lightspeed

Annual Report

Fiscal Year Ended March 31, 2020

LETTER FROM DAX DASILVA

Lightspeed was founded on our belief in the independent, entrepreneurial spirit of small and medium-sized businesses. Our logo, the flame, represents the fire and passion of the retailers, restaurateurs, and other businesses that bring our cities and communities to life with local flavor and cultural character. At Lightspeed, we create the software, solutions and support systems that help SMBs power their dreams and ambitions. We are their technology, and we are their partner.

Lightspeed has reinvented cloud, mobile, eCommerce, omni-channel, hospitality, analytics, loyalty, supply-chain and payments into a rich commerce-enabling platform and ecosystem that grows as our customers succeed. We have never stopped listening to what our customers need to be their best, and we have never rested in our goal of being ahead of the market in evolving to support their growth.

It has never been more complex to be a small or medium-sized business owner. Especially in today's climate of social distancing due to the global pandemic caused by COVID-19, SMBs are turning to omnichannel platforms to offer cloud-based online services for shopping, ordering and delivery. Social media and loyalty engagement have become table stakes. An SMB must have the right product for the right consumer at the right time. This is what it takes to succeed as an SMB in the modern age of commerce. This is what it takes to compete with big box chains and eCommerce giants. There are approximately 226 million SMBs around the world, including 47 million retailers and restaurants. They all have the same need – powerful and easy-to-use systems that can help them manage and grow their business. Lightspeed is that platform for the small and medium-sized business owner. Lightspeed's journey has been one of democratizing technology to give our customers the advantage: to operate and differentiate, to scale, innovate and thrive.

It is our belief that Lightspeed is positioned to be the partner of choice for SMBs migrating towards omnichannel operations. SMBs don't have the time, resources, or in many cases, the capabilities to stitch together multiple point solutions to accomplish their goals. Our leading platform solves the many business complexities these business owners face. We are the trusted partner and network for businesses that are local yet data-driven and purposefully connected to the online and mobile worlds, where one must be omni-channel in order to maximize one's success.

Lightspeed has taken several measures to support SMBs who have been affected by the global COVID-19 pandemic, including offering Lightspeed Delivery, Lightspeed eCommerce and Lightspeed Loyalty for free for three months. In addition, our #lightspeedlocal initiative engages our employees to shop locally and support small businesses in our network by reimbursing employees in our 14 global offices up to $500 in local currency on purchases made from any Lightspeed retail or restaurant customer, whether through eCommerce shopping, meal takeout or delivery. Our employees and customers are at the heart of everything we do, and during this time of social distancing and uncertainty, it is more important than ever that we support them in a tangible way.

Lightspeed is a company built on culture just as much as code. Our social mission is to bring the streets of our cities and communities to life by powering SMBs with technology. Our company is designed to support SMBs through every stage of their growth. We are also international, selling our product in over 100 countries today, through our teams in nine cities and through partners around the world to a growing customer base generating over $22.3 billion in GTV.

We believe the opportunity to transform commerce and create opportunity for all, with technology that is available to all, is enormous. This is an opportunity where we are a leader, and we are just getting started. We are driven to be the global technology provider that is synonymous with the future of connected, omni-channel commerce – innovating new ways of connecting merchants, vendors and consumers in a digital economy that is continuously being refined, and where the world transacts in ways yet to be seen. We aim to ignite the ambitions of SMBs everywhere, to level the playing field, and to light the journey forward. We invite you to join us on this journey, where commerce is ever-changing and Lightspeed is ready to lead.

Dax Dasilva,
Founder and CEO, Lightspeed

“Bringing cities and communities to life by powering SMBs”

Lightspeed-at-a-glance

- **Leading global cloud-based omni-channel commerce platform** powering SMBs in the new digital economy
- **Large total addressable market** mainly served by legacy systems poorly equipped to support migration to cloud
- **Strong and consistent growth** with vast majority of revenue generated from recurring software subscriptions
- **Growing and diverse customer base** driving >$22B of commerce globally
- **Lightspeed payments** now driving significant growth for North American retail and hospitality customers
- **Well capitalized with ~$210M** in unrestricted cash

> $22B
Gross Transactional Volume ("GTV")

~ 76,500
Customer Locations

> $600,000 GTV
per Customer

>100
Countries

56%
Revenue growth

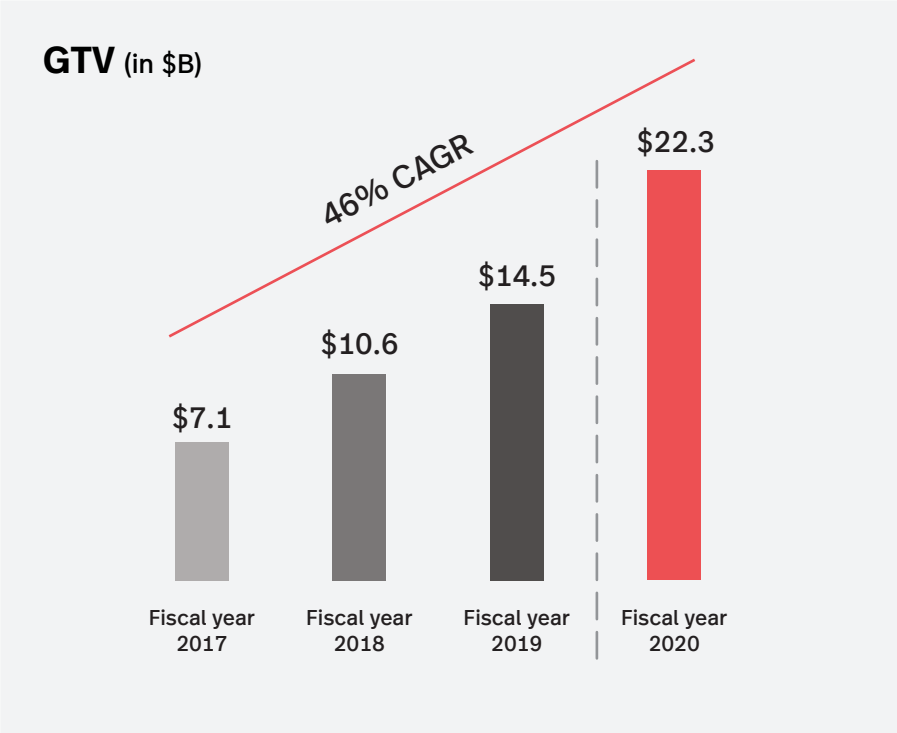
~$121M
Revenue

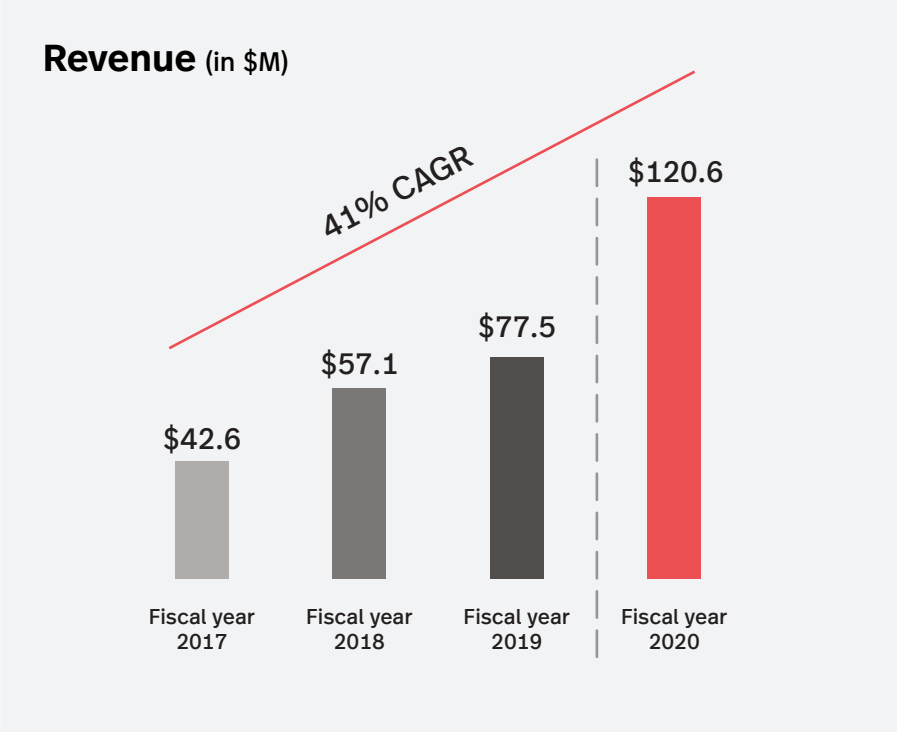
~90%
Recurring Software
and Payments Revenue

All dollar figures are presented in U.S. dollars and as at March 31, 2020. Please refer to the section titled "Key Performance Indicators" of our management discussion and analysis for the three months ended March 31, 2020, and 2019 and the years ended March 31, 2020, and 2019 for the definitions of GTV and Customer Locations.

High-quality diverse global customer base leading to consistent growth

- ✔ Positive Net Dollar Retention Rate
- ✔ > $600,000 GTV per customer
- ✔ No single customer >1% of revenue
- ✔ Internationally diversified with ~50% of locations outside of North America
- ✔ ~$230 monthly ARPU per customer with consistent growth
- ✔ Well diversified across a number of complex verticals in both hospitality and retail





All dollar figures are presented in U.S. dollars and as at March 31, 2020. Please refer to the section titled "Key Performance Indicators" of our management discussion and analysis for the three months ended March 31, 2020, and 2019 and the years ended March 31, 2020, and 2019 for the definitions of Net Dollar Retention Rate, GTV, ARPU and Customer Locations.

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

As used in this management's discussion and analysis ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "Lightspeed", "we", "us" or "our" refer to Lightspeed POS Inc. together with our subsidiaries, on a consolidated basis as constituted on March 31, 2020.

This MD&A dated May 21, 2020, for the three months ended March 31, 2020, and 2019 and the years ended March 31, 2020 ("Fiscal 2020") and 2019 ("Fiscal 2019") should be read in conjunction with the Company's audited annual consolidated financial statements and the notes related thereto for the years ended March 31, 2020, and 2019, included elsewhere in this annual report. This MD&A is presented as of the date of this annual report and is current to that date unless otherwise stated. The financial information presented in this MD&A is derived from the Company's audited annual consolidated financial statements for Fiscal 2020 and Fiscal 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in U.S. dollars except where otherwise indicated.

Forward-looking information

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities laws. Forward looking information may relate to our financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate and the impact of the COVID-19 pandemic declared by the World Health Organization on March 11, 2020 (the "COVID-19 Pandemic") thereon is forward-looking information.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved", the negative of these terms and similar terminology. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

This forward-looking information includes, among other things, statements relating to: expectations regarding industry trends; our growth rates and growth strategies; addressable markets for our solutions; the achievement of advances in and expansion of our platforms; expectations regarding our revenue and the revenue generation potential of our payment-related and other solutions; our business plans and strategies; and our competitive position in our industry.

This forward-looking information and other forward-looking information is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of our ability to build our market share and enter new markets and industry verticals; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in the "Summary of Factors Affecting our Performance" section of this MD&A and in the "Risk Factors" section of our Annual Information Form dated May 21, 2020, which is available under our profile on SEDAR at www.sedar.com.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in “Summary of Factors Affecting our Performance” should be considered carefully by prospective investors.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this MD&A represents our expectations as of the date of hereof (or as of the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

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

This MD&A includes certain trademarks, such as “Lightspeed”, “Flame Design”, “Show & Tell”, “Lightspeed Cloud”, “Lightspeed Pro”, "Kounta", "Gastrofix" and "Pepperkorn", which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this MD&A may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

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

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic as a result of the rapidly spreading corona virus. Subsequently, all of the jurisdictions in which Lightspeed has significant operations imposed increasingly strict measures in an attempt to slow the transmission of the virus, including travel restrictions, self-isolation measures, mandatory closures of non-essential services and businesses, and physical distancing practices. Our teams quickly pivoted to helping customers navigate this uncertain time. We focused the majority of our resources on our existing customers to help them find government relief programs, to share best practices and to support their adoption of new business strategies by leveraging our omni-channel tools and capabilities. We implemented temporary measures, making our eCommerce platform available for free, enlisting partners to help our restaurants leverage a home delivery platform for free, and making Lightspeed Payments available at no-margin pricing to help our customers save money and streamline.

The health and safety of our employees is critically important to us during this time. We quickly enforced a work from home policy for our employees around the globe. This was something we were well suited to do given the modern tools we use to run our business and the virtual customer engagement model we already had in place. We have maintained, and are committed to maintaining continuity of services to our customers globally, we have implemented several preventative measures to protect the health and safety of our employees, and we continue to refine our work processes to adapt to these unprecedented circumstances.

There continues to be uncertainty regarding the duration and magnitude of the COVID-19 Pandemic and the possibility of a recurrence, making it impossible to forecast the impact on the Company's business and operations, both in the short term and in the long term.

Despite the present risks and uncertainties, we believe the impact of COVID-19 will drive even more of our end market to move away from legacy systems, and adopt cloud-based solutions and omni-channel strategies as they adjust to changing regulations and consumer behaviours. Lightspeed believes it is well-positioned to capitalize on this opportunity. The Company will also continue to leverage its privileged position at the point of sale to seize upon the Lightspeed Payments opportunity.

We are continuing to monitor the impact of COVID-19 on our business, financial condition and operations, as further discussed below. Refer to the section of this MD&A entitled "Summary of Factors Affecting Our Performance" for a discussion about the risks associated with seasonality and business continuity.

Overview

Lightspeed provides easy-to-use, omni-channel commerce-enabling SaaS platforms. Our software platforms provide our customers with the critical functionality they need to engage with consumers, manage their operations, accept payments, and grow their business. We operate globally in over 100 countries, empowering single- and multi-location small and medium-sized businesses ("SMBs") to compete successfully in an omni-channel market environment by engaging with consumers across online, mobile, social, and physical channels. We believe that our platforms are essential to our customers' ability to run and grow their business. As a result, most of our revenue is recurring and we have a strong track-record of growing revenue per customer over time.

Our cloud platforms are designed around three interrelated elements: front-end consumer experience, back-end operations management to improve our customers' efficiency and insight, and the facilitation of payments. Key functionalities of our platforms include full omni-channel capabilities, point of sale ("POS"), product and menu management, inventory management, analytics and reporting, multi-location connectivity, loyalty and customer management. Our position at the point of commerce puts us in a privileged position for payment processing and allows us to collect transaction-related data insights. Lightspeed Payments, our payment processing solution, is currently available to North American retail customers and we have begun offering it to U.S. hospitality customers as well. We believe that the broader rollout of Lightspeed Payments will further align us with our customers' success and represents a significant growth opportunity for our Company.

We sell our platform primarily through our direct sales force in North America, Europe and Australia, supplemented by indirect channels in other countries around the world. Our platform is well-suited for various types of SMBs, particularly single and multi-location retailers with complex operations, such as those with a high product count, diverse inventory needs or a service component, golf course operators and hospitality customers ranging from quick service and festivals to hotels and fine dining establishments. On average, the customers we serve generate Gross Transaction Volume (as defined herein) in excess of $600,000 annually, which is reflective of the success of their businesses. Our customers generate monthly ARPU (as defined herein) of approximately $230 per customer ($145 on a customer location basis) in Fiscal 2020 and collectively represented 76,500 Customer Locations in approximately 100 countries. With respect to eligible new customers, greater than 60% purchased Lightspeed Payments in conjunction with purchasing their Lightspeed software during the fourth quarter of Fiscal 2020. For Fiscal 2020, our cloud-based SaaS platform processed GTV of $22.3 billion, which represents growth of 54% relative to GTV of $14.5 billion processed in Fiscal 2019.

