LATCH®

Disclaimer

Forward-Looking Statements

This presentation contains certain forward-looking statements within the meaning of the federal securities laws, including statements regarding expected benefits of the business combination with TS Innovation Acquisitions Corp. (“TSIA”) to Latch, Inc. (“Latch” or the “Company”) and adoption of Latch’s technology and products. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "would," "will continue," "will likely result," and similar expressions. Forward-looking statements are predictions, projections, and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Forward-looking information includes, but is not limited to, statements regarding: the expected benefits of, and use of proceeds received in connection with, the business combination with TSIA; the Company’s future products, performance, and operations, and the related benefits to shareholders, customers, and residents; and the Company’s strategy. Many factors could cause actual future events to differ materially from the forward-looking statements in this presentation, including Latch’s ability to implement business plans and changes and developments in the industry in which Latch competes. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of Latch’s Registration Statement on Form S-1 filed with the Securities and Exchange Commission (the “SEC”) on June 25, 2021 and other documents filed by Latch from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and the Company assumes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law, including the securities laws of the United States and the rules and regulations of the SEC. The Company does not give any assurance that it will achieve its expectations.

Disclosure Statements

Key Business Metrics
Latch reviews Key Business Metrics to measure its performance, identify trends affecting its business, formulate business plans, and make strategic decisions that will impact the future operational results of the Company. Increases or decreases in the Company's Key Business Metrics may not correspond with increases or decreases in its revenue.

The limitations these Key Business Metrics have as an analytical tool are: (1) they might not accurately predict the Company's future financial results, (2) the Company might not realize all or any part of the anticipated value reflected in its Total Bookings and (3) other companies, including companies in Latch's industry, may calculate Key Business Metrics or similarly titled measures differently, which reduces their usefulness as comparative measures.

Non-GAAP Financial Measures
To supplement our financial statements presented in accordance with GAAP and to provide investors with additional information regarding our financial results, we have presented in this presentation Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA is not based on any standardized methodology prescribed by GAAP and is not necessarily comparable to similarly titled measures presented by other companies.

We define Adjusted EBITDA as our net loss, excluding the impact of stock-based compensation expense, depreciation and amortization expense, interest income, interest expense, provision for income taxes, restructuring, one-time litigation expenses, loss on extinguishment of debt, gain or loss on change in fair value of derivative instruments and warrant liabilities, and our transaction related expenses. The most directly comparable GAAP measure is net loss. We monitor, and have presented in this presentation, Adjusted EBITDA because it is a key measure used by our management and Board of Directors to understand and evaluate our operating performance, to establish budgets, and to develop operational goals for managing our business. In particular, we believe excluding the impact of these expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core operating performance. We believe Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we include in net loss. Accordingly, we believe Adjusted EBITDA provides useful information to investors, analysts, and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance.

Adjusted EBITDA is not prepared in accordance with GAAP and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net loss, which is the most directly comparable financial measure calculated and presented in accordance with GAAP. In addition, the expenses and other items that we exclude in our calculations of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results.

In addition, other companies may use other measures to evaluate their performance, all of which could reduce the usefulness of Adjusted EBITDA as a tool for comparison.

