Lightspeed POS Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)
For the three and six months ended September 30, 2019
(expressed in thousands of US dollars)

Lightspeed POS Inc.

Condensed Interim Consolidated Balance Sheets
(Unaudited)

As at September 30 and March 31, 2019

(expressed in thousands of US dollars)

	Notes	September 30, 2019 $	March 31, 2019 $
Assets			
Current assets			
Cash and cash equivalents		171,841	207,703
Accounts receivable	9	8,413	8,424
Inventories		414	269
Prepaid expenses and deposits		2,565	1,527
Commission assets		3,904	3,677
Total current assets		187,137	221,600
Lease right-of-use assets	10	13,270	—
Property and equipment, net		6,260	5,372
Intangible assets, net		21,749	2,618
Goodwill	4	43,935	22,536
Commission assets		2,891	2,993
Other long-term assets	11	590	506
Deferred tax assets		145	186
Total assets		275,977	255,811
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	12	20,513	16,183
Lease liabilities	10	2,724	—
Income taxes payable		68	135
Current portion of deferred revenue		36,183	32,317
Total current liabilities		59,488	48,635
Deferred tax liabilities		1,927	706
Deferred revenue		6,575	8,025
Lease liabilities	10	11,901	—
Other long-term liabilities	13	730	1,779
Total liabilities		80,621	59,145
Shareholders' equity			
Share capital	14	668,591	652,336
Additional paid-in capital		5,885	4,278
Accumulated deficit		(479,120)	(459,948)
Total shareholders' equity		195,356	196,666
Total liabilities and shareholders' equity		275,977	255,811

The accompanying notes are an integral part of these consolidated financial statements.

Lightspeed POS Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

For the three and six months ended September 30, 2019 and 2018

(expressed in thousands of US dollars)

	Notes	Three months ended September 30, 2019	Three months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2018
		$	$	$	$
Revenues	5	28,026	18,598	52,091	36,069
Direct cost of revenues	6	9,522	5,251	17,888	10,641
Gross profit		18,504	13,347	34,203	25,428
Operating expenses					
General and administrative		5,527	2,910	9,938	5,554
Research and development		7,339	4,024	13,642	8,208
Sales and marketing		12,060	9,039	25,100	17,686
Depreciation of property and equipment		423	324	813	596
Depreciation of right-of-use assets	10	609	—	1,023	—
Foreign exchange loss (gain)		(80)	(9)	(410)	110
Acquisition-related compensation	4	2,055	108	2,762	108
Amortization of intangible assets		1,800	875	2,812	1,855
Total operating expenses		29,733	17,271	55,680	34,117
Operating loss		(11,229)	(3,924)	(21,477)	(8,689)
Fair value loss on Redeemable Preferred Shares		—	(3,643)	—	(6,595)
Interest income net of interest expense		690	33	1,709	91
Loss before income taxes		(10,539)	(7,534)	(19,768)	(15,193)
Income tax expense (recovery)					
Current		19	—	39	(5)
Deferred		(483)	662	(635)	1,133
Total income tax expense (recovery)		(464)	662	(596)	1,128
Net loss and comprehensive loss		(10,075)	(8,196)	(19,172)	(16,321)
Loss per share – basic and diluted	8	(0.12)	(0.27)	(0.23)	(0.55)

The accompanying notes are an integral part of these consolidated financial statements.

Lightspeed POS Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

For the six months ended September 30, 2019 and 2018

(expressed in thousands of US dollars)

