority of our Customer Locations. Our transaction-based revenue was $399.6 million for Fiscal 2023, an increase of 51% from the $264.0 million in transaction-based revenue for Fiscal 2022. This was primarily driven by increased customer adoption of our payments solutions resulting in an increase of 81% in GPV[1] compared to Fiscal 2022. As of the beginning of the fiscal year ending March 31, 2024 ("Fiscal 2024"), we are now selling our POS and payments solutions together as one unified offering. We believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. We are helping our customers by offering free hardware and implementation, helping with contract buy-outs and offering competitive rates. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. We believe processing additional GTV for new and existing customers through our payments solutions will help advance our growth strategies and enable us to reduce complexity in our business. In addition, this initiative will help reduce the costs of supporting a variety of third party payment processors.

Our platform is built to scale with our customers, supporting them as they open new locations, and offering increasingly sophisticated solutions as their business requirements become more complex. Our platform helps SMBs avoid having to piece together multiple, and often disjointed, applications from various providers to leverage the technology they need to run and grow their businesses. Our ecosystem of development, channel and installation partners further reinforces the scalability of our solutions, making them customizable and extensible. We work alongside our customers through their business journey by providing industry-leading onboarding and support services, and fundamentally believe that our success is directly connected to their success.

To further complement our core cloud solutions, we offer a merchant cash advance program called Lightspeed Capital. This program provides cash advances to eligible merchants and is designed to help them with overall business growth and cash management. Merchants use these cash advances to manage their cash flows, to buy inventory, and to invest in marketing, amongst other things.

We sell our solutions primarily through our direct sales force in North America, Europe, the UK, Australia and New Zealand, supplemented by indirect channels in other countries around the world. Our platform is well-suited for various types of SMBs, particularly single- and multi-location retailers with complex operations, such as those with a high product count, diverse inventory needs or a service component, golf course operators and hospitality customers.

[1] Refer to the section entitled "Key Performance Indicators".

Excluding the impact of Customer Locations attributable to the Ecwid eCommerce standalone product, which Customer Locations carry a lower ARPU[1], the monthly ARPU of our Customer Locations was approximately $335 per Customer Location as at March 31, 2023 as compared to approximately $270 per Customer Location as at March 31, 2022.

As at March 31, 2023, excluding Customer Locations attributable to the Ecwid eCommerce standalone product, we had approximately 168,000 Customer Locations[1] in over 100 countries. While our total number of Customer Locations experienced more gradual growth in Fiscal 2023 than in prior years, the number of our Customer Locations processing over $500,000/year[2] continued to increase. We remain focused on attracting the right customer profile, particularly Customer Locations with a higher GTV and more complex needs, merchants which we believe are ideally suited for our industry-leading solutions. For Fiscal 2023, GPV was $14.7 billion compared to $8.1 billion for Fiscal 2022, representing growth of 81%. For Fiscal 2023, our cloud-based software-as-a-service platform processed GTV of $87.1 billion, which represents growth of 18% relative to $74.0 billion of GTV processed during Fiscal 2022, despite many retail verticals exhibiting lower average year-over-year GTV. For the three months ended March 31, 2023 compared to three months ended March 31, 2022, our cloud-based software-as-a-service platform processed GPV of $3.8 billion compared to $2.2 billion, representing growth of 70% and GTV[1] of $20.2 billion compared to $18.4 billion, representing growth of 10%, which is an indication of our success in penetrating our customer base with our payments solutions.

For Fiscal 2023 compared to Fiscal 2022, our omni-channel retail GTV growth was 14% and our hospitality GTV growth was 22% (3% and 20%, respectively for the three months ended March 31, 2023 compared to three months ended March 31, 2022). After excluding the impact of any acquisitions that occurred since the end of the prior comparable period so as to provide a consistent basis of comparison, organic GTV growth for Fiscal 2023 compared to Fiscal 2022 was 16%, which growth was driven by a 9% increase in GTV from omni-channel retail customers and an increase in hospitality GTV of 22% (10%, 3% and 20%, respectively for the three months ended March 31, 2023 compared to three months ended March 31, 2022). In Fiscal 2023, we observed many retail verticals exhibiting lower year-over-year GTV, likely owing to challenging economic conditions and reduction in consumer spending. For greater clarity, where an acquisition occurred part way through the prior comparable period, such acquisition's contributions in the current period are included for purposes of calculating organic GTV only to the extent of the same months they were included in the prior comparable period. All growth for the three months ended March 31, 2023 was organic as no acquisitions had occurred since the end of the prior comparable period.

Excluding Customer Locations attributable to the Ecwid eCommerce standalone product, our approximately 168,000 Customer Locations as at March 31, 2023 are located approximately 51% in North America and 49% across the rest of the world and the split of these Customer Locations between retail and hospitality represents approximately 62% and 38% of our total Customer Locations, respectively. Despite the Ecwid acquisition adding a significant number of lower ARPU Customer Locations to our overall customer base, our attention continues to be focused on serving the complex SMBs, particularly high GTV customers, to which our solutions are particularly well-suited and we believe that leveraging Ecwid's platform as our flagship eCommerce offering will enable these businesses to enhance their omnichannel reach and increase their selling flexibility.

We believe we have a distinct leadership position in SMB commerce given our scale, breadth of capabilities, and diversity of customers. We generate revenue primarily from the sale of cloud-based software subscriptions and our payments solutions. We offer pricing plans designed to meet the needs of our current and prospective customers that enable Lightspeed solutions to scale with SMBs as they grow. Our subscription plans vary from monthly plans to one-year and multi-year terms. We have also integrated our software with various third party payment processors who pay us a revenue share of the payment processing revenue for customers we refer to them. These arrangements generally predate the availability of our payments solutions in the various markets we serve.

Our total revenue has increased to $730.5 million for Fiscal 2023 from $548.4 million for Fiscal 2022, representing year-over-year growth of 33%. For Fiscal 2023, subscription revenue accounted for 41% of our total revenues (45% for Fiscal 2022), and transaction-based revenue accounted for 55% of our total revenues (48% for Fiscal 2022). Despite the impact of challenges and uncertainty in the macroeconomic environment, for Fiscal 2023, we had an annual net retention rate[1] of approximately 110%.

After excluding the impact of any acquisitions that occurred since the end of the prior comparable period so as to provide a consistent basis of comparison, organic subscription and transaction-based revenue growth for Fiscal 2023 compared to Fiscal 2022 was 31% (28% for the three months ended March 31, 2023 compared to the three months ended March 31, 2022). For greater clarity, where an acquisition occurred part way through the prior comparable period, such acquisition's contributions in the

[2] Excluding Customer Locations and GTV attributable to the Ecwid eCommerce standalone product, Lightspeed Golf and NuORDER by Lightspeed product. A Customer Location's GTV per year is calculated by annualizing the GTV for the months in which the Customer Location is actively processing in the last twelve months.

current period are included for purposes of calculating organic subscription and transaction-based revenue growth only to the extent of the same months they were included in the prior comparable period. All growth for the three months ended March 31, 2023 was organic as no acquisitions had occurred since the end of the prior comparable period.

In addition, we offer a variety of hardware and other services to provide value-added support to our merchants and supplement our subscription and transaction-based revenue solutions. These revenues are generally one-time revenues associated with the sale of hardware with which our solutions integrate and the sale of professional services in support of the installation and implementation of our solutions. For Fiscal 2023, this revenue accounted for 4% of our total revenue (7% for Fiscal 2022).

We plan to continue making deliberate investments to drive future growth. We believe that our future success depends on a number of factors, including our ability to expand our market share, build on the successes of our payments and tailored financial solutions, add more solutions to our platform, expand our presence within verticals, and our ability to selectively pursue and to integrate value-enhancing acquisitions.

During the three months ended March 31, 2023, we announced a reorganization to streamline the Company's operating model while continuing to focus on disciplined growth. This new structure represents the next deliberate step to integrate all of our acquired companies and products now that we have successfully launched our flagship products in both retail and hospitality. The reorganization included the reduction of approximately 300 roles. We plan to continue to hire core go-to-market and development roles that support disciplined growth.

We believe that we have significant opportunity to continue to expand ARPU given the number of customers adopting more Lightspeed products over time and that our continued investments will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our customers. We have not been profitable to date. If we are unable to successfully implement our growth strategies and cost reduction initiatives, we may not be able to achieve profitability. For Fiscal 2023 and Fiscal 2022, we incurred an operating loss of $1,099.0 million and $318.3 million, respectively. The operating loss for Fiscal 2023 increased primarily due to a non-cash goodwill impairment charge of $748.7 million. Our cash flows used in operating activities for Fiscal 2023 were $125.3 million, and our Adjusted Cash Flows Used in Operating Activities[3] were $96.0 million compared to $87.2 million and $61.3 million, respectively, for Fiscal 2022.

Sustainability

Sustainability is embedded in our guiding principles, and we are working towards a sustainable future and a greener economy. As part of this commitment, we have taken steps to help our customers' reduce their carbon footprint. We partner with Sustainably Run on a Carbon Free Dining program. The partnership gives our customers' diners the ability to offset the carbon emissions associated with their purchase by planting trees and provides our customers with sustainable credits towards purchasing Lightspeed products. The program has resulted in the planting of over 1.3 million trees. In addition to offsetting carbon emissions, these trees provide food, income and education for the communities sponsored to plant the trees. We also partner with TravelPerk to offset carbon emissions for our business travel by airplane, automobile, and train. We choose to partner with companies that are also environmentally conscientious. Most of our solutions are powered by Amazon Web Services ("AWS") and Google Cloud platforms. Google Cloud is 100% powered by renewable energy and AWS has committed to powering its operations with 100% renewable energy by 2025.

Lightspeed is also a place of diversity, equity and inclusion, and it has been since our Executive Chair Dax Dasilva founded the Company in Montreal’s Gay Village in 2005. The first four Lightspeed employees were all from the LGBTQ2S+ community and, based on the 2023 annual DEI engagement survey, 10% of our employees identify as LGBTQ2S+. Our commitment to a diverse and inclusive workplace can be seen at all levels of our Company, including our Employee-led Networks for women, LGBTQ2S+ community members and BIPOC community members. Furthermore, the board of directors has committed to a target of at least 37.5% of women in its membership and is actively recruiting new members with this goal in mind. We believe in creating value across our ecosystem, including by ensuring meaningful wealth creation opportunities for all employees. All permanent employees are granted an equity stake in the Company upon hire, ensuring employees’ interests are aligned with those of our shareholders.

Macroeconomic Conditions including COVID-19

There continues to be uncertainty in the macroeconomic environment, including with respect to increasing inflationary pressures, changes in consumer spending, instability in the banking sector, exchange rate fluctuations and increases of interest rates as well

[3]Refer to the section entitled "Non-IFRS Measures and Ratios and Reconciliation of Non-IFRS Measures and Ratios".

as with respect to the duration and magnitude of the COVID-19 Pandemic and the ability to control resurgences and new variants worldwide. This macroeconomic uncertainty makes it difficult to assess the future impact these events and conditions will have on our customer base, the end markets we serve and the resulting effect on our business and operations, both in the short term and in the long term.

Despite these ongoing risks and uncertainties, we continue to believe there is an accelerated need for our solutions in the retail and hospitality industries as SMBs look to augment traditional in-person selling models with online and digital strategies, operate with fewer employees to manage labor shortages by automating time-consuming tasks, and find new efficiencies and insights into their business. A large portion of our market is currently served by legacy on-premise systems that are expensive, complicated, outdated, and poorly equipped to help SMBs adapt to this immediate need. This represents a significant opportunity for us to continue to fuel adoption of our solutions. We believe our growth, despite a challenging macroeconomic environment, is an ongoing indicator of this continued shift to cloud-based solutions. Lightspeed believes it is well-positioned to capitalize on this opportunity and will continue to leverage its privileged position at the point of sale to also seize our payments opportunity.

Seizing our payments opportunity means monetizing a larger portion of our customers' GTV, which for Fiscal 2023 was $87.1 billion up 18% from the $74.0 billion we processed in Fiscal 2022. We expect changes in consumer spending or other macroeconomic conditions in the various geographies in which we operate to continue to cause variability in our GTV; however, we believe our diversity in customer verticals and geographies we serve will continue to be a strong asset of the business.

Additionally, the Russian invasion of Ukraine has created and is expected to continue to create further global economic uncertainty. We do not have any significant operations, customers or supplier relationships in Russia, Belarus or Ukraine, and have ceased our selling activities to new customers in Russia and Belarus. All of our intellectual property and customer data is located outside of the region. We do have personnel in Russia who were brought on via our acquisition of Ecwid, and as part of our business continuity plans have relocated many outside of Russia to mitigate any reliance on the region. The United States State Department has issued a warning that one of the potential escalations that may result in connection with the war in Ukraine and in response to the increased sanctions announced by many countries against Russia, could be an increased risk of cyber-security attacks to the networks and operations of companies operating from countries that have participated in sanctions against Russia. We take that concern very seriously and have increased our own efforts to monitor our networks and information technology infrastructure for any signs of such attacks. We will continue to monitor the situation closely, but to date we have not experienced any disruptions in our business operations as a result thereof.

We continue to monitor the impact of macroeconomic events and conditions on our business, financial condition and operations, as further discussed below. Refer to the section of this MD&A entitled "Summary of Factors Affecting Our Performance", to the "Risk Factors" section of our most recent Annual Information Form, and to our other filings with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, for a discussion about the risks with which we are faced.

Key Performance Indicators

We monitor the following key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key performance indicators are also used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures and ratios. We also believe that securities analysts, investors and other interested parties frequently use industry metrics in the evaluation of issuers. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

> **Average Revenue Per User. "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. We use this measure as we believe it provides a helpful supplemental indicator of our progress in growing the revenue that we derive from our customer base. When excluding Customer Locations attributable to the Ecwid eCommerce standalone product, which Customer Locations carry a lower ARPU, the monthly ARPU of our Customer Locations increased by 24% to approximately $335 per Customer Location as at March 31, 2023 compared to approximately $270 per Customer Location as at March 31, 2022. When including Customer Locations attributable to the Ecwid eCommerce standalone product, our customers generated monthly ARPU of approximately $145 per Customer Location as at March 31, 2022 and approximately $181 as at March 31, 2023. For greater clarity, the number of Customer Locations of the Company in the period is calculated by taking the average number of Customer Locations throughout the period.

Customer Locations. "Customer Location" means a billing merchant location for which the term of services have not ended, or with which we are negotiating a renewal contract, and, in the case of NuORDER, a brand with a direct or indirect paid subscription for which the terms of services have not ended or in respect of which we are negotiating a subscription renewal. A single unique customer can have multiple Customer Locations including physical and eCommerce sites and in the case of NuORDER, multiple subscriptions. We use this measure as we believe that our ability to increase the number of Customer Locations with a high GTV per year served by our platform is an indicator of our success in terms of market penetration and growth of our business. A Customer Location's GTV per year is calculated by annualizing the GTV for the months in which the Customer Location was actively processing in the last twelve months. During the three months ended March 31, 2023, the number of our Customer Locations processing over $500,000/year continued to increase. Excluding Customer Locations attributable to the Ecwid eCommerce standalone product, our Customer Locations were approximately 168,000 as at March 31, 2023 compared to approximately 163,000 as at March 31, 2022. Customer Locations attributable to the Ecwid eCommerce standalone product were approximately 158,000 as at March 31, 2023, compared to approximately 160,000 as at March 31, 2022.

Gross Payment Volume. "Gross Payment Volume" or "GPV" means the total dollar value of transactions processed, excluding amounts processed through the NuORDER solution, in the period through our payments solutions in respect of which we act as the principal in the arrangement with the customer, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We use this measure as we believe that growth in our GPV demonstrates the extent to which we have scaled our payments solutions. As the number of Customer Locations using our payments solutions grows, particularly those with a high GTV, we will generate more GPV and see higher transaction-based revenue. For the three months ended March 31, 2023, GPV was $3.8 billion compared to $2.2 billion for the three months ended March 31, 2022, representing growth of 70%. For Fiscal 2023, GPV was $14.7 billion compared to $8.1 billion for Fiscal 2022, representing growth of 81%. We have excluded amounts processed through the NuORDER solution from our GPV because they represent business-to-business volume rather than business-to-consumer volume and we do not currently have a robust payments solution for business-to-business volume.

Gross Transaction Volume. "Gross Transaction Volume" or "GTV" means the total dollar value of transactions processed through our cloud-based software-as-a-service platform, excluding amounts processed through the NuORDER solution, in the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We use this measure as 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. For the three months ended March 31, 2023, GTV was $20.2 billion compared to $18.4 billion for the three months ended March 31, 2022, representing growth of 10%. In the three months ended March 31, 2023, we observed lower year-over-year GTV in many retail verticals likely owing to challenging economic conditions and reduction in customer spending. For Fiscal 2023, GTV was $87.1 billion compared to $74.0 billion for Fiscal 2022, representing growth of 18%. We have excluded amounts processed through the NuORDER solution from our GTV because they represent business-to-business volume rather than business-to-consumer volume and we do not currently have a robust payments solution for business-to-business volume.

Net Retention Rate. "Net Retention Rate" or "NRR" . We use this measure as we believe that our ability to retain and expand the revenues generated from our existing customers is an indicator of the long-term value of our customer relationships. We track our performance in this area by measuring our NRR, which is calculated by firstly identifying a cohort of customers, or the "Base Customers", in a particular month, or the "Base Month". Billings include billings of subscriptions fees and billings of fees from our payments solutions in respect of which we act as the principal in the arrangement with the customer. We then divide the Billings for the Base Customers in the same month of the subsequent year, or the "Comparison Month", by the Billings in the Base Month to derive a monthly NRR. This by definition, does not include any customers added to our platform between the Base Month and the Comparison Month. We measure the annual NRR by taking a weighted average of the monthly NRR over the trailing twelve months. NRR excludes customers attributable to the Ecwid eCommerce standalone product. Despite the impact of challenges and uncertainty in the macroeconomic environment, for Fiscal 2023, we had an annual NRR of approximately 110%. In previous fiscal years, we have disclosed a net dollar retention rate which was 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 revenues 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. Net Retention Rate is a different measure than net dollar retention rate. We believe that Net Retention Rate more clearly demonstrates whether we are successful in retaining and expanding revenue generated from our existing customers than net dollar retention rate because the longer intervening period between the months compared in calculating Net Retention Rate is more statistically significant and controls for factors such as seasonality.

Non-IFRS Measures and Ratios and Reconciliation of Non-IFRS Measures and Ratios

The information presented within this MD&A includes certain non-IFRS financial measures such as "Adjusted EBITDA", "Adjusted Income (Loss)", and "Adjusted Cash Flows Used in Operating Activities" and the non-IFRS ratio "Adjusted Income (Loss) per Share - Basic and Diluted". These measures and ratios are not recognized measures and ratios under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures and ratios presented by other companies. Rather, these measures and ratios are provided as additional information to complement those IFRS measures and ratios by providing further understanding of our results of operations from management's perspective. Accordingly, these measures and ratios should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures and ratios are used to provide investors with supplemental measures and ratios of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures and ratios. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures and ratios in the evaluation of issuers. Our management also uses non-IFRS measures and ratios in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

Adjusted EBITDA

Adjusted EBITDA is defined as net loss excluding interest, taxes, depreciation and amortization, or EBITDA, as adjusted for share-based compensation and related payroll taxes, compensation expenses relating to acquisitions completed, foreign exchange gains and losses, transaction-related costs, restructuring, litigation provisions and goodwill impairment. We believe that Adjusted EBITDA provides a useful supplemental measure of the Company's operating performance, as it helps illustrate underlying trends in our business that could otherwise be masked by the effect of the income or expenses that are not indicative of the core operating performance of our business. The following table reconciles net loss to Adjusted EBITDA for the periods indicated:

	Three months ended March 31,		Fiscal year ended March 31,	
(In thousands of US dollars)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Net loss	(74,468)	(114,517)	(1,070,009)	(288,433)
Share-based compensation and related payroll taxes [1]	15,967	41,625	123,667	109,066
Depreciation and amortization [2]	28,380	29,972	115,261	104,548
Foreign exchange loss (gain) [3]	297	29	(199)	611
Net interest income [2]	(9,654)	(1,014)	(24,812)	(2,988)
Acquisition-related compensation [4]	5,746	20,433	41,792	50,491
Transaction-related costs [5]	2,323	872	5,834	9,653
Restructuring [6]	25,549	606	28,683	803
Goodwill impairment [7]	—	—	748,712	—
Litigation provisions [8]	229	576	1,409	1,655
Income tax expense (recovery)	1,283	1,679	(4,219)	(26,921)
Adjusted EBITDA	(4,348)	(19,739)	(33,881)	(41,515)

(1) 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, and cash related payroll taxes given that they are directly attributable to share-based compensation; they can include estimates and are therefore subject to change. For the three months and fiscal year ended March 31, 2023, excluding $5,637 of share-based compensation expense acceleration that was classified as restructuring, share-based compensation expense was $15,685 and $123,530, respectively (March 2022 - expense of $41,934 and $108,916), and related payroll taxes were an expense of $282 and $137, respectively (March 2022 - recovery of $309 and an expense of $150). These amounts are included in direct cost of revenues, general and administrative expenses, research and development expenses and sales and marketing expenses (see note 8 of the audited annual consolidated financial statements for additional details). These expenses exclude share-based compensation classified as restructuring, which has been included in the restructuring expense.

(2) In connection with the accounting standard IFRS 16 - Leases, for the three months ended March 31, 2023, net loss includes depreciation of $2,025 related to right-of-use assets, interest expense of $278 on lease liabilities, and excludes an amount of $2,322 relating to rent expense ($2,032, $288, and $2,111, respectively, for the three months ended March 31, 2022). For Fiscal 2023, net loss includes depreciation of $8,244 related to right-of-use assets, interest expense of $1,075 on lease liabilities, and excludes an amount of $8,712 relating to rent expense ($7,743, $1,204, and $8,133, respectively, for Fiscal 2022).

(3) These non-cash gains and losses relate to foreign exchange translation.

(4) These costs represent a portion of the consideration paid to acquired businesses that is contingent upon the ongoing employment obligations for certain key personnel of such acquired businesses, and/or on certain performance criteria being achieved.

(5) 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. These costs are included in general and administrative expenses and sales and marketing expenses.

(6) Certain functions and the associated management structure were reorganized to realize synergies and ensure organizational agility. During the three months ended March 31, 2023, we announced a reorganization to streamline the Company's operating model while continuing to focus on disciplined growth. The expenses associated with this reorganization were recorded as a restructuring charge (see note 24 of the audited annual consolidated financial statements for additional details).

(7) This amount represents a non-cash goodwill impairment charge (see note 16 of the audited annual consolidated financial statements for additional details).

(8) These amounts represent provisions taken and other costs, such as legal fees, incurred in respect of certain litigation matters, net of amounts covered by insurance and indemnifications. These amounts do not include provisions taken and other costs incurred in respect of litigation matters of a nature that we consider normal to our business. These amounts are included in general and administrative expenses.

Adjusted Loss and Adjusted Loss per Share - Basic and Diluted

Adjusted Loss is defined as net loss excluding amortization of intangibles, as adjusted for share-based compensation and related payroll taxes, compensation expenses relating to acquisitions completed, transaction-related costs, restructuring, litigation provisions, deferred income taxes and goodwill impairment. We use this measure as we believe excluding amortization of intangibles and certain other non-cash or non-operational expenditures provides a helpful supplementary indicator of our business performance as it allows for more accurate comparability across periods. Adjusted Loss per Share - Basic and Diluted is defined as Adjusted Loss divided by the weighted average number of common shares (basic and diluted). We use Adjusted Loss per Share - Basic and Diluted to provide a helpful supplemental indicator of the performance of our business on a per share (basic and diluted) basis. The following table reconciles net loss to Adjusted Loss for the periods indicated:

	Three months ended March 31,		Fiscal year ended March 31,	
(In thousands of US dollars, except number of shares and per share amounts)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Net loss	(74,468)	(114,517)	(1,070,009)	(288,433)
Share-based compensation and related payroll taxes [1]	15,967	41,625	123,667	109,066
Amortization of intangible assets	24,620	26,151	101,546	91,812
Acquisition-related compensation[2]	5,746	20,433	41,792	50,491
Transaction-related costs[3]	2,323	872	5,834	9,653
Restructuring[4]	25,549	606	28,683	803
Goodwill impairment[5]	—	—	748,712	—
Litigation provisions[6]	229	576	1,409	1,655
Deferred income tax expense (recovery)	(368)	1,397	(6,688)	(28,024)
Adjusted Loss	(402)	(22,857)	(25,054)	(52,977)
Weighted average number of Common Shares – basic and diluted[7]	151,774,467	148,473,309	150,404,130	141,580,917
Net loss per share – basic and diluted	(0.49)	(0.77)	(7.11)	(2.04)
Adjusted Loss per Share – Basic and Diluted	(0.00)	(0.15)	(0.17)	(0.37)

(1) 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, and cash related payroll taxes given that they are directly attributable to share-based compensation; they can include estimates and are therefore subject to change. For the three months and fiscal year ended March 31, 2023, excluding $5,637 of share-based compensation expense acceleration that was classified as restructuring, share-based compensation expense was $15,685 and $123,530, respectively (March 2022 - expense of $41,934 and $108,916), and related payroll taxes were an expense of $282 and $137, respectively (March 2022 - recovery of $309 and an expense of $150). These amounts are included in direct cost of revenues, general and administrative expenses, research and development expenses and sales and marketing expenses (see note 8 of the audited annual consolidated financial statements for additional details). These expenses exclude share-based compensation classified as restructuring, which has been included in the restructuring expense.

