Lightspeed POS Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three-months ended June 30, 2019

(expressed in thousands of US dollars)

Lightspeed POS Inc.

Condensed Interim Consolidated Balance Sheets

(Unaudited)

As at June 30 and March 31, 2019

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

	June 30, 2019 $	March 31, 2019 $
Assets		
Current assets		
Cash and cash equivalents	191,440	207,703
Accounts receivable (note 9)	6,954	8,424
Inventories	348	269
Prepaid expenses and deposits	1,885	1,527
Commission assets	3,787	3,677
Total current assets	204,414	221,600
Lease right-of-use assets (note 10)	12,028	-
Property and equipment, net	5,385	5,372
Intangible assets, net	8,815	2,618
Goodwill (note 4)	27,402	22,536
Commission assets	2,934	2,993
Other long-term assets (note 11)	710	506
Deferred tax assets	155	186
Total assets	261,843	255,811
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	15,956	16,183
Lease liabilities (note 10)	2,057	-
Income taxes payable	131	135
Current portion of deferred revenue	33,094	32,317
Total current liabilities	51,238	48,635
Deferred tax liabilities	1,093	706
Deferred revenue	6,819	8,025
Lease liabilities	11,475	-
Other long-term liabilities (note 13)	1,060	1,779
Total liabilities	71,685	59,145
Shareholders' equity (deficiency)		
Share capital (note 14)		
84,275,039 Common Shares issued and outstanding, unlimited shares authorized (March 31, 2019 – 83,752,210)	654,471	652,336
Additional paid-in capital	4,732	4,278
Accumulated deficit	(469,045)	(459,948)
Total shareholders' equity	190,158	196,666
Total liabilities and shareholders' equity	261,843	255,811

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

Lightspeed POS Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

For the three-months ended June 30, 2019 and 2018

(expressed in thousands of US dollars)

	Three months ended June 30,	
	2019 **$**	**2018** **$**
Revenues (note 5)	24,065	17,471
Direct cost of revenues (note 6)	8,366	5,390
Gross profit	15,699	12,081
Operating expenses		
General and administrative	4,411	2,644
Research and development	6,303	4,184
Sales and marketing	13,040	8,647
Depreciation of property and equipment	390	272
Depreciation of right-of-use assets (note 10)	414	-
Foreign exchange loss (gain)	(330)	119
Acquisition-related compensation	707	-
Amortization of intangible assets	1,012	980
Total operating expenses	25,947	16,846
Operating loss	(10,248)	(4,765)
Fair value loss on Redeemable Preferred Shares	-	(2,952)
Interest income net of interest expense	1,019	58
Loss before income taxes	(9,229)	(7,659)
Income tax expense (recovery)		
Current	20	(5)
Deferred	(152)	471
Total income tax expense (recovery)	(132)	466
Net loss and comprehensive loss	(9,097)	(8,125)
Loss per share – basic and diluted (note 8)	(0.11)	(0.28)

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

Lightspeed POS Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

For the three-months ended June 30, 2019 and 2018

(expressed in thousands of US dollars)

	Three months ended June 30,	
	2019 **$**	**2018** **$**
Cash flows from (used in) operating activities		
Net loss	(9,097)	(8,125)
Items not affecting cash and cash equivalents		
Acquisition-related compensation	707	-
Fair value loss on Redeemable Preferred Shares	-	2,952
Amortization of intangible assets	1,012	980
Depreciation of property and equipment and lease right-of-use assets	804	272
Deferred income taxes	(152)	471
Stock-based compensation expense	912	388
Unrealized foreign exchange loss (gain)	5	78
(Increase)/decrease in operating assets and increase/(decrease) in operating liabilities		
Accounts receivable	2,418	757
Prepaid expenses and deposits	(358)	163
Inventories	(79)	(87)
Commission assets	(51)	(49)
Other long-term assets	(224)	225
Accounts payable and accrued liabilities	(1,178)	(972)
Income taxes payable	(4)	(78)
Deferred revenue	(479)	208
Other long-term liabilities	478	(25)
Interest income net of interest expense	(1,019)	(58)
Total operating activities	(6,305)	(2,900)
Cash flows from (used in) investing activities		
Additions to property and equipment	(393)	(411)
Payment of liability related to acquisition of business	(1,215)	-
Acquisition of business, net of cash acquired	(9,115)	-
Interest income	1,259	-
Total investing activities	(9,464)	(411)
Cash flows from (used in) financing activities		
Proceeds from exercise of stock options	1,178	30
Share issuance costs	(1,401)	-
Payment of lease liabilities	(506)	-
Total financing activities	(729)	30
Effect of foreign exchange rate changes on cash and cash equivalents	235	(79)
Net decrease in cash and cash equivalents during the period	(16,263)	(3,360)
Cash and cash equivalents – Beginning of period	207,703	24,651
Cash and cash equivalents – End of period	191,440	21,291
Interest paid	-	-
Income taxes paid	-	81