We generate revenue primarily from the sale of cloud-based software subscription licenses and other recurring revenue sources including payments solutions for both retail and hospitality segments. We offer pricing plans designed to meet the needs of our current and prospective customers that enable Lightspeed solutions to scale with SMBs as they grow. Our subscription plans vary from monthly plans to one-year and multi-year terms, with the majority of our Customer Locations contracted for at least 12 months as of March 31, 2020. In addition, our software is integrated with certain third parties that enable electronic payment processing and as part of integrating with these payment processors, we have entered into revenue share agreements with each of them. In the last quarter of Fiscal 2019, we launched Lightspeed Payments, our in-house payment processing solution, which provides our customers with full visibility into the final steps of their sale process. Our latest pricing plans, which rolled out in the third quarter of Fiscal 2020, are designed to encourage adoption of Lightspeed Payments. With this change we have become more accommodating of monthly payment plans for our customers who also sign up for Lightspeed Payments. In Fiscal 2020, software and payments revenue accounted for 89% of our total revenues compared to 88% in Fiscal 2019.

In addition, we offer a variety of hardware and other services to provide value-added support to our merchants and supplement our software and payments revenue solutions. These revenues are generally one-time revenues associated with the sale of hardware with which our solutions integrate and the sale of professional services in support of the installation and implementation of our solutions. In Fiscal 2020, this revenue accounted for 11% of our total revenues (12% in Fiscal 2019).

We believe we have a distinct leadership position in SMB commerce given our scale, breadth of capabilities, and diversity of customers. As a result, our business has grown significantly. Our total revenue has increased to $120.6 million in Fiscal 2020 from $77.5 million in Fiscal 2019, representing year-over-year growth of 56%. No customer represented more than 1% of our revenue in Fiscal 2020 or Fiscal 2019 or the three months ended March 31, 2020, and 2019.

Our business is growing rapidly and we plan to continue making investments to drive future growth. We believe that our future success depends on a number of factors, including our ability to expand our customer base, add more solutions to our platform increase revenue from existing customers, and our ability to selectively pursue acquisitions. As of March 31, 2020, approximately 40% of our customers (excluding customers acquired through the iKentoo S.A. ("iKentoo"), Kounta Holdings Pty Ltd ("Kounta") and Gastrofix GmbH ("Gastrofix") acquisitions) are paying for more than one Lightspeed product, up from approximately 33% a

year ago. We view this as an important measure of our ability to grow our ARPU and drive further value to our customers, which in turn will improve retention rates. We achieved positive net dollar retention rates again in Fiscal 2020 as a result of expanded ARPU and our customer focused initiatives. We believe that we have significant opportunity to continue to expand ARPU and the number of customers adopting more Lightspeed products over time and that our continued investments will increase our revenue base, improve the retention of this base and strengthen our ability to increase sales to our customers.

We have not been profitable to date, and if we are unable to successfully implement our growth strategies, we may not be able to achieve profitability. In Fiscal 2020 and Fiscal 2019, we incurred an operating loss of $58.4 million and $23.2 million, respectively, and our operating cash outflow was $28.6 million and $7.6 million, respectively.

Key Performance Indicators

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

Average Revenue Per User. "**Average Revenue Per User**" or "**ARPU**" represents the total software and payments revenue of the Company in the period divided by the number of unique customers, or by the number of Customer Locations, as the context dictates, of the Company in the period.

Customer Locations. "**Customer Location**" means a billing customer location for which the term of services has not ended, or with which we are negotiating a renewal contract. A single unique customer can have multiple Customer Locations including physical and eCommerce sites. We believe that our ability to increase the number of Customer Locations served by our platforms is an indicator of our success in terms of market penetration and growth of our business. We have successfully demonstrated a history of growing both the number of our Customer Locations and GTV per Customer Location through the increased use of our platforms. At the end of Fiscal 2020 and Fiscal 2019, approximately 76,500 and over 49,000 Customer Locations were utilizing one of our platforms, respectively.

Gross Transaction Volume. "**Gross Transaction Volume**" or "**GTV**" means the total dollar value of transactions processed through our cloud-based SaaS platform in the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We believe GTV is an indicator of the success of our Customer Locations and the strength of our platform. GTV does not represent revenue earned by us. For Fiscal 2020 and Fiscal 2019, GTV was $22.3 billion and $14.5 billion, respectively.

Net Dollar Retention Rate. We believe that our ability to retain and expand the revenue generated from our existing customers is an indicator of the long-term value of our customer relationships. We track our performance in this area by measuring our "**Net Dollar Retention Rate**", which is calculated as of the end of each month by considering the cohort of customers on our commerce platforms as of the beginning of the month and dividing our subscription and payments revenue attributable to this cohort in the then-current month by total subscription and payments revenue attributable to this cohort in the immediately preceding month. For Fiscal 2020, we had Net Dollar Retention Rates in excess of 100% as calculated using an average of the monthly Net Dollar Retention Rates for those periods.

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

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

Adjusted EBITDA

Adjusted EBITDA is defined as net loss excluding interest, taxes, depreciation and amortization, or EBITDA, as adjusted for stock-based compensation and related expenses, fair value loss on Redeemable Preferred Shares, compensation expenses relating to acquisitions completed, foreign exchange gains and losses and transaction-related expenses. The following table reconciles Adjusted EBITDA to net loss for the periods indicated:

	Fiscal year ended March 31,		Three months ended March 31,	
(In thousands of US dollars)	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Net loss	(53,531)	(183,525)	(18,597)	(96,076)
Fair value loss on Redeemable Preferred Shares[1]	—	191,219	—	132,135
Stock-based compensation and related payroll taxes[2]	9,930	3,110	2,676	2,043
Depreciation and amortization[3]	13,467	4,537	5,631	1,064
Foreign exchange loss (gain)[4]	(395)	987	(300)	637
Interest income net of interest expense[3]	(1,766)	(181)	226	(81)
Acquisition-related compensation[5]	11,087	454	5,138	188
Transaction-related costs[6]	2,658	1,023	1,159	718
Income tax recovery	(3,110)	(30,729)	(2,111)	(44,773)
Adjusted EBITDA	(21,660)	(13,105)	(6,178)	(4,145)

(1) This loss is with respect to the change in valuation of our Redeemable Preferred Shares from period to period, which is a non-cash item. Prior to the completion of our initial public offering on March 15, 2019, all of our Redeemable Preferred Shares were converted and the liability was reduced to $Nil with a corresponding increase in share capital. There will be no further impact on our results of operations from these shares.

(2) These expenses represent non-cash expenditures recognized in connection with issued stock options and other awards under our stock option plans to our employees and directors as well as related payroll taxes given that they are directly attributable to stock-based compensation, are estimates and therefore subject to change. For the three months and fiscal year ended March 31, 2020, the stock-based compensation expense was $4,060 and $8,870 respectively (March 31, 2019 - $706 and $1,693) and the related payroll taxes were a recovery of $1,384 and an expense of $1,060 respectively (March 31, 2019 - expense of $1,337 and $1,417).

(3) In connection with the adoption of IFRS 16 - Leases, on a modified retrospective basis, with no restatement of comparatives, for the three months ended March 31, 2020, net loss includes depreciation of $821 related to amortization of right-of-use assets, interest expense of $246 on lease liabilities, and excludes an amount of $954 relating to rent expense ($2,492, $852, and $2,894 respectively for the fiscal year ended March 31, 2020). Refer to “Critical Accounting Policies and Estimates” below for more details on the adoption of IFRS 16.

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

(5) These costs represent a portion of the consideration paid to acquired businesses that is associated with the ongoing employment obligations for certain key employees of such acquired businesses.

(6) These expenses relate to professional, legal, consulting and accounting fees relating to our initial public offering, our acquisitions, our secondary offering in August 2019 and our bought deal in February 2020 that would otherwise not have been incurred.

Outlook

Given the uncertainty surrounding the duration and magnitude of COVID-19, Lightspeed is declining to provide a financial outlook for Fiscal 2021 at this time. Further discussion on the subject is contained in the Company’s press release dated May 21, 2020 under the heading ‘Financial Outlook’. The press release is available on www.sedar.com.

Summary of Factors Affecting Our Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the “Risk Factors” section of our most recent Annual Information Form, which can be found on SEDAR at www.sedar.com.

Market adoption of our platform

We intend to continue to drive adoption of our commerce-enabling platforms by scaling our solutions to meet the needs of both new and existing customers of all types and sizes. We believe that there is significant potential to increase penetration of our total addressable market and attract new customers. We plan to do this by further developing our products and services as well as continuing to invest in marketing strategies tailored to attract new businesses to our platforms, both in our existing geographies and new markets around the world. We also intend to selectively evaluate opportunities to offer our solutions to businesses operating in industry verticals that we do not currently serve. We plan to continue to invest in our platforms to expand our customer base and drive market adoption and our operating cash flows may fluctuate as we make these investments.

Customer adoption of Lightspeed Payments

In January 2019, we released our payment processing solution, Lightspeed Payments, to our U.S. retail customers, and we believe that Lightspeed Payments will become an increasingly important part of our business as we make it available to our broader customer base and across multiple geographies. Lightspeed Payments is designed to be transparent and easy to understand, and we have priced our solution at market competitive rates based on a percentage of GTV electronically processed through our platforms. As an increasing proportion of our revenue is generated from Lightspeed Payments, we believe that while our total revenues may grow significantly, our gross margins will decrease over time due to the lower gross margin profile of our payments revenue stream relative to the higher gross margin profile of our software subscription revenue stream. Lightspeed Payments has now begun an initial rollout to the Company's Canadian retail customers and US hospitality customers.

Cross-selling and up-selling with existing customers

Our existing customers represent a significant opportunity to cross-sell and up-sell products and services with limited incremental sales and marketing expense. We use a "land and expand" approach, with many of our customers initially deploying one of our platforms for a specific use case. Once they realize the benefits and wide functionality of our platforms, they can expand the number of use cases including services such as Lightspeed Loyalty, Lightspeed Analytics and Lightspeed Payments. We plan to continually invest in product development, and in sales and marketing, to add more solutions to our platforms and to increase the usage and awareness of our solutions. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to expand our customers' use of our comprehensive suite of our solutions.

Scaling our sales and marketing team

Our ability to achieve significant growth in future revenue will largely depend upon the effectiveness of our sales and marketing efforts, both domestically and internationally. The majority of our sales and marketing efforts are accomplished in-house, and we believe the strength of our sales and marketing team is critical to our success. We have invested and intend to continue to invest meaningfully in terms of expanding our sales force, and consequently, we anticipate that our headcount will continue to increase as a result of these investments.

International sales

We believe that global demand for our platform will continue to increase as SMBs seek out end-to-end solutions with omni-channel capabilities to enable their businesses to thrive and succeed in an increasingly complex operating environment. Accordingly, we believe there is a significant opportunity to grow our international business. We have invested, and plan to continue to invest, ahead of this potential demand in personnel and marketing, and to make selective acquisitions outside of North America to support our international growth.

Seasonality

We believe our transaction-based revenues will begin to represent an increasing proportion of our overall revenue mix over time as a result of the recent introduction of Lightspeed Payments, and we expect seasonality of our quarterly results to increase. While rapid growth in our subscription base and upsells to existing customers has largely mitigated seasonal trends in our revenues to date, we expect our transaction-based revenues will become increasingly correlated with respect to the GTV processed by our customers through our platforms.

Foreign currency

Our presentation and functional currency is the U.S. dollar. We derive the largest portion of our revenues in U.S. dollars and a smaller proportion of our expenses in U.S. dollars. Our head office and a significant portion of our employees are located in Montréal, Canada, along with additional presence in Europe and Australia, and as such, a significant amount of our expenses are incurred in Canadian dollars and Euros with a smaller proportion of expenses incurred in Australian dollars, GBP, and Swiss Francs. As a result, our results of operations will be adversely impacted by a decrease in the value of the U.S. dollar relative to these currencies but primarily the Canadian dollar or the Euro. See the "Risk Factors" section of our most recent Annual Information Form, which can be found on SEDAR at www.sedar.com, for a discussion on exchange rate fluctuations.

Selective pursuit of acquisitions

We complement our organic growth strategies by taking a targeted and opportunistic approach to acquisitions. We identify possible acquisition targets with a view to accelerating our product roadmap, increasing our market penetration and creating value for our shareholders. Throughout our history, we have accrued significant sales and marketing expertise, which we leverage to facilitate our continued global expansion both organically and in integrating the companies we acquire.

Our Customer Location count increased to approximately 76,500 locations as at March 31, 2020, including Customer Locations added through our acquisition of Gastrofix in January 2020. Our Customer Locations are almost evenly balanced between North America and the rest of world. Additionally, these merchants are well balanced between retail and hospitality, representing approximately 55% and 45% of our total Customer Locations respectively. We believe that we remain well-positioned to continue to grow organically around the globe and to selectively pursue new acquisitions given our experience and scale. However, such acquisitions and investments could divert management's attention, result in operating difficulties due to a lack of timely and proper integration, or otherwise disrupt our operations and adversely affect our business, operating results or financial position.

COVID-19 Pandemic

The COVID-19 Pandemic, the measures attempting to contain and mitigate the effects of the virus, including travel restrictions, self-isolation measures, mandatory closures of non-essential services and businesses, physical distancing practices, and the resulting effect on the operations of and spending by SMBs and on consumer spending have disrupted and will continue to disrupt our normal operations and impact our employees, vendors, partners, and our customers and their consumers. We have had to change some our business practices in response to the pandemic and we may be required by government authorities to, or determine it appropriate to, take further actions. However, there is no certainty that such measures will be sufficient to mitigate the direct and indirect effects of the virus and its impact on our business, financial condition and results of operations. Additionally, the impact of new solutions and initiatives we have launched or will launch in response to the COVID-19 Pandemic on our business, financial condition and results of operations is uncertain and we may be subject to additional risks in connection with such solutions and initiatives.

Many of the measures attempting to contain and mitigate the effect of the COVID-19 virus were implemented in March 2020, and thus have had a more limited impact on our results for the quarter ended March 31, 2020, and we expect to see more significant impacts in subsequent quarters. The degree to which COVID-19 will affect our business, operating results and financial condition will depend on future developments that are highly uncertain and cannot currently be predicted, including the duration and magnitude of the COVID-19 Pandemic, actions taken to contain the virus, the impact of the pandemic and related restrictions on economic activity and domestic and international trade, and the extent of the impact of these and other factors on our employees, partners and vendors and our customers and their consumers. The current global crisis has impacted and continues to impact our retail and hospitality customers, including their GTV, overall demand for our services, and anticipated churn rates due to business closures and temporary business shutdowns. It may also limit their ability to obtain inventory or ingredients and supplies, to generate sales, or to make timely payments to us. As we engage in customer-focused initiatives, such as subscription discounts and deferred payment arrangements, aimed at supporting our customers during the COVID-19 Pandemic, this is having and may continue to have a negative impact on revenue and cash flows. As long as social distancing measures persist, we expect this to continue to have a negative impact on our business, financial condition and results of operations.

COVID-19 has also caused heightened uncertainty in the global economy. If economic growth slows further or if a recession develops, consumers may not have the financial means to make purchases from our customers and may delay or reduce discretionary purchases, negatively impacting our customers (which are SMBs that are more susceptible than larger businesses to general economic conditions) and our results of operations. Uncertain and adverse economic conditions may also lead to increased refunds and chargebacks, which could adversely affect our business and may require us to recognize an impairment related to our assets in our financial statements.

The COVID-19 Pandemic and related restrictions may also disrupt or delay the ability of employees to work because they become sick or are required to care for those who become sick, cause delays or disruptions in services provided by our vendors, increase our vulnerability and that of our partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events. Additionally, although we have attempted to identify the COVID-19-related risks faced by our business, the uncertainty and lack of predictability around the COVID-19 Pandemic means there may be other risks not presently known to us or that we presently believe are not material that could also affect our business, financial condition and results of operations.

We cannot currently estimate the overall severity, extent or duration of any resulting adverse impact on our business, financial condition or results of operations from COVID-19, though the impact may be material. A material adverse effect on our employees, customers, vendors, partners and/or other stakeholders could have a material adverse effect on us.