(2) These costs represent a portion of the consideration paid to acquired businesses that is contingent upon the ongoing employment obligations for certain key personnel of such acquired businesses, and/or on certain performance criteria being achieved.

(3) 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. These costs are included in general and administrative expenses and sales and marketing expenses.

(4) Certain functions and the associated management structure were reorganized to realize synergies and ensure organizational agility. During the three months ended March 31, 2023, we announced a reorganization to streamline the Company's operating model while continuing to focus on disciplined growth. The expenses associated with this reorganization were recorded as a restructuring charge (see note 24 of the audited annual consolidated financial statements for additional details).

(5) This amount represents a non-cash goodwill impairment charge (see note 16 of the audited annual consolidated financial statements for additional details).

(6) These amounts represent provisions taken and other costs, such as legal fees, incurred in respect of certain litigation matters, net of amounts covered by insurance and indemnifications. These amounts do not include provisions taken and other costs incurred in respect of litigation matters of a nature that we consider normal to our business. These amounts are included in general and administrative expenses.

(7) In periods where we reported an Adjusted Loss, as a result of the Adjusted Losses incurred, all potentially-dilutive securities have been excluded from the calculation of Adjusted Loss per Share - Diluted because including them would be anti-dilutive. Adjusted Loss per Share - Diluted is the same as Adjusted Loss per Share - Basic in these periods where we incurred an Adjusted Loss.

Adjusted Cash Flows Used in Operating Activities

Adjusted Cash Flows Used in Operating Activities is defined as cash flows used in operating activities as adjusted for the payment of payroll taxes on share-based compensation, the payment of compensation expenses relating to acquisitions completed, the payment of transaction-related costs, the payment of restructuring costs, the payment of amounts related to litigation provisions net of amounts received as insurance and indemnification proceeds and the payment of amounts related to capitalized internal development costs. We use this measure as we believe including or excluding certain inflows and outflows provides a helpful supplemental indicator to investors on our business performance in regard to the Company's ability to generate cash flows. An explanation of the Adjusted Cash Flows Used in Operating Activities can be found in the "Liquidity and Capital Resources" section of this MD&A. The following table reconciles cash flows used in operating activities to Adjusted Cash Flows Used in Operating Activities for the periods indicated:

	Three months ended March 31,		Fiscal year ended March 31,	
(In thousands of US dollars)	**2023**	**2022**	**2023**	**2022**
	$	$	$	$
Cash flows used in operating activities	(41,587)	(11,342)	(125,284)	(87,218)
Payroll taxes related to share-based compensation (1)	820	156	1,705	4,953
Acquisition-related compensation(2)	2,547	746	8,590	7,839
Transaction-related costs(3)	(2,621)	431	1,888	12,208
Restructuring(4)	15,230	501	17,722	1,590
Litigation provisions(5)	209	(366)	3,306	(654)
Capitalized internal development costs(6)	(1,519)	—	(3,894)	—
Adjusted Cash Flows Used in Operating Activities	(26,921)	(9,874)	(95,967)	(61,282)

(1) These amounts represent the cash inflow and outflow of payroll taxes on our issued stock options and other awards under our equity incentive plans to our employees and directors.

(2) These amounts represent the cash outflow of a portion of the consideration paid to acquired businesses that is associated with the ongoing employment obligations for certain key personnel of such acquired businesses, and/or on certain performance criteria being achieved.

(3) These amounts represent the cash outflows, and inflows due to timing differences, related to professional, legal, consulting, accounting, advisory, and other fees relating to our public offerings and acquisitions that would otherwise not have been incurred. These amounts also include adjustments related to the settlement of transaction-related costs of the targets that were outside the regular course of business for our acquisitions and which were assumed as liabilities on the relevant acquisition dates.

(4) Certain functions and the associated management structure were reorganized to realize synergies and ensure organizational agility. During the three months ended March 31, 2023, we announced a reorganization to streamline the Company's operating model while continuing to focus on disciplined growth. The expenses associated with this reorganization were recorded as a restructuring charge (see note 24 of the audited annual consolidated financial statements for additional details).

(5) These amounts represent the cash inflow and outflow in respect of provisions taken, and other costs such as legal fees incurred, in respect of certain litigation matters, net of amounts received as insurance and indemnification proceeds. These cash inflows and

outflows do not include cash inflows and outflows in respect of litigation matters of a nature that we consider normal to our business.

(6) These amounts represent the cash outflows associated with capitalized internal development costs. These amounts are included within the cash flows used in investing activities section of the audited annual consolidated statements of cash flows. If these costs were not capitalized as an intangible asset, they would be part of our cash flows used in operating activities. There were no capitalized internal development costs in the fiscal year ended March 31, 2022.

Outlook

A discussion of management's expectations as to the Company's outlook for the three months ending June 30, 2023 and fiscal year ending March 31, 2024 is contained in the Company's press release dated May 18, 2023 under the heading "Financial Outlook". The press release is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Information contained in, or otherwise accessed through, such press release is not deemed part of this MD&A and such press release and information is not incorporated by reference herein.

Summary of Factors Affecting our Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below, in the "Risk Factors" section of our most recent Annual Information Form, and in our other filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, all of which can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Market Adoption of our Platform

We intend to continue to drive adoption of our advanced commerce platform by scaling our solutions to meet the needs of both new and existing customers of all types and sizes, with our focus being on complex high GTV customers. We believe that there is significant potential to increase penetration of our total addressable market and attract new customers and that this potential has become even greater due to the accelerating need for SMBs to move away from legacy on-premise systems towards cloud-based omni-channel solutions. We plan to do this by further developing our products and services, embedding ourselves up and down the supply chain within the ecosystem of verticals as well as continuing to invest in marketing strategies tailored to attract new businesses to our platform, both in our existing geographies and new markets around the world. We also intend to selectively evaluate opportunities to offer our solutions to businesses operating in industry verticals that we do not currently serve. We plan to continue to invest in our platform to drive market adoption, particularly of our payments solutions, and our operating cash flows may fluctuate and our profitability may be impacted as we make these investments. Our market is large, evolving, highly-fragmented, competitive and has low barriers to entry in many of the countries in which we operate. Our competitors range from large, well-established vendors to smaller, earlier-stage ones. We expect competition to intensify in the future, particularly as industry consolidation occurs and as large, well-established vendors increasingly service more complex customers or shift their focus to in-person shopping and services. Our focus will be on selling our flagship products globally, as we believe two core offerings will reduce complexity, help improve go-to-market momentum and help deliver stronger performance.

Customer Adoption of our Payments Solutions

After excluding Customer Locations attributable to the Ecwid eCommerce standalone product, our payments solutions are now available to the majority of our Customer Locations. We believe that our payments solutions will continue to be an increasingly important part of our business as we continue to increase their availability throughout our customer base and across our core geographies. Our payments solutions are designed to be transparent and easy to understand, and we have priced our solutions at market competitive rates based on a percentage of GTV electronically processed through our platform. We continue to see increased adoption of our payment processing solutions, which are the largest driver of revenue growth for the Company. As an increasing proportion of our revenue is generated from our payments solutions, we believe that while our total revenues may grow, our gross margins will decrease over time due to the lower gross margin profile of our transaction-based revenue stream relative to the higher gross margin profile of our subscription revenue stream. As of the beginning of Fiscal 2024, we are now selling our POS and payments solutions together as one unified offering. We believe embedded payments results in the best experience for customers by improving consistency and reliability, streamlining support and billing, and enhancing opportunities for them to avail themselves of innovative product functionality. We are helping our customers by offering free hardware and implementation, helping with contract buy-outs and offering competitive rates. As a result of this initiative, we will require our eligible new and existing customers to adopt our payments solutions. We believe processing additional GTV for new and existing

customers through our payments solutions will help advance our growth strategies and enable us to reduce complexity in our business. In addition, this initiative will help reduce the costs of supporting a variety of third party payment processors.

Cross-selling and Up-selling with Existing Customers

Our existing customers represent a significant opportunity to cross-sell and up-sell products and services with significantly lower sales and marketing expense. We use a "land and expand" approach, with many of our customers initially deploying our platform for a specific use case. Once they realize the benefits and wide functionality of our platform, they can expand the number of use cases including services such as Lightspeed Advanced Insights, Lightspeed Payments and Lightspeed Capital. We plan to continually invest in product development, and in sales and marketing, to add more solutions to our platform and to increase the usage and awareness of our solutions. Such investments include integrating Lightspeed B2B to enable inventory ordering straight from our merchants' POS, and to provide brands with data insights on consumers and trends to optimize manufacturing and distribution. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to expand our customers' use of our comprehensive suite of solutions.

Economic Conditions and Resulting Consumer Spending Trends

Our performance is subject to worldwide economic conditions and global events, including political, economic, social and environmental risks that may impact our operations or our customers' operations. Such conditions and events may adversely affect consumer confidence, consumer spending, consumer discretionary income or changes in consumer purchasing habits. Deterioration in general economic conditions, including any rise in unemployment rates, inflation and increases in interest rates, have adversely affected and may continue to adversely affect consumer spending, consumer debt levels and credit and debit card usage, and as a result, have adversely affected our financial performance by reducing the number of transactions or average purchase amount of transactions processed using our payments solutions. Deterioration in general economic conditions may also cause financial institutions to restrict credit lines to cardholders or limit the issuance of new cards to mitigate cardholder credit concerns, which could further reduce the number or average purchase amount of transactions processed using our payments solutions. Many of the customers that use our platform are SMBs and many are also in the entrepreneurial stage of their development. SMBs may be disproportionately affected by the aforementioned economic conditions or economic downturns, especially if they sell discretionary goods. SMBs may also be disproportionately affected by other economic conditions, including labor shortages and global supply chain issues. SMBs frequently have limited budgets and may choose to allocate their spending to items other than our platform, especially in times of economic uncertainty or recessions. Economic and geopolitical uncertainties, including those related to the COVID-19 Pandemic, variants of the COVID-19 virus, and Russia's invasion of Ukraine may further amplify such risks.

Economic downturns have and may continue to adversely impact retail and hospitality sales, which could result in us processing lower payments volumes and customers who use our platform going out of business or deciding to stop using our services in order to conserve cash. Moreover, our customers that run restaurants or customers in certain of our retail verticals operate in industries which are intensely competitive and subject to heightened exposure to economic conditions affecting consumer discretionary spending, resulting in overall risk and a rate of failure that are typically greater than for businesses generally.

Weakening economic conditions may also adversely affect third parties, including suppliers and partners, with whom we have entered into relationships and upon whom we depend in order to operate and grow our business. Uncertain and adverse economic conditions may also lead to increased write-offs of our trade receivables, and refunds and chargebacks or potential losses to our merchant cash advance program, any of which could adversely affect our business.

COVID-19 Pandemic

The future impact of the COVID-19 Pandemic on our business, financial condition and results of operations remains uncertain. Measures attempting to contain and mitigate the effects of the virus such as travel restrictions, self-isolation measures, mandatory closures of non-essential services and businesses, physical distancing practices, and the resulting effect on the operations of and spending by merchants, brands and consumers including supply chain issues have disrupted and may in the future disrupt our normal operations and impact our employees, vendors, partners, and our customers and their consumers. The degree to which COVID-19 will continue to affect our business, operating results and financial condition will depend on highly uncertain and unpredictable future developments.

The COVID-19 Pandemic has impacted and may in the future impact our customers, including their GTV, overall demand for our services, and anticipated subscription pauses and churn rates due to business closures and temporary business shutdowns. It has also limited, and may in the future limit, their ability to obtain inventory or ingredients and supplies, to generate sales, or to make

timely payments to us. COVID-19 has also caused heightened uncertainty in the global economy. Slowdowns in economic growth, particularly where they reduce consumer spending, have negatively impacted and may continue to negatively impact our customers and our results of operations. Uncertain and adverse economic conditions may also lead to increased write-offs of our trade receivables, and refunds and chargebacks or potential losses for our merchant cash advance program and may require us to recognize an impairment related to our non-financial assets in our financial statements. See the risk factor in our Annual Information Form titled " *We have in the past suffered losses due to goodwill impairment and may in the future suffer losses due to impairment charges*" for more information.

Uncertainty in the global economy and market volatility has been and may in the future be exacerbated by new variants and mutations of the COVID-19 virus. Continued capital markets volatility may cause further declines in the price of our subordinate voting shares, increasing the risk that further securities class action lawsuits may be instituted against us.

The COVID-19 Pandemic and related restrictions may also disrupt or delay the ability of employees to work, cause delays or disruptions in services provided by our vendors, increase our vulnerability and that of our partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events. The duration, severity and ongoing impacts of the COVID-19 Pandemic may also have the effect of heightening many of the other risks described herein, in our most recent Annual Information Form and in our filings with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission. Additionally, although we have attempted to identify the COVID-19-related risks faced by our business, the uncertainty and lack of predictability around the COVID-19 Pandemic means there may be other risks not presently known to us or that we presently believe are not material that could also affect our business, financial condition and results of operations. While it remains difficult to estimate the overall severity, extent or duration of the COVID-19 Pandemic, to the extent it materially adversely affects our employees, customers, vendors, partners and/or other stakeholders, it may also have a material adverse effect on our business, financial condition or results of operations.

Scaling our Sales and Marketing Team

Our ability to achieve significant growth in future revenue will largely depend upon the effectiveness of our sales and marketing efforts, both domestically and internationally. The majority of our sales and marketing efforts are accomplished in-house, and we believe the strength of our sales and marketing team is critical to our success. We have invested and intend to continue to invest meaningfully in terms of expanding our sales force, and consequently, we anticipate that our headcount will continue to increase as a result of these investments. To complement this strategy, we have begun to invest in outbound-led lead generation, particularly in our U.S. markets and for complex merchants and restaurateurs with high annual GTV. In certain instances, we have supplemented this approach with field sales teams.

Retaining and Motivating Qualified Personnel

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. Our ability to identify, hire, develop, motivate and retain qualified personnel will directly affect our ability to maintain and grow our business, and such efforts will require significant time, expense and attention. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills and employees with high levels of experience in designing and developing software and internet-related services, will be critical to our future success and demand and competition for such talent is high. We are also substantially dependent on our direct sales force to obtain new customers and increase sales to existing customers. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, and retaining a sufficient number of sales personnel to support our growth. While we have in the past issued, and intend to continue to issue, options, restricted share units or other equity awards as key components of our overall compensation, employee attraction and retention efforts, we are required under IFRS to recognize shared-based compensation expense in our operating results for employee share-based compensation under our equity grant programs which may increase the pressure to limit share-based compensation. See the risk factor in our Annual Information Form titled "*If we are unable to hire, retain and motivate qualified personnel, our business will suffer* " for more information.

International Sales

We believe that global demand for our platform will continue to increase as SMBs seek out end-to-end solutions with omni-channel capabilities to enable their businesses to thrive and succeed in an increasingly complex operating environment. Accordingly, we believe there is a significant opportunity to grow our international business. We have invested, and plan to continue to opportunistically invest, ahead of this potential demand in personnel and marketing, and to make selective acquisitions to support our international growth. For each new geography where we expand or seek to expand, we focus on understanding the

needs of the local market and invest to develop relationships and our products, as well as understanding and complying with applicable local regulatory and compliance frameworks.

Seasonality

We believe our transaction-based revenues will continue to represent an increasing proportion of our overall revenue mix over t ime as a result of the continued customer adoption of our payments solutions, and we expect seasonality of our quarterly results to continue to increase. We expect our overall revenues to continue to become increasingly correlated with respect to the GTV processed by our customers through our platform.

Foreign Currency

Exchange rate fluctuations may negatively affect our results of operations. Our presentation and functional currency is the U.S. dollar. We derive the largest portion of our revenues in U.S. dollars and the largest proportion of our expenses in U.S. dollars. Exchange rate fluctuations have and may continue to negatively affect our revenue as our software subscriptions are generally billed in the local currency of the country in which the customer is located, and the underlying GPV (from which we earn transaction-based revenue) is also expected to be denominated in local currency. To the extent that we have significant revenues denominated in foreign currencies, any strengthening of the U.S. dollar would reduce our revenues as measured in U.S. dollars. Our head office and a significant portion of our employees are located in Canada, along with additional presence in Europe, Australia and New Zealand. A large amount of our expenses are incurred in Canadian dollars and Euros with a smaller proportion of expenses incurred in other foreign currencies. As a result, our expenses may be adversely impacted by a decrease in the value of the U.S. dollar relative to these currencies but primarily the Canadian dollar and the Euro.

During Fiscal 2022, we ado pted a hedging program to mitigate the impact of foreign currency fluctuations on future cash flows and expenses by entering into foreign exchange forward contracts which we have designated as cash flow hedges. Our hedging program does not mitigate the impact of foreign currency fluctuations on our revenue. We do not have foreign exchange forward contracts in place with respect to all currencies in which we currently do business but may, from time to time, enter into additional foreign exchange forward contracts in respect of other foreign currencies. Currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency fluctuates in value against the U.S. dollar, the use of hedges could result in losses greater than if the hedging had not been used. There can be no assurance that our hedging strategies, if any, will be effective in the future or that we will be able to enter into foreign exchange forward contracts on satisfactory terms. See the "Risk Factors" section of our most recent Annual Information Form, which can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, for a discussion on exchange rate fluctuations.

Selective Pursuit of Acquisitions

We have complemented our organic growth strategies by taking a targeted and opportunistic approach to acquisitions, identifying acquisition targets with a view to accelerating our product roadmap, increasing our market penetration, going deep into verticals and creating value for our shareholders. Throughout our history, we have accrued significant sales and marketing expertise, which we leverage to facilitate our continued global expansion both organically and in integrating the companies we acquire.

We believe that we remain well-positioned to continue to grow organically around the globe and to selectively pursue new acquisitions given our experience and scale. However, such acquisitions and investments could divert management’s attention, result in operating difficulties due to a lack of timely and proper completion or integration, or otherwise disrupt our operations and adversely affect our business, operating results or financial position, regardless of whether such acquisitions and investments are ultimately completed.

Goodwill Impairment

We have incurred a non-cash impairment charge for goodwill and may incur further impairment charges which would negatively impact our operating results. We account for goodwill impairment in accordance with IAS 36, Impairment of Assets, which among other things, requires that goodwill be tested for impairment at least annually. During the three months ended December 31, 2022, there were changes in macroeconomic conditions and our share price and market capitalization decreased. This led to the carrying amount of our net assets exceeding our market capitalization as at December 31, 2022. This triggered an impairment test to be performed on the Company's goodwill for our operating segment (the "Segment") which is the level at which management monitors goodwill. The timing of this test also aligned with our annual impairment test of goodwill. Our test as at December 31, 2022 resulted in a non-cash impairment charge of $748.7 million related to goodwill during the three months ended December 31, 2022 as the terminal value multiple was negatively impacted by the macroeconomic conditions and our share price decrease, and our revenue growth rate was negatively impacted by the macroeconomic impact on our customer's sales.

If the carrying value of the Segment is below the Segment's recoverable amount in the future, we may have to recognize further goodwill impairment losses in our results of operations in future periods. This could impair our ability to achieve profitability in the future. Goodwill is more susceptible to impairment risk if business operating results or economic conditions deteriorate. We are required to perform our next annual goodwill impairment analysis on December 31, 2023, or earlier should there be a goodwill impairment trigger before then. For additional information, refer to note 16 of our audited annual consolidated financial statements for Fiscal 2023.

Key Components of Results of Operations

Revenues

Subscription Revenue

We principally generate subscription-based revenue through the sale of subscriptions to our software solutions. We offer pricing plans designed to meet the needs of our current and prospective customers that enable our solutions to scale with customers as they grow. Our subscription plans are sold as monthly, one-year or multi-year plans. Subscription plans for our cloud-based solutions include maintenance and support. Customers purchase subscription plans directly from us or through our channel partners. In addition to the core subscriptions outlined above, customers can purchase add-on services such as delivery, advanced insights, accounting and inventory management, amongst others. In addition, we generate revenues through revenue sharing
agreements from our partners.

Transaction-based Revenue

We generate transaction-based revenues by providing our customers with the functionality to accept payments from consumers. Such revenues come in the form of transaction fees and represent a percentage of GTV processed by our customers through our offered solutions. We generate transaction-based revenues from our payments solutions as well as our revenue sharing agreements with our integrated payment partners. The revenue sharing arrangements mainly predate the availability of Lightspeed Payments and are also the result of inherited revenue streams from some of our acquisitions. Since we do not act as the principal in these arrangements, we recognize revenue from these streams at the net amount retained by us in accordance with IFRS. It also means we generally earn inferior economics as a result when compared to payments solutions in respect of which we act as principal given that we have less control of the underlying customer relationship. We have, on multiple occasions, been able to leverage our increased scale to renegotiate our relationships with our payments partners resulting in better payments economics overall. In addition, we have contracted with a number of third-party vendors that sell products to the same customers as the Company. We refer customers to these vendors and earn a referral fee. We also earn revenues from Lightspeed Capital, a merchant cash advance ("MCA") program pursuant to which we purchase a designated amount of future receivables at a discount, and the customer remits a fixed percentage of their daily sales to us, until the outstanding balance has been fully remitted.

Our payments solutions allow our customers to accept electronic payments in-store, through connected terminals and online. After excluding Customer Locations attributable to the Ecwid eCommerce standalone product, our payments solutions are now available to the majority of our Customer Locations. Offering embedded payments functionality is highly complementary to the platform we offer our customers today and will allow us to monetize a greater portion of the $87.1 billion in GTV processed in Fiscal 2023.

Hardware and Other Revenue

These revenues are generally one-time revenues associated with the sale of hardware with which our solutions integrate and the sale of professional services in support of the installation and implementation of our solutions. We generate revenues through the sale of POS peripheral hardware such as our tablets, customer facing display, receipt printers, networking hardware, cash drawers, payment terminals, servers, stands, bar-code scanners, and an assortment of accessories.

Although our software solutions are intended to be turnkey solutions that can be used by the customer as delivered, we provide professional services to our customers in some circumstances in the form of on-site installations and implementations. These implementation services are typically delivered through our internal integrations team or through a network of certified partners. Additionally, from time to time we earn one-time fees for integration work performed pursuant to certain strategic partnerships.

Direct Cost of Revenues

Subscription Cost of Revenue

Cost of subscription revenue primarily includes salaries and other employee related costs for a subset of the support team, costs associated with hosting infrastructure for our services and certain corporate overhead allocations. Significant expenses include costs of our support including total salaries and benefits, share-based compensation and related payroll taxes, data center capacity costs, professional fees and other third-party direct costs such as customer support and royalties and amounts paid to third-party cloud service providers.

Transaction-based Cost of Revenue

Transaction-based cost of revenue primarily includes direct costs when transactions are processed using our payments solutions, direct costs related to our merchant cash advance program, salaries and other employee related costs, including share-based compensation and related payroll taxes, for a subset of the support team, and certain corporate overhead allocations. The direct costs include costs of interchange and network assessment fees, processing fees, and bank settlement fees to third-party payment processors and financial institutions involved in settlement.

Hardware and Other Cost of Revenue

Cost of these revenues primarily includes costs associated with our hardware solutions, such as the cost of acquiring the hardware inventory, including hardware purchase price, expenses associated with third-party fulfillment companies, shipping and handling and inventory adjustments, expenses related to costs of professional services provided to customers, salaries and other employee related costs, including share-based compensation and related payroll taxes, and other corporate overhead allocations.