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

Lightspeed POS Inc.

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

For the three-months ended June 30, 2019 and 2018

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

	Common Shares				
	Number of shares	**Share capital $**	**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	-	-	-	(9,097)	(9,097)
Share issuance costs	-	(650)	-	-	(650)
Exercise of stock options	440,983	1,636	(458)	-	1,178
Stock-based compensation	-	-	912	-	912
Exercise of warrants	31,647	-	-	-	-
Acquisition-related compensation in connection with acquired business (note 4)	-	234	-	-	234
Shares issued in connection with business combination (note 4)	50,199	915	-	-	915
Balance as at June 30, 2019	84,275,039	654,471	4,732	(469,045)	190,158
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	-	-	-	(8,125)	(8,125)
Exercise of stock options	23,905	38	(8)	-	30
Stock-based compensation	-	-	388	-	388
Balance as at June 30, 2018	29,390,842	14,363	3,184	(284,548)	(267,001)

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

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

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 an easy-to-use, omni-channel commerce enabling platform. 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 approximately 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 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, there are no other material changes to the Company's significant accounting policies during the three months ended June 30, 2019, as compared to the significant accounting policies described in the Company's annual consolidated financial statements for the fiscal year ended March 31, 2019. Accordingly, these condensed interim consolidated financial statements should be read together with the Company's 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 condensed interim consolidated financial statements were approved for issue by the Board of Directors of the Company on August 7, 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 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

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

period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates.

In preparing these 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 audited annual consolidated financial statements for the fiscal year ended March 31, 2019, except for the adoption of IFRS 16 described above.

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., which has now become a wholly owned subsidiary (note 4).

New accounting standard

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

IFRS 16, Leases

Policy applicable before April 1, 2019

Prior to April 1, 2019, the accounting policies for the Company's leases were consistent with those disclosed in the Company's consolidated financial statements for the fiscal year ended March 31, 2019.

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. 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 combination

On May 9, 2019, the Company acquired all of the outstanding shares of Chronogolf Inc. (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 consideration of $13,366 consisted of $9,115 cash paid on the closing date and 50,199 Common Shares, at a fair value of $18.23 per share at the closing date. An additional $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 cash of $935 to be paid over two years, all of which are contingent upon key employees' continued employment with the Company and are accounted for as acquisition-related compensation. Additional cash may be paid by (or returned to) the Company due to a post-closing working capital adjustment.

The balance sheet and 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.

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

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	710
	918
Property and equipment	10
Goodwill	4,866
Customer relationships	4,501
Software technology	2,708
Right-of-use assets	337
Total assets	13,340
Current liabilities	
Accounts payable and accrued liabilities	867
Deferred revenue	50
Employee stock option payout liability	1,215
Lease liabilities	337
Deferred income tax liability	546
Total liabilities	3,015
Fair value of net assets acquired	10,325
Less: Cash acquired	208
Fair value of net assets acquired, less cash acquired	10,117
Paid in Common Shares of the Company	915
Paid in cash	9,115
Payable to Chronogolf	87

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 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)

5 Revenue from contracts with customers

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

	Three months ended June 30,	
	2019 **$**	**2018** **$**
Software and payments revenue	21,334	15,186
Hardware and other	2,731	2,285
Total revenue from contracts with customers	24,065	17,471

6 Direct cost of revenues

	Three months ended June 30,	
	2019 **$**	**2018** **$**
Cost of software and payments revenue		
Support	3,852	2,929
Third-party direct costs	1,961	581
	5,813	3,510
Cost of hardware and other		
Hardware and implementation	2,553	1,880
Total direct cost of revenues	8,366	5,390

Stock-based compensation and related costs of $240 were included in direct cost of revenues for the three months ended June 30, 2019 (June 30, 2018 – $23).