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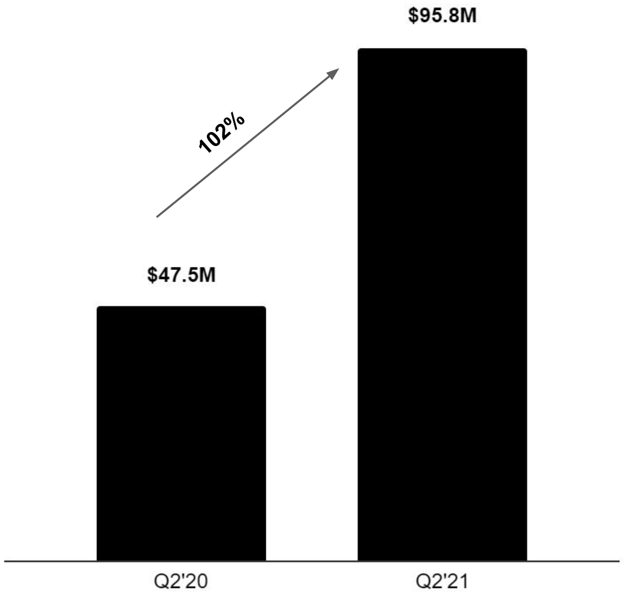
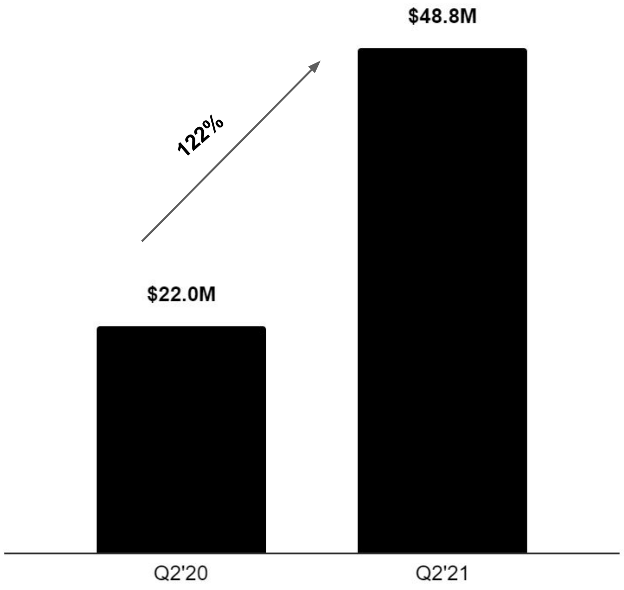
Q2’21 Earnings Presentation