Operating Expenses

General and Administrative

General and administrative expenses consist of salaries and other employee related costs, including share-based compensation and related payroll taxes, for finance, accounting, legal, administrative, human resources, as well as financial services. These expenses also consist of expenses related to information technology, information systems, information security, and corporate data employees which expenses are partially allocated to research and development, sales and marketing, and direct cost of revenues. General and administrative expenses also include other professional fees, transaction-related costs related to our acquisitions, litigation costs, costs associated with internal systems and general corporate expenses. As a public company in the United States, it is expensive for us to obtain director and officer liability insurance, and we continue to have to manage trade-offs between accepting reduced coverage or incurring higher costs to continue or expand our coverage, although changes to the laws and regulations governing insurance coverage for companies domiciled in Quebec have had a favorable impact on certain of our premiums. In the longer term, we expect general and administrative expenses to decrease as a percentage of total revenues as we focus on processes, systems and controls to enable our internal support functions to scale with the growth of our business.

Research and Development

Research and development expenses consist primarily of salaries and other employee related costs, including share-based compensation and related taxes, for product-related functions including product management, core development, data, product design and development and other corporate overhead allocations. We continue to invest our research and development efforts on developing added features and solutions, as well as increasing the functionality and enhancing the ease of use of our platform. These expenses give rise to tax credits primarily from the Canadian Federal Scientific Research and Experimental Development Program and the Tax Credit for the Development of e-business, or "SR&ED" and "e-business" tax credits, respectively. Although the Company's e-business tax credits are mostly refundable, a portion of e-business tax credits is non-refundable and is carried forward to reduce future Quebec income taxes payable and SR&ED tax credits are non-refundable and are carried forward to reduce future federal income taxes payable. Given the Company’s recent losses in Canada, these non-refundable SR&ED credits and e-business credits have not been recognized in the financial statements. Upon recognition, they will reduce research and development expenses. Although not immediately, given that we are still scaling our technology group in line with anticipated growth, we expect research and development expenses to decline in proportion to total revenue as we achieve additional economies of scale from our expansion. The Company recognizes internal development costs as intangible assets only when certain criteria are met (refer to note 3 of the audited annual consolidated financial statements for more details).

Sales and Marketing

Sales and marketing expenses consist primarily of selling and marketing costs and salaries and other employee related costs, including share-based compensation and related payroll taxes, for sales and business development and marketing. Other costs within sales and marketing include costs of acquisition of new customers, travel-related expenses and corporate overhead allocations. We plan to continue to expand sales and marketing efforts to attract new customers, retain existing customers and increase revenues from both new and existing customers. Over time, we expect sales and marketing expenses will decline as a percentage of total revenues as we achieve additional economies of scale from our expansion and as we sell more of our technology suite, including our payments solutions, to our existing customer base.

Acquisition-related Compensation

Acquisition-related compensation expenses represent the portion of the consideration paid to acquired businesses which is contingent upon the ongoing employment or service obligations for certain key personnel of such acquired businesses, and/or on certain performance criteria being achieved. This portion of the purchase price is amortized over the related service period for those key personnel.

Results of Operations

The following table outlines our consolidated statements of loss for the three months and the fiscal years ended March 31, 2023 and 2022:

	Three months ended March 31,		Fiscal year ended March 31,	
(In thousands of US dollars, except per share amounts)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Revenues				
Subscription	76,215	70,542	298,763	248,430
Transaction-based	99,568	66,729	399,552	264,044
Hardware and other	8,445	9,287	32,191	35,898
Total revenues	184,228	146,558	730,506	548,372
Direct cost of revenues				
Subscription	19,036	20,657	80,064	72,192
Transaction-based	66,539	43,822	271,035	159,432
Hardware and other	11,692	12,426	47,446	45,575
Total cost of revenues	97,267	76,905	398,545	277,199
Gross profit	86,961	69,653	331,961	271,173
Operating expenses				
General and administrative	22,139	28,240	105,939	95,253
Research and development	30,805	36,837	140,442	121,150
Sales and marketing	56,884	67,388	250,371	216,659
Depreciation of property and equipment	1,735	1,789	5,471	4,993
Depreciation of right-of-use assets	2,025	2,032	8,244	7,743
Foreign exchange loss (gain)	297	29	(199)	611
Acquisition-related compensation	5,746	20,433	41,792	50,491
Amortization of intangible assets	24,620	26,151	101,546	91,812
Restructuring	25,549	606	28,683	803
Goodwill impairment	—	—	748,712	—
Total operating expenses	169,800	183,505	1,431,001	589,515
Operating loss	(82,839)	(113,852)	(1,099,040)	(318,342)
Net interest income	9,654	1,014	24,812	2,988
Loss before income taxes	(73,185)	(112,838)	(1,074,228)	(315,354)
Income tax expense (recovery)				
Current	1,651	282	2,469	1,103
Deferred	(368)	1,397	(6,688)	(28,024)
Total income tax expense (recovery)	1,283	1,679	(4,219)	(26,921)
Net loss	(74,468)	(114,517)	(1,070,009)	(288,433)
Net loss per share – basic and diluted	(0.49)	(0.77)	(7.11)	(2.04)

The following table outlines share-based compensation and the related payroll taxes associated with these expenses included in the results of operations for the three months and the fiscal years ended March 31, 2023 and 2022:

	Three months ended March 31,		Fiscal year ended March 31,	
(In thousands of US dollars)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Direct cost of revenues	835	2,149	6,945	6,345
General and administrative	3,533	10,736	33,963	26,377
Research and development	4,491	10,319	35,504	29,705
Sales and marketing	7,108	18,421	47,255	46,639
Restructuring	5,637	—	5,637	—
Total share-based compensation and related costs	21,604	41,625	129,304	109,066

For the three months and fiscal year ended March 31, 2023, excluding $5,637 of share-based compensation expense acceleration that was classified as restructuring, the share-based compensation expense was $15,685 and $123,530, respectively (March 2022 - expense of $41,934 and $108,916), and the related payroll taxes were an expense of $282 and $137, respectively (March 2022 - recovery of $309 and expense of $150).

The increase in share-based compensation and related payroll taxes in Fiscal 2023 was primarily driven by the issuance of stock options and awards to new and existing employees, including those from our acquisitions, to our Chief Executive Officer ("CEO"), Chief Operating Officer ("COO") and Chief Financial Officer ("CFO") in connection with their respective promotions to these positions towards the end of Fiscal 2022, and to key personnel and executives as retention incentives in a competitive job market. The decrease in share-based compensation and related costs in the three months ended March 31, 2023 was primarily due to the forfeitures of awards of employees who were included in the restructuring during the quarter, and a reduction in the expense for PSUs issued to the founders of NuORDER in the three months ended March 31, 2022.

Results of Operations for the Three Months and Fiscal Years Ended March 31, 2023 and 2022

Revenues

	Three months ended March 31,				Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2023**	**2022**	**Change**	**Change**	**2023**	**2022**	**Change**	**Change**
	$	**$**	**$**	**%**	**$**	**$**	**$**	**%**
Revenues								
Subscription	76,215	70,542	5,673	8.0	298,763	248,430	50,333	20.3
Transaction-based	99,568	66,729	32,839	49.2	399,552	264,044	135,508	51.3
Hardware and other	8,445	9,287	(842)	(9.1)	32,191	35,898	(3,707)	(10.3)
Total revenues	184,228	146,558	37,670	25.7	730,506	548,372	182,134	33.2
Percentage of total revenues								
Subscription	41.4 %	48.1 %			40.9 %	45.3 %		
Transaction-based	54.0 %	45.5 %			54.7 %	48.2 %		
Hardware and other	4.6 %	6.4 %			4.4 %	6.5 %		
Total	100 %	100 %			100 %	100 %		

Subscription Revenue

Subscription revenue for the three months ended March 31, 2023 increased by $5.7 million or 8% as compared to the three months ended March 31, 2022. The increase was primarily due to growth in our subscription customer base, including Customer

Locations processing over $500,000/year, adoption of our new flagship solutions and customers adopting additional modules of our platform. The increase in revenue was offset by lower exchange rates on currencies other than U.S. dollars in the quarter.

Subscription revenue for Fiscal 2023 increased by $50.3 million or 20% as compared to Fiscal 2022. The increase was primarily due to growth in our subscription customer base, including Customer Locations processing over $500,000/year and Customer Locations from the acquisitions of NuORDER and Ecwid, adoption of our new flagship solutions, and customers adopting additional modules of our platform. The increase in revenue was offset by lower exchange rates on currencies other than U.S. dollars in the period.

Transaction-based Revenue

Transaction-based revenue for the three months ended March 31, 2023 increased by $32.8 million or 49% as compared to the three months ended March 31, 2022. The increase was primarily due to continued adoption of our payments solutions which led to an increase in GPV of 70% from $2.2 billion to $3.8 billion.

Transaction-based revenue for Fiscal 2023 increased by $135.5 million or 51% as compared to Fiscal 2022. The increase was primarily due to continued adoption of our payments solutions which led to an increase in GPV of 81% from $8.1 billion to $14.7 billion.

Hardware & Other Revenue

Hardware and other revenue for the three months ended March 31, 2023 decreased by $0.8 million or 9% as compared to the three months ended March 31, 2022 due to additional discounts and incentives provided during the three months ended March 31, 2023 in order to encourage new business given the competitive nature of our industry. Lower exchange rates on currencies other than U.S. dollars in the quarter also contributed to the decrease in revenue.

Hardware and other revenue for Fiscal 2023 decreased by $3.7 million or 10% as compared to Fiscal 2022 due to additional discounts and incentives provided during Fiscal 2023 in order to encourage new business given the competitive nature of our industry. Lower exchange rates on currencies other than U.S. dollars in the period also contributed to the decrease in revenue.

Direct Cost of Revenues

	Three months ended March 31,				Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2023 $**	**2022 $**	**Change $**	**Change %**	**2023 $**	**2022 $**	**Change $**	**Change %**
Direct cost of revenues								
Subscription	19,036	20,657	(1,621)	(7.8)	80,064	72,192	7,872	10.9
Transaction-based	66,539	43,822	22,717	51.8	271,035	159,432	111,603	70.0
Hardware and other	11,692	12,426	(734)	(5.9)	47,446	45,575	1,871	4.1
Total costs of revenues	97,267	76,905	20,362	26.5	398,545	277,199	121,346	43.8
Percentage of revenue								
Subscription	25.0 %	29.3 %			26.8 %	29.1 %		
Transaction-based	66.8 %	65.7 %			67.8 %	60.4 %		
Hardware and other	138.4 %	133.8 %			147.4 %	127.0 %		
Total	52.8 %	52.5 %			54.6 %	50.5 %		

Subscription Cost of Revenue

Subscription cost of revenue for the three months ended March 31, 2023 decreased by $1.6 million or 8% as compared to the three months ended March 31, 2022. Included in subscription cost of revenue for the three months ended March 31, 2023 was $0.7 million in share-based compensation and related payroll taxes, compared to $1.7 million in the three months ended March 31, 2022. The remainder of the decrease of $0.6 million was primarily due to a decrease in salary and other employee-

related costs of $2.0 million offset by higher hosting costs of $0.9 million associated with supporting a greater number of Customer Locations utilizing our platform, including Customer Locations processing over $500,000/year, higher royalties of $0.3 million and higher professional fees and other costs of $0.2 million.

Subscription cost of revenue for Fiscal 2023 increased by $7.9 million or 11% as compared to Fiscal 2022. Included in subscription cost of revenue for Fiscal 2023 was $5.7 million in share-based compensation and related payroll taxes, compared to $5.0 million in Fiscal 2022. The remainder of the increase of $7.2 million was primarily due to higher salary and other employee-related costs of $1.0 million, higher hosting costs of $3.7 million associated with supporting a greater number of Customer Locations utilizing our platform, including Customer Locations processing over $500,000/year and Customer Locations from the acquisitions of NuORDER and Ecwid, higher royalties of $1.6 million and higher professional fees and other costs of $0.9 million.

Transaction-based Cost of Revenue

Transaction-based cost of revenue for the three months ended March 31, 2023 increased by $22.7 million or 52% as compared to the three months ended March 31, 2022. The increase was primarily due to direct costs related to higher revenue from our payments solutions compared to the three months ended March 31, 2022.

Transaction-based cost of revenue for Fiscal 2023 increased by $111.6 million or 70% as compared to Fiscal 2022. The increase was primarily due to direct costs related to higher revenue from our payments solutions compared to Fiscal 2022.

Hardware and Other Cost of Revenue

Direct cost of hardware and other revenue for the three months ended March 31, 2023 decreased by $0.7 million or 6% as compared to the three months ended March 31, 2022 mainly due to lower salary and other employee-related costs of $0.2 million and lower hardware costs of $0.6 million for the period. The negative margins were due to discounts and incentives provided in order to encourage new business given the competitive nature of our industry.

Direct cost of hardware and other revenue for Fiscal 2023 increased by $1.9 million or 4% as compared to Fiscal 2022 mainly due to higher salary and other employee-related costs of $1.0 million and increased hardware costs of $1.0 million for the period. The negative margins were due to discounts and incentives provided in order to encourage new business given the competitive nature of our industry.

Gross Profit

(In thousands of US dollars, except percentages)	Three months ended March 31,				Fiscal year ended March 31,			
	2023 $	2022 $	Change $	Change %	2023 $	2022 $	Change $	Change %
Gross profit	86,961	69,653	17,308	24.8	331,961	271,173	60,788	22.4
Percentage of total revenues	47.2 %	47.5 %			45.4 %	49.5 %		

Gross profit for the three months ended March 31, 2023 increased by $17.3 million or 25% compared to the three months ended March 31, 2022. The increase was primarily due to growth in our subscription and transaction-based revenue as a result of more Customer Locations using our platform, including Customer Locations processing over $500,000/year, the adoption of our new flagship solutions and an increase in the GTV processed by our customers through our platform. A higher proportion of transaction-based revenue in the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 reduced gross profit as a percentage of revenue. Our gross profit benefited from $0.8 million in savings in salary and other employee-related costs due to the restructuring we announced during the three months ended March 31, 2023.

Gross profit for Fiscal 2023 increased by $60.8 million or 22% compared to Fiscal 2022. The increase was primarily due to growth in our subscription and transaction-based revenue as a result of more Customer Locations using our platform, including Customer Locations processing over $500,000/year, the adoption of our new flagship solutions, an increase in the GTV processed by our customers through our platform , and the impact of our acquisitions of NuORDER and Ecwid, partially offset by lower

margins in hardware and other revenue. A higher proportion of transaction-based revenue in Fiscal 2023 as compared to Fiscal 2022 reduced gross profit as a percentage of revenue.

Operating Expenses

General and Administrative

(In thousands of US dollars, except percentages)	Three months ended March 31,				Fiscal year ended March 31,			
	2023 $	2022 $	Change $	Change %	2023 $	2022 $	Change $	Change %
General and administrative	22,139	28,240	(6,101)	(21.6)	105,939	95,253	10,686	11.2
Percentage of total revenues	12.0 %	19.3 %			14.5 %	17.4 %		

General and administrative expenses for the three months ended March 31, 2023 decreased by $6.1 million or 22% compared to the three months ended March 31, 2022. Included in general and administrative expenses for the three months ended March 31, 2023 is $3.5 million of share-based compensation expense and related payroll taxes, $2.3 million in transaction-related costs and $0.2 million related to provisions and other costs incurred in respect of certain litigation matters, net of amounts covered by insurance and indemnification proceeds, compared to $10.7 million, $0.6 million and $0.6 million, respectively, in the three months ended March 31, 2022. When excluding share-based compensation and related payroll taxes, transaction-related costs and provisions and other costs incurred in respect of certain litigation matters, net of amounts covered by insurance and indemnification proceeds, general and administrative expenses decreased by $0.3 million driven by a decrease of $0.3 million from lower salary and other employee-related costs which includes $1.0 million in savings from the restructuring announced during the three months ended March 31, 2023, a decrease of $0.7 million related to professional fees and other expenses and a decrease of $0.7 million in D&O insurance, offset by a $1.4 million increase in bad debt expense which is expected as our revenue continues to increase and as we grow our merchant cash advance business. Our general and administrative expenses as a percentage of revenue decreased from 19% to 12% from the three months ended March 31, 2022 to the three months ended March 31, 2023.

General and administrative expenses for Fiscal 2023 increased by $10.7 million or 11% compared to Fiscal 2022. Included in general and administrative expenses for Fiscal 2023 is $34.0 million of share-based compensation expense and related payroll taxes, $5.1 million in transaction-related costs and $1.4 million related to provisions and other costs incurred in respect of certain litigation matters, net of amounts covered by insurance and indemnification proceeds, compared to $26.4 million, $8.4 million and $1.7 million, respectively, in Fiscal 2022. When excluding share-based compensation and related payroll taxes, transaction-related costs and provisions and other costs incurred in respect of certain litigation matters, net of amounts covered by insurance and indemnification proceeds, general and administrative expenses increased by $6.7 million driven by higher salary and other employee-related costs of $7.1 million, which includes $0.2 million from the acquisitions of NuORDER and Ecwid, and a $2.6 million increase in bad debt expense, offset by a $2.1 million decrease in D&O insurance and a $0.9 million decrease in professional fees and other expenses. Our general and administrative expenses as a percentage of revenue decreased from 17% to 15% from Fiscal 2022 to Fiscal 2023.

Research and Development

(In thousands of US dollars, except percentages)	Three months ended March 31,				Fiscal year ended March 31,			
	2023 $	2022 $	Change $	Change %	2023 $	2022 $	Change $	Change %
Research and development	30,805	36,837	(6,032)	(16.4)	140,442	121,150	19,292	15.9
Percentage of total revenues	16.7 %	25.1 %			19.2 %	22.1 %		

Research and development expenses for the three months ended March 31, 2023 decreased by $6.0 million or 16% compared to the three months ended March 31, 2022. Included in research and development expenses for the three months ended March 31,

2023 is $4.5 million of share-based compensation expense and related payroll taxes compared to $10.3 million in the three months ended March 31, 2022. When excluding share-based compensation and related payroll taxes, research and development expenses decreased by $0.2 million driven by lower salary and other employee-related costs of $1.1 million which includes $2.2 million in savings from the restructuring announced during the three months ended March 31, 2023 offset by an increase in salary and other employee-related costs of employees working on our flagship products, and $0.4 million related to a decrease in hosting costs, offset by $1.3 million related to an increase in professional fees and other expenses. Our research and development costs as a percentage of revenue decreased from 25% to 17% from the three months ended March 31, 2022 to the three months ended March 31, 2023.

Research and development expenses for Fiscal 2023 increased by $19.3 million or 16% compared to Fiscal 2022. Included in research and development expenses for Fiscal 2023 is $35.5 million of share-based compensation expense and related payroll taxes compared to $29.7 million in Fiscal 2022. When excluding share-based compensation and related payroll taxes, research and development expenses increased by $13.5 million driven by higher salary and other employee-related costs of $6.9 million, which includes $5.1 million from the acquisitions of NuORDER and Ecwid, $0.4 million related to an increase in hosting costs and $6.2 million related to an increase in professional fees and other expenses. Our research and development costs as a percentage of revenue decreased from 22% to 19% from Fiscal 2022 to Fiscal 2023.

Sales and Marketing

	Three months ended March 31,				Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2023 $**	**2022 $**	**Change $**	**Change %**	**2023 $**	**2022 $**	**Change $**	**Change %**
Sales and marketing	56,884	67,388	(10,504)	(15.6)	250,371	216,659	33,712	15.6
Percentage of total revenues	30.9 %	46.0 %			34.3 %	39.5 %		

Sales and marketing expenses for the three months ended March 31, 2023 decreased by $10.5 million or 16% as compared to the three months ended March 31, 2022. Included in sales and marketing expenses for the three months ended March 31, 2023 is $7.1 million of share-based compensation expense and related payroll taxes and nil transaction-related costs compared to $18.4 million and $0.3 million, respectively, in the three months ended March 31, 2022. When excluding share-based compensation and related payroll taxes and transaction-related costs, sales and marketing expenses increased by $1.1 million driven by higher salary and other employee-related costs of $5.3 million which includes $2.0 million in savings from the restructuring announced during the three months ended March 31, 2023 offset by an increase in salary and other employee-related costs including employees selling our flagship products, offset by $0.1 million related to a decrease in professional fees and other expenses and a $4.1 million decrease in other investments in sales and marketing. Our sales and marketing costs as a percentage of revenue decreased from 46% to 31% from the three months ended March 31, 2022 to the three months ended March 31, 2023.

Sales and marketing expenses for Fiscal 2023 increased by $33.7 million or 16% as compared to Fiscal 2022. Included in sales and marketing expenses for Fiscal 2023 is $47.3 million of share-based compensation expense and related payroll taxes and $0.7 million in transaction-related costs compared to $46.6 million and $1.2 million, respectively, in Fiscal 2022. When excluding share-based compensation and related payroll taxes and transaction-related costs, sales and marketing expenses increased by $33.6 million driven by higher salary and other employee-related costs of $22.2 million which includes $5.3 million from the acquisitions of NuORDER and Ecwid, $7.4 million incurred for other investments in sales and marketing including marketing acquisition and growth spend and trade shows, $3.3 million related to our annual sales, customer and partner summit which we had provided in a virtual format in the prior comparable period and brought back to in person during the three months ended June 30, 2022, and $0.7 million related to an increase in professional fees and other expenses. Our sales and marketing costs as a percentage of revenue decreased from 40% to 34% from Fiscal 2022 to Fiscal 2023.

Depreciation

(In thousands of US dollars, except percentages)	Three months ended March 31, 2023 $	2022 $	Change $	Change %	Fiscal year ended March 31, 2023 $	2022 $	Change $	Change %
Depreciation of property and equipment	1,735	1,789	(54)	(3.0)	5,471	4,993	478	9.6
Depreciation of right-of-use assets	2,025	2,032	(7)	(0.3)	8,244	7,743	501	6.5
	3,760	3,821	(61)	(1.6)	13,715	12,736	979	7.7
Percentage of total revenues	2.0 %	2.6 %			1.9 %	2.3 %		

Depreciation of property and equipment and right-of-use assets for the three months ended March 31, 2023 decreased by 2% as compared to the three months ended March 31, 2022. The decrease in the depreciation of property and equipment results mainly from fully depreciated fixed assets in the last 12 months offset by additions to property and equipment. The consistent depreciation of right-of-use assets is mainly the result of signing new lease commitments offset by lease terminations in the last 12 months.

Depreciation of property and equipment expenses for Fiscal 2023 increased by $0.5 million or 10% as compared to Fiscal 2022. The increase in the depreciation of property and equipment results from additions to property and equipment made throughout the last 12 months. The increase in the depreciation of right-of-use assets of $0.5 million or 6% is mainly the result of leases obtained through the acquisition of NuORDER and new lease commitments offset by lease terminations in the last 12 months.

Foreign Exchange Loss (Gain)

(In thousands of US dollars, except percentages)	Three months ended March 31, 2023 $	2022 $	Change $	Change %	Fiscal year ended March 31, 2023 $	2022 $	Change $	Change %
Foreign exchange loss (gain)	297	29	268	924.1	(199)	611	(810)	(132.6)
Percentage of total revenues	0.2 %	0.0 %			0.0 %	0.1 %		

Foreign exchange loss for the three months ended March 31, 2023 increased as compared to the three months ended March 31, 2022. The foreign exchange difference went from a foreign exchange loss for the fiscal year ended March 31, 2022 to a foreign exchange gain for the fiscal year ended March 31, 2023. Foreign exchange gains and losses arise as we have financial assets and liabilities outstanding in currencies other than the U.S. dollar, our functional currency. Items included in our results are measured in U.S. dollars and foreign currency transactions are translated into U.S. dollars using the exchange rates prevailing at the date of the transactions or when items are re-measured with resulting gains and losses subsequently recognized.

Acquisition-related Compensation

(In thousands of US dollars, except percentages)	Three months ended March 31, 2023 $	2022 $	Change $	Change %	Fiscal year ended March 31, 2023 $	2022 $	Change $	Change %
Acquisition-related compensation	5,746	20,433	(14,687)	(71.9)	41,792	50,491	(8,699)	(17.2)
Percentage of total revenues	3.1 %	13.9 %			5.7 %	9.2 %		

Acquisition-related compensation expense for the three months ended March 31, 2023 decreased by $14.7 million or 72% compared to the three months ended March 31, 2022. The decrease is due to lower deferred compensation from our acquisitions of Ecwid and NuORDER, which have both been partially settled. The majority of this acquisition-related compensation is tied to ongoing employment obligations in connection with certain of our acquisitions. This acquisition-related compensation was not included in the total purchase consideration, but rather was treated as an acquisition-related compensation expense for post-combination services.

