LATCH®

Disclaimer

Forward-Looking Statements

This presentation contains certain forward-looking statements regarding Latch, Inc. (“Latch” or the “Company”) within the meaning of the federal securities laws, including 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 use of proceeds receiving in connection with the business combination with TS Innovation Acquisitions Corp.; 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, our most recent annual report on Form 10-K, 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. For definitions of our key business metrics, see our most recent quarterly report on Form 10-Q or annual report on Form 10-K filed with the SEC. 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 include: (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 generally accepted accounting principles ("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, warrant liabilities and trading securities, 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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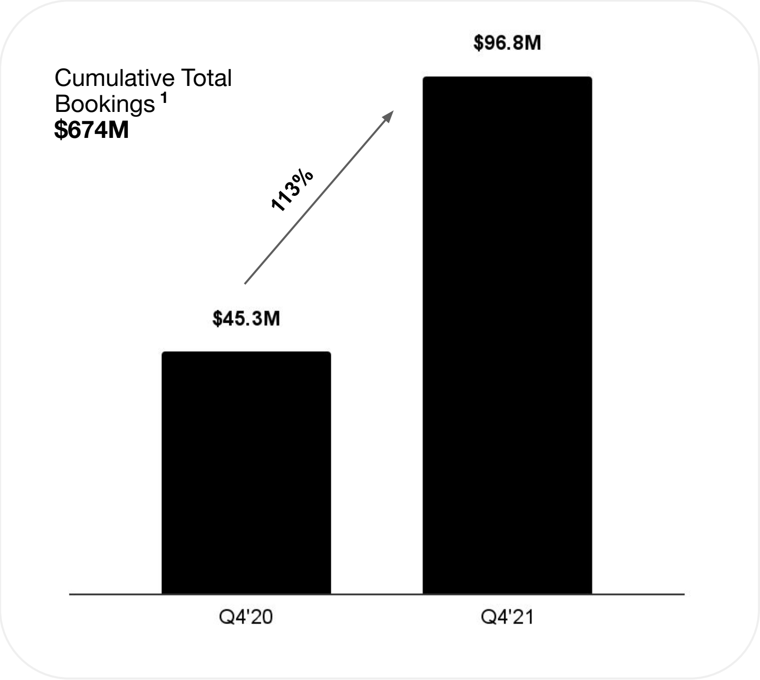
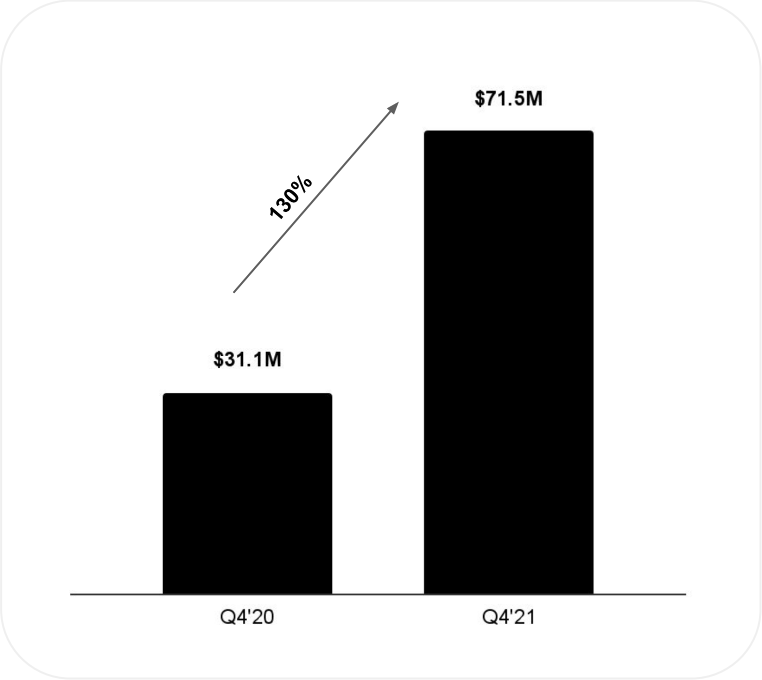
Q4’21 Earnings Presentation