	Six months ended September 30, 2019 $	2018 $
Cash flows from (used in) operating activities		
Net loss	(19,172)	(16,321)
Items not affecting cash and cash equivalents		
Acquisition-related compensation	2,762	108
Fair value loss on Redeemable Preferred Shares	—	6,595
Amortization of intangible assets	2,812	1,855
Depreciation of property and equipment and lease right-of-use assets	1,836	596
Deferred income taxes	(635)	1,133
Stock-based compensation expense	2,476	320
Unrealized foreign exchange loss (gain)	(55)	59
(Increase)/decrease in operating assets and increase/(decrease) in operating liabilities		
Accounts receivable	2,097	1,635
Prepaid expenses and deposits	(967)	(577)
Inventories	(76)	43
Commission assets	(125)	(346)
Other long-term assets	(125)	1
Accounts payable and accrued liabilities	658	1,111
Income taxes payable	(67)	(122)
Deferred revenue	1,159	124
Other long-term liabilities	198	19
Interest income net of interest expense	(1,709)	(91)
Total operating activities	(8,933)	(3,858)
Cash flows from (used in) investing activities		
Additions to property and equipment	(966)	(1,025)
Payment of liabilities related to acquisition of business	(1,215)	—
Acquisition of business, net of cash acquired	(26,543)	(1,106)
Interest income	2,298	—
Total investing activities	(26,426)	(2,131)
Cash flows from (used in) financing activities		
Proceeds from exercise of stock options	2,311	127
Share issuance costs	(1,577)	—
Payment of lease liabilities	(1,181)	—
Total financing activities	(447)	127
Effect of foreign exchange rate changes on cash and cash equivalents	(56)	(62)
Net increase in cash and cash equivalents during the year	(35,862)	(5,924)
Cash and cash equivalents – Beginning of period	207,703	24,651
Cash and cash equivalents – End of period	171,841	18,727
Interest paid	—	6
Income taxes paid	60	124

The accompanying notes are an integral part of these consolidated financial statements.

Lightspeed POS Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

For the six months ended September 30, 2019 and 2018

(expressed in thousands of US dollars, except number of shares)

	Notes	Issued and Outstanding Shares: Number of shares	Issued and Outstanding Shares: Amount	Additional paid-in capital	Accumulated deficit	Total
			$	$	$	$
Balance as at March 31, 2019		83,752,210	652,336	4,278	(459,948)	196,666
Net loss and comprehensive loss		—	—	—	(19,172)	(19,172)
Share issuance costs		—	(674)	—	—	(674)
Exercise of stock options		1,024,162	3,180	(869)	—	2,311
Stock-based compensation		—	—	2,476	—	2,476
Exercise of warrants		86,251	—	—	—	—
Acquisition-related compensation in connection with acquired business	4	—	916	—	—	916
Shares issued in connection with business combination	4	458,823	12,833	—	—	12,833
Balance as at September 30, 2019		85,321,446	668,591	5,885	(479,120)	195,356
Balance as at March 31, 2018		29,366,937	14,325	2,804	(282,690)	(265,561)
Beginning accumulated deficit IFRS adjustments		—	—	—	6,267	6,267
Net loss and comprehensive loss		—	—	—	(16,321)	(16,321)
Exercise of stock options		102,363	182	(55)	—	127
Stock-based compensation		—	—	320	—	320
Acquisition-related compensation in connection with acquired business		171,380	79	—	—	79
Shares issued in connection with business combination		327,180	1,777	—	—	1,777
Balance as at September 30, 2018		29,967,860	16,363	3,069	(292,744)	(273,312)

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and nature of operations

Lightspeed POS Inc. ("Lightspeed") 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 provides easy-to-use, omni-channel commerce enabling platforms. The Company's software platform provides its customers with the critical functionalities they need to engage with consumers, manage their operations, accept payments, and grow their business. Lightspeed operates 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.

2. Basis of presentation and consolidation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). Certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these unaudited condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements except for the adoption of IFRS 16, Leases as discussed in note 3. These unaudited condensed interim consolidated financial statements should be read together with the Company's annual audited consolidated financial statements and notes thereto for the fiscal year ended March 31, 2019. Certain comparative figures have been reclassified in order to conform to the current period presentation.

These unaudited condensed interim consolidated financial statements were approved for issue by the Board of Directors of the Company on November 6, 2019.

Seasonality of interim operations

The operations of the Company can be seasonal, and the results of operations for any interim period are not necessarily indicative of operations for the full fiscal year or any future period.

Estimates, judgments and assumptions

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, expectations of the future, and other relevant factors and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of uncertainty are the same as those applied and described in the Company's annual audited consolidated financial statements for the fiscal year ended March 31, 2019, except for the adoption of IFRS 16.