Acquisition-related compensation expense for Fiscal 2023 decreased by $8.7 million or 17% compared to Fiscal 2022. The decrease is due to lower deferred compensation from our acquisitions of NuORDER, iKentoo, Kounta and Gastrofix, which have all been either partially or fully settled, offset by additional deferred compensation from Ecwid. The majority of this acquisition-related compensation is tied to ongoing employment obligations in connection with certain of our acquisitions. This acquisition-related compensation was not included in the total purchase consideration, but rather was treated as an acquisition-related compensation expense for post-combination services.

Amortization of Intangible Assets

	Three months ended March 31,				Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2023 $**	**2022 $**	**Change $**	**Change %**	**2023 $**	**2022 $**	**Change $**	**Change %**
Amortization of intangible assets	24,620	26,151	(1,531)	(5.9)	101,546	91,812	9,734	10.6
Percentage of total revenues	13.4 %	17.8 %			13.9 %	16.7 %		

Amortization of intangible assets for the three months ended March 31, 2023 decreased by $1.5 million or 6% as compared to the three months ended March 31, 2022. The decrease in amortization relates primarily to the Chronogolf customer relationships and the Kounta and Gastrofix software technology intangible assets which are fully amortized as at March 31, 2023.

Amortization of intangible assets for Fiscal 2023 increased by $9.7 million or 11% as compared to Fiscal 2022. The increase in amortization relates primarily to intangibles acquired through the NuORDER and Ecwid acquisitions offset by a decrease in amortization relating to the Chronogolf customer relationships and the Kounta and Gastrofix software technology intangible assets.

Restructuring

	Three months ended March 31,				Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2023 $**	**2022 $**	**Change $**	**Change %**	**2023 $**	**2022 $**	**Change $**	**Change %**
Restructuring	25,549	606	24,943	4,116.0	28,683	803	27,880	3,472.0
Percentage of total revenues	13.9 %	0.4 %			3.9 %	0.1 %		

During the three months ended March 31, 2023, we announced a reorganization to streamline the Company's operating model while continuing to focus on disciplined growth. This new structure represents the next deliberate step to integrate all of our acquired companies and products now that we have successfully launched our flagship products in both retail and hospitality. The reorganization included the reduction of approximately 300 roles. We plan to continue to hire core go-to-market and development roles that support disciplined growth. The expenses associated with this plan were recorded as a restructuring charge. The restructuring expense consists of severance costs, the acceleration of share-based compensation and the acceleration of acquisition-related compensation (see note 24 of the audited annual consolidated financial statements for additional details).

Goodwill Impairment

(In thousands of US dollars, except percentages)	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $	Change $	Change %	Fiscal year ended March 31, 2023 $	Fiscal year ended March 31, 2022 $	Change $	Change %
Goodwill impairment	—	—	—	0.0	748,712	—	748,712	100.0
Percentage of total revenues	0.0 %	0.0 %			102.5 %	0.0 %		

An impairment test of goodwill was completed as at December 31, 2022 using a fair value less costs of disposal model. This test demonstrated a non-cash impairment charge of $748.7 million related to goodwill during the three months ended December 31, 2022. We reassessed the key assumptions used in the December 31, 2022 test as at March 31, 2023 and found no reduction in the terminal value multiple, no increase in the discount rate and no decrease in the revenue growth rate. A reduction in the terminal value multiple, an increase in the discount rate or a decrease in the revenue growth rate could cause additional impairment in the future (see note 16 of the audited annual consolidated financial statements for additional details).

Other Income

(In thousands of US dollars, except percentages)	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $	Change $	Change %	Fiscal year ended March 31, 2023 $	Fiscal year ended March 31, 2022 $	Change $	Change %
Net interest income	9,654	1,014	8,640	852.1	24,812	2,988	21,824	730.4
Percentage of total revenues	5.2 %	0.7 %			3.4 %	0.5 %		

Net interest income relates to interest income earned in the period on cash and cash equivalents of $26.9 million during Fiscal 2023 offset by the interest arising from the loan drawdown made in connection with the acquisition of Gastrofix in January 2020, as well as interest expense on both the lease liabilities and acquisition-related compensation which expenses combined totaled $2.1 million of interest expense for Fiscal 2023. Net interest income for Fiscal 2023 increased by $21.8 million or 730% as compared to Fiscal 2022 due to an increase in interest income earned on cash and cash equivalents of $21.0 million related to higher interest rates and a decrease in interest expense of $0.8 million due primarily to the full repayment of the balance of our stand-by acquisition term loan on July 6, 2022.

Income Taxes

(In thousands of US dollars, except percentages)	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $	Change $	Change %	Fiscal year ended March 31, 2023 $	Fiscal year ended March 31, 2022 $	Change $	Change %
Income tax expense (recovery)								
Current	1,651	282	1,369	485.5	2,469	1,103	1,366	123.8
Deferred	(368)	1,397	(1,765)	(126.3)	(6,688)	(28,024)	21,336	(76.1)
Total income tax expense (recovery)	1,283	1,679	(396)	(23.6)	(4,219)	(26,921)	22,702	(84.3)
Percentage of total revenues								
Current	0.9 %	0.2 %			0.3 %	0.2 %		
Deferred	(0.2)%	1.0 %			(0.9)%	(5.1)%		
Total	0.7 %	1.2 %			(0.6)%	(4.9)%		

Income tax expense for the three months ended March 31, 2023 decreased by $0.4 million or 24% as compared to the three months ended March 31, 2022. The decrease is due to lower deferred income taxes of $1.8 million offset by an increase in current income tax expense of $1.4 million. The current income tax expense for the three months ended March 31, 2023 primarily relates to additional income taxes related to one of our acquisitions and a taxable income position in certain European subsidiaries. The deferred income tax recovery for the three months ended March 31, 2023 mainly relates to timing differences on share-based compensation and other temporary deductible differences while the deferred income tax expense in the three months ended March 31, 2022 mainly relates to the impact of the recognition of a deferred tax liability related to acquired intangibles.

Income tax recovery for Fiscal 2023 decreased by $22.7 million or 84% as compared to Fiscal 2022. The decrease is mainly due to a decrease in deferred income tax recovery of $21.3 million in Fiscal 2023 compared to Fiscal 2022. The deferred income tax recovery in Fiscal 2022 was primarily due to the recognition of a deferred tax asset on loss carry-forwards to offset the net deferred tax liability of NuORDER and Ecwid as they joined Lightspeed's United States consolidated tax group while the deferred income tax recovery in Fiscal 2023 is primarily due to the amortization of acquired intangible assets and increases in loss carry-forwards during the period.

Selected Annual Information

	Fiscal year ended March 31,		
(In thousands of US dollars, except per share data)	**2023**	**2022**	**2021**
	$	**$**	**$**
Total revenues	730,506	548,372	221,728
Net loss	(1,070,009)	(288,433)	(124,278)
Loss per share – basic and diluted	(7.11)	(2.04)	(1.18)
Total assets	2,668,732	3,619,980	2,105,319
Total long-term liabilities	20,826	62,839	57,634

See “Results of Operations” in this MD&A for a more detailed discussion of the year-over-year changes in revenues and net loss.

Total Assets

Fiscal 2023 Compared to Fiscal 2022

Total assets decreased by $951.2 million or 26% from Fiscal 2022 to Fiscal 2023 with cash and cash equivalents accounting for $153.5 million of the decrease primarily due to the repayment of the balance outstanding under our stand-by acquisition term loan of $30.0 million and cash spent on operating activities of $125.3 million. Goodwill decreased by $753.7 million due to a non-cash impairment charge of $748.7 million and a $5.0 million decrease due to foreign currency differences on translation of foreign operations. The lease right-of-use assets and intangibles accounted for $4.6 million and $98.1 million of the decrease respectively, primarily due to the depreciation and amortization taken during the period. The decrease in total assets was offset by an increase in trade and other receivables of $38.6 million which is primarily due to growing trade receivables and merchant cash advances in addition to higher research and development tax credits receivables and accrued interest. In addition, the decrease in total assets was offset by an increase in other short term and long term assets of $1.5 million and $10.1 million, respectively, primarily related to an increase in commission and contract assets and a long-term investment of $1.5 million in an entity supporting local businesses, an increase in property and equipment of $3.0 million and an increase in inventory of $5.3 million.

Fiscal 2022 Compared to Fiscal 2021

Total assets increased by $1,514.7 million or 72% from the fiscal year ended March 31, 2021 ("Fiscal 2021") to Fiscal 2022 with cash accounting for $146.5 million of the increase primarily due to our August 2021 public offering, offset by cash spent in the Vend, NuORDER and Ecwid acquisitions. Goodwill increased by $1,132.4 million and intangibles by $175.1 million, net of amortization and exchange differences, related primarily to the acquisitions of Vend, NuORDER and Ecwid. Trade and other receivables accounted for $21.0 million of the increase which is primarily due to receivables assumed in our recent acquisitions, an increase in acquisition-related receivables from the sellers of our acquisitions which includes indemnification assets and working capital adjustments, and growing trade receivables and merchant cash advances given the growth of our business. The lease right-of-use assets accounted for $4.3 million of the increase mainly due to the leases assumed through our acquisitions and

other new leases entered into in the period, property and equipment accounted for $8.1 million of the increase mainly due to an increase in leasehold improvements, other long term assets accounted for $9.9 million of the increase, and inventory accounted for $6.0 million of the increase. In addition, other current assets accounted for $11.4 million of the increase due to a D&O insurance prepayment, other assets obtained through our acquisitions as well as a deposit made in connection with our merchant cash advance business.

Total Liabilities

Fiscal 2023 Compared to Fiscal 2022

Total liabilities decreased by $49.4 million or 22% from Fiscal 2022 to Fiscal 2023 driven by a decrease in current liabilities of $7.4 million and a decrease in long-term liabilities of $42.0 million. The main drivers of the decrease in current liabilities were a decrease in accrued compensation and benefits of $2.7 million, a decrease in lease liabilities of $1.0 million, a decrease in trade payables of $2.3 million and a decrease in acquisition-related payables of $5.2 million offset by an increase in deferred revenue of $2.9 million. The main drivers of the decrease in long-term liabilities were the repayment of the balance outstanding under our stand-by acquisition term loan of $30.0 million, a decrease in lease liabilities of $4.5 million and a decrease of $6.8 million in deferred tax liabilities.

Fiscal 2022 Compared to Fiscal 2021

Total current liabilities increased by $44.5 million from Fiscal 2021 to Fiscal 2022. The main drivers of this amount were an increase in the deferred revenue of $22.1 million, an increase in accounts payable and accrued liabilities of $13.3 million, an increase in lease liabilities of $2.5 million and an increase in income taxes payable of $6.6 million. The variance in the current liabilities was partially due to the acquisitions of Vend, NuORDER and Ecwid as well as the growth of the Company. Total long-term liabilities increased by $5.2 million from Fiscal 2021 to Fiscal 2022. The main drivers of this amount were an increase of $5.5 million in deferred tax liabilities and an increase in lease liabilities of $2.5 million, offset by a decrease in deferred revenue of $0.7 million and a decrease in accrued payroll taxes on share-based compensation of $2.1 million.

Quarterly Results of Operations

The following table sets forth selected quarterly statements of operations data for each of the eight quarters ended March 31, 2023 in accordance with IFRS. This data should be read in conjunction with our audited annual consolidated financial statements and the notes related thereto. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three months ended							
(In thousands of US dollars, except per share amounts)	**Jun. 30, 2021**	**Sept. 30, 2021**	**Dec. 31, 2021**	**Mar. 31, 2022**	**Jun. 30, 2022**	**Sept. 30, 2022**	**Dec. 31, 2022**	**Mar. 31, 2023**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenues	115,920	133,218	152,676	146,558	173,882	183,699	188,697	184,228
Direct cost of revenues	58,347	68,272	73,675	76,905	96,357	102,230	102,691	97,267
Gross profit	57,573	64,946	79,001	69,653	77,525	81,469	86,006	86,961
Operating expenses								
General and administrative	22,277	23,081	21,655	28,240	30,239	25,132	28,429	22,139
Research and development	22,216	30,092	32,005	36,837	35,636	36,596	37,405	30,805
Sales and marketing	42,270	51,693	55,308	67,388	68,645	64,337	60,505	56,884
Depreciation of property and equipment	869	1,020	1,315	1,789	1,221	1,188	1,327	1,735
Depreciation of right-of-use assets	1,625	2,008	2,078	2,032	2,047	2,063	2,109	2,025
Foreign exchange loss (gain)	249	6	327	29	443	29	(968)	297
Acquisition-related compensation	2,014	9,032	19,012	20,433	17,103	12,653	6,290	5,746
Amortization of intangible assets	17,013	22,797	25,851	26,151	25,876	25,684	25,366	24,620
Restructuring	197	—	—	606	1,207	603	1,324	25,549
Goodwill impairment	—	—	—	—	—	—	748,712	—
Total operating expenses	108,730	139,729	157,551	183,505	182,417	168,285	910,499	169,800
Operating loss	(51,157)	(74,783)	(78,550)	(113,852)	(104,892)	(86,816)	(824,493)	(82,839)
Net interest income	226	719	1,029	1,014	2,007	4,851	8,300	9,654
Loss before income taxes	(50,931)	(74,064)	(77,521)	(112,838)	(102,885)	(81,965)	(816,193)	(73,185)
Income tax expense (recovery)								
Current	630	95	96	282	264	516	38	1,651
Deferred	(2,224)	(15,072)	(12,125)	1,397	(2,353)	(2,538)	(1,429)	(368)
Total income tax expense (recovery)	(1,594)	(14,977)	(12,029)	1,679	(2,089)	(2,022)	(1,391)	1,283
Net loss	(49,337)	(59,087)	(65,492)	(114,517)	(100,796)	(79,943)	(814,802)	(74,468)
Net loss per share – basic and diluted	(0.38)	(0.43)	(0.44)	(0.77)	(0.68)	(0.53)	(5.39)	(0.49)

Revenues

Our overall revenues continue to grow as we grow our global customer base and increase solution adoption amongst existing customers, particularly high GTV customers. Our total quarterly revenue increased successively for all periods presented (except for the three month periods ended March 31, 2022 and March 31, 2023) mainly due to increases in subscription and transaction-based revenue from existing and new customers, including increased adoption of our payments solutions and other add-ons, as well as the acquisitions of Vend, NuORDER and Ecwid. The decrease in revenues in the three month periods ended March 31, 2022 and March 31, 2023 were primarily due to the impact of seasonality on our revenues as a result of the increased adoption of our payments solution, and transaction-based revenues comprising an increasingly larger proportion of our revenue mix. The three months ended December 31 is historically our seasonally strongest quarter for transaction-based revenue due to the holiday season, while the three months ended March 31 is historically our weakest GTV quarter which caused a sequential decline in our revenues for the three months ended March 31, 2022 and the three months ended March 31, 2023 compared to the three months ended December 31, 2021 and the three months ended December 31, 2022, respectively.

Direct Cost of Revenues

Our total direct cost of revenues increased successively for all periods presented (except for the three months ended March 31, 2023). The aggregate increase within the periods presented was primarily due to increased costs associated with supporting a greater number of Customer Locations utilizing our platform, an increase in the number of customers on our payments solutions given the higher direct costs associated with transaction-based revenues, as well as the corresponding increase resulting from the acquisitions of Vend, NuORDER and Ecwid. The decrease in direct cost of revenues for the three months ended March 31, 2023 is aligned with the decrease in revenues within the period, and includes a decrease in share-based compensation and $0.8 million in savings in salary and other employee-related costs due to the restructuring we announced during the three months ended March 31, 2023.

Gross Profit

Our total quarterly gross profit increased successively for all periods presented (except for the three months ended March 31, 2022) as we grow our global customer base and increase solution adoption amongst existing customers, particularly high GTV customers. Our gross profit has declined as a percentage of revenue due to the success of our payments solutions as customers using these solutions carry higher direct costs compared to our subscription business. We expect this trend to continue in future periods, and to be partially offset by the increase in our capital business that carries a significantly higher margin.

Operating Expenses

Total operating expenses increased successively for all periods presented (except for the three months ended June 30, 2022, September 30, 2022, and March 31, 2023) primarily due to higher sales and marketing and other costs to support a larger customer base, including those from our acquisitions of Vend, NuORDER and Ecwid. The large increase in the three months ended December 31, 2022 was due to the goodwill impairment charge taken during the period, which resulted in relatively lower operating expenses for the three months ended March 31, 2023. The decrease in operating expenses in the three months ended June 30, 2022 was mainly due to a decrease in acquisition-related compensation. The decrease in operating expenses in the three months ended September 30, 2022 was mainly due to a decrease in general and administrative expenses related to lower share-based compensation, salary costs and litigation costs, a decrease in sales and marketing expenses related to lower share-based compensation and the costs related to the sales, customer and partner summit incurred during the three months ended June 30, 2022, and a decrease in acquisition-related compensation. The decrease in operating expenses in the three months ended March 31, 2023 was primarily due to the goodwill impairment charge taken during the previous period, a decrease in share-based compensation and salary costs, as well as $5.1 million in savings in salary and other employee-related costs due to the restructuring we announced during the three months ended March 31, 2023.

See "Results of Operations" in this MD&A for a more detailed discussion of the year-over-year changes in revenues and net loss.

Liquidity and Capital Resources

Overview

The general objectives of our capital management strategy reside in the preservation of our capacity to continue operating, in providing benefits to our stakeholders and in providing an adequate return on investment to our shareholders by selling our services at a price commensurate with the level of operating risk assumed by us. We thus determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

Credit Facility

We had credit facilities with the Canadian Imperial Bank of Commerce ("CIBC"), which included a $25 million demand revolving operating credit facility (the "Revolver") and a $50 million stand-by acquisition term loan, $20 million of which was uncommitted (the "Acquisition Facility", and together with the Revolver, the "Credit Facilities"). The Acquisition Facility was drawn for $30 million in January 2020 for the acquisition of Lightspeed POS Germany GmbH (formerly Gastrofix GmbH) and was set to mature 60 months thereafter. On July 6, 2022, we repaid in full the balance outstanding under the Acquisition Facility, including all accrued and unpaid interest, and the Acquisition Facility was terminated. Prior to the repayment, excluding unamortized financing costs, the balance drawn on the Acquisition Facility was $30 million.

On October 28, 2022, we amended the Revolver to, among other things, reduce the size of the Revolver to $5 million and facilitate greater operating flexibility (the "Amended Revolver"). The Amended Revolver is available for letters of credit or letters of guarantee for general corporate and working capital purposes. The Amended Revolver is subject to certain general covenants, including making available audited annual consolidated financial statements, and is secured by the material assets of the Company. We were in compliance with covenants as at March 31, 2023.

Working Capital

Our primary source of cash flow has been from raising capital totaling $2,193 million since the fiscal year ended March 31, 2016. Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flows and performing budget-to-actual analysis on a regular basis. Our principal cash requirements are for working capital and acquisitions we may execute. Working capital surplus as at March 31, 2023 was $783.9 million. Given our existing cash, the Amended Revolver and available financing, we believe there is sufficient liquidity to meet our current and short-term growth requirements in addition to our long-term strategic objectives.

Base Shelf Prospectus

On May 18, 2023, pursuant to "well-known seasoned issuer" blanket orders of the Canadian Securities Administrators, we filed a new short form base shelf prospectus (the “Base Prospectus”) with the securities commissions in each of the provinces and territories of Canada and a corresponding shelf registration statement on Form F-10 with the U.S. Securities and Exchange Commission (the “Registration Statement”). The Base Prospectus and the Registration Statement allows Lightspeed and certain of its security holders to offer subordinate voting shares, preferred shares, debt securities, warrants, subscription receipts, units, or any combination thereof, in amounts, at prices and on terms to be set forth in one or more shelf prospectus supplements during the 25-month period that the Base Prospectus is effective.

Cash Flows

The following table presents cash and cash equivalents as at March 31, 2023 and 2022, and cash flows from or used in operating, investing, and financing activities for three months and the fiscal years ended March 31, 2023 and 2022:

	Three months ended March 31,		Fiscal year ended March 31,	
(In thousands of US dollars)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Cash and cash equivalents	800,154	953,654	800,154	953,654
Cash flows from (used in):				
Operating activities	(41,587)	(11,342)	(125,284)	(87,218)
Investing activities	5,953	(199)	8,817	(563,931)
Financing activities	(2,376)	(1,715)	(35,411)	798,057
Effect of foreign exchange on cash and cash equivalents	46	251	(1,622)	(404)
Net increase (decrease) in cash and cash equivalents	(37,964)	(13,005)	(153,500)	146,504

Cash Flows used in Operating Activities

Cash flows used in operating activities for the three months ended March 31, 2023 were $41.6 million compared to $11.3 million for the three months ended March 31, 2022. For the three months ended March 31, 2023, Adjusted Cash Flows Used in Operating Activities[4] were $26.9 million compared to Adjusted Cash Flows Used in Operating Activities[4] of $9.9 million for the three months ended March 31, 2022. This $17.0 million increase is primarily due to working capital movements including $12.6 million of additional merchant cash advances made, a decrease in tax credits received, and timing differences related to current receivables and payables.

Cash flows used in operating activities for Fiscal 2023 were $125.3 million compared to $87.2 million for Fiscal 2022. For Fiscal 2023, Adjusted Cash Flows Used in Operating Activities[4] were $96.0 million compared to Adjusted Cash Flows Used in

[4] Refer to the section entitled "Non-IFRS Measures and Ratios and Reconciliation of Non-IFRS Measures and Ratios"

Operating Activities[4] of $61.3 million for Fiscal 2022. This $34.7 million increase is primarily due to working capital movements including $19.2 million of additional merchant cash advances made, a decrease in deferred revenue of $2.5 million, a decrease in tax credits received, timing differences related to current receivables and payables, and an increase in cash used in operating activities related to our acquisitions of NuORDER and Ecwid, offset by a decrease of $3.8 million in D&O insurance paid related to being a public company in the U.S. and an outflow of $5.0 million for a deposit made in Fiscal 2021 in connection with our merchant cash advance business, with the same deposit being returned during Fiscal 2022.

Cash Flows from (used in) Investing Activities

Cash flows from investing activities for the three months ended March 31, 2023 were $6.0 million compared to cash flows used in investing activities of $0.2 million for the three months ended March 31, 2022. The movement in cash flows relating to investing activities was primarily due to an increase of $8.1 million in interest income received offset by a decrease of $1.5 million from cash outflows associated with capitalized internal development costs related to the Lightspeed B2B network.

Cash flows from investing activities for Fiscal 2023 were $8.8 million compared to cash flows used in investing activities of $563.9 million for Fiscal 2022. The movement in cash flows relating to investing activities was primarily due to the cash paid for the acquisition of Vend in April 2021, NuORDER in July 2021 and Ecwid in October 2021 and an increase of $17.7 million in interest income received offset by a decrease of $3.9 million from cash outflows associated with capitalized internal development costs related to the Lightspeed B2B network.

Cash Flows from (used in) Financing Activities

Cash flows used in financing activities for the three months ended March 31, 2023 were $2.4 million compared to $1.7 million in the three months ended March 31, 2022. The movement in cash flows relating to financing activities was mainly due to a decrease of $0.2 million in proceeds from the exercise of stock options under our equity incentive plans and an increase of $0.6 million from the payment of lease liabilities and movement in restricted lease deposits.

Cash flows used in financing activities for Fiscal 2023 were $35.4 million compared to cash flows from financing activities of $798.1 million in Fiscal 2022. The movement in cash flows relating to financing activities was mainly due to having raised $789.4 million in funds in our August 2021 public offering, net of share issuance costs, the repayment of the $30.0 million balance outstanding under the Acquisition Facility in July 2022 and a decrease of $12.8 million in proceeds from the exercise of stock options under our equity incentive plans.

We believe that our current cash balance, available financing, cash flows from operations and credit available under the Amended Revolver are adequate for the Company's future operating cash needs.

Contractual Obligations

We have contractual obligations with a variety of expiration dates. The table below outlines our contractual obligations as at March 31, 2023:

	Payments due by period				
(In thousands of US dollars)	**< 1 Year**	**1 to 3 Years**	**4 to 5 Years**	**>5 Years**	**Total**
Accounts payable and accrued liabilities	68,827	—	—	—	68,827
Other long-term liabilities	—	1,026	—	—	1,026
Lease obligations[(1)]	9,723	14,858	8,401	6,979	39,961
Material unconditional purchase obligations[(2)]	32,077	54,441	31,000	—	117,518
Total contractual obligations	110,627	70,325	39,401	6,979	227,332

(1) Included in the lease obligations are short term leases and variable lease payments for our share of tenant operating expenses and taxes. Lease obligations relate primarily to our office space. The lease terms are between one and seven years. See note 13 to the audited annual consolidated financial statements for further details regarding leases.