Key Components of Results of Operations

Revenues

Software and payments revenues

We principally generate subscription-based revenues through the sale of subscription licenses to our retail and restaurant software solutions and transaction-based revenues. We offer pricing plans designed to meet the needs of our current and prospective customers that enable Lightspeed solutions to scale with SMBs as they grow. Our subscription plans are sold as monthly, one-year or multi-year plans, with more than half of our Customer Locations contracted for at least 12 months. Where customers elect to pay their full contract upfront, a deferred revenue balance is created on our balance sheet. Subscription plans for our cloud-based solutions include maintenance and support. Customers purchase subscription plans directly from us or through our channel partners.

We also generate transaction-based revenues by providing our customers with the functionality to accept payments from consumers. Such revenues come in the form of payment processing fees and transaction fees and represent a percentage of GTV processed by our customers through our offered solutions. We have two sources of transaction-based revenues: our proprietary payments processing solution, Lightspeed Payments, and revenue sharing agreements with our integrated payment partners.

Lightspeed Payments allows our customers to accept electronic payments in-store, through connected terminals and online. Given its availability was largely limited to U.S. retail customers until we recently began offering it Canadian customers and U.S. hospitality customers, Lightspeed Payments represents only a nominal source of revenue to date. We believe it will become an increasingly important part of our business, as it is made available to our broader customer base. Offering a fully integrated payment functionality is highly complementary to the platforms we offer our customers today and will allow us to monetize a greater portion of the over $22.3 billion in GTV, which represents approximately 54% growth in total GTV over the past 12 months, processed on our cloud-based SaaS platforms over the last 12 months.

We also continue to support our legacy on-premise retail solution, which is downloaded by the customer and installed on the customer's server. As we transition this small group of customers to our cloud platform, we expect revenue from our on-premise solution to decline.

In addition, we generate revenues through referral fees and revenue sharing agreements from our partners to whom we direct business or who sell their applications through our apps and themes marketplace. Pursuant to the terms of our agreements with these partners, these revenues can be recurring or non-recurring.

Hardware and other revenues

These revenues are generally one-time revenues associated with the sale of hardware with which our solutions integrate and the sale of professional services in support of the installation and implementation of our solutions. We generate revenues through the sale of POS peripheral hardware such as our customer facing display, receipt printers, cash drawers, payment terminals, servers, stands, bar-code scanners, and an assortment of accessories.

Although our software solutions are intended to be turnkey solutions that can be used by the customer as delivered, we provide professional services to our hospitality customers in some circumstances in the form of on-site installations and implementations. These implementation services are typically delivered through our internal integrations team or through a network of certified

partners. Additionally, from time to time we earn one-time fees for integration work performed pursuant to certain strategic partnerships.

Direct Cost of Revenues

Cost of software and payments revenue

Cost of software and payments revenue primarily includes employee expenses for the support team, direct costs related to our Lightspeed Payments business and costs associated with hosting infrastructure for our services. Significant expenses include data center capacity costs and other third party direct costs such as cloud infrastructure, including total salaries and benefits, stock-based compensation and related expenses, customer support and royalties. We expect that cost of software and payments revenue will increase on an absolute dollar basis and as a percentage of total revenues due to the lower gross margin profile of Lightspeed Payments relative to the higher gross margin profile of our software subscription revenue stream.

Cost of hardware and other revenue

Cost of these revenues primarily includes costs associated with our hardware solutions, such as the cost of acquiring the hardware inventory, including hardware purchase price, expenses associated with a third-party fulfillment company, shipping and handling and inventory adjustments, as well as expenses related to costs of implementation services provided to customers.

Operating Expenses

General and administrative

General and administrative expenses comprise employee expenses, including stock-based compensation and related expenses, for finance, accounting, legal, administrative, human resources, information technology as well as payment operations. These costs also include other professional fees, transaction-related fees related to the Company's acquisitions, costs associated with internal systems and general corporate expenses. We expect that general and administrative expenses will increase on an absolute dollar basis as we incur the costs of compliance associated with being a public company, including increased accounting and legal expenses. In the longer term, however, we expect general and administrative expenses to decrease as a percentage of total revenues as we focus on processes, systems and controls to enable our internal support functions to scale with the growth of our business.

Research and development

Research and development expenses consist primarily of employee expenses, including stock-based compensation and related expenses, for product-related expenses including product management, core development, data, product design and development and other corporate overhead allocations. We continue to invest our research and development efforts on developing added features and solutions, as well as increasing the functionality and enhancing the ease of use of our platforms. Historically, these expenses have been reduced primarily by the Canadian Federal Scientific Research and Experimental Development Program and Tax Credit for the Development of e-business, or "SR&ED" and "e-business" tax credits respectively. As a public company, we are no longer eligible for federal refundable SR&ED tax credits, while e-business tax credits remain available. However, we remain eligible for non-refundable SR&ED credits under this program, which are eligible to reduce future income taxes payable. Given the Company's recent losses in Canada, these credits have not been recognized. Upon recognition, they will reduce research and development expenses. Although not immediately, given that we are still scaling our technology group in line with anticipated growth, we expect research and development expenses to decline in proportion to total revenue as we achieve additional economies of scale from our expansion.

Sales and marketing

Sales and marketing expenses consist primarily of selling and marketing costs and employee expenses, including stock-based compensation and related expenses, for sales and business development, marketing as well as a small portion of onboarding for new customers. Other costs within sales and marketing include costs of acquisition of new customers, travel-related expenses and corporate overhead allocations. We plan to continue to expand sales and marketing efforts to attract new customers, retain existing customers and increase revenues from both new and existing customers. Over time, we expect sales and marketing expenses will decline as a percentage of total revenues as we achieve additional economies of scale from our expansion.

Acquisition-related compensation

Acquisition-related compensation expenses represent the portion of the purchase price from acquisitions which is payable contingent upon ongoing employment obligations of certain key employees of the acquired businesses. This portion of the cost is amortized over the related service period for those key employees.

Other Expenses

Fair value loss on Redeemable Preferred Shares

These costs include costs with respect to the change in valuation of the Redeemable Preferred Shares from period to period. Immediately prior to the completion of the initial public offering of our shares on the Toronto Stock Exchange in March 2019, all of our Redeemable Preferred Shares were converted and the liability was reduced to $Nil with a corresponding increase in share capital. Following their conversion, the Redeemable Preferred Shares ceased to impact our results of operations.

Results of Operations

The following table outlines our consolidated statements of loss for Fiscal 2020 and Fiscal 2019, and for the three months ended March 31, 2020, and 2019:

	Fiscal year ended March 31,		Three months ended March 31,	
(In thousands of US dollars, except per share data)	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Revenues				
Software and payments	106,871	68,489	31,784	18,648
Hardware and other	13,766	8,962	4,487	2,637
	120,637	77,451	36,271	21,285
Direct cost of revenues				
Software and payments	31,982	15,752	9,968	4,604
Hardware and other	11,217	7,821	3,627	2,358
	43,199	23,573	13,595	6,962
Gross profit	77,438	53,878	22,676	14,323
Operating expenses				
General and administrative	24,486	13,790	7,350	4,793
Research and development	31,812	18,283	10,100	5,074
Sales and marketing	55,388	39,043	15,239	11,362
Depreciation of property and equipment	1,749	1,389	550	415
Depreciation of right-of-use assets	2,492	—	821	—
Foreign exchange loss (gain)	(395)	987	(300)	637
Acquisition-related compensation	11,087	454	5,138	188
Amortization of intangible assets	9,226	3,148	4,260	649
Total operating expenses	135,845	77,094	43,158	23,118
Operating loss	(58,407)	(23,216)	(20,482)	(8,795)
Fair value loss on Redeemable Preferred Shares	—	(191,219)	—	(132,135)
Interest income net of interest expense	1,766	181	(226)	81
Loss before income taxes	(56,641)	(214,254)	(20,708)	(140,849)
Income tax expense (recovery)				
Current	49	59	(46)	64
Deferred	(3,159)	(30,788)	(2,065)	(44,837)
Total income tax expense (recovery)	(3,110)	(30,729)	(2,111)	(44,773)
Net loss	(53,531)	(183,525)	(18,597)	(96,076)
Loss per share – basic and diluted	(0.62)	(5.53)	(0.21)	(2.21)

The following table outlines stock-based compensation and the related payroll taxes associated with these expenses included in the results of operations for Fiscal 2020 and Fiscal 2019 and the three months ended March 31, 2020, and 2019:

	Fiscal year ended March 31,		Three months ended March 31,	
(In thousands of US dollars)	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Direct cost of revenues	731	260	170	151
General and administrative	3,196	1,030	606	647
Research and development	3,101	245	1,400	350
Sales and marketing	2,902	1,575	500	895
Total stock-based compensation	9,930	3,110	2,676	2,043

For the three months and fiscal year ended March 31, 2020, the stock-based compensation expense was $4,060 and $8,870 respectively (March 31, 2019 - $706 and $1,693) and the related payroll taxes were a recovery of $1,384 and an expense of $1,060 respectively (March 31, 2019 - expense of $1,337 and $1,417).

Results of Operations for the Three Months Ended March 31, 2020, and 2019

Revenues

	Three months ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Revenues				
Software and payments	31,784	18,648	13,136	70.4
Hardware and other	4,487	2,637	1,850	70.2
Total revenues	36,271	21,285	14,986	70.4
Percentage of total revenues				
Software and payments	87.6 %	87.6 %		
Hardware and other	12.4 %	12.4 %		
Total	100 %	100 %		

Software and Payments Revenue

Software and payments revenue for the three months ended March 31, 2020 increased by $13.1 million or 70% as compared to the three months ended March 31, 2019. The increase was primarily due to growth in our subscription customer base including customers from the acquisitions of iKentoo, Kounta , as well as Gastrofix, which combined accounted for $5.1 million of software and payments revenue in the quarter. Also contributing to the increase were higher payments revenue from continued adoption of Lightspeed Payments and payment referral fees earned through our partners. GTV processed through our platforms grew from $3.5 billion for the three months ended March 31, 2019 to $6.1 billion for the three months ended March 31, 2020, evidencing increased use of our platforms. Customers adopting additional modules of our platforms also contributed to the increase in subscription license revenue in the period.

Hardware & Other Revenue

Hardware and other revenue for the three months ended March 31, 2020 increased by $1.9 million or 70% as compared to the three months ended March 31, 2019 due to the increase in sales of our hardware to new customers during the period as well as to the revenue contributions of iKentoo, Kounta, and Gastrofix in the quarter.

Direct Cost of Revenues

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
Direct cost of revenues				
Software and payments	9,968	4,604	5,364	116.5
Hardware and other	3,627	2,358	1,269	53.8
Total costs of revenues	13,595	6,962	6,633	95.3
Percentage of revenue				
Software and payments	31.4 %	24.7 %		
Hardware and other	80.8 %	89.4 %		
Total	37.5 %	32.7 %		

Direct Cost of Software and Payments Revenue

Direct cost of software and payments revenue for the three months ended March 31, 2020 increased by $5.4 million or 117% as compared to the three months ended March 31, 2019. The increase was primarily due to increased costs associated with supporting a greater number of Customer Locations utilizing our platform, as well as an increase in our Lightspeed Payments customers which carry higher direct costs than our subscription business. Overall, direct cost of software and payments revenue as a percentage of revenue increased from 25% to 31% for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019.

Direct Cost of Hardware and Other Revenue

Direct cost of hardware and other revenue for the three months ended March 31, 2020 increased by $1.3 million or 54% as compared to the three months ended March 31, 2019. The increase was primarily due to an increase in sales of our hardware to new customers during the period.

Gross Profit

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
Gross profit	22,676	14,323	8,353	58.3
Percentage of total revenues	62.5%	67.3%		

Gross profit for the three months ended March 31, 2020 increased by $8.4 million or 58% compared to the three months ended March 31, 2019. The increase was primarily due to growth in our software and payments revenue as a result of increased Customer Locations using our platform and increased GTV processed through our platforms. A higher mix of Lightspeed Payments revenue in the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 reduced gross profit as a percentage of revenue.

Operating Expenses

General and Administrative

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
General and administrative	7,350	4,793	2,557	53.3
Percentage of total revenues	20.3%	22.5%		

General and administrative expenses for the three months ended March 31, 2020 increased by $2.6 million compared to the three months ended March 31, 2019. Included in general and administrative expense for the three months ended March 31, 2020 is $0.6 million of stock-based compensation expense compared to $0.6 million for the three months ended March 31, 2019. The overall increase was primarily due to growth in our headcount of $1.9 million, including $1.1 million of costs arising from the acquisition of iKentoo, Kounta, and Gastrofix. In addition, $1.2 million was due to the increase in the provision for bad debt given the estimated impact of the COVID-19 Pandemic, and $0.2 million was due to an increase in professional fees in connection with costs of being public, offset by an adjustment of $0.8 million related to the new lease standard implementation in this fiscal year. Our general and administrative expenses as a percentage of revenue decreased to 20% from 23% between the three months ended March 31, 2020 and the three months ended March 31, 2019.

Research and Development

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
Research and development	10,100	5,074	5,026	99.1
Percentage of total revenues	27.8%	23.8%		

Research and development expenses for the three months ended March 31, 2020 increased by $5.0 million or 99% compared to the three months ended March 31, 2019. Included in research and development expense for the three months ended March 31, 2020 is $1.4 million of stock-based compensation expense compared to $0.4 million for the three months ended March 31, 2019. The overall increase was due primarily to additional salary and employee-related costs due to increased headcount in our research and development teams, $2.5 million of which arose from salaries and benefits of employees of companies acquired in the fiscal year as well as a $1.0 million increase in stock-based compensation and related benefits. Our research and development costs as a percentage of revenue increased from 24% to 28% from the three months ended March 31, 2019 to the three months ended March 31, 2020.

Sales and Marketing

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
Sales and marketing	15,239	11,362	3,877	34.1
Percentage of total revenues	42.0%	53.4%		

Sales and marketing expenses for the three months ended March 31, 2020 increased by $3.9 million or 34% as compared to the three months ended March 31, 2019. Included in sales and marketing expense for the three months ended March 31, 2020 is $0.5 million of stock-based compensation expense compared to $0.9 for the three months ended March 31, 2019. The increase was

mainly due to added personnel tied to our continued growth in revenue. Approximately $2.0 million of the additional expenses related to salaries and other employee costs, including incremental employee costs pursuant to our recent acquisitions of Chronogolf, iKentoo, Kounta, and Gastrofix. An additional $1.9 million in costs were incurred for the increase of conferences and training for our marketing teams, and advertising, acquisition and growth spend including payments made to our distribution partners as reseller commissions. Sales and marketing costs as a percentage of revenue decreased from 53% to 42% from the three months ended March 31, 2019 to the three months ended March 31, 2020.

Depreciation

	Three months ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Depreciation of property and equipment	550	415	135	32.5
Depreciation of right-of-use assets	821	—	821	100
	1,371	415	956	230.4
Percentage of total revenues	3.8%	1.9%		

Depreciation of property and equipment expenses for the three months ended March 31, 2020 increased by $0.1 million as compared to the three months ended March 31, 2019. The marginal increase in the depreciation expense resulted from additions to property and equipment made throughout Fiscal 2020. The depreciation of right-of-use assets of $0.8 million represents the depreciation of leases that were capitalized as a result of the adoption of IFRS 16.

Foreign Exchange Loss (Gain)

	Three months ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Foreign exchange loss (gain)	(300)	637	(937)	(147.1)
Percentage of total revenues	(0.8)%	3.0%		

Foreign exchange gain for the three months ended March 31, 2020 was $0.3 million as compared to the foreign exchange loss for the three months ended March 31, 2019 of $0.6 million. This was due to the strengthening of the Canadian dollar given that subsequent to our initial public offering, a significant portion of the Company's cash was held in Canadian dollars before being converted into U.S. dollars. Items included in our results are measured in the functional currency of the Company (U.S. dollars), and foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or when items are re-measured with resulting gains and losses subsequently recognized.