(expressed in thousands of US dollars, except number of shares)

3. Significant accounting policies and other changes in the current reporting period

Changes in subsidiaries

In May 2019, the Company acquired a 100% interest in Chronogolf Inc. ("Chronogolf"), and in July 2019, the Company acquired a 100% interest in iKentoo SA ("iKentoo"), both of which have now become wholly-owned subsidiaries (note 4).

New accounting standard

The Company adopted the following new accounting standard effective April 1, 2019.

IFRS 16, Leases

Policy applicable from April 1, 2019

At 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 stand-alone 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 of 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. Any costs related to the removal and restoration of leasehold improvements, which meet the definition of fixed assets under IAS 16, Property Plant and Equipment, are assessed under IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and are not within the scope of IFRS 16.

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 these assets. 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 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 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.

Lease incentives receivable are included in the initial measurement of the lease liability and right-of-use asset. Upon determining that the Company has an enforceable right to the receipt of the lease incentive, the Company increases the value of the lease liability and records a current receivable classified as a financial asset measured at amortized cost.

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 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 outflows from operating activities on the cash flow statement whereas the remaining lease payments are classified as cash flows from financing activities.

The disclosures relating to IFRS 16 can be found in note 10. The adoption of IFRS 16 resulted in the derecognition of deferred rent liabilities of $1,197, the recognition of lease right-of-use assets of $11,971 and lease liabilities of $13,168, on the condensed consolidated balance sheet as of April 1, 2019. There was no impact to the consolidated statement of loss and comprehensive loss or on the accumulated deficit upon adoption. Except for the first-time application of IFRS 16, none of the new or amended standards and interpretations as of April 1, 2019 have had a material impact on the Company's financial results or position.

4. Business combinations

Chronogolf Inc.

On May 9, 2019, the Company acquired all of the outstanding shares of Chronogolf, a long-standing partner of the Company that leverages Lightspeed's retail and restaurant platform within its comprehensive golf course management platform that also includes booking and membership capabilities.

The total discounted consideration of $13,497 consisted of $9,115 cash paid on the closing date, net of cash received, and 50,199 Common Shares, at a fair value of $18.23 per share at the closing date. A discounted amount of $1,399 is payable if certain milestones are achieved by December 31, 2019, along with the issuance of 50,198 of additional Common Shares, at a value of $18.23 per share, and a discounted amount of $935 to be paid over two years, all of which are contingent upon

(expressed in thousands of US dollars, except number of shares)

key employees' continued employment with the Company and are accounted for as acquisition-related compensation expense.

The results of operations of Chronogolf have been consolidated with those of the Company as at May 9, 2019. The acquisition has been accounted for as a business combination using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. The preliminary purchase price allocation was based on management's best estimates of the fair values of Chronogolf's assets and liabilities as at May 9, 2019.

The following table summarizes the preliminary allocations of the consideration paid and the amounts of estimated fair value of the assets acquired and liabilities assumed at the acquisition date:

	$
Current assets	
Cash	208
Accounts receivable	779
	987
Property and equipment	10
Goodwill	4,928
Customer relationships	4,501
Software technology	2,708
Total assets	13,134
Current liabilities	
Accounts payable and accrued liabilities	867
Deferred revenue	50
Employee stock option payout liability	1,215
Deferred income tax liability	546
Total liabilities	2,678
Fair value of net assets acquired	10,456
Less: Cash acquired	208
Fair value of net assets acquired, less cash acquired	10,248
Paid in Common Shares of the Company	915
Paid in cash	9,115
Payable to Chronogolf	218

The goodwill related to the acquisition of Chronogolf is composed of expected synergies in utilizing Chronogolf technology in the Company's product offerings, including an assembled workforce that does not qualify for separate recognition. The goodwill increased by $62 due to a change in the post-closing work capital adjustment.

Right-of-use assets and lease liabilities of $337 were also transferred to Lightspeed from Chronogolf on the acquisition date.

The allocation of the purchase price to assets acquired and liabilities assumed was based upon a preliminary valuation for all items and may be subject to adjustment during the 12-month measurement period following the acquisition date.

(expressed in thousands of US dollars, except number of shares)

iKentoo SA

On July 2, 2019, the Company acquired all of the outstanding shares of iKentoo, a Switzerland-based POS solutions provider for small and medium-sized businesses.