(2) We are subject to non-cancelable service agreements with service providers and payment processors subject to minimum spend commitments.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements, other than low value and short-term leases, and other purchase obligations as disclosed under "Contractual Obligations". From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Related Party Transactions

We have no material related party transactions, other than those noted in our audited annual consolidated financial statements.

The executive compensation expense for the top five key management personnel is as follows for Fiscal 2023 and Fiscal 2022:

	Fiscal year ended March 31,	
(In thousands of US dollars)	**2023**	**2022**
	$	**$**
Short-term employee benefits and termination benefits	3,242	2,914
Share-based payments	20,331	21,251
Total compensation paid to key management personnel	23,573	24,165

Financial Instruments and Other Instruments

Credit and Concentration Risk

Generally, the carrying amount of our financial assets in our consolidated balance sheet exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Our credit risk is primarily attributable to our cash and cash equivalents and trade and other receivables. We do not require guarantees from our customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions. We do not hold any collateral as security.

Due to our diverse customer base, there is no particular concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure our loss allowance is established and maintained at an appropriate amount.

We maintain a loss allowance for a portion of trade receivables when collection becomes doubtful on the basis described in note 3 of our audited annual consolidated financial statements. Our allowance for expected credit losses ("ECL") includes forward-looking factors specific to the debtors and the economic environment.

In Fiscal 2023, potential effects from uncertainty in the macroeconomic environment on our credit risk have been considered and have resulted in an increase to our allowance for ECLs from what the allowance would have been without factoring in these effects. We continue to monitor macroeconomic conditions and any resulting impacts on our credit risk.

Liquidity Risk

We are exposed to the risk of being unable to honor our financial commitments by the deadlines set, under the terms of such commitments and at a reasonable price. We manage our liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. We have $800.2 million of cash and cash equivalents as well as the Amended Revolver available as at March 31, 2023, demonstrating our liquidity and ability to pay financial liabilities as they become due. The Company's business, financial condition and operations were not significantly impacted by the failure of Silicon Valley Bank. Only de minimis cash and cash equivalent balances were held with Silicon Valley Bank as at March 31, 2023.

Foreign Exchange Risk

We are exposed to foreign exchange risk due to financial instruments denominated in foreign currencies. The main currencies which expose us to foreign exchange risk due to financial instruments denominated in foreign currencies are the Canadian dollar, the Euro, the British pound sterling, the Australian dollar, the Swiss franc and the New Zealand dollar. We have a policy to

mitigate our exposure to foreign currency exchange risk by entering into derivative instruments. We have entered into multiple foreign exchange forward contracts, which are generally for a term of less than one-year. Our currency pair used for cash flow hedges is U.S. dollar / Canadian dollar. We do not use derivative instruments for speculative purposes. The notional principal of our foreign exchange contracts was approximately $109.2 million CAD as at March 31, 2023 (March 31, 2022 - $26.0 million CAD).

The following table provides a summary of our foreign exchange exposures, after taking into account relevant foreign exchange forward contracts, expressed in thousands of U.S. dollars:

2023	CAD	EUR	AUD	GBP	CHF	Other	Total
	$	$	$	$	$	$	$
Cash and cash equivalents and restricted cash	3,336	5,828	2,078	1,907	1,456	1,537	16,142
Trade and other receivables	3,716	9,004	8,199	1,680	1,074	1,883	25,556
Accounts payable and accrued liabilities	(10,615)	(8,948)	(3,604)	(1,561)	(1,294)	(3,333)	(29,355)
Other long-term liabilities	(231)	(267)	(68)	(119)	(48)	(5)	(738)
Lease liabilities	(11,805)	(3,258)	(1,870)	(4,085)	(866)	(211)	(22,095)
Net financial position exposure	(15,599)	2,359	4,735	(2,178)	322	(129)	(10,490)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will negatively impact earnings and cash flows. Certain of our cash earns interest. Our trade and other receivables, accounts payable and accrued liabilities, and lease liabilities do not bear interest. We are not exposed to material interest rate risk.

Share Price Risk

Accrued payroll taxes on share-based compensation (social costs) are payroll taxes associated with share-based compensation that we are subject to in various countries in which we operate. Social costs are accrued at each reporting period based on inputs including, but not limited to, the number of stock options and share awards outstanding, the vesting of the stock options and share awards, the exercise price, and our share price. Changes in the accrual are recognized in direct cost of revenues and operating expenses. An increase in share price will increase the accrual for social costs, and a decrease in share price will result in a decrease in the accrual for social costs, all other things being equal, including the number of stock options and share awards outstanding and exercise price remaining constant.

Inflation Risk

We are subject to inflation risk that could have a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations. If inflation continues to increase, it will likely affect our expenses, including, but not limited to, increased costs to offer our solutions and employee compensation expenses. Furthermore, our customers are also subject to risks associated with inflationary pressures that have and may continue to impact their business and financial condition. Such risks include a reduction in consumer spending and credit or debit card usage, which would negatively impact our financial performance because the number of transactions processed using our payment solutions would decrease, as would the average purchase amount of each transaction.

Critical Accounting Policies and Estimates

The preparation of our audited annual consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the audited annual consolidated financial statements and accompanying notes. We review these estimates on an ongoing basis based on management's best knowledge of current events and actions that we may undertake in the future. Actual results could differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Key estimates and assumptions are outlined below. Management has determined that we operate in a single operating and reportable segment.

Revenue Recognition

The identification of revenue-generating contracts with customers, the identification of performance obligations, the determination of the transaction price and allocations between identified performance obligations, the use of the appropriate revenue recognition method for each performance obligation and the measure of progress for performance obligations satisfied over time are the main aspects of the revenue recognition process, all of which require the exercise of judgment and use of assumptions. We follow the guidance provided in IFRS 15 – Appendix B, Principal versus Agent Considerations for determining whether revenue should be recognized based on the gross amount of consideration paid by the customer or the net amount of consideration retained by us. This determination is a matter of judgment that depends on the facts and circumstances of each arrangement.

Impairment of Non-financial Assets

Our impairment test for goodwill is based on internal estimates of fair value less costs of disposal calculations and uses valuation models such as the discounted cash flow model. Key assumptions on which management has based its determination of fair value less costs of disposal include an estimated discount rate, terminal value multiple, and estimated revenue growth rate. These estimates, including the methodology used, the identification of cash-generating units and allocation of goodwill, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Whenever property and equipment, lease right-of-use assets, and intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

During the three months ended December 31, 2022, there were changes in macroeconomic conditions and our share price and market capitalization decreased. This led to the carrying amount of our net assets exceeding our market capitalization as at December 31, 2022. This triggered an impairment test to be performed on the Company's goodwill for our Segment, as defined in note 3 of the audited annual consolidated financial statements, which is the level at which management monitors goodwill. Our test as at December 31, 2022 resulted in a non-cash impairment charge of $748.7 million related to goodwill during the three months ended December 31, 2022 as the terminal value multiple was negatively impacted by the macroeconomic conditions and our share price decrease, and our revenue growth rate was negatively impacted by the macroeconomic impact on our customer's sales.

If the carrying value of our Segment is below our recoverable amount in the future, we may have to recognize further goodwill impairment losses in our results of operations in future periods. This could impair our ability to achieve profitability in the future. Goodwill is more susceptible to impairment risk if business operating results or economic conditions deteriorate. We reassessed as at March 31, 2023 the key assumptions used in the December 31, 2022 test and found no reduction in the terminal value multiple, no increase in the discount rate and no decrease in the revenue growth rate. A reduction in the terminal value multiple, an increase in the discount rate or a decrease in the revenue growth rate could cause additional impairment in the future. We are required to perform our next annual goodwill impairment analysis on December 31, 2023, or earlier should there be a goodwill impairment trigger before then. For additional information, refer to note 16 of our audited annual consolidated financial statements for Fiscal 2023.

Business Combinations

We follow the acquisition method to account for business combinations. The acquisition method of accounting requires that assets acquired and liabilities assumed be recorded at their estimated fair values on the date of a business acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. Such valuations require management to make significant estimates, assumptions, and judgments, especially with respect to intangible assets and contingent consideration. For intangible assets, we develop the fair value by using appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows, and key assumptions generally consist of the future performance of the related assets, the discount rate, the attrition rate, the royalty rates, and the payments attach rate. Contingent consideration is measured at fair value using a discounted cash flow model.

Recoverability of Deferred Tax Assets and Current and Deferred Income Taxes and Tax Credits

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. We establish provisions based on reasonable estimates for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred income tax assets are recognized for unused tax losses and deductible temporary differences to the extent it is probable that taxable income will be available against which the losses and deductible temporary differences can be utilized. Management's judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

Share-Based Compensation

We measure the cost of equity-settled transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which depends on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, interest rate and dividend yield.

Provisions

We are involved in litigation and claims from time to time. There can be no assurance that these litigations and claims will be resolved without costly litigation nor in a manner that does not adversely impact the financial position and operating results of the Company. Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In determining the probability of a loss and consequently determining a reasonable estimate, management is required to use significant judgment. Assumptions applied reflect the most probable set of economic conditions and planned courses of action by the Company at the time, but these too may differ over time. Given the uncertainties associated with any litigation, the actual outcome can be different from our estimates and could adversely affect the financial position and operating results of the Company.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the IASB or other standards-setting bodies, and are adopted as of the specified effective date.

New and amended standards and interpretations adopted

The IASB has issued amendments to IAS 16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. The amendments also clarify the meaning of "testing whether an asset is functioning properly". The IASB also issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to clarify the cost of fulfilling a contract in assessing whether a contract is onerous. These amendments to IAS 16 and IAS 37 are effective for annual periods beginning on or after January 1, 2022, with early application permitted. We have adopted these amendments as of April 1, 2022. There was no impact on our accounting policies or the audited annual consolidated financial statements as a result of adopting such amendments. There were no other IFRS or International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of April 1, 2022 that had a material impact on our accounting policies or the audited annual consolidated financial statements.

New and amended standards and interpretations issued not yet effective

At the date of authorization of these financial statements, we have not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective.

The IASB has issued IFRS 17 Insurance Contracts standardizing how to recognize, measure, present and disclose insurance contracts, amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifying how to distinguish changes in accounting policies from changes in accounting estimates, amendments to IAS 1 Presentation of Financial Statements requiring companies to disclose their material accounting policy information and amendments to IAS 12 Income Taxes requiring companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The new IFRS 17 standard and these amendments to IAS 8, IAS 1 and IAS 12 are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The IASB has also issued amendments to IAS 1 Presentation of Financial Statements affecting the presentation of liabilities as current or non-current in the statement of financial position and requiring companies to disclose their material accounting policy information and they have also issued ammendments to IFRS 16 Leases to include variable payments when measuring a lease liability arising from a sale-and-leaseback

transaction. These amendments to IAS 1 and IFRS 16 are effective for annual periods beginning on or after January 1, 2024, with early application permitted.

We do not expect that the adoption of the standards listed above will have a material impact on the financial statements in future periods.

Outstanding Share Information

Lightspeed is a publicly traded company listed under the symbol "LSPD" on both the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE"). Our authorized share capital consists of (i) an unlimited number of Subordinate Voting Shares and (ii) an unlimited number of preferred shares, issuable in series, of which 151,368,643 Subordinate Voting Shares and no preferred shares were issued and outstanding as of May 16, 2023.

As of May 16, 2023, there were 521,474 options outstanding under the Company's Amended and Restated 2012 Stock Option Plan, as amended (of which 521,474 were vested as of such date), 8,300,252 options outstanding under the Company's Third Amended and Restated Omnibus Incentive Plan, as amended (the "Omnibus Plan") (of which 2,890,962 were vested as of such date) and 104,167 options outstanding which were issued in compliance with an allowance under the rules of the TSX as inducements for executive officers to enter into contracts of full-time employment with the Company ("Inducement Grants") (of which 104,167 were vested as of such date). Each such option is or will become exercisable for one Subordinate Voting Share.

As of May 16, 2023, there were 277,433 options outstanding under the ShopKeep Inc. Amended and Restated 2011 Stock Option and Grant Plan (of which 276,521 were vested as of such date), which plan the Company assumed on closing of its acquisition of ShopKeep on November 25, 2020. Each option is or will become exercisable for one Subordinate Voting Share.

As of May 16, 2023, there were 75,869 DSUs outstanding under the Company's Omnibus Plan. Each such DSU will, upon the holder thereof ceasing to be a director, executive officer, employee or consultant of the Company in accordance with the Omnibus Plan, be settled at the discretion of the board through (a) the delivery of shares issued from treasury or purchased on the open market, (b) cash, or (c) a combination of cash and shares.

As of May 16, 2023, there were 5,367,041 RSUs outstanding under the Company's Omnibus Plan (of which 1,030,451 were vested as of such date) and 273 RSUs outstanding which were Inducement Grants (of which 273 were vested as of such date). Each such RSU, upon vesting, may be settled at the discretion of the board through (a) the delivery of shares issued from treasury or purchased on the open market, (b) cash, or (c) a combination of cash and shares.

As of May 16, 2023, there were 524,310 PSUs outstanding under the Company's Omnibus Plan (of which none were vested as of such date). Each such PSU, upon vesting, may be settled at the discretion of the board through (a) the delivery of shares issued from treasury or purchased on the open market, (b) cash, or (c) a combination of cash and shares.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, "DC&P") are designed to provide reasonable assurance that information required to be disclosed in reports filed with the Securities and Exchange Commission are recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management to ensure timely decisions regarding required disclosure. Management regularly reviews disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud. The CEO and the CFO, along with management, have evaluated and concluded that the Company's disclosure controls and procedures as at March 31, 2023 were effective.

Management's Annual Report on Internal Control over Financial Reporting

Management of the Company, under the supervision of the CEO and the CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB.

Management, including the CEO and CFO, have assessed the effectiveness of the Company's internal control over financial reporting in accordance with Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management, including the CEO and CFO, have determined that the Company's internal control over financial reporting was effective as at March 31, 2023.

Attestation Report of the Independent Registered Public Accounting Firm

The effectiveness of the Company's internal control over financial reporting as at March 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their opinion on the audited annual consolidated financial statements for March 31, 2023.

Changes in Internal Control over Financial Reporting

The CEO and the CFO have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its internal controls over financial reporting during the period ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect the Company’s internal controls over financial reporting. No such changes were identified through their evaluation.

Limitations of Controls and Procedures

Management, including the CEO and CFO, believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Lightspeed Commerce Inc.

Consolidated Financial Statements
March 31, 2023 and 2022
(expressed in thousands of US dollars)

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management, including the Chief Executive Officer and Chief Financial Officer, have assessed the effectiveness of the Company's internal control over financial reporting in accordance with Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management, including the Chief Executive Officer and Chief Financial Officer, have determined that the Company's internal control over financial reporting was effective as at March 31, 2023.

The effectiveness of the Company's internal control over financial reporting as at March 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

May 18, 2023

/s/ Jean Paul Chauvet

Jean Paul Chauvet
Chief Executive Officer

/s/ Asha Bakshani

Asha Bakshani
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Lightspeed Commerce Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting
We have audited the accompanying consolidated balance sheets of Lightspeed Commerce Inc. and its subsidiaries (together, the Company) as of March 31, 2023 and 2022, and the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

Basis for Opinions
The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Controls over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters
The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements; and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill impairment assessment
As described in Notes 3, 4 and 16 to the consolidated financial statements, the carrying amount of the Company's goodwill balance is $1,351 million as of March 31, 2023. Management reviews the carrying value of goodwill on an annual basis on December 31 or more frequently if events or a change in circumstances indicate that it is more likely than not that the fair value of the goodwill is below its carrying amount. Goodwill impairment is determined by assessing the recoverable amount at the Company's operating segment level (Segment), which is the level at which management monitors goodwill. The Segment's recoverable amount is the higher of the Segment's fair value less costs of disposal and its value in use. Management completed an impairment test of goodwill as of December 31, 2022 using a fair value less costs of disposal method. This test resulted in a non-cash impairment charge of $749 million. The recoverable amount of the Company's Segment was estimated using an income approach, more specifically, a discounted cash flow model. Key assumptions used by management in the discounted cash flow model included revenue growth rate, terminal value multiple and discount rate.

The principal considerations for our determination that performing procedures relating to goodwill impairment assessment is a critical audit matter are (i) the judgment by management when determining the recoverable amount of the Company's Segment; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's key assumptions related to revenue growth rate, terminal value multiple, and the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the determination of the recoverable amount of the Company's Segment. These procedures also included, among others (i) testing management's process for determining the recoverable amount (ii) evaluating the appropriateness of the fair value less costs of disposal method; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow model; and (iv) evaluating the reasonableness of the key assumptions used by management related to the revenue growth rate, terminal value multiple, and the discount rate. Evaluating management's key assumption related to the revenue growth rate involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of the Company's Segment; (ii) the consistency with external market and industry data; and (iii) whether this assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and key assumptions related to the terminal value multiple and the discount rate.

Chartered Professional Accountants, Licensed Public Accountants
/s/PricewaterhouseCoopers LLP

Montreal, Canada
May 18, 2023
We have served as the Company's auditor since 2015.

Lightspeed Commerce Inc.
Consolidated Balance Sheets
As at March 31, 2023 and 2022

(expressed in thousands of US dollars)

	Notes	2023	2022
Assets		$	$
Current assets			
Cash and cash equivalents	27	800,154	953,654
Trade and other receivables	11, 27	84,334	45,766
Inventories	6	12,839	7,540
Other current assets	5, 12	37,005	35,535
Total current assets		934,332	1,042,495
Lease right-of-use assets, net	13, 29	20,973	25,539
Property and equipment, net	14, 29	19,491	16,456
Intangible assets, net	15, 29	311,450	409,568
Goodwill	16, 29	1,350,645	2,104,368
Other long-term assets	5, 17	31,540	21,400
Deferred tax assets	22	301	154
Total assets		2,668,732	3,619,980
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	18, 24, 27	68,827	78,307
Lease liabilities	13	6,617	7,633
Income taxes payable	22	6,919	6,718
Deferred revenue	5	68,094	65,194
Total current liabilities		150,457	157,852
Deferred revenue	5	1,226	2,121
Lease liabilities	13	18,574	23,037
Long-term debt	19	—	29,841
Other long-term liabilities		1,026	1,007
Deferred tax liabilities	22	—	6,833
Total liabilities		171,283	220,691
Shareholders' equity			
Share capital	20	4,298,683	4,199,025
Additional paid-in capital	25	198,022	123,777
Accumulated other comprehensive income (loss)	21, 27	(3,057)	2,677
Accumulated deficit		(1,996,199)	(926,190)
Total shareholders' equity		2,497,449	3,399,289
Total liabilities and shareholders' equity		2,668,732	3,619,980
Commitments and contingencies	23, 24		

Approved by the Board of Directors

/s/ Paul McFeeters Director /s/ Jean Paul Chauvet Director

The accompanying notes are an integral part of these consolidated financial statements.

Lightspeed Commerce Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended March 31, 2023 and 2022

(expressed in thousands of US dollars, except per share amounts)

	Notes	2023 $	2022 $
Revenues	5, 29	730,506	548,372
Direct cost of revenues	6, 7, 8	398,545	277,199
Gross profit		331,961	271,173
Operating expenses			
General and administrative	7, 8	105,939	95,253
Research and development	7, 8	140,442	121,150
Sales and marketing	7, 8	250,371	216,659
Depreciation of property and equipment	14	5,471	4,993
Depreciation of right-of-use assets	13	8,244	7,743
Foreign exchange loss (gain)		(199)	611
Acquisition-related compensation		41,792	50,491
Amortization of intangible assets	15	101,546	91,812
Restructuring	8, 24	28,683	803
Goodwill impairment	16	748,712	—
Total operating expenses		1,431,001	589,515
Operating loss		(1,099,040)	(318,342)
Net interest income	9	24,812	2,988
Loss before income taxes		(1,074,228)	(315,354)
Income tax expense (recovery)	22		
Current		2,469	1,103
Deferred		(6,688)	(28,024)
Total income tax recovery		(4,219)	(26,921)
Net loss		(1,070,009)	(288,433)
Other comprehensive income (loss)	21, 27		
Items that may be reclassified to net loss			
Foreign currency differences on translation of foreign operations		(5,586)	(7,061)
Change in net unrealized gain (loss) on cash flow hedging instruments		(148)	23
Total other comprehensive loss		(5,734)	(7,038)
Total comprehensive loss		(1,075,743)	(295,471)
Net loss per share – basic and diluted	10	(7.11)	(2.04)

The accompanying notes are an integral part of these consolidated financial statements.

Lightspeed Commerce Inc.

Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and 2022

(expressed in thousands of US dollars)	2023 $	2022 $
Cash flows from (used in) operating activities		
Net loss	(1,070,009)	(288,433)
Items not affecting cash and cash equivalents		
Share-based acquisition-related compensation	40,219	45,042
Amortization of intangible assets	101,546	91,812
Depreciation of property and equipment and lease right-of-use assets	13,715	12,736
Deferred income taxes	(6,688)	(28,024)
Share-based compensation expense	129,167	108,916
Unrealized foreign exchange loss	100	5
Goodwill impairment	748,712	—
(Increase)/decrease in operating assets and increase/(decrease) in operating liabilities		
Trade and other receivables	(35,159)	(5,384)
Inventories	(5,299)	(5,967)
Other assets	(9,986)	(25,008)
Accounts payable and accrued liabilities	(9,015)	6,842
Income taxes payable	201	1,077
Deferred revenue	2,005	4,552
Other long-term liabilities	19	(2,396)
Net interest income	(24,812)	(2,988)
Total operating activities	(125,284)	(87,218)
Cash flows from (used in) investing activities		
Additions to property and equipment	(9,227)	(10,653)
Additions to intangible assets	(3,894)	—
Acquisition of businesses, net of cash acquired	—	(559,429)
Purchase of investments	(1,519)	—
Movement in restricted term deposits	—	344
Interest income	23,457	5,807
Total investing activities	8,817	(563,931)
Cash flows from (used in) financing activities		
Proceeds from exercise of stock options	4,710	17,494
Proceeds from issuance of share capital	—	823,515
Share issuance costs	(193)	(34,190)
Repayment of long-term debt	(30,000)	—
Payment of lease liabilities net of incentives and movement in restricted lease deposits	(8,870)	(6,952)
Financing costs	(1,058)	(1,810)
Total financing activities	(35,411)	798,057
Effect of foreign exchange rate changes on cash and cash equivalents	(1,622)	(404)
Net increase (decrease) in cash and cash equivalents during the year	(153,500)	146,504
Cash and cash equivalents – Beginning of year	953,654	807,150
Cash and cash equivalents – End of year	800,154	953,654
Bank interest paid	375	937
Income taxes paid	1,154	748

The accompanying notes are an integral part of these consolidated financial statements.

Lightspeed Commerce Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended March 31, 2023 and 2022

(expressed in thousands of US dollars, except number of shares)

	Notes	Issued and Outstanding Shares		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total
		Number of shares	Amount				
			$	$	$	$	$
Balance as at March 31, 2021		128,528,515	2,526,448	35,877	9,715	(637,757)	1,934,283
Net loss		—	—	—	—	(288,433)	(288,433)
Issuance of shares upon public offerings	20	8,855,000	823,515	—	—	—	823,515
Share issuance costs	20	—	(33,984)	—	—	—	(33,984)
Exercise of stock options and settlement of share awards	25	1,332,218	38,510	(21,016)	—	—	17,494
Share-based compensation	25	—	—	108,916	—	—	108,916
Share-based acquisition-related compensation		638,323	45,042	—	—	—	45,042
Shares issued in connection with business combination		9,307,256	799,494	—	—	—	799,494
Other comprehensive loss	21, 27	—	—	—	(7,038)	—	(7,038)
Balance as at March 31, 2022		148,661,312	4,199,025	123,777	2,677	(926,190)	3,399,289
Net loss		—	—	—	—	(1,070,009)	(1,070,009)
Share issuance costs	20	—	(193)	—	—	—	(193)
Exercise of stock options and settlement of share awards	25	2,224,787	59,632	(54,922)	—	—	4,710
Share-based compensation	25	—	—	129,167	—	—	129,167
Share-based acquisition-related compensation		284,206	40,219	—	—	—	40,219
Other comprehensive loss	21, 27	—	—	—	(5,734)	—	(5,734)
Balance as at March 31, 2023		151,170,305	4,298,683	198,022	(3,057)	(1,996,199)	2,497,449

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and nature of operations

Lightspeed Commerce Inc. ("Lightspeed" or the "Company") was incorporated on March 21, 2005 under the Canada Business Corporations Act. Its head office is located at Gare Viger, 700 Saint-Antoine St. East, Suite 300, Montréal, Quebec, Canada. Lightspeed's one-stop commerce platform provides its customers with the critical functionalities they need to engage with consumers, manage their operations, accept payments, and grow their business. Lightspeed has customers globally in over 100 countries, empowering single- and multi-location small and medium-sized businesses to compete in an omni-channel market environment by engaging with consumers across online, mobile, social, and physical channels.