Acquisition-related Compensation

	Three months ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Acquisition-related compensation	5,138	188	4,950	2,633.0
Percentage of total revenues	14.2%	0.9%		

Acquisition-related compensation expenses for the three months ended March 31, 2020 increased by $5.0 million as compared to the three months ended March 31, 2019. The increase was due to our acquisitions of Chronogolf in May 2019, iKentoo in July

2019, Kounta in November 2019 and Gastrofix in January 2020. We issued contingent cash and equity instruments, some of which were tied to ongoing employment obligations in connection with these acquisitions. The contingent amounts that were not included in the total purchase consideration were treated as an acquisition-related compensation expense for post combination services to be received over a one to two-year period starting on the date of acquisition.

Amortization of Intangible Assets

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
Amortization of intangible assets	4,260	649	3,611	556.4
Percentage of total revenues	11.7%	3.0%		

Amortization of intangible assets for the three months ended March 31, 2020 increased by $3.6 million as compared to the three months ended March 31, 2019. The increase in amortization relates to intangibles acquired through the Chronogolf, iKentoo, Kounta and Gastrofix acquisitions during Fiscal 2020 of $4.1 million, which was offset by a decrease in amortization from intangibles that were fully amortized during Fiscal 2019 of $0.5 million.

Other Income (Expense)

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
Fair value loss on Redeemable Preferred Shares	—	(132,135)	132,135	100
Interest income net of interest expense	(226)	81	(307)	(379)
Total other income (expense)	(226)	(132,054)		
Percentage of total revenues	(0.6)%	(620.4)%		

Other income (expense) includes losses on the Redeemable Preferred Shares that are measured at fair value, and interest income net of interest expense.

Fair value loss on Redeemable Preferred Shares for the three months ended March 31, 2020 decreased to $0 from $132 million in the three months ended March 31, 2019. Upon the Company's initial public offering in March 2019, all the Redeemable Preferred Shares converted to Common Shares and as a result, there will be no further impact on our results of operations from these shares.

Interest expense relates to the interest arising from the loan draw-down made in connection with the acquisition of Gastrofix in January 2020, as well as interest expense on the lease liabilities and acquisition-related compensation offset by interest income earned in the period on cash and cash equivalents.

Income Taxes

(In thousands of US dollars, except percentages)	Three months ended March 31, 2020 $	2019 $	Change $	Change %
Income tax expense (recovery)				
Current	(46)	64	(110)	(171.9)
Deferred	(2,065)	(44,837)	42,772	95.4
Total income tax expense (recovery)	(2,111)	(44,773)	42,662	95.3
Percentage of total revenues				
Current	(0.1)%	0.3 %		
Deferred	(5.7)%	(210.7)%		
Total costs of revenues	(5.8)%	(210.4)%		

Deferred income tax recovery for the three months ended March 31, 2020 decreased by $42.8 million or 95% as compared to the three months ended March 31, 2019. The decrease was primarily due to the reversal of the balance of the Part VI.I tax that occurred in Fiscal 2019 given the conversion of the Redeemable Preferred Shares upon the initial public offering.

Results of Operations for the Fiscal Years Ended March 31, 2020, and 2019

Revenues

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
Revenues				
Software and payments	106,871	68,489	38,382	56.0
Hardware and other	13,766	8,962	4,804	53.6
Total revenues	120,637	77,451	43,186	55.8
Percentage of total revenues				
Software and payments	88.6%	88.4%		
Hardware and other	11.4%	11.6%		
Total	100%	100%		

Software and Payments Revenue

Software and payments revenue for Fiscal 2020 increased by $38.4 million or 56% as compared to Fiscal 2019. The increase was primarily due to growth in our subscription customer base including customers from the acquisitions of iKentoo, Kounta as well as Gastrofix which combined accounted for $8.7 million of software and payments revenue for the year ended March 31, 2020. Also contributing to the increase were higher payments revenue from continued adoption of Lightspeed Payments and payment referral fees earned through our partners. The number of new Customer Locations using our platforms increased from approximately 49,000 Customer Locations as at March 31, 2019, to approximately 76,500 Customer Locations as at March 31, 2020. Additionally, the GTV processed through our platforms grew from $14.5 billion in Fiscal 2019 to $22.3 billion in Fiscal 2020 evidencing the increased use of our platform.

Hardware and Other Revenue

Hardware and other revenue for Fiscal 2020 increased by $4.8 million or 54% as compared to Fiscal 2019 primarily due to the increase in sales of our hardware to new customers during the period, the revenue contribution of iKentoo, Kounta and Gastrofix in the fiscal year, as well as the contribution of some one-time revenue from certain strategic partnerships.

Direct Cost of Revenues

	Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Direct cost of revenues				
Software and payments	31,982	15,752	16,230	103.0
Hardware and other	11,217	7,821	3,396	43.4
Total costs of revenues	43,199	23,573	19,626	83.3
Percentage of total revenues				
Software and payments	29.9%	23.0%		
Hardware and other	81.5%	87.3%		
Total	35.8%	30.4%		

Direct Cost of Software and Payments Revenue

Direct cost of revenues for software and payments revenue for Fiscal 2020 increased by $16.2 million or 103% as compared to Fiscal 2019. The increase was primarily due to increased costs associated with supporting a greater number of Customer Locations utilizing our platforms, an increase in our Lightspeed Payments customers which carry higher direct costs than our subscription business, a $5.6 million increase in support costs over the prior year and a $1.6 million increase in infrastructure costs to support a larger customer base. As a result of the above, direct cost of software and payments revenue as a percentage of revenue increased from 23% to 30% from Fiscal 2019 to Fiscal 2020.

Direct Cost of Hardware and Other Revenue

Direct cost of hardware and other revenue for Fiscal 2020 increased by $3.4 million or 43% as compared to Fiscal 2019. The increase was primarily due to an increase in hardware sold as we expanded our customer base, although the decrease as a percentage of revenue was a result of the contribution of some one-time revenue from certain strategic partnerships.

Gross Profit

	Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Gross profit	77,438	53,878	23,560	43.7
Percentage of total revenues	64.2%	69.6%		

Gross profit for Fiscal 2020 increased by $23.6 million compared to Fiscal 2019. The increase was primarily due to growth in our software and payments revenue as a result of increased Customer Locations using our platform and increased GTV processed through our platforms. Increased adoption of Lightspeed Payments reduced gross profit as a percentage of revenue.

Operating Expenses

General and Administrative

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
General and administrative	24,486	13,790	10,696	77.6
Percentage of total revenues	20.3%	17.8%		

General and administrative expenses for Fiscal 2020 increased by $10.7 million, or 78%, as compared to Fiscal 2019. Included in general and administrative expense for Fiscal 2020 was $3.2 million of stock-based compensation expense compared to $1.0 million in Fiscal 2019. The overall increase was due to $2.2 million in higher stock-based compensation and related payroll tax costs as compared to the prior year, and $2.6 million related to an increase in professional fees incurred as a result of acquisitions made in Fiscal 2020, fees related to our secondary offering and bought deal, as well as certain professional costs related to being a public company. In addition, an increase of $0.9 million was due to the increase in the provision for bad debt incorporating the estimated impact of the COVID-19 Pandemic. The remainder of the increase of $7.6 million was due to higher salary costs and other employee related costs such as software licenses as we continued to scale our back-office operations with additional headcount in our finance, human resources, information technology, and internal systems departments. These increased costs were offset by an adjustment of $2.6 million related to the new lease standard implementation in this fiscal year. As a result of the above, our general and administrative expenses as a percentage of revenue increased to 20% from 18% between Fiscal 2020 and Fiscal 2019.

Research and Development

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
Research and development	31,812	18,283	13,529	74.0
Percentage of total revenues	26.4%	23.6%		

Research and development expenses for Fiscal 2020 increased by $13.5 million, or 74%, as compared to Fiscal 2019. Included in research and development costs for Fiscal 2020 were $3.1 million of stock-based compensation expense and $0.2 million in Fiscal 2019. The overall increase was due primarily to additional salary and other employee costs resulting from increased headcount in our research and development teams including a $2.9 million increase in stock-based compensation and related payroll taxes as well as $5.4 million of incremental expenses assumed as part of our acquisitions of Chronogolf, iKentoo, Kounta and Gastrofix. Our research and development costs as a percentage of revenue increased to 26% in Fiscal 2020 from approximately 24% in Fiscal 2019.

Sales and Marketing

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
Sales and marketing	55,388	39,043	16,345	41.9
Percentage of total revenues	45.9%	50.4%		

Sales and marketing expenses for Fiscal 2020 increased by $16.3 million or 42% as compared to Fiscal 2019. Included in sales and marketing expense for Fiscal 2020 was $2.9 million of stock-based compensation expense and $1.6 million in Fiscal 2019. The overall increase was primarily due to the addition of personnel to facilitate our growth with approximately $9.1 million of the additional expenses related to salaries and other employee costs, $1.3 million of which related to stock-based compensation and related benefits and $5.4 million of which related to incremental employee expenses pursuant to our recent acquisitions of Chronogolf, iKentoo, Kounta and Gastrofix. An additional $7.2 million in costs were incurred for other growth focused investments in sales and marketing specifically in advertising, acquisition and growth spend including payments made to our distribution partners as reseller commissions. As a result of the scaling and efficiencies realized as our customer base continued to expand, our sales and marketing expenses as a percentage of revenue decreased from 50% to 46% from Fiscal 2019 to Fiscal 2020.

Depreciation

	Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Depreciation of property and equipment	1,749	1,389	360	25.9
Depreciation of right-of-use assets	2,492	—	2,492	100
	4,241	1,389	2,852	205.3
Percentage of total revenues	3.5%	1.8%		

Depreciation of property and equipment expenses for Fiscal 2020 increased by $0.4 million, or 26% as compared to Fiscal 2019. The increase in the depreciation expense results from additions to property and equipment made throughout Fiscal 2019. The depreciation of right-of-use assets represents the depreciation of leases that were capitalized as a result of the adoption of IFRS 16.

Foreign Exchange Loss (Gain)

	Fiscal year ended March 31,			
(In thousands of US dollars, except percentages)	**2020**	**2019**	**Change**	**Change**
	$	**$**	**$**	**%**
Foreign exchange loss (gain)	(395)	987	(1,382)	(140.0)
Percentage of total revenues	(0.3)%	1.3%		

Foreign exchange gain for Fiscal 2020 was $0.4 million as compared to a loss of $1.0 million for Fiscal 2019. This was due to the strengthening of the Canadian dollar given that subsequent to our initial public offering, a significant portion of the Company's cash was held in Canadian dollars before being converted into U.S. dollars. Items included in our results are measured in the functional currency, which is the U.S. dollar, and foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or when items are re-measured with resulting gains and losses subsequently recognized.

Acquisition-related Compensation

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
Acquisition-related compensation	11,087	454	10,633	2,342.1
Percentage of total revenues	9.2%	0.6%		

Acquisition-related compensation expenses for Fiscal 2020 increased by $10.6 million or 2,342% as compared to Fiscal 2019. The increase was due to our acquisitions of Chronogolf in May 2019, iKentoo in July 2019, Kounta in November 2019 and Gastrofix in January 2020. We issued contingent cash and equity instruments, some of which were tied to ongoing employment obligations in connection with these acquisitions. The contingent amounts that were not included in the total purchase consideration were treated as an acquisition-related compensation expense for post combination services to be received over a one to two-year period starting on the date of acquisition.

Amortization of Intangible Assets

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
Acquisition-related compensation	9,226	3,148	6,078	193.1
Percentage of total revenues	7.6%	4.1%		

Amortization of intangible assets for Fiscal 2020 decreased by $6.1 million or 193% as compared to Fiscal 2019. The increase in amortization relates to intangibles acquired through the Chronogolf, iKentoo, Kounta and Gastrofix acquisitions of $7.9 million during Fiscal 2020 which was offset by a decrease in amortization from intangibles that were fully amortized during Fiscal 2019 and Q1 of Fiscal 2020 of $1.9 million.

Other income (Expense)

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
Fair value loss on Redeemable Preferred Shares	—	(191,219)	191,219	100
Interest income net of interest expense	1,766	181	1,585	876
Total other income (expense)	1,766	(191,038)		
Percentage of total revenues	1.5%	(246.7)%		

Fair value loss on Redeemable Preferred Shares for Fiscal 2020 decreased to $0 from $191.2 million in Fiscal 2019. Upon the Company's initial public offering in March 2019, all the Redeemable Preferred Shares converted to Common Shares and as a result, there will be no further impact on our results of operations from these shares.

Interest expense relates to the interest arising from the loan draw-down made in connection with the acquisition of Gastrofix in January 2020, as well as interest expense on the lease liability and acquisition-related compensation offset by interest income earned in the period on cash and cash equivalents.

Income Taxes

(In thousands of US dollars, except percentages)	Fiscal year ended March 31, 2020 $	2019 $	Change $	Change %
Income tax expense (recovery)				
Current	49	59	(10)	(16.9)
Deferred	(3,159)	(30,788)	27,629	(89.7)
Total income tax expense (recovery)	(3,110)	(30,729)	27,619	(89.9)
Percentage of total revenues				
Current	0.0 %	0.1 %		
Deferred	(2.6)%	(39.8)%		
Total	(2.6)%	(39.7)%		

Deferred income tax expense (recovery) for Fiscal 2020 decreased by $27.6 million or 90% as compared to Fiscal 2019. The decrease was primarily due to the reversal of the balance of the Part VI.I tax that occurred in Fiscal 2019 given the conversion of the Redeemable Preferred Shares upon the initial public offering.

Selected Annual Information

(In thousands of US dollars	Fiscal year ended March 31, 2020 $	2019 $	2018 $
Total revenues	120,637	77,451	57,079
Net loss	(53,531)	(183,525)	(96,179)
Loss per share – basic and diluted	(0.62)	(5.53)	(3.30)
Total assets	478,428	255,811	64,025
Total long-term liabilities	63,481	10,510	295,278

See “Results of Operations” in this MD&A for a more detailed discussion of the year-over-year changes in revenues and net loss.

Total Assets

Fiscal 2020 Compared to Fiscal 2019

Total assets increased $222.6 million or 87% from Fiscal 2019 to Fiscal 2020, with cash accounting for $3.3 million of the increase, trade receivables accounting for $2.5 million of the increase, inventory and other current assets accounting for $5.9 million of the increase, goodwill of $124.1 million and $60.2 million of intangibles net of amortization and exchange differences from the acquisitions of Chronogolf, iKentoo, Kounta and Gastrofix accounting for $184.3 million of the increase, lease assets accounting for $16.0 million of the increase, property and equipment accounting for $2.6 million of the increase, and restricted cash and other long-term assets accounting for $8.3 million of the increase. The proceeds from our February 2020 bought deal net of issuance costs accounted for the increase in cash.

Fiscal 2019 Compared to Fiscal 2018

Total assets increased $191.8 million or 300% from Fiscal 2018 to Fiscal 2019, with cash accounting for $183.1 million of the increase, trade receivables accounting for $1.3 million of the increase, commission assets accounting for $6.7 million of the increase, goodwill from the ReUp acquisition accounting for $2.0 million of the increase, property and equipment accounting for

$0.6 million of the increase, offset by a decrease in prepaid expenses of $0.3 million and a decrease in intangible assets of $1.5 million due to amortization. The proceeds from our Initial Public Offering net of issuance costs accounted for the increase in cash.

Total Long-Term Liabilities

Fiscal 2020 Compared to Fiscal 2019

Total long-term liabilities increased $53.0 million or 504% from Fiscal 2019 to Fiscal 2020. The main drivers of the increase were the recognition of the lease liability of $13.5 million due to the adoption of the new lease standard and the $29.7 million of the acquisition facility drawn in full, net of issuance costs, in January 2020, in connection with the acquisition of Gastrofix. In addition, there was a $6.4 million increase in other long-term liabilities related to acquisition-related compensation accrued in line with continuing employment obligations in connection with the acquisitions made during the year. These contingent amounts were not included in the total purchase consideration, but rather were treated as an acquisition-related compensation expense for post-combination services. In addition, the deferred tax liability increased by $5.9 million. This was offset partially by a $2.6 million reduction in the long-term portion of the Company's deferred revenue. The decrease of deferred revenue was due to the shorter durations of our contracts in general, which increased the short-term portion of deferred revenue and decreased the long-term portion of deferred revenue versus Fiscal 2019.