The total consideration of $35,100 consisted of $17,428 cash paid on the closing date, net of cash received, and 408,624 Common Shares, at a fair value of $29.17 per share at the closing date. An amount of $6,327 is payable through July 2, 2021 contingent upon key employees' continued employment with the Company and is accounted for as acquisition-related compensation expense. Additional cash may be paid by (or returned to) the Company due to a post-closing working capital adjustment.

The results of operations of iKentoo have been consolidated with those of the Company as at July 2, 2019. The acquisition has been accounted for as a business combination using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. The preliminary purchase price allocation was based on management's best estimates of the fair values of iKentoo's assets and liabilities as at July 2, 2019.

The following table summarizes the preliminary allocations of the consideration paid and the amounts of estimated fair value of the assets acquired and liabilities assumed at the acquisition date:

	$
Current assets	
Cash	1,044
Accounts receivable and other assets	767
	1,811
Property and equipment	192
Goodwill	16,471
Customer relationships	7,394
Software technology	7,342
Total assets	33,210
Current liabilities	
Accounts payable and accrued liabilities	800
Deferred revenue	1,207
Deferred income tax liability	1,386
Total liabilities	3,393
Fair value of net assets acquired	29,817
Less: Cash acquired	1,044
Fair value of net assets acquired, less cash acquired	28,773
Paid in Common Shares of the Company	11,918
Paid in cash	17,428
Receivable from iKentoo	573

The goodwill related to the acquisition of iKentoo is composed of expected synergies in utilizing iKentoo technology in the Company's product offerings, including an assembled workforce that does not qualify for separate recognition.

(expressed in thousands of US dollars, except number of shares)

The customer relationships of iKentoo are amortized on a straight-line basis over their estimated useful life of 5 years.

Right-of-use assets and lease liabilities of $851 were also transferred to Lightspeed from iKentoo during the acquisition.

The allocation of the purchase price to assets acquired and liabilities assumed was based upon a preliminary valuation for all items and may be subject to adjustment during the 12-month measurement period following the acquisition date.

5. Revenue from contracts with customers

The disaggregation of the Company's revenue from contracts with customers was as follows:

	Three months ended September 30,		Six months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Software and payments revenue	25,399	16,747	46,733	31,933
Hardware and other	2,627	1,851	5,358	4,136
Total revenue from contracts with customers	28,026	18,598	52,091	36,069

6. Direct cost of revenues

	Three months ended September 30,		Six months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Cost of software and payment revenue				
Support	4,091	3,002	7,943	5,931
Other third party costs	2,975	590	4,936	1,171
	7,066	3,592	12,879	7,102
Cost of hardware and other				
Hardware and other	2,456	1,659	5,009	3,539
Total direct cost of revenues	9,522	5,251	17,888	10,641

Stock-based compensation and related costs of $48 and $288 were included in direct cost of revenues for the three and six months ended September 30, 2019 respectively (September 30, 2018 - $28 and $51).

Support consists of any support services offered by the Company to its customers; third-party direct costs consists of housing, servicing and maintaining the Company's servers, payments made to suppliers of certain software add-ons sold by the Company and direct costs related to Lightspeed Payments; hardware relates to costs of hardware sold to customers; and other relates to implementation services provided to customers.

(expressed in thousands of US dollars, except number of shares)

7. Employee compensation

The total employee compensation comprising salaries and benefits for the three and six months ended September 30, 2019 was $17,839 and $35,834 (September 30, 2018 - $12,059 and $23,501). These costs are inclusive of stock-based compensation and related payroll taxes of $841 and $3,720 for the three and six months ended September 30, 2019 (September 30, 2018 - recovery of $75 and expense of $413).

8. Loss per share

The Company has three categories of potential dilutive securities: convertible preferred shares, share options and warrants. Diluted loss per share excludes all dilutive potential shares if their effect is anti-dilutive. As a result of net losses incurred, all potentially dilutive securities have been excluded from the calculation of diluted loss per share because including them would be anti-dilutive; therefore, basic and diluted number of shares is the same for the three and six months ended September 30, 2019 and 2018. All outstanding convertible preferred shares, share options and warrants, if any, could potentially dilute loss per share in the future.