The Company's shares are listed on both the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") under the stock symbol "LSPD".

2. Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and were approved for issue by the Board of Directors (the "Board") of the Company on May 18, 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for our lease liabilities which are measured at present value and certain financial assets and liabilities, which have been measured at fair value as described below. The consolidated financial statements provide comparative information in respect of the previous year. Certain comparative figures have been reclassified in order to conform to the current year presentation.

The consolidated financial statements include the accounts of Lightspeed and its wholly-owned subsidiaries including, but not limited to: Alcmene S.à r.l., Lightspeed Payments USA Inc., Kounta Pty Ltd, Lightspeed Commerce USA Inc., Upserve, Inc., Vend Limited, Lightspeed NuORDER Inc. and Ecwid, Inc. (collectively, the "subsidiaries"). All significant intercompany balances and transactions have been eliminated on consolidation.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of all subsidiaries, including those of new subsidiaries of Lightspeed from the reporting period starting on their acquisition or incorporation date, are prepared for the same reporting period as Lightspeed using Lightspeed's accounting policies. All subsidiaries are fully consolidated until the date that Lightspeed's control ceases.

3. Significant accounting policies

Revenue recognition

The Company's main sources of revenue are subscriptions for its platforms and revenue from its payment processing services. In addition, the Company generates revenue from payment residuals, merchant cash advances, professional services and sales of hardware as described below.

The Company recognizes revenue to depict the transfer of promised services to its customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

- Identifying the contract with a customer;

- Identifying the performance obligations in the contract;
- Determining the transaction price;
- Allocating the transaction price; and
- Recognizing revenue when, or as, the Company satisfies a performance obligation.

The Company follows the guidance provided in IFRS 15, Appendix B, Principal versus Agent Considerations, for determining whether the revenue should be recognized based on the gross amount billed to a customer or the net amount retained. This determination is a matter of judgment that depends on the facts and circumstances of each arrangement.

Sales taxes collected from customers and remitted to government authorities are excluded from revenue.

The Company's arrangements with customers can include multiple performance obligations. When contracts involve multiple performance obligations, the Company evaluates whether each performance obligation is distinct and should be accounted for as a separate unit of accounting. In the case of software subscriptions and hardware and other, the Company has determined that customers can benefit from each service on its own, and that each service being provided to the customer is separately identifiable from other promises in the contract. Specifically, the Company considers the distinct performance obligations to be the software subscriptions and the hardware and implementation services. Payment processing services, payment residuals and merchant cash advances were also considered to be distinct performance obligations.

The total transaction price is determined at the inception of the contract and allocated to each performance obligation based on their relative standalone selling prices. The Company determines the standalone selling price by considering internal evidence such as normal or consistently applied standalone selling prices. The determination of standalone selling prices is made through consultation with and approval by management, taking into consideration the Company's go-to-market strategy. The Company may modify its pricing practices in the future as its go-to-market strategies evolve, which could result in changes in relative standalone selling prices. Discounts are allocated to each performance obligation to which they relate based on their relative standalone selling price.

The Company generally receives payment from its customers on the invoice due date. In all other cases, payment terms and conditions vary by contract type, although terms generally include a requirement for payment within 14 to 30 days of the invoice date. In instances where the timing of revenue recognition differs from the timing of invoicing and subsequent payment, we have determined the Company's contracts generally do not include a significant financing component.

Subscription revenue

Software subscriptions include subscriptions to cloud-based solutions for both retail and hospitality platforms and for the Company's eCommerce offering. In addition to the core subscriptions outlined above, customers can purchase add-on services such as loyalty, delivery, advanced insights, accounting and inventory management, amongst others. Subscriptions include maintenance and support, which includes access to unspecified upgrades. The Company recognizes revenue for its software subscriptions ratably over the term of the contract commencing on the date the services are made available to customers.

Transaction-based revenue

The Company offers to its customers payment processing services, through connected terminals and online, that facilitate payment for goods and services sold by the customer to its consumers, for which the customers are charged a transaction fee. The Company recognizes revenue from payment processing services at the time of the transaction at the gross amount of consideration paid by the customer, as the Company is the principal in the arrangement with the customer. The Company is the principal as the Company controls the payment processing service before the customer receives it as the Company performs additional services which are integrated with the payment processing service prior to delivering the

service to the customer. The Company also bears the risk for chargebacks and other financial losses if such amounts cannot be recovered from the customer and the Company has full discretion in establishing prices for the promised service.

The Company's software also interfaces with third parties that enable credit card processing. These third parties generate revenue from charging transaction fees that are generally a fixed amount per transaction, or a fixed percentage of the transaction processed. As part of integrating with the solutions of these third parties, the Company negotiates a revenue share with them whereby the Company receives a portion of the revenues generated by the third parties. In addition, the Company has contracted with a number of third-party vendors that sell products to the same customers as the Company. The Company refers its customers to these vendors and earns a referral fee. The Company recognizes the revenues it receives from third-party vendors at the point in time when they are due from third-party vendors. These revenues are recognized at the net amount retained by the Company, whereby only the portion of revenues that the Company receives (or which is due) from the third-party vendor is recognized.

The Company also earns revenue from eligible customers through its merchant cash advance ("MCA") program, Lightspeed Capital. Under this program, the Company purchases a designated amount of future receivables at a discount, and the customer remits a fixed percentage of their daily sales to the Company until the outstanding balance has been fully remitted. The Company evaluates identified underwriting criteria including, but not limited to, the number of years in business, the nature of the business, and historical sales data, prior to purchasing the eligible customer's future receivables to help assess collectibility. As each MCA agreement does not have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the MCA balance outstanding, each MCA is recorded at fair value through profit or loss. The initial fair value is generally equal to the transaction price, being the fair value of the consideration provided to the customer, reduced by any amounts that are not expected to be collected. The fair value of each MCA is reassessed at the end of each fiscal quarter. The amount of transaction-based revenue recognized from MCAs in the period is calculated as the gross amounts remitted by the customer in the period, reduced by the difference in value between the initial fair value and the reassessed fair value at the end of the period, excluding movements in the fair value that relate to amounts that are deemed uncollectible which are recognized within general and administrative expenses in the consolidated statements of loss and comprehensive loss. The Company is responsible for purchasing the designated amount of future receivables, bears the risk of financial losses if the receivables cannot be recovered from the customer, and the Company has full discretion in establishing the fees charged. The Company incurs processing and other fees with third-party platforms involved in the Company's MCA program, which are recorded as direct costs of revenue.

Hardware and other revenue

For retail and hospitality customers, the Company's software integrates with various hardware solutions required to operate a location. As part of the sale process to both new and existing customers, the Company acts as a reseller of the hardware. Such sales consist primarily of hardware peripherals. In addition, in some cases where customers would like assistance deploying the Company's software or integrating the Company's software with other systems or setting up their eCommerce store, the Company provides professional services customized to the customer.

Hardware equipment revenues are recognized at a point in time, namely when ownership passes to the customer, in accordance with the shipping terms, at the gross amount of consideration paid by the customer, as the Company is the principal in the arrangement with the customer. The Company is the principal as the Company controls the hardware equipment before the customer receives it.

Most professional services are sold on a time-and-materials basis. Consulting engagements can last anywhere from one day to several weeks and are based strictly on the customer's requirements. The Company's software can typically be used as delivered to the customer. The Company's professional services are generally not essential to the functionality of the software. For services performed on a time-and-materials basis, revenues are recognized as the services are delivered at the gross amount of consideration paid by the customer, as the Company is the principal in the arrangement with the customer. The Company is the principal as the Company controls the professional services before they are transferred to the customer.

Direct cost of revenues

Direct cost of revenues includes subscription cost of revenue, transaction-based cost of revenue and hardware and other cost of revenue. Subscription cost of revenue consists primarily of employee expenses related to support services provided by the Company to its customers, and amounts paid to our third-party cloud service providers. Transaction-based cost of revenue consists primarily of direct costs related to payment processing services and the Company's merchant cash advance program and employee expenses. The Company incurs costs of interchange and network assessment fees, processing fees, and bank settlement fees to third-party payment processors and financial institutions involved in settlement, which are recorded as direct costs of revenue. Hardware and other cost of revenue consists of costs associated with our hardware solutions, expenses related to implementation services provided to customers, and employee expenses.

Contract assets

The Company records contract assets ("commission assets") for selling commissions paid at the inception of a contract that are incremental costs of obtaining the contract if the Company expects to recover those costs. Commission assets are subsequently amortized on a systematic basis consistent with the pattern of the transfer of the good or service to which the commission asset relates. The Company applies the practical expedient that allows it to determine the pattern of the transfer of the good or service for a portfolio of contracts that have similar characteristics. For contracts where the amortization period of the commission assets would have been one year or less, the Company uses the practical expedient that allows it to recognize the incremental costs of obtaining those contracts as an expense when incurred.

The Company records contract assets for discounts provided to customers at the inception of a contract. Contract assets are subsequently amortized against revenue on a systematic basis consistent with the term to which the contract asset relates.

Deferred revenue

Deferred revenue mainly comprises fees collected or contractually due for services in which the applicable revenue recognition criteria have not been met. This balance will be recognized as revenue as the services are performed.

Cash and cash equivalents

Cash comprises cash on deposit at banks. The Company considers all short term highly liquid investments that are readily convertible into known amounts of cash, with original maturities at their acquisition date of three months or less to be cash equivalents.

Restricted cash and restricted deposits

The Company can be required to hold a defined amount of cash as collateral under the terms of certain business combination arrangements and lease agreements. Cash deposits held by the Company that have restrictions governing their use are classified as restricted cash, current or long-term, based on the remaining length of the restriction.

Inventories

Inventories, consisting of hardware equipment only, are recorded at the lower of cost and net realizable value with cost determined using the weighted average cost method. The Company provides an allowance for obsolescence based on estimated product life cycles, usage levels and technology changes. Changes in these estimates are reflected in the determination of cost of revenues. The amount of any write-down of inventories to net realizable value, and all losses on inventories, are recognized as an expense in the year during which the impairment or loss occurs.

Deferred financing costs

The Company records deferred financing costs related to its credit facilities when it is probable that some or all of the facilities will be drawn down. The deferred financing costs were amortized over the term of the related financing

arrangement. The long-term debt was recorded at amortized cost using the effective interest method, net of deferred financing costs.

Research and development tax credits

Research and development costs are expensed as incurred, net of tax credits. The Company's research and development tax credits consist primarily of tax credits for the development of e-business and tax credits for non-refundable research and development. The Company recognizes research and development tax credits as a reduction of research and development and other related expenditures.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Furniture and equipment are depreciated over five years, and computer equipment is depreciated over three years. Leasehold improvements are depreciated on a straight-line basis over the shorter of their estimated useful lives or the term of their associated leases. Leasehold improvements in progress are not depreciated until the related asset is ready for use.

Intangible assets

Acquired identifiable intangible assets

Intangible assets are stated at cost, less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method over the estimated useful lives of the related assets. Software technologies that are acquired through business combinations are amortized over three to five years, customer relationships acquired through business combinations are amortized over three to six years and purchased software licenses are amortized over the term of the license.

Internally generated intangible assets

For internally generated intangible assets, expenditure on research activities is recognized as an expense in the period in which it is incurred. The Company recognizes internal development costs as intangible assets only when the following criteria are met: the technical feasibility of completing the intangible asset exists, there is an intent to complete and an ability to use or sell the intangible asset, the intangible asset will generate probable future economic benefits, there are adequate resources available to complete the development and to use or sell the intangible asset, and there is the ability to reliably measure the expenditure attributable to the intangible asset during its development. The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above until the asset is in the condition necessary for it to be capable of operating in the manner intended by management. Where no internally-generated intangible asset can be recognized, internal development costs are recognized as research and development expense in the period in which they are incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost, less accumulated amortization and impairment losses, on the same basis as acquired identifiable intangible assets. Internally generated intangible assets are amortized using the straight-line method over the estimated useful lives of the internally generated intangible assets.

Impairment of long-lived assets

The Company evaluates its property and equipment and intangible assets with finite useful lives for impairment when events or changes in circumstances indicate that the carrying amount of an asset or cash-generating unit ("CGU") may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or CGUs.

Goodwill and impairment of goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of net tangible and identifiable assets of a business acquired in a business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is tested at the Company's operating segment level (the "Segment"), which is the level at which management monitors goodwill.

The Company reviews the carrying value of goodwill in accordance with International Accounting Standard (IAS) 36, Impairment of Assets, on an annual basis on December 31 or more frequently if events or a change in circumstances indicate that it is more likely than not that the fair value of the goodwill is below its carrying amount. Goodwill impairment is determined by assessing the recoverable amount of the Segment. The Segment's recoverable amount is the higher of the Segment's fair value less costs of disposal and its value in use. A quantitative analysis was performed to determine the fair value less costs of disposal. Note 16 discusses the method and assumptions used for impairment testing.

Business combinations

The Company follows the acquisition method to account for business combinations in accordance with IFRS 3, Business Combinations. The acquisition method of accounting requires that assets acquired and liabilities assumed be recorded at their estimated fair values on the date of a business acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill.

The amounts included in the consolidated statements of loss and comprehensive loss under acquisition-related compensation arise from business combinations made by the Company. Acquisition costs that are tied to continuing employment of pre-existing shareholders are required to be recognized as acquisition-related compensation and recognized in accordance with the vesting terms in the acquisition agreement. Consequently, those costs are not included in the total purchase consideration of the business combination. Our share-based acquisition-related compensation follows the guidance in IFRS 2, Share-Based Payment. All other costs that are not eligible for capitalization related to the acquisition are expensed as incurred.

New information obtained during the measurement period, up to 12 months following the acquisition date, about facts and circumstances existing at the acquisition date affect the acquisition accounting. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of loss and comprehensive loss.

Government assistance

Government assistance is recognized when there is reasonable assurance that it will be received and all related conditions will be complied with. When the government assistance relates to an expense item, it is recognized as a reduction of expense over the period necessary to match the government assistance on a systematic basis to the costs that it is intended to subsidize.

Income taxes

Current tax

The current tax payable is based on taxable income for the year. Taxable income differs from income as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income against which those deductible temporary differences can be utilized will be available. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax

Current and deferred tax are recognized as an expense or income in net loss, except when they relate to items that are recognized outside of net loss (whether in other comprehensive income (loss) or directly in deficit), in which case the tax is also recognized outside of net loss.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Restructuring provisions are recognized when the Company has put in place a detailed restructuring plan which has been communicated in sufficient detail to create a constructive obligation. Restructuring provisions include only costs directly related to the restructuring plan, and are measured at the best estimate of the amount required to settle the Company's obligations. Restructuring expense also includes other expenses that directly arise from the restructuring, are necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

If the known expected settlement date exceeds 12 months from the date of recognition, provisions are discounted using a current pre-tax interest rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are reviewed at the end of each reporting period and adjusted as appropriate.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received prior to the commencement date.

The lease term is determined based on the non-cancellable period for which the Company has the right to use an underlying asset. The lease term is adjusted, if applicable, for periods covered by extension and termination options to the extent that the Company is reasonably certain to exercise them.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of any such asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease liability is initially measured at the present value of the lease payments, net of lease incentives receivables, that are not paid at the commencement date, discounted using an incremental borrowing rate if the rate implicit in the lease arrangement is not readily determinable.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, lease term, or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On the consolidated statement of cash flows, lease payments related to short-term leases, low value assets and variable lease payments not included in lease liabilities are classified as cash flows used in operating activities, whereas the remaining lease payments are classified as cash flows used in financing activities.

Equity incentive plans

The Company has multiple equity incentive plans and records all share-based payments at their respective fair values. The Company recognizes share-based compensation expense over the vesting period of the tranche of awards being considered. The fair value of stock options granted to employees is generally estimated at the date of grant using the Black-Scholes option pricing model. The Company also estimates forfeitures at the time of grant and revises its estimate, if necessary, in subsequent periods if actual forfeitures differ from these estimates. Any consideration paid by employees on exercising stock options and the corresponding portion previously credited to additional paid-in capital are credited to share capital.

The Black-Scholes option pricing model used by the Company to calculate option values was developed to estimate the fair value. This model also requires assumptions, including expected option life, volatility, risk-free interest rate and dividend yield, which greatly affect the calculated values. Expected option life is determined using the time-to-vest-plus-historical-calculation-from-vest-date method that derives the expected life based on a combination of each tranche's time to vest plus the actual or expected life of an award based on the past activity or remaining time to expiry on outstanding awards. Expected volatility is determined using comparable companies for which the information is publicly available. The risk-free interest rate is determined based on the rate at the time of grant and cancellation for zero-coupon Canadian government securities with a remaining term equal to the expected life of the option. Dividend yield is based on the expected annual dividend rate at the time of grant. Expected forfeiture is derived from historical forfeiture rates.

The fair value of options that contain market performance conditions is measured using the Monte Carlo pricing model to estimate the Company's potential future share price. Market conditions are considered in the fair value estimate on the grant date and this fair value is not revised subsequently.

The fair value of restricted share units ("RSUs"), deferred share units ("DSUs") and performance share units which include non-market performance conditions ("PSUs") is measured using the fair value of the Company's shares as if the units were vested and issued on the grant date. An estimate of forfeitures is applied when determining share-based compensation expense as well as estimating the probability of meeting related performance conditions where applicable.

If the vesting date of certain stock options or share awards is accelerated as part of a restructuring, the expense directly related to the acceleration of the stock options or share awards is recognized as a component of restructuring.

Employee benefits

The Company maintains defined contribution plans for which it pays fixed contributions to administered pension insurance plans on a mandatory or contractual basis. The Company has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution pension plans are recognized as employee compensation as the services are provided.

Segment information

The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer. The CODM is the highest level of management responsible for assessing Lightspeed's overall performance and making operational decisions such as resource allocations related to operations, product prioritization, and delegation of authority. Management has determined that the Company operates in a single operating and reportable segment.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to holders of the Company's Common Shares by the weighted average number of Common Shares outstanding during the year. Diluted loss per share is calculated by dividing net loss attributable to holders of the Company's Common Shares by the weighted average number of Common Shares outstanding during the year, plus the effect of potentially-dilutive securities outstanding during the year. The Company uses the treasury stock method to the extent that the effect is dilutive. As a result of net losses incurred, all potentially-dilutive securities have been excluded from the calculation of diluted net loss per share because including them would be anti-dilutive.

Financial instruments

Financial assets

Initial recognition and measurement

The Company's financial assets comprise cash and cash equivalents, restricted cash and restricted deposits, trade and other receivables, merchant cash advances, foreign exchange forward contracts, investments and other assets. All financial assets are recognized initially at fair value, plus, in the case of financial assets that are not measured at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases and sales of financial assets are recognized on the settlement date being the date that the Company receives or delivers the asset. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for those with maturities greater than 12 months after the reporting period.

Subsequent measurement

Cash and cash equivalents, restricted cash and restricted deposits, merchant cash advances, foreign exchange forward contracts and investments are carried at fair value with gains and losses recognized in the consolidated statements of loss and comprehensive loss.

Trade receivables are carried at amortized cost using the effective interest rate method. For information on impairment losses on trade receivables, refer to the Impairment of financial assets section below.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or when the financial assets are written off.

Impairment of financial assets

The Company assesses at each reporting date whether there is any evidence that its trade receivables are impaired. The Company uses the simplified approach for measuring impairment for its trade receivables as these financial assets do not have a significant financing component as defined under IFRS 15, Revenue from Contracts with Customers. Therefore, the Company does not determine if the credit risk for these instruments has increased significantly since initial recognition. Instead, a loss allowance is recognized based on lifetime expected credit losses ("ECL") at each reporting date. Impairment losses and subsequent reversals are recognized in profit or loss and are the amounts required to adjust the loss allowance at the reporting date to the amount that is required to be recognized based on the aforementioned policy. The Company has established a provision matrix that is based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. Trade receivables are written off when there is no reasonable expectation of recovery.

Financial liabilities

Initial recognition and measurement

The Company's financial liabilities comprise accounts payable and accrued liabilities, lease liabilities, other liabilities, long-term debt and foreign exchange forward contracts. All financial liabilities except lease liabilities are recognized initially at fair value. The Company assesses whether embedded derivative financial instruments are required to be separated from host contracts when the Company first becomes party to the contract.

Subsequent measurements

After initial recognition, financial liabilities, excluding contingent consideration and foreign exchange forward contracts, are subsequently measured at amortized cost using the effective interest method. The effective interest method amortization is included as a finance cost in the consolidated statements of loss and comprehensive loss.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Company accounts for contingent consideration as a financial liability measured at fair value through profit or loss and subsequently re-measures fair value at the end of each reporting period. The fair value of the contingent consideration, if above nil, is presented as a component of accounts payable and accrued liabilities as well as other long-term liabilities on the consolidated balance sheets. The change in the fair value of the contingent consideration, if any, is recognized within general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Derecognition

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires. Gains and losses are recognized in the consolidated statements of loss and comprehensive loss when the liabilities are derecognized.

Foreign exchange forward contracts

The Company designates certain foreign exchange forward contracts as cash flow hedges when all the requirements in IFRS 9, Financial Instruments are met. The Company recognizes these foreign exchange forward contracts as either assets or liabilities on the consolidated balance sheets and these contracts are measured at fair value at each reporting period. The asset and liability positions of the foreign exchange forward contracts are included in other current assets and accounts payable and accrued liabilities on the consolidated balance sheets, respectively. The Company reflects the gain or loss on the effective portion of a cash flow hedge in other comprehensive income (loss) and subsequently reclassifies cumulative gains and losses to direct cost of revenues, general and administrative, research and development, or sales and marketing expenses, depending on the risk hedged, when the hedged transactions impact the consolidated statements of loss and comprehensive loss. If the hedged transactions become probable of not occurring, the corresponding amounts in accumulated other comprehensive income (loss) are immediately reclassified to finance income or costs. Foreign exchange forward contracts that do not meet the requirements in IFRS 9, Financial Instruments to be designated as a cash flow hedge, are classified as derivative instruments not designated for hedging. The Company measures these instruments at fair value with changes in fair value recognized in finance income or costs. To date, the Company has not had any foreign exchange forward contracts that do not meet the requirements in IFRS 9, Financial Instruments to be designated as a cash flow hedge.

Foreign currency translation

Functional and presentation currency

The functional as well as the presentation currency of Lightspeed is the US dollar. Items included in the consolidated financial statements of the Company are measured in the functional currency, which is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the changes at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

Foreign operations

The results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into US dollars as follows: assets and liabilities are translated at the closing rate at the reporting date; income and expenses for each statement of operation are translated at average exchange rates; and all resulting exchange differences are recognized in other comprehensive income (loss).

For foreign currency translation purposes, goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the operation and translated at the closing rate at each reporting date.

New accounting pronouncements

New accounting pronouncements are issued by the IASB or other standard-setting bodies, and they are adopted by the Company as at the specified effective date.

New and amended standards and interpretations adopted by the Company

The IASB has issued amendments to IAS 16 Property, Plant and Equipment to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. The amendments also clarify the meaning of "testing whether an asset is functioning properly". The IASB also issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to clarify the cost of fulfilling a contract in assessing whether a contract is onerous. These amendments to IAS 16 and IAS 37 are effective for annual periods beginning on or after January 1, 2022, with early application permitted. The Company has adopted these amendments as of April 1, 2022. There was no impact on the Company's accounting policies or the consolidated financial statements as a result of adopting such amendments. There were no other IFRS or International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of April 1, 2022 that had a material impact on the Company's accounting policies or the consolidated financial statements.

New and amended standards and interpretations issued not yet effective

At the date of authorization of these financial statements, the Company has not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective.

The IASB has issued IFRS 17 Insurance Contracts standardizing how to recognize, measure, present and disclose insurance contracts, amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifying how to distinguish changes in accounting policies from changes in accounting estimates, amendments to IAS 1 Presentation of Financial Statements requiring companies to disclose their material accounting policy information and amendments to IAS 12 Income Taxes requiring companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The new IFRS 17 standard and these amendments to IAS 8, IAS 1 and IAS 12 are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The IASB has also issued amendments to IAS 1 Presentation of Financial Statements affecting the presentation of liabilities as current or non-current in the statement of financial position and they have also issued amendments to IFRS 16 Leases to include variable payments when measuring a lease liability arising from a sale-and-leaseback transaction. These amendments to IAS 1 and IFRS 16 are effective for annual periods beginning on or after January 1, 2024, with early application permitted.