Fiscal 2019 Compared to Fiscal 2018

Total long-term liabilities decreased $284.8 million or 96.4% from Fiscal 2018 to Fiscal 2019. The main drivers of the decrease was the conversion of the Redeemable Preferred Shares which had a carrying value of $250.9 million at the end of Fiscal 2018 into Common Shares, the decrease in deferred tax liabilities of $30.2 million and the decrease in long-term portion of deferred revenue of $3.8 million. The decrease in deferred tax liabilities is due to the reversal of the balance of the Part VI.I tax given the conversion of the Redeemable Preferred Shares upon our Initial Public Offering. The decrease of deferred revenue was due to the shorter durations of our contracts in general which increased the short-term portion of deferred revenue and decreased the long-term portion of deferred revenue versus Fiscal 2018.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters ended March 31, 2020. This data should be read in conjunction with our audited annual consolidated financial statements and the notes related thereto. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three months ended							
(In thousands of US dollars, except per share data)	**Jun. 30, 2018**	**Sep. 30, 2018**	**Dec. 31, 2018**	**Mar. 31, 2019**	**Jun. 30, 2019**	**Sept. 30, 2019**	**Dec. 31, 2019**	**Mar. 31, 2020**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenues	17,471	18,598	20,097	21,285	24,065	28,026	32,275	36,271
Direct cost of revenues	5,390	5,251	5,970	6,962	8,366	9,522	11,716	13,595
Gross profit	12,081	13,347	14,127	14,323	15,699	18,504	20,559	22,676
Operating expenses								
General and administrative	2,644	2,910	3,443	4,793	4,411	5,527	7,198	7,350
Research and development	4,184	4,024	5,001	5,074	6,303	7,339	8,070	10,100
Sales and marketing	8,647	9,039	9,995	11,362	13,040	12,060	15,049	15,239
Depreciation of property and equipment	272	324	378	415	390	423	386	550
Depreciation of right-of-use assets	—	—	—	—	414	609	648	821
Foreign exchange loss (gain)	119	(9)	240	637	(330)	(80)	315	(300)
Acquisition-related compensation	—	108	158	188	707	2,055	3,187	5,138
Amortization of intangible assets	980	875	644	649	1,012	1,800	2,154	4,260
Total operating expenses	16,846	17,271	19,859	23,118	25,947	29,733	37,007	43,158
Operating loss	(4,765)	(3,924)	(5,732)	(8,795)	(10,248)	(11,229)	(16,448)	(20,482)
Fair value loss on Redeemable Preferred Shares	(2,952)	(3,643)	(52,489)	(132,135)	—	—	—	—
Interest income (expense)	58	33	9	81	1,019	690	283	(226)
Loss before income taxes	(7,659)	(7,534)	(58,212)	(140,849)	(9,229)	(10,539)	(16,165)	(20,708)
Income tax expense (recovery)								
Current	(5)	—	—	64	20	19	56	(46)
Deferred	471	662	12,916	(44,837)	(152)	(483)	(459)	(2,065)
Total income tax expense (recovery)	466	662	12,916	(44,773)	(132)	(464)	(403)	(2,111)
Net loss	(8,125)	(8,196)	(71,128)	(96,076)	(9,097)	(10,075)	(15,762)	(18,597)
Loss per share – Basic and diluted	(0.28)	(0.27)	(2.37)	(2.21)	(0.11)	(0.12)	(0.18)	(0.21)

Revenues

The increase in total revenue was due to increases in subscription revenue including the increased adoption of our add-ons including Lightspeed Payments and payment referral fees as well as additional hardware sales. The number of Customer Locations using our platform and the GTV processed through our platforms have both exhibited increases over the cumulative period evidencing their increased usage and adoption.

Direct Cost of Revenues

Our total quarterly costs of revenue increased sequentially for all periods presented except for the quarter ended September 30, 2018. The aggregate increase was primarily due to increased costs associated with supporting a greater number of Customer Locations utilizing our platform.

Gross Profit

Our total quarterly gross profit increased sequentially for all periods presented due primarily to increased sales to existing and new customers.

Operating Expenses

Total operating expenses generally increased sequentially for each period presented. The aggregate increase was primarily due to the additional resources such as headcount required to support our expanding base of Customer Locations as well as higher sales and marketing expenses required to attract additional customers to our platform.

Liquidity and Capital Resources

Overview

The general objectives of our capital management strategy reside in the preservation of our capacity to continue operating, in providing benefits to our stakeholders and in providing an adequate return on investment to our shareholders by selling our services at a price commensurate with the level of operating risk assumed by us.

We thus determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

Working Capital

Our primary source of cash flow is from capital raises totaling $417 million since Fiscal 2016. Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a regular basis. In addition to the cash balances, we have a $25 million credit facility available to be drawn to meet ongoing working capital requirements. We drew down $30.0 million from our acquisition facility in January 2020 in connection with the purchase of Gastrofix. Our principal cash requirements are for working capital and acquisitions we may execute. Working capital surplus as at March 31, 2020 was $162.4 million. Excluding the short-term portion of deferred revenue of $36.6 million, our working capital as at March 31, 2020 is $199.0 million. Given our existing cash and credit facilities, along with proceeds obtained from our bought deal in February 2020, we believe there is sufficient liquidity to meet our current and short-term financial obligations.

Credit Facility

In April 2019, we entered into new credit facilities with Canadian Imperial Bank of Commerce, including a $25 million demand revolving operating credit facility and a $30 million stand-by acquisition term loan. The new credit facilities replaced our previous $15 million working capital line of credit provided by Silicon Valley Bank. We drew down the full acquisition term loan to help finance the acquisition of Gastrofix in January 2020.

Base Shelf Prospectus

On July 29, 2019, we announced the filing of a preliminary short form base shelf prospectus with securities regulatory authorities in each of the provinces and territories of Canada to allow us and certain of our security holders to qualify the distribution by way of prospectus in Canada of up to C$500 million of subordinate voting shares, preferred shares, debt securities, warrants, subscription receipts, units, or any combination thereof, during the 25-month period that the base shelf prospectus is effective. Subsequently, on February 6, 2020, we announced that we had filed an amended and restated short form base shelf prospectus to allow us to offer up to an aggregate of C$1 billion subordinate voting shares, preferred shares, debt securities, warrants, subscription receipts, units, or any combination thereof, during the 25-month period that the base shelf prospectus is effective.

Bought Deal Offering

On February 27, 2020, the Company completed a new issue and secondary offering on a bought deal basis of its subordinate voting shares through the issuance of new shares and a secondary sale of shares by certain shareholders. The bought deal offering consisted of an aggregate of 7,717,650 subordinate voting shares, including the exercise in full by the underwriters of their over-allotment option to purchase 1,006,650 additional subordinate voting shares. A total of 4,695,000 subordinate voting shares were issued from treasury for gross consideration of $130,933 for the Company, with share issuance costs for the Company amounting to $5,595. A total of 3,022,650 subordinate voting shares were sold by the selling shareholders for gross consideration of $84,295, with the underwriting fees relating to their shares being paid by the selling shareholders.

Cash Flows

The following table presents cash and cash equivalents as at March 31, 2020, and 2019, and cash flows from operating, investing, and financing activities for Fiscal 2020 and Fiscal 2019:

	Fiscal year ended March 31,		Three months ended March 31,	
(In thousands of US dollars)	**2020**	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Cash and cash equivalents	210,969	207,703	210,969	207,703
Net cash provided by (used in)				
Operating activities	(28,550)	(7,556)	(8,885)	(238)
Investing activities	(120,293)	(3,419)	(59,029)	(802)
Financing activities	153,532	194,919	153,741	194,623
Effect of foreign exchange on cash and cash equivalents	(1,423)	(892)	(1,520)	(752)
Net increase (decrease) in cash and cash equivalents	3,266	183,052	84,307	192,831

Cash Flows Used in Operating Activities

Cash flows used in operating activities for Fiscal 2020 were $28.6 million compared to $7.6 million for Fiscal 2019. Excluding transaction costs of $4.7 million, payroll taxes relates to stock-based compensation of $1.4 and payment of deferred acquisition compensation expense of $1.7 million, cash flows used in operating activities were $20.7 million in Fiscal 2020. Cash flows used for operations were lower in Fiscal 2020 due primarily to $13.7 million less cash generated from working capital than in the prior year as we shifted to accepting more monthly payment plans with our customers as compared to annual fees paid in advance.

Cash Flows Used in Investing Activities

Cash flows used in investing activities for Fiscal 2020 were $120.3 million compared to $3.4 million for Fiscal 2019. The increase in cash outflows for investing activities of $116.9 million was mainly due to the acquisitions of Chronogolf, iKentoo, Kounta and Gastrofix in Fiscal 2020 which accounted for $120.2 million of cash out in the year.

Cash Flows from Financing Activities

Cash flows from financing activities for Fiscal 2020 was $153.5 million compared to $194.9 million for Fiscal 2019. The decrease in cash inflows from financing activities of $41.4 million was due to the closing of our initial public offering on March 15, 2019 which yielded proceeds of $193.8 million net of issuance costs while the proceeds from our bought deal offering in Fiscal 2020 yielded proceeds of 125.4 million net of issuance costs. In addition, cash flows from financing activities include an increase of $30.0 million from the draw down of the acquisition facility in connection with the purchase of Gastrofix in January 2020.

Based upon our current cash balance and available financing, we believe that cash flows from operations, together with credit available under the credit facility, will be adequate to meet the Company's future operating cash needs.

Recent Developments

On April 8, 2020, we provided a business update that we had seen positive momentum through most of the fourth quarter of Fiscal 2020 prior to feeling the impact of the global economic disruption caused by the COVID-19 Pandemic. We noted in this update that there was at the time uncertainty regarding the duration and magnitude of the COVID-19 Pandemic, but that the crisis was clearly impacting our retail and hospitality customers, including their GTV, overall demand for Lightspeed services and anticipated churn rates due to business closures. We also noted that despite the risks and uncertainties, we believed that we were well-positioned to help SMB retailers and restaurants move away from legacy on-premise systems to cloud-based, omni-channel solutions and that we would also continue to leverage our privileged position at the point of sale to seize upon the Lightspeed Payments opportunity. We also stated that we were well-capitalized as of March 31, 2020.

As of the date hereof, there continues to be uncertainty regarding the duration and magnitude of the COVID-19 Pandemic. The current global crisis continues to impact Lightspeed's retail and hospitality customers, including their GTV, overall demand for

Lightspeed services, and anticipated churn rates due to business closures. As long as social distancing measures persist, we expect this to have a negative impact on Lightspeed's business, financial condition and results of operations. In this context, Lightspeed has moved decisively to mitigate these negative impacts of the crisis through customer-focused initiatives, such as subscription discounts and deferred payment arrangements, and cost-containment measures. Despite being well capitalized, we moved swiftly to manage our costs in many ways once we began to feel the effects of COVID-19. We revisited our hiring plans, quickly recalibrated sales and marketing spending in line with new activity levels, renegotiated with vendors, and attacked all the other vectors of discretionary spending. We further pursued the various available government relief programs in the many markets we serve around the world. Our intention in doing all of this is to ensure we can preserve our best asset, our people, in a manner that leaves us confident in our bank account balance.

We have modeled scenarios that reflect various assumptions around the duration of COVID-19 and its impact on new business rates, GTV rates, and churn rates. Under each of these scenarios our intention is to the manage the business with a view to maintaining strength in our balance sheet to capitalize on the opportunities that we see ahead.

The extent of the future impact of the COVID-19 Pandemic on our business, financial condition and results of operations cannot currently be predicted. We are continually monitoring, assessing, and responding where possible, to the potential effects of the COVID-19 Pandemic. We expect that our financial results for the first quarter of Fiscal 2021 will be negatively impacted by the COVID-19 Pandemic, though we cannot currently estimate the overall severity or duration of any resulting adverse impact on our business, financial condition or results of operations, though the impact may be material. A material adverse effect on our employees, customers, vendors, partners and/or other stakeholders could have a material adverse effect on us.

Contractual Obligations

We have contractual obligations with a variety of expiration dates. The table below outlines our contractual obligations as at March 31, 2020:

	Payments due by period				
(In thousands of US dollars)	**< 1 Year**	**1 to 3 Years**	**4 to 5 Years**	**>5 Years**	**Total**
Accounts payable and accrued liabilities	30,810	—	—	—	30,810
Other long-term liabilities	—	8,198	—	—	8,198
Lease obligations[1]	4,620	7,276	5,159	9,577	26,632
Total contractual obligations	35,430	15,474	5,159	9,577	65,640

[1] Included in the lease obligations are short term leases and variable lease payments for our share of tenant operating expenses and taxes. Lease obligations relate mostly to our office space. The lease terms are between one and ten years. See note 15 to the consolidated financial statements for further details regarding leases.

Off-Balance Sheet Arrangements

We have not entered into off-balance sheet financing arrangements, other than low value and short-term leases included above under “Contractual Obligations”. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Related Party Transactions

We have no related party transactions, other than those noted in our consolidated financial statements. The executive compensation expense for the top five key management personnel is as follows for Fiscal 2020 and Fiscal 2019:

	Fiscal year ended March 31,	
(In thousands of US dollars)	**2020**	**2019**
	$	**$**
Short-term employee benefits and other benefits	1,389	1,892
Stock-based payments	2,812	1,288
Total compensation paid to key management personnel	4,201	3,180

Financial Instruments and Other Instruments

Credit and Concentration Risk

Generally, the carrying amount in our consolidated statement of financial position exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Our credit risk is primarily attributable to our cash and cash equivalents and trade receivables. We do not require guarantees from our customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Due to our diverse customer base, there is no particular concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure expected credit losses are established and maintained at an appropriate amount.

We maintain a provision for impairment of a portion of trade receivables when collection becomes doubtful. We estimate anticipated losses from doubtful accounts based upon the expected collectability of all trade receivables, which estimate takes into account the number of days past due, collection history, identification of specific customer exposure and current economic trends. As a result of the increased collectability risk, including the estimated impact of the COVID-19 Pandemic, the Company increased its expected credit loss at the end of Fiscal 2020 by $1.2 million.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. We do not hold any collateral as security.

Foreign Currency Exchange Risk

We are exposed to currency risk due to financial instruments denominated in foreign currencies. The following table provides a summary of our exposure to the Canadian dollar, the Euro, the British pound sterling, the Australian dollar and the Swiss Franc, expressed in thousands of U.S. dollars:

2020	**CAD**	**EUR**	**GBP**	**AUD**	**CHF**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	16,992	14,073	379	569	685	32,698
Trade and other receivables	323	3,020	246	441	77	4,107
Accounts payable and accrued liabilities	(10,583)	(10,230)	(490)	(3,785)	(481)	(25,569)
Long-term debt	—	(7,408)	—	(702)	—	(8,110)
Lease liabilities	(10,523)	(4,399)	(347)	(781)	(721)	(16,771)
Net financial position exposure	(3,791)	(4,944)	(212)	(4,258)	(440)	(13,645)

We have not entered into arrangements to hedge our exposure to currency risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on earnings and cash flow. Certain of our cash earns interest. Our trade receivables, accounts payable and accrued liabilities and lease liabilities do not bear interest. Our exposure to interest rate risk is related to our acquisition facility. We are not exposed to material interest rate risk.