Total Bookings

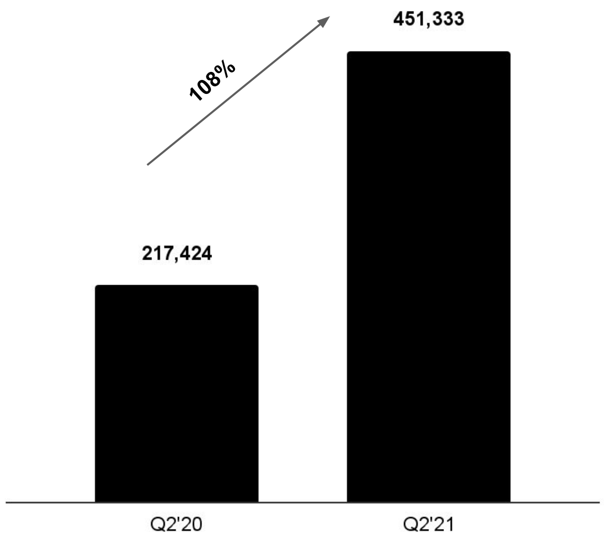


Booked ARR

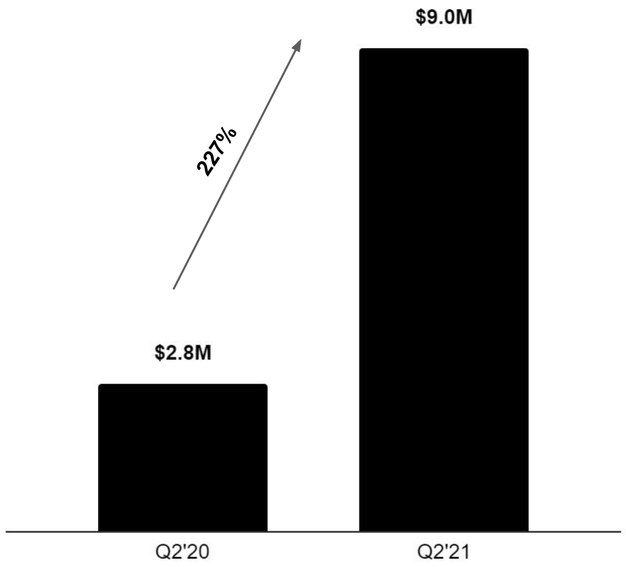


Source: Latch Q2'20 and Q2'21 Financials

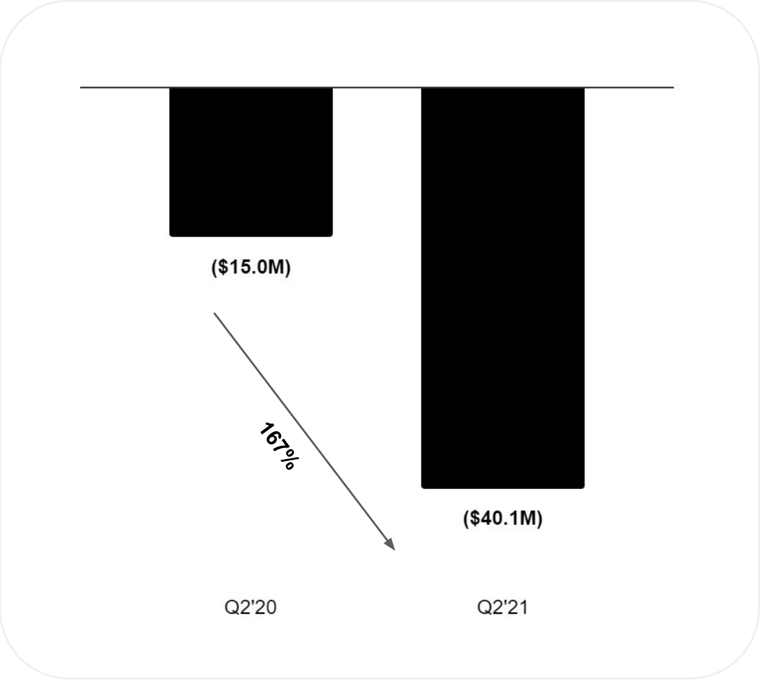
Cumulative Booked Home Units



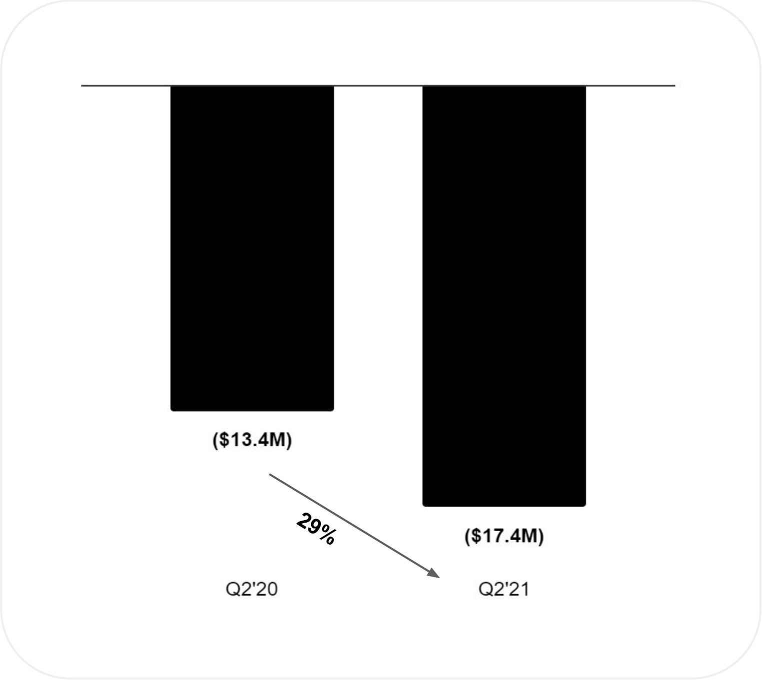
Revenue



Net Loss



Adjusted EBITDA [1]



(1) See Non GAAP reconciliation in Appendix.

APPENDIX

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Select Quarterly Historicals

(unaudited) (in thousands)	Three Months Ended				
	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021
Hardware revenues (1)	$1,925	$4,093	$6,214	$5,014	$7,202
Software revenues (2)	827	1,002	1,274	1,615	1,810
Revenue	**2,752**	**5,095**	**7,488**	**6,629**	**9,012**
Cost of hardware revenue (1)	3,179	5,824	7,727	6,028	8,069
Cost of software revenue (2)	60	66	121	134	173
Total cost of revenue	**3,239**	**5,890**	**7,848**	**6,162**	**8,242**
Operating expenses	14,082	14,657	15,535	31,714	22,726
Other expenses	417	419	3,293	6,854	18,115
Net loss	**(14,986)**	**(15,874)**	**(19,193)**	**(38,101)**	**(40,071)**