The Company does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

4. Significant accounting estimates and assumptions

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management reviews its estimates on an ongoing basis based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key estimates and assumptions are as follows:

Revenue recognition

The identification of revenue-generating contracts with customers, the identification of performance obligations, the determination of the transaction price and allocations between identified performance obligations, the use of the appropriate revenue recognition method for each performance obligation and the measure of progress for performance obligations satisfied over time are the main aspects of the revenue recognition process, all of which require the exercise of judgment and use of assumptions.

The Company follows the guidance provided in IFRS 15, Appendix B, Principal versus Agent Considerations for determining whether revenue should be recognized at the gross amount of consideration paid by the customer or the net amount of consideration retained by the Company. This determination is a matter of judgment that depends on the facts and circumstances of each arrangement.

Impairment of non-financial assets

The Company's impairment test for goodwill is based on internal estimates of fair value less costs of disposal calculations and uses valuation models such as the discounted cash flow model. Key assumptions on which management has based its determination of fair value less costs of disposal include an estimated discount rate, terminal value multiple, and estimated revenue growth rate. These estimates, including the methodology used, the assessment of CGUs and how goodwill is allocated, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Refer to note 16 for additional information on the assumptions used.

Whenever property and equipment, lease right-of-use assets, and intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

Business combinations

The Company follows the acquisition method to account for business combinations. The acquisition method of accounting requires that assets acquired and liabilities assumed be recorded at their estimated fair values on the date of a business acquisition. The excess of the purchase price over the estimated fair value is recorded as goodwill. Such valuations require management to make significant estimates, assumptions, and judgments, especially with respect to intangible assets and contingent consideration. For intangible assets, the Company develops the fair value by using appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows, and key assumptions generally consist of the future performance of the related assets, the discount rate, the attrition rate, the royalty rates, and the payments attach rate. Contingent consideration is measured at fair value using a discounted cash flow model.

Recoverability of deferred tax assets and current and deferred income taxes and tax credits

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred income tax assets are recognized for unused tax losses and deductible temporary differences to the extent it is probable that taxable income will be available against which the losses and deductible temporary differences can be utilized. Management's judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which depends on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, interest rate, and dividend yield. Refer to note 25 for additional information on the assumptions used.

Provisions

The Company is involved in litigation and claims from time to time. There can be no assurance that these litigations and claims will be resolved without costly litigation nor in a manner that does not adversely impact the financial position and operating results of the Company. Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In determining the probability of a loss and consequently determining a reasonable estimate, management is required to use significant judgment. Assumptions applied reflect the most probable set of economic conditions and planned courses of action by the Company at the time, but these too may differ over time. Given the uncertainties associated with any litigation, the actual outcome can be different from the Company's estimates and could adversely affect the financial position and operating results of the Company.

5. Revenues

The disaggregation of the Company's revenue was as follows:

	2023 $	2022 $
Subscription revenue	298,763	248,430
Transaction-based revenue	399,552	264,044
Hardware and other revenue	32,191	35,898
Total revenues	730,506	548,372

Transaction-based revenue includes $8,196 of revenue from merchant cash advances for the fiscal year ended March 31, 2023 (2022 – $2,667). The Company discloses revenue by geographic area in note 29.

Contract assets

The amount of amortization of commission assets recognized as sales and marketing expense in the fiscal year ended March 31, 2023 is $12,254 (2022 – $8,138).

The Company recorded a contract asset for discounts provided to customers at the inception of a contract of $ 8,845 included in other current assets and $10,691 included in other long-term assets as at March 31, 2023, with $ 4,124 being amortized into subscription revenue and transaction-based revenue for the fiscal year ended March 31, 2023 (2022 – $4,139 and $5,591 with $3,679 being amortized, respectively).

Contract liabilities

Revenue recognized that was included in the deferred revenue balance at the beginning of the years ended March 31, 2023 and 2022 is $65,194 and $43,116, respectively.

6. Direct cost of revenues

	2023 $	2022 $
Subscription cost of revenue	80,064	72,192
Transaction-based cost of revenue	271,035	159,432
Hardware and other cost of revenue	47,446	45,575
Total direct cost of revenues	398,545	277,199

Inventories expensed during the fiscal year ended March 31, 2023 in direct cost of revenues amount to $ 37,560 (2022 – $35,832).

7. Government assistance

Government assistance recognized as a reduction of expenses is as follows:

	2023 $	2022 $
Direct cost of revenues	653	1,144
General and administrative	681	545
Research and development	3,006	2,692
Sales and marketing	142	358
Total government assistance	4,482	4,739

Government assistance includes research and development tax credits, grants, and other incentives.

8. Employee compensation

The total employee compensation comprising salaries and benefits, excluding government assistance and acquisition-related compensation, for the fiscal year ended March 31, 2023, was $396,926 (2022 - $341,851).

Share-based compensation and related costs were included in the following expenses:

	2023 $	2022 $
Direct cost of revenues	6,945	6,345
General and administrative	33,963	26,377
Research and development	35,504	29,705
Sales and marketing	47,255	46,639
Restructuring	5,637	—
Total share-based compensation and related costs	129,304	109,066

Total share-based compensation and related costs for the fiscal year ended March 31, 2023 includes a reversal of $ 6,925 of share-based compensation expense for forfeited unvested stock options and forfeited unvested RSUs in connection with the restructuring announced in January 2023.

The amount recognized as an expense for the fiscal year ended March 31, 2023 for our defined contribution plans was $ 5,258 (2022 - $4,264).

9. Finance income and costs

	2023 $	2022 $
Interest income	26,866	5,855
Interest expense	(2,054)	(2,867)
Net interest income	24,812	2,988

10. Loss per share

The Company has stock options and share awards as potentially-dilutive shares. Diluted net loss per share excludes all potentially-dilutive shares if their effect is anti-dilutive. As a result of net losses incurred, all potentially-dilutive shares have been excluded from the calculation of diluted net loss per share because including them would be anti-dilutive; therefore, basic and diluted number of shares is the same for the years ended March 31, 2023 and 2022. All outstanding potentially dilutive shares could potentially dilute loss per share in the future.

	2023	2022
Issued Common Shares	151,170,305	148,661,312
Weighted average number of Common Shares (basic and diluted)	150,404,130	141,580,917
Net loss per share – basic and diluted	($7.11)	($2.04)

The weighted average number of potentially dilutive shares that are not included in the diluted net loss per share calculations because they would be anti-dilutive was 16,270,724 stock options and share awards for the year ended March 31, 2023 (2022 - 10,515,666).

11. Trade and other receivables

	2023 $	2022 $
Trade receivables	37,167	22,894
Allowance for expected credit losses	(4,131)	(3,043)
Trade receivables, net	33,036	19,851
Research and development tax credits receivable	8,424	4,195
Sales tax receivable	4,862	6,323
Merchant cash advances measured at fair value	29,492	6,300
Indemnification receivables	4,042	9,097
Accrued interest and other	4,478	—
Total trade and other receivables	84,334	45,766

The indemnification receivables are for indemnities on certain income tax payables and other liabilities assumed through our acquisitions.

12. Other current assets

	2023 $	2022 $
Restricted cash and restricted deposits	1,366	1,531
Prepaid expenses and deposits	14,149	20,478
Commission asset	12,160	8,959
Contract asset and other	9,330	4,567
Total other current assets	37,005	35,535

13. Leases

The Company leases certain properties under non-cancellable lease agreements that relate to office spaces and vehicles. The remaining lease terms are between one and seven years.

The roll-forward of lease right-of-use assets is as follows:

	2023	2022
Cost	**$**	**$**
Balance - Beginning of fiscal year	37,001	27,054
Additions	1,613	6,934
Acquired in business combinations	—	5,160
Modifications to and disposals of lease contracts	(1,992)	(1,863)
Exchange differences	(142)	(284)
Balance - End of fiscal year	36,480	37,001
Accumulated depreciation		
Balance - Beginning of fiscal year	11,462	5,848
Depreciation charge	8,244	7,743
Modifications to and disposals of lease contracts	(4,074)	(2,071)
Exchange differences	(125)	(58)
Balance - End of fiscal year	15,507	11,462
Net book value		
Balance - Beginning of fiscal year	25,539	21,206
Balance - End of fiscal year	20,973	25,539
Offices	20,332	24,655
Vehicles	641	884

The maturity analysis of lease liabilities as at March 31, 2023 is as follows:

Fiscal Year	**$**
2024	6,617
2025	5,672
2026	4,165
2027	2,780
2028	2,139
2029 and thereafter	3,818
Total minimum payments	25,191

Expenses relating to short-term leases, including those excluded due to the election of the practical expedient allowing the Company to expense lease payments for short-term leases and leases for which the underlying asset is of low value, as well as variable lease payments not included in the measurement of lease liabilities, were approximately $2,716 for the fiscal

year ended March 31, 2023 (2022 - $3,455). The interest expense for the fiscal year ended March 31, 2023 was $ 1,075 (2022 - $1,204).

14. Property and equipment

2023

	Furniture $	Equipment $	Computer equipment $	Leasehold improvements $	Total $
Cost					
As at March 31, 2022	2,314	1,975	9,197	13,552	27,038
Additions	1,004	43	3,281	4,178	8,506
Disposals	(766)	(618)	(2,724)	(212)	(4,320)
As at March 31, 2023	2,552	1,400	9,754	17,518	31,224
Accumulated depreciation					
As at March 31, 2022	1,426	1,342	5,214	2,600	10,582
Depreciation	531	193	2,714	2,033	5,471
Disposals	(766)	(618)	(2,724)	(212)	(4,320)
As at March 31, 2023	1,191	917	5,204	4,421	11,733
Net book value as at March 31, 2023	1,361	483	4,550	13,097	19,491

2022

	Furniture $	Equipment $	Computer equipment $	Leasehold improvements $	Total $
Cost					
As at March 31, 2021	2,177	1,759	6,460	7,451	17,847
Additions	19	461	3,564	7,360	11,404
Acquired through business combinations	308	—	1,122	273	1,703
Disposals	(190)	(245)	(1,949)	(1,532)	(3,916)
As at March 31, 2022	2,314	1,975	9,197	13,552	27,038
Accumulated depreciation					
As at March 31, 2021	1,004	1,181	4,441	2,879	9,505
Depreciation	612	406	2,722	1,253	4,993
Disposals	(190)	(245)	(1,949)	(1,532)	(3,916)
As at March 31, 2022	1,426	1,342	5,214	2,600	10,582
Net book value as at March 31, 2022	888	633	3,983	10,952	16,456

15. Intangible assets

2023

	Acquired software technologies $	Customer relationships $	Internally generated intangibles $	Total $
Cost				
As at March 31, 2022	213,581	345,956	—	559,537
Additions	—	—	4,269	4,269
Exchange differences	(739)	(1,769)	—	(2,508)
As at March 31, 2023	212,842	344,187	4,269	561,298
Accumulated amortization				
As at March 31, 2022	67,275	82,694	—	149,969
Amortization	42,795	58,751	—	101,546
Exchange differences	(653)	(1,014)	—	(1,667)
As at March 31, 2023	109,417	140,431	—	249,848
Net book value as at March 31, 2023	103,425	203,756	4,269	311,450

2022

	Acquired software technologies $	Customer relationships $	Internally generated intangibles $	Total $
Cost				
As at March 31, 2021	72,884	220,090	—	292,974
Acquired through business combinations	141,200	127,600	—	268,800
Exchange differences	(503)	(1,734)	—	(2,237)
As at March 31, 2022	213,581	345,956	—	559,537
Accumulated amortization				
As at March 31, 2021	30,640	27,841	—	58,481
Amortization	36,700	55,112	—	91,812
Exchange differences	(65)	(259)	—	(324)
As at March 31, 2022	67,275	82,694	—	149,969
Net book value as at March 31, 2022	146,306	263,262	—	409,568

16. Goodwill

	2023 $	2022 $
Balance - Beginning of fiscal year	2,104,368	971,939
Addition through business combinations	—	1,137,340
Impairment loss	(748,712)	—
Foreign currency translation	(5,011)	(4,911)
Balance - End of fiscal year	1,350,645	2,104,368

Impairment analysis

During the three months ended December 31, 2022, there were changes in macroeconomic conditions and the Company's share price and market capitalization decreased. This led to the carrying amount of the Company's net assets exceeding the Company's market capitalization as at December 31, 2022. This triggered an impairment test to be performed on the Company's goodwill for the Company's Segment, as defined in note 3, which is the level at which management monitors goodwill. The timing of this test also aligned with the Company's annual impairment test of goodwill. Impairment, if any, is determined by assessing the recoverable amount of the Segment. The Segment's recoverable amount is the higher of the Segment's fair value less costs of disposal and its value in use.

The Company completed an impairment test of goodwill as at December 31, 2022 using the Company's fair value less costs of disposal method. This test resulted in a non-cash impairment charge of $748,712 related to goodwill during the three months ended December 31, 2022 as the terminal value multiple was negatively impacted by the macroeconomic conditions and the Company's share price decrease, and the Company's revenue growth rate was negatively impacted by the macroeconomic impact on the Company's customer's sales. Fair value less costs of disposal is a Level 3 measurement (see note 27).

Fair value less costs of disposal was estimated using an income approach, more specifically, a discounted cash flow model. The discounted cash flow model takes into consideration a five-year financial forecast, which is based on the Company’s actual performance and management’s best estimates of future performance, and calculates a terminal value based on revenues. The cash flows are discounted using a weighted average cost of capital reflecting the market assessment. The costs to sell were assumed to be 2.5% of the fair value amount. The carrying value of the Segment was compared with the fair value less costs of disposal to test for impairment.

Sensitivity of assumptions

The following table indicates the impact on the carrying value of a 1% change in the key assumptions as at December 31, 2022:

Key Assumptions	Input used in discounted cash flow model	Impairment increase if the key assumption was changed by 1%, assuming all other key assumptions were held constant*
		$
Discount Rate (%)	30 %	21,240
Terminal Value Multiple	2.5	16,063
Revenue Growth Rate (%)	27 %	19,607

**Discount rate multiplied by 1.01, terminal value multiple multiplied by 0.99, revenue growth rate multiplied by 0.99*

Goodwill is more susceptible to impairment risk if business operating results or economic conditions deteriorate. The Company reassessed as at March 31, 2023 the key assumptions used in the December 31, 2022 test and found no reduction in the terminal value multiple, no increase in the discount rate and no decrease in the revenue growth rate. A reduction in the terminal value multiple, an increase in the discount rate or a decrease in the revenue growth rate could cause additional impairment in the future.

The determination of the recoverable amount involves the use of estimates by management and can have a material impact on the respective value and ultimately the amount of any impairment. The Company is required to perform its next annual goodwill impairment analysis on December 31, 2023, or earlier should there be a goodwill impairment trigger before then. No impairment charges were taken on other assets included in Lightspeed's cash generating units.

17. Other long-term assets

	2023	2022
	$	$
Restricted cash	408	260
Prepaid expenses and deposits	3,775	5,945
Commission asset	15,147	9,604
Contract asset	10,691	5,591
Investments	1,519	—
Total other-long term assets	31,540	21,400

18. Accounts payable and accrued liabilities

	2023	2022
	$	$
Trade payables	36,958	39,245
Accrued compensation and benefits	22,543	25,238
Accrued payroll taxes on share-based compensation	3,030	3,594
Acquisition-related payables	331	5,527
Sales tax payable	3,556	3,861
Other	2,409	842
Total accounts payable and accrued liabilities	68,827	78,307

19. Credit facility

The Company had credit facilities with the Canadian Imperial Bank of Commerce ("CIBC"), which included a $ 25,000 demand revolving operating credit facility (the "Revolver") and a $50,000 stand-by acquisition term loan, $20,000 of which was uncommitted (the "Acquisition Facility", and together with the Revolver, the "Credit Facilities"). The Acquisition Facility was drawn for $30,000 in January 2020 for the acquisition of Lightspeed POS Germany GmbH (formerly Gastrofix GmbH) and was set to mature 60 months thereafter. On July 6, 2022, the Company repaid in full the balance outstanding under the Acquisition Facility, including all accrued and unpaid interest and the Acquisition Facility was terminated. Prior to the repayment, excluding unamortized financing costs, the balance drawn on the Acquisition Facility was $30,000.

On October 28, 2022, the Company amended the Revolver to, among other things, reduce the size of the Revolver to $ 5,000 and facilitate greater operating flexibility (the "Amended Revolver"). The Amended Revolver is available for letters of credit or letters of guarantee for general corporate and working capital purposes. The Amended Revolver is subject to certain general covenants, including making available annual audited consolidated financial statements, and is secured by material assets of the Company. The Company was in compliance with covenants as at March 31, 2023.

20. Share capital

As at March 31, 2023, the Company had 151,170,305 Common Shares issued and outstanding, unlimited shares authorized (2022 – 148,661,312).

The Company's authorized share capital consists of (i) an unlimited number of Subordinate Voting Shares and (ii) an unlimited number of preferred shares, issuable in series.

Common Shares

The Common Shares consist of Subordinate Voting Shares with no par value. The holders of outstanding Common Shares are entitled to one vote per share and are entitled to receive dividends at such times and in such amounts and form as the Board may from time to time determine, but subject to the rights of the holders of any preferred shares.

Preferred Shares

The preferred shares are issuable at any time and from time to time in one or more series. The Board is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the preferred

shares of each series, which may include voting rights, the whole subject to the issue of a certificate of amendment setting forth the designation and provisions attaching to the preferred shares or shares of the series.

New Issue Offering

On August 11, 2021, the Company completed a public offering of Subordinate Voting Shares in the United States and Canada through the issuance of new shares. The public offering consisted of an aggregate of 8,855,000 Subordinate Voting Shares, including the exercise in full by the underwriters of their over-allotment option on August 13, 2021, to purchase 1,155,000 additional Subordinate Voting Shares. The Subordinate Voting Shares were issued from treasury for gross proceeds of $823,515 for the Company, with share issuance costs (including the underwriters' fee and other expenses related to the offering) for the Company amounting to $33,042.

21. Accumulated other comprehensive income (loss)

	Foreign currency differences on translation of foreign operations		Hedging reserve		Total accumulated other comprehensive income (loss)	
	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$
Balance - Beginning of fiscal year	2,654	9,715	23	—	2,677	9,715
Other comprehensive income (loss)	(5,586)	(7,061)	(148)	23	(5,734)	(7,038)
Balance - End of fiscal year	(2,932)	2,654	(125)	23	(3,057)	2,677

22. Income taxes

Income tax expense (recovery) includes the following components:

	2023	2022
	$	$
Current		
Related to current year	2,880	1,214
Related to prior years	(411)	(111)
	2,469	1,103
Deferred		
Related to current year	(6,338)	(27,831)
Related to prior years	(350)	(193)
	(6,688)	(28,024)
Total income tax recovery	(4,219)	(26,921)

The income tax expense (recovery) reported, which includes foreign taxes, differs from the amount of the income tax expense (recovery) computed by applying Canadian statutory rates as follows:

	2023 $	2022 $
Loss before income taxes	(1,074,228)	(315,354)
Statutory tax rate	26.5 %	26.5 %
Income tax recovery at the statutory tax rate	(284,671)	(83,589)
Impact of rate differential of foreign jurisdiction	9,944	7,078
Non-deductible share-based compensation and related costs	33,771	20,208
Acquisition-related compensation and transaction-related costs	1,267	1,480
Other non-deductible expenses (credits) and non-taxable amounts	728	(192)
Adjustment related to prior years	(761)	(304)
Goodwill impairment	198,409	—
Changes in unrecognized benefits of deferred tax assets	38,673	27,972
Impact of foreign exchange and other	(1,579)	426
Total income tax recovery	(4,219)	(26,921)

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2023	2022
Deferred tax assets	**$**	**$**
Property and equipment	3,179	2,402
Non-capital losses carried forward	49,467	78,292
Lease liabilities	6,045	6,354
Deferred revenue	530	1,217
Interest expenses carried forward	3,170	5,852
Other	17,760	6,338
Total deferred tax assets	80,151	100,455
Deferred tax liabilities		
Property and equipment	(562)	(299)
Intangible assets	(67,972)	(97,647)
Lease right-of-use assets	(5,028)	(5,140)
Other	(6,288)	(4,048)
Total deferred tax liabilities	(79,850)	(107,134)
Net deferred tax assets (liabilities)	301	(6,679)
As presented on the consolidated balance sheets:		
Deferred tax assets	301	154
Deferred tax liabilities	—	(6,833)
Net deferred tax assets (liabilities)	301	(6,679)

2023

	Balance as at March 31, 2022	Charged (credited) to consolidated statement of loss	Business acquisitions and other	Balance as at March 31, 2023
	$	$	$	$
Deferred tax assets (liabilities) continuity				
Property and equipment	2,103	514	—	2,617
Intangible assets	(97,647)	29,675	—	(67,972)
Lease liabilities	6,354	(309)	—	6,045
Lease right-of-use assets	(5,140)	112	—	(5,028)
Non-capital losses carried forward	78,292	(28,825)	—	49,467
Deferred revenue	1,217	(687)	—	530
Interest expenses carried forward	5,852	(2,682)	—	3,170
Other	2,290	8,890	292	11,472
Net deferred tax assets (liabilities)	**(6,679)**	**6,688**	**292**	**301**

2022

	Balance as at March 31, 2021	Charged (credited) to consolidated statement of loss	Business acquisitions and other	Balance as at March 31, 2022
	$	$	$	$
Deferred tax assets (liabilities) continuity				
Property and equipment	2,061	75	(33)	2,103
Intangible assets	(50,476)	22,042	(69,213)	(97,647)
Lease liabilities	6,073	5	276	6,354
Lease right-of-use assets	(5,000)	86	(226)	(5,140)
Non-capital losses carried forward	41,308	3,439	33,545	78,292
Deferred revenue	1,011	206	—	1,217
Interest expenses carried forward	5,188	664	—	5,852
Other	(1,351)	1,507	2,134	2,290
Net deferred tax assets (liabilities)	**(1,186)**	**28,024**	**(33,517)**	**(6,679)**

The Company has accumulated unrecognized deductible temporary differences, unused tax losses and unused tax credits as follows:

	2023 $	2022 $
Deductible temporary differences	63,695	60,237
Non-capital losses	587,407	394,067
Research and development expenditures	21,760	15,456
	672,862	469,760

As at March 31, 2023, the Company and its subsidiaries have non-capital losses of $ 587,407 (2022 - $394,067) available to reduce future taxable income for which the benefits have not been recognized. From this amount, $320,344 (2022 - $226,403) expires from calendar year 2024 to 2043, while $267,063 (2022 - $167,664) has no expiry date.

There was no change in statutory tax rate for the financial year.

Government assistance

The Company incurred research and development expenditures and e-business development expenses which are eligible for tax credits. The tax credits recorded are based on management's estimate of amounts expected to be recovered and are subject to audit by the taxation authorities and, accordingly, these amounts may vary. For the fiscal year ended March 31, 2023, the Company recorded a Canadian provision for refundable tax credits of $4,077 (2022 – $3,933). This amount has been recorded as a reduction of research and development and e-business development expenditures for the year.

As at March 31, 2023, the Company has available Canadian federal non-refundable investment tax credits of $ 2,598 (2022 – $2,548) related to research and development expenditures which may be used to reduce Canadian federal income taxes payable in future years. These non-refundable investment tax credits begin to expire in 2033. The Company also has a non-refundable e-business tax credit of $4,823 (2022 – $3,772) which may reduce Canadian provincial income taxes payable in future years. These non-refundable credits begin to expire in 2035.

The benefits of these non-refundable investment tax credits have not been recognized in the consolidated financial statements.

23. Commitments

Refer to note 13 for the maturity analysis of lease liabilities as at March 31, 2023.

In addition to the obligations under lease liabilities, the Company is subject to short-term leases and variable lease payments, as well as various non-cancelable service agreements with minimum spend commitments. The table below outlines the maturity analysis as at March 31, 2023 for the Company's short-term leases and variable lease payments, and for the minimum fixed and determinable portion of the Company's material unconditional purchase obligations:

	< 1 Year $	1 to 5 Years $	>5 Years $	Total $
Short-term leases and variable lease payments	3,106	8,503	3,161	14,770
Material unconditional purchase obligations	32,077	85,441	—	117,518
Total contractual obligations	35,183	93,944	3,161	132,288

Short-term leases and variable lease payments include short term lease payments and variable lease payments for the Company's share of tenant operating expenses and taxes. Purchase obligations include material non-cancelable service agreements with service providers and payment processors subject to minimum spend commitments.