	Three months ended September 30,		Six months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Issued Common Shares	85,321,446	29,967,860	85,321,446	29,967,860
Weighted average number of Common Shares (basic and diluted)	84,934,196	29,923,471	84,407,078	29,655,282
Loss per Common Share – Basic and diluted	(0.12)	(0.27)	(0.23)	(0.55)

The weighted average number of potential dilutive securities that are not included in the diluted per share calculations because they would be anti-dilutive are as follows:

	Three months ended September 30,		Six months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Class B Preferred Shares issued and outstanding	—	1,317,268	—	1,317,268
Class C Preferred Shares issued and outstanding	—	1,897,750	—	1,897,750
Class D Preferred Shares issued and outstanding	—	11,663,949	—	11,663,949
Class E Preferred Shares issued and outstanding	—	22,252,232	—	22,252,232
Stock options	6,231,058	5,302,796	6,114,567	5,332,684
Warrants	20,468	98,903	53,435	98,903

(expressed in thousands of US dollars, except number of shares)

9. Accounts receivable

	September 30, 2019	March 31, 2019
	$	$
Trade	5,915	6,535
Loss allowance	(1,339)	(1,703)
Total trade receivables	4,576	4,832
Research and development tax credits receivable	2,807	3,017
Sales tax receivable	865	384
Other	165	191
Total accounts receivable	8,413	8,424

Included in general and administrative expenses is an expense of $98 and a reversal of $86 related to loss allowance for the three and six months ended September 30, 2019 (September 30, 2018 – expense of $136 and $530).

10. Leases

On April 1, 2019, the Company adopted IFRS 16, and all related amendments, using the modified retrospective transition method, under which the cumulative effect of initial application is recognized in accumulated deficit at April 1, 2019. There was no impact on the accumulated deficit for the Company. The new standard requires the recognition of right-of-use assets and lease liabilities on the Company's balance sheet for operating leases, along with the net impact on transition recorded to accumulated deficit. The Company is required to separately recognize the interest expense on the lease liabilities and the depreciation expense on the right-of-use assets.

The Company's statement of loss and comprehensive loss for the three and six months ended September 30, 2019 reflects additional depreciation expense due to the right-of use assets, an increase in finance costs for effective interest expense on its lease liabilities, and is partially offset by a reduction in rental expenses.

There is no impact to the overall changes in cash flows. However, operating cash flows is positively impacted, while financing cash flows is negatively impacted due primarily to the classification of principal payments on lease liabilities.

The comparative information for the prior period has not been restated and continues to be reported under IAS 17, Leases, and related interpretations. The primary change in accounting policies as a result of the application of IFRS 16 is explained below. Such a change is made in accordance with the transitional provisions of IFRS 16.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in the accounting policy in note 3.

The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019.

(expressed in thousands of US dollars, except number of shares)

As a lessee, the Company previously classified all of its leases as operating based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases previously classified as operating under IAS 17.

The Company leases certain properties under non-cancellable operating lease agreements that relate to office space. The expected remaining lease terms are between one and eleven years.

The Company does not currently act in the capacity of a lessor.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate as at April 1, 2019. Right-of-use assets were measured at the value of the lease liabilities, less any deferred lease incentives still outstanding as of the transition date.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

– Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and for leases of low-value assets.

– Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Below is a reconciliation related to lease commitments as of that date recognized due to the modified retrospective application of IFRS.

	March 31, 2019
	$
Total lease commitments as at March 31, 2019	14,798
Discounted lease renewal options	4,302
Variable lease payments	(3,666)
Impact of discounting remaining lease payments	(1,634)
Recognition exemption for short-term leases	(534)
Future commitments starting after April 1, 2019	(153)
Foreign exchange	55
Total lease liabilities included in the interim consolidated balance sheet as at April 1, 2019	13,168

The weighted average incremental borrowing rate applied to lease liabilities recognized in the consolidated balance sheet at the date of initial application was 5.64%. The interest expense for the three and six months ended September 30, 2019 was $210 and $394.