Total Bookings

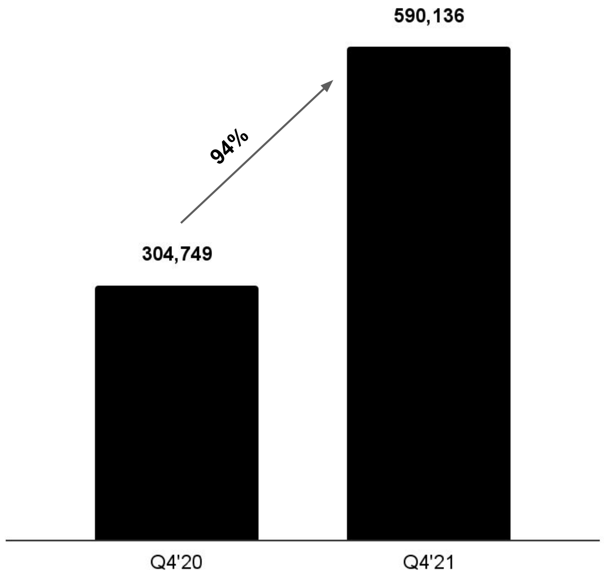


Booked ARR

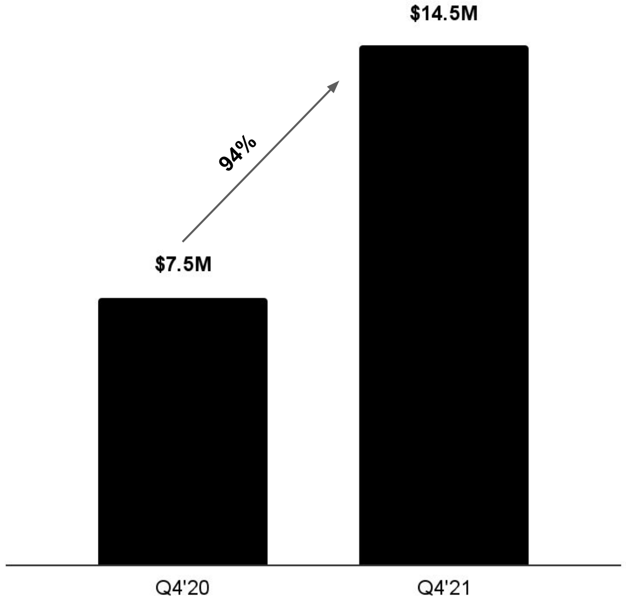


(1) Cumulative Total Bookings as of December 31, 2021.