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 implementation 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 months ended June 30, 2019 was $17,927 (June 30, 2018 – $11,442). These costs are inclusive of stock-based compensation and related payroll taxes of $2,879 for the three months ended June 30, 2019 (June 30, 2018 – $488).

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 used in the calculation is the same for the three months ended June 30, 2019 and 2018. All outstanding convertible preferred shares, share options and warrants could potentially dilute loss per share in the future.

	Three months ended June 30,	
	2019 **$**	**2018** **$**
Issued Common Shares	84,275,039	29,390,842
Weighted average number of Common Shares (basic and diluted)	83,879,960	29,387,092
Loss per Common Share, basic and diluted	(0.11)	(0.28)

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:

	June 30, 2019 **$**	**June 30, 2018** **$**
Class B Preferred Shares issued and outstanding	-	1,317,268
Class C Preferred Shares issued and outstanding	-	1,897,750
Class D Preferred Shares issued and outstanding	-	11,663,949
Class E Preferred Shares issued and outstanding	-	22,252,232
Stock options	5,998,076	5,362,572
Warrants	86,403	98,903

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

9 Accounts receivable

	June 30, 2019 $	March 31, 2019 $
Trade	5,035	6,535
Allowance for doubtful accounts	(1,196)	(1,703)
Total trade receivables	3,839	4,832
Research and development tax credits receivable	2,436	3,017
Sales taxes receivable	525	384
Other	154	191
Total accounts receivable	6,954	8,424

Included in general and administrative expenses is a reversal of $184 related to impairment losses on trade receivables for the three months ended June 30, 2019, (June 30, 2018 – expense of $394).

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 months ended June 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.

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.

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

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-months ended June 30, 2019 was $184.

The roll-forward of lease right-of-use assets as at March 31, 2019 is as follows:

Right-of-use assets

	$
Cost	
As at April 1, 2019	11,971
Additions	134
Acquired in business combinations	337
At June 30, 2019	12,442
Accumulated depreciation	
As at April 1, 2019	-
Depreciation charge	414
As at June 30, 2019	414
Cost, net accumulated depreciation	
At April 1, 2019	11,971
As at June 30, 2019	12,028
Offices	11,400
Vehicles	628

Expenses relating to short-term leases, including those excluded from the IFRS 16 transition due to the election of the practical expedient, were approximately $446 for the three months ended June 30, 2019.

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

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

	$
2020	1,539
2021	1,999
2022	1,745
2023	1,537
2024	1,384
2025 and thereafter	5,328
Total minimum payments	13,532

11 Other long-term assets

	June 30, 2019 $	March 31, 2019 $
Long-term deposits	236	262
Other	474	244
Total other-long term assets	710	506

12 Accounts payable and accrued liabilities

	June 30, 2019 $	March 31, 2019 $
Trade	7,307	7,706
Accrued compensation and benefits	4,762	6,883
Accrued payroll taxes on stock-based compensation	2,879	1,361
Other	1,008	233
Total accounts payable and accrued liabilities	15,956	16,183

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

13 Other long-term liabilities

	June 30, 2019 $	March 31, 2019 $
Deferred lease incentive	-	1,197
Accrued payroll taxes on stock-based compensation	802	353
Other	258	229
Total other long-term liabilities	1,060	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 key management personnel.

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

	Three months ended June 30, 2019 $
Short-term employee benefits and other benefits	449
Share-based payments	310
Total compensation to key management personnel	759

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

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 receivables, trade payables, 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 June 30, 2019 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 June 30, 2019 and March 31, 2019, the only financial instruments measured at fair value in the condensed interim consolidated balance sheet were as follows:

	June 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	191,440	191,440	Level 1	207,703	207,703

17 Subsequent events

On July 2, 2019, the Company acquired all of the outstanding shares of iKentoo SA, a Switzerland-based POS solutions provider for small and medium-sized businesses with $18,472 being paid in cash and 408,624 Common Shares, at a value of $25.80 per share, issued on the closing of the sale. An additional $6,327 is to be paid over two years contingent upon key employees' continued employment and is accounted for as acquisition-related compensation. Additional cash may be paid by (or returned to) the Company due to a post-closing working capital adjustment. 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.