Share price risk

Stock-based compensation (social costs) are payroll taxes associated with stock-based compensation that we are subject to in various countries in which we operate. Social costs are accrued at each reporting period based on the number of vested stock options and awards outstanding, the exercise price, and our share price. Changes in the accrual are recognized in direct cost of revenues and operating expenses. An increase in share price will increase the accrued expense for social costs, and when the share price decreases, the accrued expense will become a reduction in social costs expense, all other things being equal, including the number of vested stock options and exercise price remaining constant. The impact on the accrual for social costs on outstanding

stock-based payment awards of an increase or decrease in our share price of 10% would result in a change of $160 at March 31, 2020.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We review these estimates on an ongoing basis based on management's best knowledge of current events and actions that we may undertake in the future. Actual results could differ from these estimates. Areas requiring the most significant estimates and judgments are outlined below. Management has determined that we operate in a single operating and reportable segment.

IFRS 16 - Leases

In January 2016, the IASB released IFRS 16. The new standard, which represents a major revision of the way in which companies account for leases, sets out the principles that both parties to a contract, i.e. the customer (lessee) and the supplier (lessor), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease, following a single model, where previously leases were classified as either finance leases or operating leases.

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

Our consolidated balance sheet as at March 31, 2020 reflects an increase in lease assets of $15,957 and an increase in lease liabilities of $16,847 as compared to our consolidated balance sheet as at March 31, 2019 as a result of adopting this standard. Our statement of operations for the three months and fiscal year ended March 31, 2020 reflects a reduction in rent expense of $954 and $2,894, an additional depreciation expense due to the right-of use assets of $821 and $2,492, and an increase in finance costs for effective interest expense on its lease liabilities of $246 and $852 respectively.

There is no impact to the overall changes in cash flows. However, operating cash flows are 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.

At inception of a contract, we assess 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, we assess 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.

- We have the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and

- We have the right to direct the use of the asset. We have this right when we have 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, we allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

We recognize 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 we change our assessment of whether we 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.

Short-term leases and leases of low-value assets

We 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. We recognize 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.

Recoverability of Deferred Tax Assets and Current and Deferred Income Taxes and Tax Credits

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. We establish provisions based on reasonable estimates for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred income tax assets are recognized for unused tax losses and deductible temporary differences to the extent it is probable that taxable income will be available against which the losses and deductible temporary differences can be utilized. Management's judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

Share-Based Payments

We measure the cost of equity-settled transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which depends on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield.

Business Combinations and Impairment of Non-financial Assets

Business combinations are accounted for in accordance with the acquisition method. The consideration transferred and the acquiree's identifiable assets, liabilities and contingent liabilities are measured at their fair value. We develop the fair value

internally by using appropriate valuation techniques, which are generally based on a forecast of the total expected future net discounted cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate. Contingent consideration is measured at fair value using a discounted cash flow model.

Our impairment test for goodwill is based on internal estimates of fair value less costs of disposal calculations and uses valuation models such as the discounted cash flows model. Key assumptions on which management has based its determination of fair value less costs of disposal include estimated growth rates, discount rates and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment.

Whenever property and equipment and intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

Provisions

We have recorded provisions to cover cost exposures that could materialize in future periods. In determining the amount of the provisions, assumptions and estimates are made in relation to discount rates and the expected cost to settle such liabilities.

COVID-19 Pandemic

The uncertainties around COVID-19 required the use of judgments and estimates which resulted in no material impacts for the period ended March 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the following: revenue recognition, estimated losses on revenue-generating contracts, goodwill and intangible impairment and other assets and liabilities.

Recently Issued Accounting Pronouncements Not Yet Adopted

From time to time, new accounting pronouncements are issued by the International Accounting Standards Board ("IASB") or other standards-setting bodies, and are adopted as of the specified effective date.

Outstanding Share Information

Lightspeed is a publicly traded company listed on the Toronto Stock Exchange (TSX: LSPD). Our 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, of which 77,565,184 subordinate voting shares, 14,667,922 multiple voting shares and no preferred shares were issued and outstanding as of May 19, 2020.

As of May 19, 2020, there were 3,717,392 options outstanding under the Company's Amended and Restated 2012 Stock Option Plan (of which 1,692,778 were vested as of such date), 162,516 options outstanding under the Company's Amended and Restated 2016 Stock Option Plan (of which 162,516 were vested as of such date), 3,155,363 options outstanding under the Company's Amended and Restated Omnibus Incentive Plan (of which 95,300 were vested as of such date) and 500,000 options outstanding which were issued in compliance with an allowance under the rules of the TSX as inducements for executive officers to enter into contracts of full-time employment with the Company ("Inducement Grants") (of which none were vested as of such date). Each such option is or will become exercisable for one subordinate voting share.

As of May 19, 2020, there were no warrants outstanding.

As of May 19, 2020, there were 10,221 DSUs outstanding under the Company's Amended and Restated Omnibus Incentive Plan. Each such DSU will, upon the holder thereof ceasing to be a director, executive officer, employee or consultant of the Company in accordance with the Amended and Restated Omnibus Incentive Plan, be settled at the discretion of the board through (a) the delivery of shares issued from treasury or purchased on the open market, (b) cash, or (c) a combination of cash and shares.

As of May 19, 2020, there were 112,892 RSUs outstanding under the Company's Amended and Restated Omnibus Incentive Plan (of which none were vested as of such date) and 4,877 RSUs outstanding which were Inducement Grants (of which none were vested as of such date). Each such RSU, upon vesting, may be settled at the discretion of the board through (a) the delivery of shares issued from treasury or purchased on the open market, (b) cash, or (c) a combination of cash and shares.

As of May 19, 2020, there were 84,326 PSUs outstanding under the Company's Amended and Restated Omnibus Incentive Plan (of which none were vested as of such date). Each such PSU, upon vesting, may be settled at the discretion of the board through (a) the delivery of shares issued from treasury or purchased on the open market, (b) cash, or (c) a combination of cash and shares.

Disclosure

Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with the securities regulatory authorities are recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management to ensure timely decisions regarding required disclosure. Management regularly reviews disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud. The CEO and the CFO, along with Management, have evaluated and concluded that the Company's disclosure controls and procedures were effective as at March 31, 2020.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have been advised that the control framework the Chief Executive Officer and the Chief Financial Officer used to design the Company's internal controls over financial reporting is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its internal controls over financial reporting during the period ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting. No such changes were identified through their evaluation.

The Chief Executive Officer and Chief Financial Officer, together with management, have evaluated and concluded that, to the best of their knowledge, the Company's internal controls over financial reporting were effective as at March 31, 2020.

Limitations of Controls and Procedures

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

Limitation on Scope of Design

The scope of design of internal controls over financial reporting and disclosure controls and procedures excluded the controls, policies, and procedures of Kounta which was acquired on November 1, 2019, and Gastrofix which was acquired on January 7, 2020.

Kounta's contribution to our Consolidated Statements of Loss and Comprehensive Loss for Fiscal 2020 was approximately 3% of total revenues and approximately 2% of total net loss. Additionally, as at March 31, 2020, Kounta's current assets and current

liabilities were approximately 0% and 2% of consolidated current assets and current liabilities, and its non-current assets and non-current liabilities were approximately 0% and 3% of consolidated non-current assets and non-current liabilities, respectively.

Gastrofix's contribution to our Consolidated Statements of Loss and Comprehensive Loss for Fiscal 2020 was approximately 3% of total revenues and approximately 1% of total net loss. Additionally, as at March 31, 2020, Gastrofix's current assets and current liabilities were approximately 2% and 7% of consolidated current assets and current liabilities, and its non-current assets and non-current liabilities were approximately 0% and 10% of consolidated non-current assets and non-current liabilities, respectively.

The amounts recognized for the assets acquired and liabilities assumed at the date of acquisition are described in Note 5 of the audited consolidated financial statements for the fiscal year ended Fiscal 2020.

Lightspeed POS Inc.

Consolidated Financial Statements
March 31, 2020 and 2019
(expressed in thousands of US dollars)

Independent auditor's report

To the Shareholders of Lightspeed POS Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Lightspeed POS Inc. and its subsidiaries (together, the Company) as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at March 31, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the notes to consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John B. Simcoe.

/s/ PricewaterhouseCoopers LLP[1]

Montréal, Quebec
May 21, 2020

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[1] CPA auditor, CA, public accountancy permit No.TA145383

Lightspeed POS Inc.
Consolidated Balance Sheets
As at March 31, 2020, and 2019

(expressed in thousands of US dollars)

	Notes	2020	2019
Assets		$	$
Current assets			
Cash and cash equivalents		210,969	207,703
Trade and other receivables	14	10,879	8,424
Inventories	12	932	269
Other current assets	6, 13	10,427	5,204
Total current assets		233,207	221,600
Lease right-of-use assets	15	15,957	—
Property and equipment, net	16	7,989	5,372
Intangible assets, net	17	62,819	2,618
Goodwill	18	146,598	22,536
Restricted cash and other long-term assets	6, 19	11,749	3,499
Deferred tax assets	24	109	186
Total assets		478,428	255,811
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	20	30,810	16,183
Lease liabilities	15	3,301	—
Income taxes payable	24	76	135
Current portion of deferred revenue	6	36,622	32,317
Total current liabilities		70,809	48,635
Deferred tax liabilities	24	6,578	706
Deferred revenue	6	5,472	8,025
Lease liabilities	15	13,546	—
Long-term debt	21	29,687	—
Other long-term liabilities	22	8,198	1,779
Total liabilities		134,290	59,145
Shareholders' equity			
Share capital	23	852,115	652,336
Additional paid-in capital	23, 27	11,773	4,278
Accumulated other comprehensive loss		(6,271)	—
Accumulated deficit		(513,479)	(459,948)
Total shareholders' equity		344,138	196,666
Total liabilities and shareholders' equity		478,428	255,811
Commitments and contingencies	25, 26		

Approved by the Board of Directors

(signed) Paul McFeeters Director (signed) Dax Dasilva Director

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

Lightspeed POS Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended March 31, 2020 and 2019

(expressed in thousands of US dollars)

	Notes	2020	2019
		$	$
Revenues	6	120,637	77,451
Direct cost of revenues	7, 8, 9	43,199	23,573
Gross profit		77,438	53,878
Operating expenses			
General and administrative	9	24,486	13,790
Research and development	8, 9	31,812	18,283
Sales and marketing	9	55,388	39,043
Depreciation of property and equipment	16	1,749	1,389
Depreciation of right-of-use assets	15	2,492	—
Foreign exchange loss (gain)		(395)	987
Acquisition-related compensation	5	11,087	454
Amortization of intangible assets	17	9,226	3,148
Total operating expenses		135,845	77,094
Operating loss		(58,407)	(23,216)
Fair value loss on Redeemable Preferred Shares	23	—	(191,219)
Interest income net of interest expense	10	1,766	181
Loss before income taxes		(56,641)	(214,254)
Income tax expense (recovery)	24		
Current		49	59
Deferred		(3,159)	(30,788)
Total income tax expense (recovery)		(3,110)	(30,729)
Net loss		(53,531)	(183,525)
Other comprehensive loss			
Items that may be reclassified to net loss			
Foreign currency differences on translation of foreign operations		(6,271)	—
Total comprehensive loss		(59,802)	(183,525)
Net loss per share – basic and diluted	11	(0.62)	(5.53)

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

Lightspeed POS Inc.

Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and 2019

(expressed in thousands of US dollars)	2020	2019
	$	$
Cash flows from (used in) operating activities		
Net loss	(53,531)	(183,525)
Items not affecting cash and cash equivalents		
Acquisition-related compensation	11,087	454
Fair value loss on Redeemable Preferred Shares	—	191,219
Amortization of intangible assets	9,226	3,148
Depreciation of property and equipment and lease right-of-use assets	4,241	1,389
Deferred income taxes	(3,159)	(30,788)
Stock-based compensation expense	8,870	1,693
Unrealized foreign exchange loss	475	929
(Increase)/decrease in operating assets and increase/(decrease) in operating liabilities		
Trade and other receivables	2,071	(546)
Inventories	(401)	(31)
Other assets	(3,440)	(335)
Accounts payable and accrued liabilities	(1,329)	5,647
Income taxes payable	(59)	(9)
Deferred revenue	(433)	3,309
Other long-term liabilities	(402)	71
Interest income net of interest expense	(1,766)	(181)
Total operating activities	(28,550)	(7,556)
Cash flows from (used in) investing activities		
Additions to property and equipment	(3,609)	(2,030)
Payment of liabilities related to acquisition of business	(5,116)	—
Acquisition of businesses, net of cash acquired	(115,048)	(1,389)
Interest income	3,480	—
Total investing activities	(120,293)	(3,419)
Cash flows from (used in) financing activities		
Proceeds from exercise of stock options	3,546	536
Proceeds from issuance of share capital	130,933	207,547
Proceeds from draw-down of long-term debt	30,000	—
Share issuance costs	(6,893)	(12,372)
Payment of lease liabilities and movement in restricted deposits	(3,401)	—
Financing costs	(653)	—
Repurchase of Common Shares	—	(792)
Total financing activities	153,532	194,919
Effect of foreign exchange rate changes on cash and cash equivalents	(1,423)	(892)
Net increase in cash and cash equivalents during the year	3,266	183,052
Cash and cash equivalents – Beginning of year	207,703	24,651
Cash and cash equivalents – End of year	210,969	207,703
Interest paid	320	26
Income taxes paid	113	124

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

Lightspeed POS Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended March 31, 2020 and 2019

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

	Notes	Issued and Outstanding Shares		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
		Number of shares	Amount				
			$	$	$	$	$
Balance as at March 31, 2018		29,366,937	14,325	2,804	—	(282,690)	(265,561)
Beginning accumulated deficit IFRS adjustments (IFRS 9 and 15)		—	—	—	—	6,267	6,267
Net loss and comprehensive loss		—	—	—	—	(183,525)	(183,525)
Issuance of shares upon initial public offering	23	17,250,000	207,547	—	—	—	207,547
Share issuance costs	23	—	(13,773)	—	—	—	(13,773)
Conversion of Redeemable Preferred Shares	23	37,131,198	442,103	—	—	—	442,103
Exercise of stock options and vesting of share awards	27	434,774	755	(219)	—	—	536
Stock-based compensation	27	—	—	1,693	—	—	1,693
Repurchase of Common Shares	23	(966,651)	(792)	—	—	—	(792)
Share-based acquisition-related compensation	5	208,772	394	—	—	—	394
Shares issued in connection with business combinations	5	327,180	1,777	—	—	—	1,777
Balance as at March 31, 2019		83,752,210	652,336	4,278	—	(459,948)	196,666
Net loss		—	—	—	—	(53,531)	(53,531)
Issuance of shares upon Bought Deal Offering	23	4,695,000	130,933	—	—	—	130,933
Share issuance costs	23	—	(6,315)	—	—	—	(6,315)
Exercise of stock options and vesting of share awards	27	1,470,303	4,921	(1,375)	—	—	3,546
Stock-based compensation	27	—	—	8,870	—	—	8,870
Exercise of warrants	23	86,251	—	—	—	—	—
Share-based acquisition-related compensation	5	—	4,876	—	—	—	4,876
Shares issued in connection with business combinations	5	2,203,053	65,364	—	—	—	65,364
Other comprehensive loss		—	—	—	(6,271)	—	(6,271)
Balance as at March 31, 2020		92,206,817	852,115	11,773	(6,271)	(513,479)	344,138

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

1. Organization and nature of operations

Lightspeed POS Inc. (“Lightspeed” or the "Company") was incorporated on March 21, 2005 under the Canada Business Corporations Act. Its head office is located at Gare Viger, 700 Saint-Antoine St. East, Suite 300, Montréal, Quebec, Canada. Lightspeed provides easy-to-use, omni-channel commerce enabling platforms. The Company’s software platforms provide 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.

The Company’s shares are listed on the Toronto Stock Exchange under the stock symbol “LSPD”.

2. Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and were approved for issue by the Board of Directors (the "Board") of the Company on May 21, 2020.

The consolidated financial statements have been prepared on a historical cost basis except for contingent consideration, which was carried at fair value and our lease liabilities which are measured at present value. Certain comparative figures have been reclassified in order to conform to the current period presentation.