Cumulative Booked Home Units



Revenue



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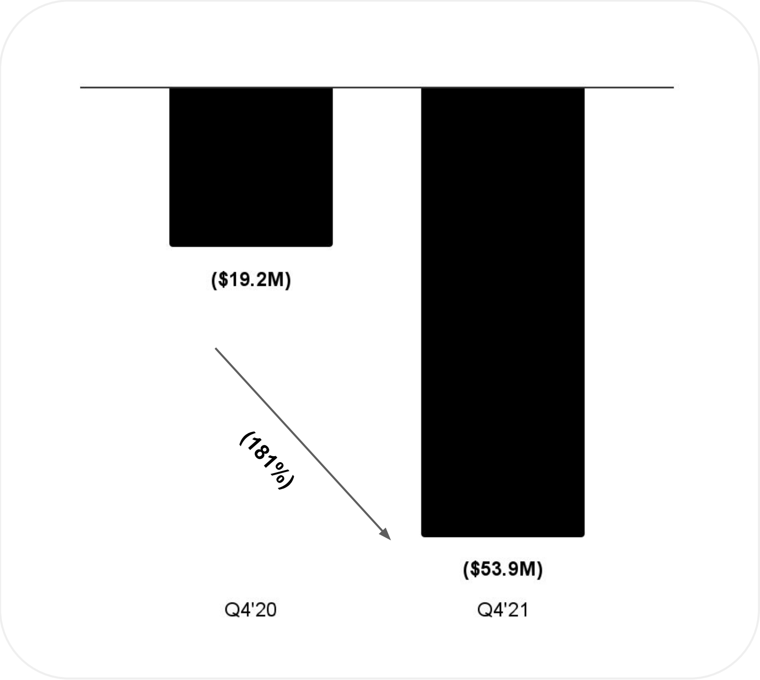
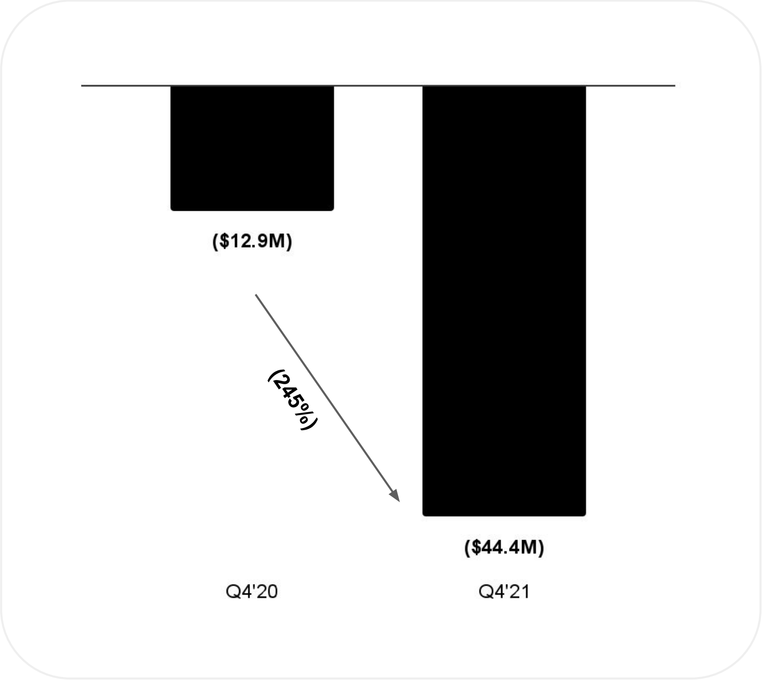
Source: Latch Q4'20 and Q4'21 Financials

Net Loss



Adjusted EBITDA [1]



(1) See Non-GAAP reconciliation in Appendix.

APPENDIX

Select Quarterly Historicals

(unaudited) (in thousands)	Three Months Ended				
	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021
Hardware & other related revenue (1)	$6,214	$5,014	$7,202	$9,047	$11,872
Software revenue (2)	1,274	1,615	1,810	2,150	2,650
Revenue (3)	**7,488**	**6,629**	**9,012**	**11,197**	**14,522**
Cost of hardware & other related revenue (1)	7,727	6,028	8,069	10,952	18,241
Cost of software revenue (2)	121	134	173	201	240
Total cost of revenue (3)	**7,848**	**6,162**	**8,242**	**11,153**	**18,481**
Operating expenses	(15,535)	(31,714)	(22,726)	(34,391)	(57,059)
Other income (expenses) (4)	(3,298)	(6,854)	(18,115)	108	7,110
Net loss	**(19,193)**	**(38,101)**	**(40,071)**	**(34,239)**	**(53,908)**