(expressed in thousands of US dollars, except number of shares)

The roll-forward of lease right-of-use assets is as follows:

	$
Cost	
As at April 1, 2019	11,971
Additions	1,385
Acquired in business combinations	1,188
Modifications to lease contracts	(290)
As at September 30, 2019	14,254
Accumulated depreciation	
As at April 1, 2019	—
Depreciation charge	1,023
Modifications to lease contracts	(39)
As at September 30, 2019	984
Cost, net accumulated depreciation	
As at April 1, 2019	11,971
As at September 30, 2019	13,270
Offices	12,698
Vehicles	572

Expenses relating to short-term leases, including those excluded from the IFRS 16 transition due to the election of the practical expedient, were approximately $318 and $764 for the three and six months ended September 30, 2019 .

The maturity analysis of lease liabilities as at September 30, 2019 are as follows:

Fiscal Year	$
2020	1,362
2021	2,553
2022	1,940
2023	1,810
2024	1,569
2025 and thereafter	5,391
Total minimum payments	14,625

(expressed in thousands of US dollars, except number of shares)

11. Other long-term assets

	September 30, 2019	March 31, 2019
	$	$
Long-term deposits	69	262
Other long-term assets	521	244
Total other-long term assets	590	506

12. Accounts payable and accrued liabilities

	September 30, 2019	March 31, 2019
	$	$
Trade	9,450	7,706
Accrued compensation and benefits	6,554	6,883
Accrued payroll taxes on stock-based compensation	2,380	1,361
Acquisition-related compensation	2,129	233
Total accounts payable and accrued liabilities	20,513	16,183

13. Other long-term liabilities

	September 30, 2019	March 31, 2019
	$	$
Deferred lease incentives	—	1,197
Accrued payroll taxes on stock-based compensation	577	353
Other	153	229
Total other long-term liabilities	730	1,779

14. Share capital including Redeemable Preferred Shares

The Company’s authorized share capital consists of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series.

15. Related party transactions

Key management personnel includes the Chief Executive Officer, Chief Financial Officer, President and other Vice-Presidents. Other related parties include close family members of the key management personnel and entities controlled by the key management personnel.

(expressed in thousands of US dollars, except number of shares)

The executive compensation expense to the top five key management personnel is as follows:

	Six months ended September 30,
	$
Short-term employee benefits and other benefits	1,053
Stock-based payments	864
Total compensation paid to key management personnel	1,917

16. Financial instruments

The Company measures the fair value 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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

The Company estimated the fair value of its financial instruments as described below.

The fair value of cash and cash equivalents, trade accounts receivable, trade accounts payable, accrued compensation and benefits, and other accruals is considered to be equal to their respective carrying values due to their short-term maturities.

The fair value of other long-term liabilities approximates their carrying value as at September 30 and March 31, 2019.

The market value of the Common Shares underlying the Redeemable Preferred Shares was used to determine the fair value of the Redeemable Preferred Shares at the time of the IPO.

As at September 30 and March 31, 2019 financial instruments measured at fair value in the condensed interim consolidated balance sheet were as follows:

	September 30, 2019			**March 31, 2019**		
	Fair value hierarchy	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Carrying amount**	**Fair value**
		$	**$**		**$**	**$**
Cash and cash equivalents	Level 1	171,841	171,841	Level 1	207,703	207,703

(expressed in thousands of US dollars, except number of shares)

17. Subsequent events

On November 1, 2019, the Company acquired all of the outstanding shares of Kounta Holdings Pty Ltd, a growing cloud-based POS solutions provider to small and medium-sized businesses operating within the hospitality industry with approximately $35,300 being paid in cash (excluding cash acquired) and the issuance of 306,300 Common Shares at a value of $26.02 per share issued on the closing of the sale, subject to a post-closing working capital adjustment. An additional $7,524 in deferred cash consideration along with the issuance of 299,702 Common Shares, at a value of $26.02 per share, is payable to certain key employees through October 2021, in each case contingent on if certain milestones, including the continued employment of those employees, are achieved by June 2020 and October 2021, and is accounted for as acquisition-related compensation expense. An additional amount of $3,433 tied to a marketing alliance agreement is payable to one selling shareholder in three annual installments beginning on closing. The accounting for this acquisition has not yet been finalized and certain IFRS 3 disclosures have not been included due to the timing of the acquisition.