The consolidated financial statements include the accounts of Lightspeed and its wholly-owned subsidiaries, Lightspeed POS USA Inc., Lightspeed POS Belgium BV, Lightspeed POS UK Ltd., Lightspeed Netherlands BV, Lightspeed Payments USA Inc., ReUp Technologies Inc. (“ReUp”), Chronogolf Inc. ("Chronogolf"), iKentoo SA ("iKentoo"), Kounta Pty Ltd ("Kounta") and Gastrofix GMBH ("Gastrofix") (collectively, the “Company”). All significant intercompany balances and transactions have been eliminated on consolidation.

The financial statements of all subsidiaries, including those of new subsidiaries of Lightspeed from the reporting period starting on their acquisition or incorporation date, are prepared for the same reporting period as Lightspeed using Lightspeed’s accounting policies. All subsidiaries are fully consolidated until the date that Lightspeed’s control ceases.

The consolidated financial statements provide comparative information in respect of the previous periods. On April 1, 2019, the Group adopted IFRS 16, Leases, using the modified retrospective approach. Refer to note 15 for further information on comparability following the adoption.

In March 2020, the World Health Organization characterized a novel strain of the coronavirus, known as COVID-19, as a pandemic. Concerns related to the spread of COVID-19 and the related containment measures intended to mitigate its impact have created substantial disruption in the global economy. Refer to note 4 of these consolidated financial statements for a description of how COVID-19 impacted the Company’s significant accounting estimates and assumptions.

3. Significant accounting policies

Revenue recognition

The Company’s main sources of revenue are subscriptions for its platforms as well as subscriptions and licences for its legacy product. In addition, the Company generates revenue from Lightspeed Payments, payment residuals, Apps & Themes, professional services and sales of hardware, as described below.

Software and payments revenue

Software subscriptions and licences

Software subscriptions and licences include subscriptions to cloud-based solutions for both retail and hospitality platforms and for the Company's e-commerce offering, as well as the Company's legacy on-premise retail solution, which is downloaded by the customer and installed on the customer's server. The Company's on-premise solution is sold as a subscription (term licence) with associated maintenance. In addition to the core subscriptions and licences outlined above, merchants can purchase add-on services such as loyalty, advanced reporting, accounting and analytics. Subscriptions include maintenance and support, which includes access to unspecified upgrades.

Payment residuals

The Company's software interfaces with third parties that enable credit card processing. These companies generate revenue from charging transaction fees that are generally a fixed amount per transaction, or a fixed percentage of the transaction processed. As part of integrating with the solutions of these payment processors, the Company negotiates a revenue share with most of them, whereby the Company receives a portion of the revenues generated by the payment processor. In addition, the Company has contracted with a number of third-party vendors that sell products to the same merchant customers as does the Company. The Company refers its merchant customers to these vendors and earns a referral fee.

Lightspeed Payments

The Company offers to its merchants payment processing services that facilitate payment for goods and services sold by the merchant to its customers.

Apps & Themes

The Company's e-commerce solution features an app and theme marketplace (Apps & Themes) on which third party developer-built add-ons can be purchased. The Company earns a portion of the revenue generated by the sales of subscriptions to Apps & Themes add-ons.

Hardware and other

Hardware and implementation services

For retail, hospitality and e-commerce customers, the Company's software integrates with various hardware solutions required to operate a location. As part of the sale process to both new and existing customers, the Company acts as a reseller of the hardware. Such sales consist primarily of hardware peripherals. In addition, in some cases where customers would like assistance deploying the Company's software or integrating the Company's software with other systems or setting up their e-commerce store, the Company provides professional services customized to the merchant.

Revenue recognition from the above-mentioned sources

The Company recognizes revenue to depict the transfer of promised services to merchants in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

- Identify the contract with a merchant;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price; and
- Recognize revenue when, or as, the Company satisfies a performance obligation.

The Company follows the guidance provided in IFRS 15 – Appendix B, Principal versus Agent Considerations, for determining whether the revenue should be recognized based on the gross amount billed to a merchant or the net amount retained. This determination is a matter of judgment that depends on the facts and circumstances of each arrangement.

Sales taxes collected from merchants and remitted to government authorities are excluded from revenue.

The Company's arrangements with merchants can include multiple services or performance obligations, which may consist of some or all of the Company's subscription solutions. When contracts involve various performance obligations, the Company evaluates whether each performance obligation is distinct and should be accounted for as a separate unit of accounting. In the case of software subscriptions and licences and hardware and other, the Company has determined that merchants can benefit from each service on its own, and that each service being provided to the merchant is separately identifiable from other promises in the contract. Specifically, the Company considers the distinct performance obligations to be the software subscriptions and licences, Apps & Themes and the hardware and implementation services. Payment residuals and Lightspeed Payments were also considered to be distinct performance obligations.

The total transaction price is determined at the inception of the contract and allocated to each performance obligation based on their relative standalone selling prices. The Company determined the standalone selling price by considering internal evidence such as normal or consistently applied standalone selling prices. The determination of standalone selling prices is made through consultation with and approval by management, taking into consideration the Company's go-to-market strategy. As the Company's go-to-market strategies evolve, the Company may modify its pricing practices in the future, which could result in changes in relative standalone selling prices. Rebates are allocated to each performance obligation that they relate to based on their relative standalone selling price.

The Company generally receives payment from its merchants on the invoice due date. In all other cases, payment terms and conditions vary by contract type, although terms generally include a requirement for payment within 14 days of the invoice date. In instances where the timing of revenue recognition differs from the timing of invoicing and subsequent payment, we have determined the Company's contracts generally do not include a significant financing component.

Software subscriptions and licences

The Company recognizes revenues for its software subscriptions and subscription licences ratably over the contract term, primarily commencing with the date the services are made available to customers. Support fees are typically paid in advance and are recognized on a straight-line basis over the term of the contract.

Payment residuals

The Company recognizes the revenue it receives from third party vendors on a net basis, whereby only the portion of revenues that the Company receives (or is due) from the counterparty is recognized. These revenues are recognized at a point in time when they are due from third party vendors.

Lightspeed Payments

The Company recognizes revenue from Lightspeed Payments at a point in time, at the time of the transaction, on a gross basis, as it has been determined that the Company is the principal in the arrangement.

Apps & Themes

Revenues from the sale of separately priced Apps & Themes are recognized ratably over time, over the contractual term. The Company recognizes revenue from the sales of Apps & Themes on a net basis, as it has been determined that the Company is the agent in the arrangement with merchants.

Hardware

Hardware equipment revenues are recognized on a gross basis at a point in time, based on the receipt of the goods by the customer in accordance with the shipping terms.

Professional services

Most professional services are sold on a time-and-materials basis. Consulting engagements can last anywhere from one day to several weeks and are based strictly on the customer's requirements. The Company's software, as delivered, typically can be used by the customer. The Company's professional services are generally not essential to the functionality of the software. For services performed on a time-and-materials basis, revenues are recognized as the services are delivered.

Contract assets

The Company records commission assets for selling commissions paid at the inception of a contract that are incremental costs of obtaining the contract, if the Company expects to recover those costs. Commission assets are subsequently amortized on a straight-line basis over the expected life of the customer. Incremental selling commissions to obtain a renewal of a contract are capitalized and amortized on a straight-line basis over the renewal period of the contract.

The Company records contract assets for discounts provided to merchants at the inception of a contract that are amortized against revenue over the expected life of the customer.

Deferred revenue

Deferred revenue mainly comprises fees collected or contractually due for services in which the applicable revenue recognition criteria have not been met. This balance will be recognized as revenue as the services are performed.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash

The Company is required to hold a defined amount of cash as collateral under the terms of certain business combination arrangements and lease agreements. Cash deposits that have restrictions governing their use are classified as restricted cash, current or long-term, based on the remaining length of the restriction.

Inventories

Inventories, consisting of hardware equipment only, are recorded at the lower of cost and net realizable value with cost determined using the weighted average cost method. The Company provides an allowance for obsolescence based on estimated product life cycles, usage levels and technology changes. Changes in these estimates are reflected in the determination of cost of revenues.

The amount of any impairment of inventories to net realizable value, and all losses on inventories are recognized as an expense in the year during which the impairment or loss occurs.

Deferred financing costs

The Company records deferred financing costs related to its credit facilities when it is probable that some or all of the facilities will be drawn down. The deferred financing costs are amortized over the term of the related financing arrangement. The long-term debt is recorded net of deferred financing costs.

Research and development tax credits

Research and development costs are expensed as incurred, net of refundable investment tax credits. The Company's research and development costs consist primarily of salaries and other related personnel expenses.

The Company recognizes the benefit of refundable research and development investment tax credits as a reduction of research and development and support costs, while non-refundable investment tax credits that can only be claimed against income taxes otherwise payable are recognized as a reduction of income taxes when there is reasonable assurance that the claim will be recovered.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is recognized using the declining balance method at the following rates, except for leasehold improvements, for which depreciation is calculated on a straight-line basis:

Furniture	20%
Equipment	20%
Computer equipment	55%
Leasehold improvements	Shorter of useful life and term of lease

Leasehold improvements in progress are not depreciated until the related asset is ready for use.

Intangible assets

Acquired identifiable intangible assets

Purchased software licences are recorded at cost and are amortized on a straight-line basis over the life of the licence, which is the licence term.

Amortization of software technologies that are acquired through business combinations is calculated using the straight-line method over the estimated useful life, which ranges from three to four years, and amortization of customer relationships acquired through business combinations is calculated using the straight-line method over the estimated useful life, which ranges from three to five years.

Impairment of long-lived assets

The Company evaluates its property and equipment and definite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Goodwill and impairment of goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of net tangible and identifiable intangible assets acquired in business combinations. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's operating segment ("the Segment"), which is the level at which management monitors goodwill.

The Company reviews the carrying value of goodwill in accordance with International Accounting Standard (IAS) 36, Impairment of Assets, on an annual basis on March 31 or more frequently if events or a change in circumstances indicate

that it is more likely than not that the fair value of the goodwill is below its carrying amount. Impairment is determined by assessing the recoverable amount of the Segment. The Segment's recoverable amount is the higher of the Segment's fair value less costs of disposal and its value in use. A quantitative analysis was performed to determine the fair value less costs of disposal. Note 18 discusses the method and assumptions used for impairment testing.

Business combinations

The Company follows the acquisition method to account for business combinations in accordance with IFRS 3, Business Combinations. The acquisition method of accounting requires that assets acquired and liabilities assumed be recorded at their estimated fair values on the date of a business acquisition.

The amounts included in the consolidated statement of loss and comprehensive loss under acquisition-related compensation arise from business combinations made by the Company. Acquisition costs that are tied to continuing employment of pre-existing shareholders are required to be recognized as acquisition-related compensation and recognized in accordance with the vesting terms in the acquisition agreement. Consequently, those costs are not included in the total purchase consideration of the business combination. All other costs that are not eligible for capitalization related to the acquisition are expensed as incurred.

New information obtained during the measurement period, up to 12 months following the acquisition date, about facts and circumstances existing at the acquisition date affect the acquisition accounting.

Government assistance

Government assistance, which mainly includes investment and other tax credits, is recognized when there is reasonable assurance that it will be received and all related conditions will be complied with. When the government assistance relates to an expense item, it is recognized as a reduction of expense over the period necessary to match the government assistance on a systematic basis to the costs that it is intended to subsidize.

Income taxes

i) Current tax

The current tax payable is based on taxable income for the year. Taxable income differs from income as reported in the consolidated statement of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively

enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

iii) Current and deferred tax

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive loss or directly in deficit), in which case the tax is also recognized outside of profit or loss.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation (a) as a result of a past event; (b) when it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) when a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is accounted for in the consolidated statement of loss and comprehensive loss, net of any reimbursement.

If the known expected settlement date exceeds 12 months from the date of recognition, provisions are discounted using a current pre-tax interest rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financial expense. Provisions are reviewed periodically and adjusted as appropriate.

Leases

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 its relative standalone price.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received prior to the commencement date. 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 any such asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using an incremental borrowing rate if the rate implicit in the lease arrangement is not readily determinable.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, lease term, or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease incentives receivable are included in the initial measurement of the lease liability and right-of-use asset.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On the consolidated statement of cash flows, lease payments related to short-term leases, low value assets and variable lease payments not included in lease liabilities are classified as cash outflows from operating activities, whereas the remaining lease payments are classified as cash flows from financing activities.

Disclosures relating to IFRS 16 can be found in note 15. 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 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.

Equity incentive plan

The Company has multiple equity incentive plans and records all stock-based payments, including grants of employee stock options, at their respective fair values. The Company recognizes stock-based compensation expense over the vesting period, over the life of the tranche of shares being considered. The fair value of stock options granted to employees is estimated at the date of grant using the Black-Scholes option pricing model. The Company also estimates forfeitures at the time of grant and revises its estimate, if necessary, in subsequent periods if actual forfeitures differ from these estimates. Any consideration paid by employees on exercising stock options and the corresponding portion previously credited to additional paid-in capital are credited to share capital.

The Black-Scholes option pricing model used by the Company to calculate option values was developed to estimate the fair value. This model also requires assumptions, including expected option life, volatility, risk-free interest rate and dividend yield, which greatly affect the calculated values.

Expected option life is determined using the time-to-vest-plus-historical-calculation-from-vest-date method that derives the expected life based on a combination of each tranche's time to vest plus the actual or expected life of an award based on the past activity or remaining time to expiry on outstanding awards. Expected forfeiture is derived from historical patterns. Expected volatility is determined using comparable companies for which the information is publicly available, adjusted for factors such as industry, stage of life cycle, size and financial leverage. The risk-free interest rate is determined based on the rate at the time of grant and cancellation for zero-coupon Canadian government securities with a remaining term equal to the expected life of the option. Dividend yield is based on the stock option's exercise price and expected annual dividend rate at the time of grant.

The fair value of restricted share units ("RSUs"), deferred share units ("DSUs") and performance share units ("PSUs") is measured using the fair value of the Company's shares as if the units were vested and issued on the grant date. An estimate of forfeitures is applied when determining stock-based compensation expense as well as estimating the probability of meeting related performance conditions where applicable.

Employee benefits

The Company maintains defined contribution plans for which it pays fixed contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay the benefits to all employees. Obligations for contributions to defined contribution pension plans are recognized as employee compensation as the services are provided.

Segment information

The Company's Chief Operating Decision-Maker (CODM) is a function comprising three C-Level executives, specifically the Chief Executive Officer, the Chief Financial Officer and the President. The CODM is the highest level of management responsible for assessing Lightspeed's overall performance and making operational decisions such as resource allocations related to operations, product prioritization, and delegation of authority. Management has determined that the Company operates in a single operating and reportable segment.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of Common Shares outstanding during the year.

Diluted loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of Common Shares outstanding during the year, plus the effect of dilutive potential Common Shares outstanding during the year. This method requires that diluted loss per share be calculated as if all dilutive potential Common Shares had been exercised at the latest of the beginning of the year or on the date of issuance, as the case may be, and that the funds obtained thereby (plus an amount equivalent to the unamortized portion of related stock-based compensation costs) be used to purchase Common Shares of the Company at the average fair value of the Common Shares during the year.

Financial instruments

Financial assets

Initial recognition and measurement

The Company's financial assets comprise cash and cash equivalents, restricted cash, trade receivables, and other long-term assets. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases and sales of financial assets are recognized on the settlement date being the date that the Company receives or delivers the asset. The Company has financial assets consisting primarily of cash and cash equivalents and receivables. Receivables are non-derivative financial assets with fixed or determinable payments that are

not quoted in an active market. They are included in current assets except for those with maturities greater than 12 months after the reporting period.

Subsequent measurement

Cash and cash equivalents and restricted cash are carried at fair value with gains and losses recognized in the consolidated statement of loss and comprehensive loss.