(1) Q4'21 Hardware Margin (non-GAAP) of (54%) can be calculated by dividing the difference of Q4'21 Hardware Revenue (the nearest GAAP metric) of $11.9m and Q4'21 Hardware cost of goods sold of $18.2m by the Q4'21 Hardware Revenue of $11.9m. Q3'21 Hardware Margin (non-GAAP) of (21%) can be calculated by dividing the difference of Q3'21 Hardware Revenue (the nearest GAAP metric) of $9.0m and Q3'21 Hardware cost of goods sold of $11.0m by the Q3'21 Hardware Revenue of $9.0m. Q4'20 Hardware Margin (non-GAAP) of (24%) can be calculated by dividing the difference of Q4'20 Hardware Revenue (the nearest GAAP metric) of $6.2m and Q4'20 Hardware cost of goods sold of $7.7m by the Q4'20 Hardware Revenue of $6.2m.
(2) Q4'21 Software Margin (non-GAAP) of 91% can be calculated by dividing the difference of Q4'21 Software Revenue (the nearest GAAP metric) of $2.7m and Q4'21 Software cost of goods sold of $0.2m by the Q4'21 Software Revenue of $2.7m. Q3'21 Software Margin (non-GAAP) of 91% can be calculated by dividing the difference of Q3'21 Software Revenue (the nearest GAAP metric) of $2.2m and Q3'21 Software cost of goods sold of $0.2m by the Q3'21 Software Revenue of $2.2m. Q4'20 Software Margin (non-GAAP) of 91% can be calculated by dividing the difference of Q4'20 Software Revenue (the nearest GAAP metric) of $1.3m and Q4'20 Software cost of goods sold of $0.1m by the Q4'20 Software Revenue of $1.3m. FY'21 Software Margin (non-GAAP) of 91% can be calculated by dividing the difference of FY'21 Software Revenue (the nearest GAAP metric) of $8.2mm and FY'21 Software costs of goods sold of $0.7mm by the FY'21 Software Revenue of $8.2mm. FY'20 Software Margin (non-GAAP) of 92% can be calculated by dividing the difference of FY'20 Software Revenue (the nearest GAAP metric) of $3.8mm and FY'20 Software costs of goods sold of $0.3mm by the FY'20 Software Revenue of $3.8mm.
(3) FY'21 Gross Margin (non-GAAP) of (6%) can be calculated by dividing the difference of FY'21 Total Revenue (the nearest GAAP metric) of $41.4mm and FY'21 Total costs of goods sold of $44.0mm by the FY'21 Total Revenue of $41.4mm. FY'20 Gross Margin (non-GAAP) of (12%) can be calculated by dividing the difference of FY'20 Total Revenue (the nearest GAAP metric) of $18.1mm and FY'20 Total costs of goods sold of $20.2mm by the FY'20 Total Revenue of $18.1mm.
(4) Other income (expenses) includes income taxes.

Quarterly Key Business Metrics

(unaudited) (in thousands)	Three Months Ended				
	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021
Hardware Bookings	$20,435	$28,217	$34,889	$39,860	$35,841
Software Bookings	24,899	43,479	60,889	56,134	60,916
Total Bookings	**45,334**	**71,696**	**95,778**	**95,994**	**96,757**
Booked ARR	31,134	38,882	48,800	59,772	71,466
Cumulative Booked Home Units	304,749	368,994	451,333	531,657	590,136
Adjusted EBITDA (1)	(12,862)	(13,892)	(17,400)	(26,201)	(44,414)

(1) See Non-GAAP reconciliations attached.

Source: Latch FY'20 and FY'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				
	Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021
Net loss	**$(19,193)**	**$ (38,101)**	**$ (40,071)**	**$ (34,239)**	**$ (53,908)**
Depreciation and amortization	475	653	689	825	1,072
Interest (income) expense, net (1)	2,363	3,318	2,873	780	810
Provision for (benefit from) income taxes	5	-	10	90	(47)
Loss on extinguishment of debt	199	-	1,469	-	-
Change in fair value of derivative liabilities	848	3,597	8,991	-	-
Change in fair value of warrant liability	-	-	4,795	(1,067)	(7,813)
Change in fair value of trading security	-	-	-	-	(50)
Restructuring costs (2)	95	-	-	-	-
Transaction-related costs (3)	1,568	2,148	3,420	462	576
Litigation costs (4)	-	-	-	-	6,927
Stock-based compensation and warrant expense (5)	778	14,493	424	6,948	8,019
Adjusted EBITDA	**$(12,862)**	**$ (13,892)**	**$ (17,400)**	**$ (26,201)**	**$ (44,414)**

(1) As a result of significant discounts provided to our customers on our longer-term software contracts paid upfront, the Company has determined that there is a significant financing component related to the time value of money and has therefore broken out the interest component and recorded it as a component of interest income (expense), net on the consolidated statements of operations and comprehensive loss. The interest expense is recorded using the effective interest method, which has higher interest expense at inception and declines over time to match the underlying economics of the transaction where the outstanding principal balance decreases over time. Interest expense associated with the significant financing component included in interest (income) expense, net is as follows for the three months ended for the periods noted:

Dec. 31, 2020	Mar. 31, 2021	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021
531	657	705	803	933

(2) 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.