(1) Q2'21 Hardware Margin (non-GAAP) of (12%) can be calculated by dividing Q2'21 Hardware Revenue (the nearest GAAP metric) of $7.2m by the difference of Q2'21 Hardware Revenue of $7.2m and Q2'21 Hardware cost of goods sold of $8.1M. Q1'21 Hardware Margin (non-GAAP) of (20%) can be calculated by dividing Q1'21 Hardware Revenue (the nearest GAAP metric) of $5.0m by the difference of Q1'21 Hardware Revenue of $5.0m and Q1'21 Hardware cost of goods sold of $6.0M. Q2'20 Hardware Margin (non-GAAP) of (65%) can be calculated by dividing Q2'20 Hardware Revenue (the nearest GAAP metric) of $1.9m by the difference of Q2'20 Hardware Revenue of $1.9m and Q2'20 Hardware cost of goods sold of $3.2M.

(2) Q2'21 Software Margin (non-GAAP) of 90% can be calculated by dividing Q2'21 Software Revenue (the nearest GAAP metric) of $1.8m by the difference of Q2'21 Software Revenue of $1.8m and Q2'21 Software cost of goods sold of $0.2M. Q1'21 Software Margin (non-GAAP) of 92% can be calculated by dividing Q1'21 Software Revenue (the nearest GAAP metric) of $1.6m by the difference of Q1'21 Software Revenue of $1.6m and Q1'21 Software cost of goods sold of $0.1M. Q2'20 Software Margin (non-GAAP) of 93% can be calculated by dividing Q2'20 Software Revenue (the nearest GAAP metric) of $0.8m by the difference of Q2'21 Software Revenue of $0.8m and Q2'21 Software cost of goods sold of $0.1M.

Source: Latch FY'20 Financials and H1'21 Financials.

Quarterly Key Business Metrics

(unaudited) (in thousands)	Three Months Ended				
	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021
Hardware Bookings	$20,373	$17,278	$20,435	$28,217	$34,889
Software Bookings	27,131	16,852	24,899	43,479	60,889
Total Bookings	**47,504**	**34,130**	**45,334**	**71,696**	**95,778**
Booked ARR	21,968	26,394	31,134	38,882	48,800
Cumulative Booked Home Units	217,424	264,947	304,749	368,994	451,333
Adjusted EBITDA (1)	(13,444)	(14,630)	(12,862)	(13,892)	(17,400)

(1) See Non-GAAP reconciliations attached.

Source: Latch FY'20 Financials and H1'21 Financials.

Non-GAAP Reconciliations

The following table reconciles Adjusted EBITDA to net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP:

(unaudited) (in thousands)	Three Months Ended				
	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021
Net loss	**$(14,986)**	**$(15,874)**	**$(19,193)**	**$ (38,101)**	**$ (40,071)**
Depreciation and amortization	313	321	475	653	689
Interest (income)/expense, net	291	458	2,363	3,318	2,873
Income taxes	-	3	5	-	10
Loss on extinguishment of debt	-	-	199	-	1,469
Change in fair value of derivative liability	-	15	848	3,597	8,991
Change in fair value of warrant liability	-	-	-	-	4,795
Restructuring costs (1)	576	84	95	-	-
Transaction-related costs (2)	-	-	1,568	2,148	3,420
Litigation costs (3)	11	-	-	-	-
Stock-based compensation and warrant expense (4)	351	363	778	14,493	424
Adjusted EBITDA	**$(13,444)**	**$(14,630)**	**$(12,862)**	**$ (13,892)**	**$ (17,400)**

(1) The Company initiated a restructuring plan in the first quarter of 2020 as part of its efforts to reduce operating expenses and preserve liquidity due to the uncertainty and challenges stemming from the COVID-19 pandemic. The restructuring included a reduction in force involving an approximate 25% reduction in headcount, which resulted in severance and benefit costs for affected employees and other miscellaneous direct costs.

(2) Transaction costs related to the business combination of TSIA and the Company. These costs are included within operating expenses.

(3) Legal and settlement fees incurred in connection with non-ordinary course litigation and other disputes. These costs are included within operating expenses.

(4) Stock-based compensation and warrant expense associated with equity compensation plans including $13.8 million related to the secondary purchase transaction during the three months ended March 31, 2021.

Source: Latch FY'20 Financials and H1'21 Financials.