24. Contingencies and Provisions

Contingencies

Beginning in October 2021, the Company and certain of the Company's officers and directors were named as defendants to an application for authorization to bring a securities class action filed before the Superior Court of Quebec, and the Company and certain of the Company's officers and directors were named as defendants in a securities class action brought in U.S. district court for the Eastern District of New York (a separate action brought in the Southern District of New York was voluntarily dismissed after a lead plaintiff was appointed in the Eastern District of New York action). The application and action are sought on behalf of purchasers of the Company's Common Shares, and are based upon allegations that the defendants made false and/or misleading statements to the public and seek unspecified damages. On June 27, 2022, the Company filed a motion to dismiss the securities class action brought in the U.S. district court for the Eastern District of New York. Plaintiffs to the securities class action brought in the U.S. district court for the Eastern District of New York filed an opposition to the Company's motion to dismiss, and the Company filed a reply. The Company and management intend to vigorously defend against each of these proceedings.

On October 22, 2021, CloudofChange, LLC, a non-practising entity, filed a patent infringement lawsuit against the Company in the Western District of Texas. The patents at issue in the suit include U.S. Patents Nos. 9,400,640, 10,083,012 and 11,226,793. These patents generally relate to web-based point of sale builder systems. The Company and management intend to vigorously defend against the action.

The Company has not provisioned for the above-mentioned matters as the outcome is not determinable nor is the amount of loss, if any, reasonably estimable given the present stage of the proceedings in each case.

Provisions

The Company is involved in other litigation and claims in the normal course of business. Management is of the opinion that any resulting provisions and ultimate settlements would not materially affect the financial position and operating results of the Company.

Restructuring

During the fiscal year ended March 31, 2023, the Company announced and implemented a reorganization to streamline the Company's operating model while continuing to focus on disciplined growth.

Provision for severance and cash acquisition-related compensation acceleration

	2023 $	2022 $
Balance - Beginning of fiscal year	247	1,034
Expensed during the year	18,581	803
Paid during the year	(17,722)	(1,590)
Balance - End of fiscal year	**1,106**	**247**

The provision is included in accounts payable and accrued liabilities in the other category in note 18.

Restructuring expenses

	2023 $	2022 $
Severance	15,710	803
Share-based compensation expense acceleration	5,637	—
Cash acquisition-related compensation acceleration	2,871	—
Share-based acquisition-related compensation acceleration	4,465	—
Restructuring	**28,683**	**803**

25. Share-based compensation **(numbers of shares and awards are presented in per share and per award amounts)**

In 2012, the Company established the 2012 option plan (which was amended in 2015, 2019 and 2021) (the “2012 Legacy Option Plan”). Employee stock option grants under the 2012 Legacy Option Plan generally vest as to 25% a year annually over four years and have a term of seven years. In connection with the Company's initial public offering in Canada (the "IPO"), the 2012 Legacy Option Plan was amended such that outstanding options granted thereunder are exercisable for Common Shares and no further awards can be made under the 2012 Legacy Option Plan.

In connection with the IPO, an omnibus incentive plan (as amended and restated, the “Omnibus Incentive Plan”) was adopted. The Omnibus Incentive Plan was amended and restated in November 2019 to give effect to certain housekeeping amendments. The Omnibus Incentive Plan was amended and restated in September 2020 to convert such plan from a "fixed plan" to a "rolling plan", whereby the maximum number of Common Shares of the Company which may be reserved and set aside for issuance under such plan and the 2012 Legacy Option Plan were changed from a fixed number of Common Shares to a maximum aggregate number of Common Shares equal to 15% of all Common Shares issued and outstanding from time to time on a non-diluted basis. On that basis, as at March 31, 2023, the maximum number of Common Shares available under the Omnibus Incentive Plan and the 2012 Legacy Option Plan was 22,675,545. In February 2021, the Omnibus Incentive Plan was updated to amend certain definitions.

The Omnibus Incentive Plan allows the Board to grant long-term equity-based awards to eligible participants in the form of stock options, RSUs, DSUs, and PSUs. All options granted under the Omnibus Incentive Plan have an exercise price determined and approved by the Board at the time of grant, which cannot be less than the market price of a Common Share on the date of the grant. Employee stock options under the Omnibus Incentive Plan generally vest as to 25% on the first anniversary of the grant date and then monthly thereafter for 36 months until fully vested or monthly for 48 months until fully vested, are granted with a term of seven years and settled via the issuance of new Common Shares upon exercise. In some instances, the Company has granted stock options with other non-standard vesting schedules.

Each RSU, DSU and PSU evidences the right to receive one Common Share (issued from treasury or purchased on the open market), cash based on the value of a Common Share or a combination thereof at some future time. RSUs under the Omnibus Incentive Plan generally vest as to 30% either on the first anniversary of the grant date or spread over each of the first four quarterly anniversaries of the grant date, followed in either case by eight equal quarterly tranches until fully vested. In some instances, the Company has granted RSUs with other non-standard vesting schedules. PSU vesting is conditional on the attainment of specified performance metrics determined by the Board. RSUs and PSUs must be settled before the date that is three years after the last day of the calendar year in which the performance of services for which the RSUs or PSUs were granted, occurred. DSUs generally vest on the grant date and must be settled after the termination date of the holder, but prior to the last day of the calendar year following such termination date. Each of RSUs, DSUs and PSUs may be settled via the issuance of shares, cash or a combination thereof at the discretion of the Board.

In connection with the acquisition of ShopKeep Inc. ("ShopKeep"), the Company assumed the ShopKeep Plan. The assumed options were converted based on the option exchange ratio calculated in accordance with the definitive merger

agreement into options to purchase the Company's Common Shares with corresponding adjustments made to (i) the number of shares issuable upon exercise of each assumed option and (ii) the exercise price of each such assumed option. A total of 1,226,214 Common Shares were reserved under the ShopKeep Plan. Immediately prior to the acquisition of ShopKeep, the ShopKeep Plan was amended such that outstanding options granted thereunder are exercisable for Common Shares and no further awards can be made under the ShopKeep Plan.

The Company has also made grants of stock options and RSUs without shareholder approval in compliance with an allowance under the rules of the TSX as inducements for executive officers to enter into contracts of full-time employment with the Company. The terms of such grants generally align with the terms governing grants of comparable awards under the Omnibus Incentive Plan, though a separate share reserve is maintained for issuance in connection with the exercise or settlement of such awards.

The Company has also made grants of long-term, multi-year performance-based stock options to its Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. Such options will vest over an approximately five year time period and only upon achievement of predetermined performance criteria. The options were granted in accordance with the Omnibus Incentive Plan, with the exercise price determined and approved by the Board at the time of grant, which exercise prices were not less than the fair market price of a Common Share on the date of grant. The options have a term of seven years and are settled via the issuance of Common Shares upon exercise.

The stock option activity and the weighted average exercise price are summarized as follows:

	2023		2022	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding – Beginning of year*	11,823,310	36.36	6,796,039	24.56
Granted**	2,817,149	19.93	7,920,684	49.47
Exercised	(942,641)	5.00	(1,061,359)	16.48
Forfeited/Cancelled	(3,637,522)	47.76	(1,832,054)	47.84
Outstanding – End of fiscal year	10,060,296	30.58	11,823,310	38.37
Exercisable – End of fiscal year	3,771,711	31.24	2,600,818	23.05

*The 2023 beginning of year weighted average exercise price was adjusted from the prior year closing weighted average exercise price to account for the CAD to USD foreign exchange rate used when calculating the current fiscal year's weighted average exercise prices.
**Included in the stock options granted in the fiscal year ended March 31, 2022 were 2,500,000 stock options with vesting dependent on market conditions tied to the Company's future share price performance.

The RSU, DSU and PSU activity and the weighted average grant date fair values as at March 31, 2023 are summarized as follows:

	2023		2023		2023	
	RSU		DSU		PSU	
	Number of awards	Weighted average grant date fair value	Number of awards	Weighted average grant date fair value	Number of awards	Weighted average grant date fair value
		$		$		$
Outstanding – Beginning of year	3,314,131	46.71	34,421	37.95	953,290	28.73
Granted	4,397,629	20.77	47,577	18.72	—	—
Settled	(956,837)	41.58	(16,600)	40.50	(333,650)	28.73
Forfeited	(1,214,156)	37.97	—	—	—	—
Outstanding – End of year	5,540,767	28.92	65,398	23.31	619,640	28.73

The RSU, DSU and PSU activity and the weighted average grant date fair values as at March 31, 2022 are summarized as follows:

	2022		2022		2022	
	RSU		DSU		PSU	
	Number of awards	Weighted average grant date fair value	Number of awards	Weighted average grant date fair value	Number of awards	Weighted average grant date fair value
		$		$		$
Outstanding – Beginning of year	939,833	44.93	14,751	26.68	75,182	24.90
Granted	3,016,792	48.89	20,227	47.14	953,290	28.73
Settled	(219,208)	52.19	(557)	73.39	(51,094)	24.97
Forfeited	(423,286)	55.50	—	—	(24,088)	24.75
Outstanding – End of year	3,314,131	46.71	34,421	37.95	953,290	28.73

The fair value of stock options granted to employees, excluding stock options that contain market conditions, was estimated at the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2023	2022
Expected volatility	52.22 %	47.25 %
Risk-free interest rate	3.05 %	1.04 %
Expected option life	3.92 years	4.07 years
Expected dividend yield	0 %	0 %
Forfeiture rate	26.55 %	27.07 %

The fair value of stock options granted in the fiscal year ended March 31, 2022 to certain executives with vesting dependent on market conditions tied to the Company's future share price performance is measured using the Monte Carlo

pricing model to estimate the Company's potential future share price. This model leverages assumptions that the expected volatility of the share price is 41% and the expected option life is 7 years.

The fair value of stock options, RSUs, DSUs and PSUs granted in the fiscal year ended March 31, 2023 amounted to $ 117,895 (2022 – $318,233). The initial aggregate fair value of options, RSUs and PSUs forfeited/cancelled in the fiscal year ended March 31, 2023 amounted to $111,549 (2022 – $55,967). For the fiscal year ended March 31, 2023, share-based compensation expense of $ 129,167 (2022 – $108,916) was recorded in the consolidated statements of loss and comprehensive loss with a corresponding credit to additional paid-in capital.

As at March 31, 2023, the total remaining unrecognized share-based compensation expense amounted to $ 78,581 (2022 – $147,052), which will be amortized over the weighted average remaining requisite service period of 1.60 years (2022 – 1.90 years).

The following table summarizes information with respect to stock options outstanding and stock options exercisable as at March 31, 2023:

	Options outstanding			Options exercisable		
Exercise price $	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**
2.17 to 18.92	1,930,537	5.09	12.19	719,850	2.21	5.80
18.93 to 22.62	1,886,776	5.61	21.49	384,078	4.24	21.79
22.63 to 27.73	2,268,067	4.46	23.99	1,409,502	3.77	24.27
27.74 to 41.54	1,896,698	5.51	31.49	291,923	3.79	31.80
41.55 to 93.45	2,078,218	5.42	62.27	966,358	5.38	63.92
Total	10,060,296	5.19	30.58	3,771,711	3.94	31.24

The following table summarizes information with respect to stock options outstanding stock options exercisable as at March 31, 2022:

	Options outstanding			Options exercisable		
Exercise price $	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price $**
0.30 to 21.90	2,735,944	4.82	11.60	1,017,325	3.28	5.02
21.91 to 27.52	2,137,518	5.67	24.29	796,323	5.12	24.90
27.53 to 33.19	2,238,268	6.34	30.75	302,339	4.94	28.71
33.20 to 65.89	1,855,419	6.25	45.76	286,652	5.07	38.86
65.90 to 94.03	2,856,161	6.22	75.73	198,179	6.14	76.67
Total	11,823,310	5.82	38.37	2,600,818	4.45	23.05

26. Related party transactions

Key management personnel includes the C-Level executives and other executives. Other related parties include close family members of the key management personnel and entities controlled by the key management personnel.

The executive compensation expense to the top five key management personnel is as follows:

	2023 $	2022 $
Short-term employee benefits and termination benefits	3,242	2,914
Share-based payments	20,331	21,251
Total compensation paid to key management personnel	23,573	24,165

27. Financial instruments

Fair value

The Company measures the fair value of certain of its financial assets and financial liabilities using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value. The different levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Other techniques for which inputs are based on quoted prices for identical or similar instruments in markets that are not active, quoted prices for similar instruments in active markets, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability;

Level 3: Techniques which use inputs that have a significant effect on the recognized fair value that require the Company to use its own assumptions about market participant assumptions.

The Company estimated the fair value of its financial instruments as described below.

The fair value of cash and cash equivalents, restricted cash and restricted deposits, trade receivables and trade accounts payable and accrued liabilities is considered to be equal to their respective carrying values due to their short-term maturities.

The fair value of accrued payroll taxes on share-based compensation approximates its carrying value as at March 31, 2023 and 2022.

Recurring fair value measurements

The fair value of foreign exchange forward contracts was determined based on Level 2 inputs, which included period-end mid-market quotations for each underlying contract as calculated by the financial institution with which the Company has transacted. The quotations are based on bid/ask quotations and represent the discounted future settlement amounts based on current market rates.

The fair value of merchant cash advances was determined based on Level 3 inputs by calculating the present value of the future estimated cash flows based on the terms of the agreements. The fair value of investments was determined based on Level 3 inputs using the prices for financial instruments stemming from private investments that the Company participated in.

As at March 31, 2023 and 2022, financial instruments measured at fair value in the consolidated balance sheets were as follows:

	March 31, 2023			March 31, 2022		
	Fair value hierarchy	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Carrying amount**	**Fair value**
		$	**$**		**$**	**$**
Assets:						
Cash and cash equivalents	Level 1	800,154	800,154	Level 1	953,654	953,654
Restricted cash and restricted deposits	Level 1	1,774	1,774	Level 1	1,791	1,791
Merchant cash advances	Level 3	29,492	29,492	Level 3	6,300	6,300
Foreign exchange forward contracts	Level 2	0	0	Level 2	23	23
Investments	Level 3	1,519	1,519	—	—	—
Liabilities:						
Foreign exchange forward contracts	Level 2	125	125	Level 2	0	0

Credit and concentration risk

Generally, the carrying amount on the consolidated balance sheet of the Company's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

The Company's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables. The Company does not require a guarantee from its customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions. The Company does not hold any collateral as security.

Due to the Company's diverse customer base, there is no particular concentration of credit risk related to the Company's trade receivables. Moreover, trade receivable balances are managed and analyzed on an ongoing basis to ensure the loss allowance is established and maintained at an appropriate amount.

The Company maintains a loss allowance for a portion of trade receivables when collection becomes doubtful on the basis described in note 3. As described in that note, the ECL includes forward-looking factors specific to the debtors and the economic environment.

In the fiscal year ended March 31, 2023, potential effects from uncertainty in the macroeconomic environment on the Company's credit risk have been considered and have resulted in an increase to its allowance for ECLs from what the allowance would have been without factoring in these effects. The Company continues to monitor macroeconomic conditions and any resulting impacts on the Company's credit risk.

The loss allowance as at March 31, 2023 and 2022 was determined as follows:

2023

	Not past due	0–30	30–60	60–90	90–180	180+
Expected loss rate	3 %	15 %	48 %	67 %	69 %	71 %
Gross carrying amount	28,209	4,649	1,418	521	989	1,381
Loss allowance	741	697	681	349	682	981

2022

	Not past due	0–30	30–60	60–90	90–180	180+
Expected loss rate	3 %	14 %	46 %	64 %	68 %	70 %
Gross carrying amount	17,279	2,212	617	213	577	1,996
Loss allowance	518	310	284	136	392	1,403

Changes in the loss allowance were as follows:

	2023 $	2022 $
Balance – Beginning of fiscal year	3,043	3,519
Increase	3,076	1,603
Write-offs	(1,988)	(2,079)
Balance – End of fiscal year	4,131	3,043

Liquidity risk

The Company is exposed to the risk of being unable to honour its financial commitments by the deadlines set, under the terms of such commitments and at a reasonable price. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

As at March 31, 2023 and 2022, the maturity analysis of financial liabilities represented the following:

2023

	<1 Year $	1 to 5 Years $	>5 Years $	Total $
Accounts payable and accrued liabilities	68,827	—	—	68,827
Other long-term liabilities	—	1,026	—	1,026

2022

	<1 Year $	1 to 5 Years $	>5 Years $	Total $
Accounts payable and accrued liabilities	78,307	—	—	78,307
Other long-term liabilities	—	1,007	—	1,007
Long-term debt	—	30,000	—	30,000

For the maturity analysis of lease liabilities, see note 13. Details of contractual commitments are included in note 23.

The Company has $800,154 of cash and cash equivalents as at March 31, 2023, demonstrating its liquidity and its ability to cover upcoming financial liabilities.

The Company's business, financial condition and operations were not significantly impacted by the failure of Silicon Valley Bank. No material cash and cash equivalent balances were held with Silicon Valley Bank as at March 31, 2023.

Foreign exchange risk

The main currencies which expose the Company to foreign exchange risk due to financial instruments denominated in foreign currencies are the Canadian dollar, the Euro, the Australian dollar, the British pound sterling, the Swiss franc and the New Zealand dollar. The following table provides a summary of the Company's foreign exchange exposures, after taking into account relevant foreign exchange forward contracts, expressed in thousands of US dollars:

2023	CAD $	EUR $	AUD $	GBP $	CHF $	Other $	Total $
Cash and cash equivalents and restricted cash	3,336	5,828	2,078	1,907	1,456	1,537	16,142
Trade and other receivables	3,716	9,004	8,199	1,680	1,074	1,883	25,556
Accounts payable and accrued liabilities	(10,615)	(8,948)	(3,604)	(1,561)	(1,294)	(3,333)	(29,355)
Other long-term liabilities	(231)	(267)	(68)	(119)	(48)	(5)	(738)
Lease liabilities	(11,805)	(3,258)	(1,870)	(4,085)	(866)	(211)	(22,095)
Net financial position exposure	(15,599)	2,359	4,735	(2,178)	322	(129)	(10,490)

2022	CAD $	EUR $	AUD $	GBP $	CHF $	Other $	Total $
Cash and cash equivalents and restricted cash	13,885	6,270	2,522	1,338	2,333	4,103	30,451
Trade and other receivables	3,454	4,086	2,675	1,472	628	483	12,798
Accounts payable and accrued liabilities	(18,508)	(5,755)	(2,834)	(1,466)	(1,366)	(3,172)	(33,101)
Other long-term liabilities	(287)	(270)	(53)	(142)	(37)	—	(789)
Lease liabilities	(13,400)	(4,447)	(477)	(4,315)	(259)	(548)	(23,446)
Net financial position exposure	(14,856)	(116)	1,833	(3,113)	1,299	866	(14,087)

The table below shows the immediate increase/(decrease) in net loss before tax of a 1% strengthening in the average exchange rate of significant currencies to which the Company has transaction exposure as at March 31, 2023 and 2022. The sensitivity associated with a 1% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

	CAD	EUR	AUD	GBP	NZD	Other
	$	$	$	$	$	$
2023	(84)	(58)	161	111	(152)	15
2022	(1,347)	(1,092)	(512)	(383)	(167)	(166)

Foreign exchange forward contracts

The Company's policy is to mitigate its exposure to foreign exchange risk by entering into derivative instruments. The Company has hedged some of its foreign currency exchange risk. The Company has entered into multiple foreign exchange forward contracts, which are generally for a term of less than one year. The Company's currency pair used for cash flow hedges is US dollar / Canadian dollar. The Company does not use derivative instruments for speculative purposes. The Company's hedging program does not mitigate the impact of foreign currency fluctuations on its revenue.

Cash flow hedges

The Company has a hedging program to mitigate the impact of foreign currency fluctuations on future cash flows and earnings. Under this program the Company has entered into foreign exchange forward contracts and designated those hedges as cash flow hedges.

The notional principal of the foreign exchange contracts was approximately $ 109,200 CAD as at March 31, 2023 (March 31, 2022 - $26,000 CAD).

Hedging reserve

	2023	2022
	$	$
Balance as at March 31,	23	—
Unrealized losses on fair value that may be subsequently reclassified to consolidated statements of loss	(3,386)	(337)
Losses reclassified to direct cost of revenues, general and administrative expenses, research and development expenses, and sales and marketing expenses.	3,238	360
Balance as at March 31,	(125)	23

No hedge ineffectiveness was recorded during the fiscal year ended March 31, 2023.

All hedging relationships have been maintained as at March 31, 2023. No balance in the hedging reserve relates to hedging relationships for which hedged accounting is no longer applied.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on earnings and cash flows. Certain of the Company's cash earns interest. The Company's trade and other receivables, accounts payable and accrued liabilities and lease liabilities do not bear interest. Our exposure to interest rate risk was related to the Acquisition Facility (see note 19**)**. The Company is not exposed to material interest rate risk.

Share price risk

Accrued payroll taxes on share-based compensation (social costs) are payroll taxes associated with share-based compensation that the Company is subject to in various countries in which it operates. Social costs are accrued at each reporting period based on inputs including, but not limited to, the number of stock options and share awards outstanding, the vesting of the stock options and share awards, the exercise price, and the Company's share price. Changes in the accrual are recognized in direct cost of revenues and operating expenses. An increase in share price will increase the accrual for social costs, and a decrease in share price will result in a decrease in the accrual for social costs, all other things being equal, including the number of stock options and share awards outstanding and exercise price remaining constant. Based on the outstanding share-based payment awards at March 31, 2023, the impact on the accrual for social costs of an increase in the Company's share price of 10% would result in a change of $288 as at March 31, 2023.

28. Capital risk management

The general objectives of the Company to manage its capital reside in the preservation of the Company's ability to continue operating, in providing benefits to its stakeholders and in providing an adequate return on investment to its shareholders by selling its services at a price commensurate with the level of operating risk assumed by the Company.

The Company thus determines the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and in the risks of the underlying assets.

Refer to note 19 for information on the Company's Amended Revolver.

29. Geographic information

The geographic segmentation of the Company's assets is as follows:

	2023				2022			
	Property and equipment	Right-of-use assets	Intangible assets	Goodwill	Property and equipment	Right-of-use assets	Intangible assets	Goodwill
	$	$	$	$	$	$	$	$
Canada	13,499	8,468	56	1,350,645	10,356	10,062	990	2,104,368
United States	974	3,259	237,641	—	1,155	6,079	303,393	—
New Zealand	611	152	58,948	—	656	517	75,892	—
Germany	298	1,109	9,227	—	288	1,312	16,594	—
Other	4,109	7,985	5,578	—	4,001	7,569	12,699	—

Geographic sales based on customer location are detailed as follows:

	2023	2022
	$	$
United States	527,350	395,871
Canada	47,066	33,423
Australia	45,321	29,230
United Kingdom	30,237	15,749
Other	80,532	74,099

EXHIBIT 99.4

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jean Paul Chauvet, certify that:

1. I have reviewed this annual report on Form 40-F of Lightspeed Commerce Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: May 18, 2023

/s/ *Jean Paul Chauvet*
Jean Paul Chauvet
Chief Executive Officer

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Asha Hotchandani Bakshani, certify that:

1. I have reviewed this annual report on Form 40-F of Lightspeed Commerce Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: May 18, 2023

/s/ *Asha Hotchandani Bakshani*
Asha Hotchandani Bakshani
Chief Financial Officer

EXHIBIT 99.5

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Lightspeed Commerce Inc. (the "Company") on Form 40-F for the year ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jean Paul Chauvet, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 18, 2023

/s/ *Jean Paul Chauvet*
Jean Paul Chauvet
Chief Executive Officer

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed "filed" by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Lightspeed Commerce Inc. (the "Company") on Form 40-F for the year ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Asha Hotchandani Bakshani, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 18, 2023

/s/ *Asha Hotchandani Bakshani*
Asha Hotchandani Bakshani
Chief Financial Officer

This certification accompanies the Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed "filed" by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended March 31, 2023 of Lightspeed Commerce Inc. of our report dated May 18, 2023, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in Exhibit 99.3 incorporated by reference in this Annual Report on Form 40-F.

We also consent to the incorporation by reference in the Registration Statements on Form F-10 (No. 333-256579) and Form S-8 (Nos. 333-249175 and 333-251139) of Lightspeed Commerce Inc. of our report dated May 18, 2023 referred to above. We also consent to the reference to us under the heading "Interests of Experts" in the Annual Information Form, filed as Exhibit 99.1 to this Annual Report on Form 40-F, which is incorporated by reference in such Registration Statements.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Montreal, Canada
May 18, 2023

PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502, ca_montreal_main_fax@pwc.com, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.