(3) Transaction costs related to the business combination of TS Innovation Acquisitions Corp. and the Company. These costs are included within operating expenses.

(4) Legal and settlement fees incurred in connection with non-ordinary course litigation and other disputes, including $6.8 million related to an estimated liability recorded in connection with a dispute with a service provider during the three months ended December 31, 2021. These costs are included within operating expenses.

(5) Stock-based compensation and warrant expense associated with equity compensation plans, including $14.6 million related to RSUs granted during the year ended December 31, 2021 and $13.8 million related to the secondary purchase transaction during the three months ended March 31, 2021.

Significant Financing Component Dynamics

Consider a single contract with a Present Value of $100 and a 10% cost of financing.

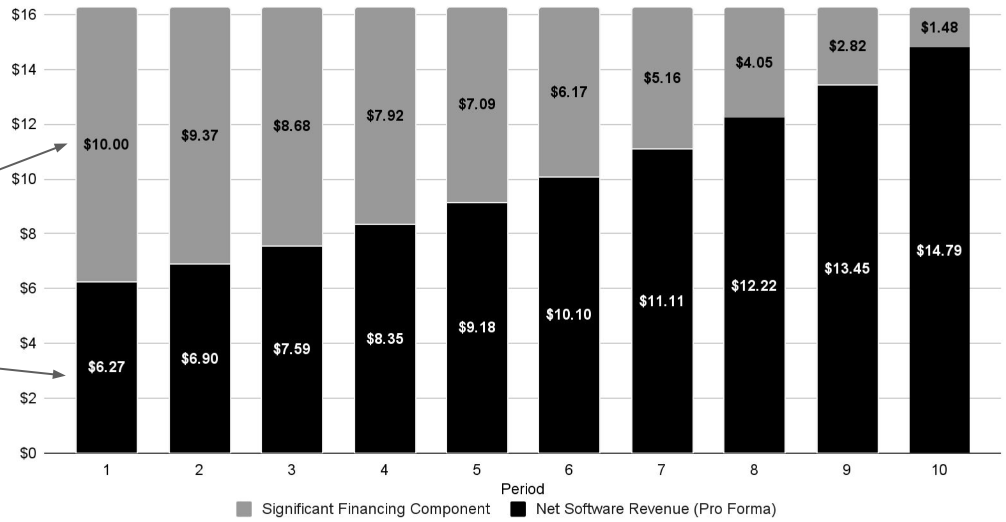
If financed over ten periods, each installment payment will be $16.27; this is the top line revenue on the P&L of each period.

The interest component of each installment will decrease over the ten periods; this is the Significant Financing Component recognized as interest expense in the P&L.

Non-cash Significant Financing Component shrinks over the length of the contract

Net Software Revenue (Pro Forma) grows over the length of the contract (3)

P&L Line Item (1)	Period 1	Period 2	Period 3
Software Revenue (net of promotional discounts)	$16.27	$16.27	$16.27
Interest Expense (2)	$10.00	$9.37	$8.68
Net Software Revenue (Pro Forma) (3)	**$6.27**	**$6.90**	**$7.59**



(1) The calculations presented on this slide are for illustrative purposes only and do not reflect the Company's actual revenue or expenses.
(2) Refer to footnote (1) on slide 11 for additional detail regarding this interest component.
(3) Net Software Revenue (Pro Forma) is GAAP Software Revenue net of interest expense related to the Significant Financing Component. Net Software Revenue (Pro Forma) recognized from deferred revenue is effectively the net cash consideration received from customers. Deferred revenue represents the Net Software Revenue (Pro Forma) to be recognized in future periods.