Trade receivables are carried at amortized cost using the effective interest rate method. For information on impairment losses on trade and other receivables, refer to the impairment of financial assets section below.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

The Company assesses at each reporting date whether there is any evidence that its trade receivables are impaired. The Company uses the simplified approach for measuring impairment for its trade receivables as these financial assets do not have a significant financing component as defined under IFRS 15, Revenue from Contracts with Customers. Therefore, the Company does not determine if the credit risk for these instruments has increased significantly since initial recognition. Instead, a loss allowance is recognized based on lifetime expected credit losses ("ECL") at each reporting date. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received. The shortfall is then discounted at an approximation to the asset's original effective interest rate. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Company has established a provision matrix that is based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment losses and subsequent reversals are recognized in profit or loss and are the amounts required to adjust the loss allowance at the reporting date to the amount that is required to be recognized based on the aforementioned policy.

Financial liabilities

Initial recognition and measurement

The Company's financial liabilities comprise trade and other payables, lease liabilities, other liabilities, long-term debt and contingent consideration. All financial liabilities except lease liabilities are recognized initially at fair value. The Company assesses whether embedded derivative financial instruments are required to be separated from host contracts when the Company first becomes party to the contract.

Subsequent measurements

After initial recognition, payables are subsequently measured at amortized cost using the effective interest method. The effective interest method amortization is included as a finance cost in the consolidated statement of loss and comprehensive loss. Gains and losses are recognized in the consolidated statement of loss and comprehensive loss when the liabilities are derecognized.

Payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Company accounts for contingent consideration as a financial liability measured at fair value through profit or loss and subsequently re-measures fair value at the end of each reporting period. The fair value of the contingent consideration, if above nil, is presented as a component of accounts payable and accrued liabilities as well as other long-term liabilities on

the consolidated balance sheets. The change in the fair value of the contingent consideration, if any, is recognized within general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Redeemable Preferred Shares, after initial recognition at fair value, prior to their conversion to Common Shares, were subsequently re-measured at fair value at the end of each reporting period with changes in fair value recognized in the consolidated statement of loss and comprehensive loss.

Derecognition

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

Foreign currency translation

Functional and presentation currency

The functional as well as the presentation currency of Lightspeed is the US dollar. Items included in the consolidated financial statements of the Company are measured in the functional currency, which is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the changes at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of loss and comprehensive loss.

Foreign operations

The Company's foreign operations are principally conducted through Lightspeed's wholly-owned subsidiaries: Lightspeed POS USA Inc., Lightspeed POS Belgium BV, Lightspeed POS UK Ltd., Lightspeed Netherlands BV, Lightspeed Payments USA Inc., ReUp, Chronogolf, iKentoo, Kounta and Gastrofix (collectively, "the subsidiaries"). The results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into US dollars as follows: assets and liabilities are translated at the closing rate at the reporting date; income and expenses for each statement of operation are translated at average exchange rates; and all resulting exchange differences are recognized in other comprehensive loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the operation and translated at the closing rate at each reporting date.

New accounting pronouncements

New accounting pronouncements are issued by the IASB or other standard-setting bodies, and they are adopted by the Company as at the specified effective date.

New and amended standards and interpretations adopted by the Company

IFRS 16, Leases

Refer to note 15 for information on the adoption of this standard.

Amended standards and interpretations issued not yet effective

There are no IFRS or IFRIC interpretations that are not effective that are expected to have a material impact.

4. Significant accounting estimates and assumptions

Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management reviews its estimates on an ongoing basis based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates.

Key estimates and assumptions are as follows:

COVID-19

The uncertainties around COVID-19 required the use of judgments and estimates which resulted in no material impacts for the year ended March 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the following: revenue recognition, estimated losses on revenue-generating contracts, goodwill and intangible impairment, and other assets and liabilities.

Impairment of non-financial assets

The Company's impairment test for goodwill is based on internal estimates of fair value less costs of disposal calculations and uses valuation models such as the discounted cash flow model. Key assumptions on which management has based its determination of fair value less costs of disposal include estimated growth rates, discount rates and tax rates. These estimates, including the methodology used, and the assessment of CGUs, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Refer to note 18 for additional information on the assumptions used.

Whenever property and equipment and intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management and can have a material impact on the respective values and ultimately the amount of any impairment.

Business combinations

Business combinations are accounted for in accordance with the acquisition method. The consideration transferred and the acquiree's identifiable assets, liabilities and contingent liabilities are measured at their fair value. The Company develops the fair value by using appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate. Contingent consideration is measured at fair value using a discounted cash flow model.

Recoverability of deferred tax assets and current and deferred income taxes and tax credits

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred income tax assets are recognized for unused tax losses and deductible temporary differences to the extent it is probable that taxable income will be available against which the losses and deductible temporary differences can be utilized. Management's judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

Stock-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for stock-based payments requires determining the most appropriate valuation model for a grant, which depends on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield. Refer to note 27 for additional information on the assumptions used.

5. Business combinations

Chronogolf

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 hospitality platform within its comprehensive golf course management platform which also includes booking and membership capabilities.

The fair value of the consideration transferred of $13,497 consisted of $9,115 cash paid on the closing date, net of cash acquired, and 50,199 Common Shares, at a fair value of $18.23 per share at the closing date, which is based on the quoted price of the Common Shares on the Toronto Stock Exchange on the closing date. A discounted amount of $1,399 was payable if certain milestones were achieved by December 31, 2019, along with the issuance of 50,198 additional Common Shares, at a value of $18.23 per share, and a discounted amount of $935 to be paid over two years, some of which are contingent upon key employees' continued employment with the Company and are accounted for as acquisition-related compensation expense. The December 31, 2019 milestones were achieved and the $1,399 was paid.

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 in accordance with IFRS 3, Business Combinations, using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. The 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 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
Trade and other receivables	779
	987
Property and equipment	10
Goodwill	5,859
Customer relationships	4,501
Software technology	2,708
Total assets	14,065
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	11,387
Less: Cash acquired	208
Fair value of net assets acquired, less cash acquired	11,179
Paid in Common Shares of the Company	915
Paid in cash	9,115
Payable to Chronogolf	1,149

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, and is not deductible for tax purposes.

The customer relationships of Chronogolf and the software technology acquired are amortized on a straight-line basis over their estimated useful lives of 3 years and 4 years, respectively.

Right-of-use assets and lease liabilities of $337 were recorded by Lightspeed on the acquisition date of Chronogolf. This lease was subsequently transferred to a third party and Lightspeed is no longer a party to this lease.

iKentoo

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 operating in the hospitality industry.

The total consideration of $35,100 consisted of $17,428 cash paid on the closing date, net of cash acquired, and 408,624 Common Shares, at a fair value of $29.17 per share at the closing date, which is based on the quoted price of the Common Shares on the Toronto Stock Exchange on the closing date. An amount of $6,327 is payable through July 2, 2021 contingent upon key employees' continued employment and is accounted for as acquisition-related compensation expense. Additional cash was 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 in accordance with IFRS 3, Business Combinations, using the acquisition

method whereby the net assets acquired and the liabilities assumed are recorded at fair value. The 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 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
Trade receivables 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, and is not deductible for tax purposes.

The customer relationships of iKentoo and the software technology acquired are amortized on a straight-line basis over their estimated useful lives of 5 years and 4 years, respectively.

Right-of-use assets and lease liabilities of $851 were recorded by Lightspeed on the acquisition date of iKentoo.

Kounta

On November 1, 2019, the Company acquired all of the outstanding shares of Australia-based Kounta, a cloud-based POS solutions provider to small and medium-sized businesses operating within the hospitality industry.

The total consideration of $57,717 consisting of $34,178 cash paid on the closing date, net of cash acquired, and 306,300 Common Shares, at a fair value of $26.02 per share at the closing date, which is based on the quoted price of the Common Shares on the Toronto Stock Exchange on the closing date. An amount of $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 through October 2021 to certain key employees contingent on whether certain milestones, such as the continued employment of those employees, are achieved, and is accounted for as acquisition-related compensation expense. Additional cash was paid by the Company to the sellers due to a post-closing working capital adjustment.

The results of operations of Kounta have been consolidated with those of the Company as at November 1, 2019. The acquisition has been accounted for as a business combination in accordance with IFRS 3, Business Combinations, using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. The purchase price allocation was based on management's best estimates of the fair values of Kounta's assets and liabilities as at November 1, 2019. The following table summarizes the 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	941
Trade receivables and other assets	745
	1,686
Property and equipment	177
Goodwill	29,989
Customer relationships	10,584
Software technology	5,149
Total assets	47,585
Current liabilities	
Accounts payable and accrued liabilities	1,280
Deferred revenue	458
Deferred income tax liability	2,511
Total liabilities	4,249
Fair value of net assets acquired	43,336
Less: Cash acquired	941
Fair value of net assets acquired, less cash acquired	42,395
Paid in Common Shares of the Company	7,970
Paid in cash	34,178
Payable to Kounta	247

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

The customer relationships of Kounta and the software technology acquired are amortized on a straight-line basis over their estimated useful lives of 5 years and 3 years, respectively.

Right-of-use assets and lease liabilities of $991 were recorded by Lightspeed on the acquisition date of Kounta.

The Company has a non-cancellable commitment to pay an amount of $3,433 tied to a marketing alliance agreement to one selling shareholder in three equal annual installments. The first installment was paid on closing.

Gastrofix

On January 7, 2020, the Company acquired all of the outstanding shares of Gastrofix, a cloud-based POS hospitality software provider in Germany for small and medium-sized businesses.

The total consideration of $101,279, which includes the estimated amounts of contingent consideration and acquisition-related compensation expense payable, consisted of $54,327 cash paid on the closing date, net of cash acquired, $6,486 of this amount being transferred to a holdback account which will be released to Gastrofix over 18 months and 1,437,930 Common Shares, at a fair value of $30.99 per share at the closing date, which is based on the quoted price of the Common

Shares on the Toronto Stock Exchange on the closing date, subject to a post-closing working capital adjustment. An additional amount of up to $10,030 in deferred cash consideration along with the issuance of up to 238,664 Common Shares, at a value of $30.99 per share, subject to an adjustment for amounts payable to non-shareholders, is payable contingent on the over performance of agreed milestones in each of the next two years. Additional information on this contingent consideration, which was estimated to have a fair value of nil at the time of acquisition, can be found in note 29.

An additional $1,604 along with the issuance of 38,186 Common Shares, at a value of $30.99 per share, is payable to certain key employees through January 2022 contingent on the continued employment of those employees, and will be accounted for as acquisition-related compensation expense. An additional amount of up to $2,407 in deferred cash consideration along with the issuance of up to 57,278 Common Shares, at a value of $30.99 per share, is payable through January 2022 contingent on certain milestones being achieved and will be accounted for as acquisition-related compensation expense. An additional amount of up to $501 in deferred cash consideration along with the issuance of up to 11,934 Common Shares, at a value of $30.99 per share is payable contingent on the over performance of agreed milestones in each of the next two years and will be accounted for as acquisition-related compensation expense.

The results of operations of Gastrofix have been consolidated with those of the Company as at January 7, 2020. The acquisition has been accounted for as a business combination in accordance with IFRS 3, Business Combinations, 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 Gastrofix's assets and liabilities as at January 7, 2020.

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	1,678
Trade receivables and other assets	1,729
	3,407
Property and equipment	230
Goodwill	76,013
Customer relationships	26,835
Software technology	7,066
Total assets	113,551
Current liabilities	
Accounts payable and accrued liabilities	6,321
Deferred revenue	470
Debt (settled by the Company on closing of the acquisition)	1,583
Deferred income tax liability	5,008
Total liabilities	13,382
Fair value of net assets acquired	100,169
Less: Cash acquired	1,678
Fair value of net assets acquired, less cash acquired	98,491
Paid in Common Shares of the Company	44,561
Paid in cash	47,841
Payable to Gastrofix	6,089

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

The customer relationships of Gastrofix and the software technology acquired are amortized on a straight-line basis over their estimated useful lives of 5 years and 3 years, respectively.

Right-of-use assets and lease liabilities of $848 were recorded by Lightspeed on the acquisition date of Gastrofix.

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.

6. Revenue from contracts with customers

Disaggregated revenue

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

	2020	2019
	$	$
Software and payments revenue	106,871	68,489
Hardware and other	13,766	8,962
Total revenue from contracts with customers	120,637	77,451

The Company discloses revenue by geographic area in note 31.

Contract assets

The amount of amortization of commission assets recognized as sales and marketing expense in the year ended March 31, 2020 is $6,226 (2019 – $5,000).

The Company recorded a contract asset for discounts provided to merchants at the inception of a contract of $365 included in other current assets and $703 included in other long-term assets as at March 31, 2020, with $55 being amortized into hardware and other revenue for the year ended March 31, 2020 (2019 – nil and nil, respectively).

Contract liabilities

As of March 31, 2020 and 2019, the Company had deferred revenue of $42,094 and $40,342, respectively.

Revenue recognized that was included in the deferred revenue balance at the beginning of the years ended March 31, 2020 and 2019 is $32,317 and $25,211, respectively.

(expressed in thousands of US dollars)

7. Direct cost of revenues

	2020 $	2019 $
Cost of software and payment revenue		
Support	18,517	12,939
Other third-party costs	13,465	2,813
	31,982	15,752
Cost of hardware and other		
Hardware and other	11,217	7,821
Total direct cost of revenues	43,199	23,573

Support consists of any support services provided by the Company to its customers and mostly consists of salaries; other third-party costs consists of housing, servicing, infrastructure 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.

8. Government grants

Government assistance recognized as a reduction of expenses is as follows:

	2020 $	2019 $
Direct cost of revenues	533	262
Research and development	2,678	2,194

Government assistance includes research and development tax credits, grants and other credits.

9. Employee compensation

The total employee compensation comprising salaries and benefits, excluding tax credits for the year ended March 31, 2020, was $83,866 (2019 – $53,841).

Stock-based compensation and related costs were included in the following expenses:

	2020 $	2019 $
Direct cost of revenues	731	260
General and administrative	3,196	1,030
Research and development	3,101	245
Sales and marketing	2,902	1,575

The amount recognized as an expense for the year ended March 31, 2020 for our defined contribution plan was $1,392 (2019 - $350).

10. Finance income and costs

For the year ended March 31, 2020, interest income and interest expense, including interest expense on lease liabilities, amounted to $3,577 and $1,811, respectively (2019 – $375 and $194).

11. Loss per share

The Company had three categories of potentially dilutive securities: convertible preferred shares, share options and awards and warrants. Diluted net loss per share excludes all potentially-dilutive shares if their effect is anti-dilutive. As a result of net losses incurred, all potentially-dilutive securities have been excluded from the calculation of diluted net loss per share because including them would be anti-dilutive; therefore, basic and diluted number of shares is the same for the years ended March 31, 2020, and 2019. All outstanding potentially dilutive securities could potentially dilute net loss per share in the future.

	2020	2019
	$	$
Issued Common Shares	92,206,817	83,752,210
Weighted average number of Common Shares (basic and diluted)	85,890,314	33,203,567
Net loss per Common Share – Basic and diluted	($0.62)	($5.53)

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

	2020	2019
	$	$
Class B Preferred Shares issued and outstanding	—	1,235,824
Class C Preferred Shares issued and outstanding	—	1,780,416
Class D Preferred Shares issued and outstanding	—	10,942,791
Class E Preferred Shares issued and outstanding	—	20,876,422
Stock options and awards	6,506,869	5,575,435
Warrants	26,718	98,903

12. Inventories

Inventories expensed during the year ended March 31, 2020 in direct cost of revenues amount to $10,432 (2019 – $7,278).

13. Other current assets

	2020	2019
	$	$
Restricted cash	1,829	—
Prepaid expenses and deposits	4,048	1,527
Commission asset	3,938	3,677
Other	612	—
Total other current assets	10,427	5,204

14. Trade and other receivables

	2020 $	2019 $
Trade	7,721	6,535
Loss allowance	(2,878)	(1,703)
Total trade receivables	4,843	4,832
Research and development tax credits receivable (note 24)	4,059	3,017
Sales tax receivable	847	384
Other	1,130	191
Total trade and other receivables	10,879	8,424

Included in general and administrative expenses is an expense of $1,739 related to loss allowance for the year ended March 31, 2020 (2019 – $861).

15. 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 consolidated 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 year ended March 31, 2020 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.

The changes have no overall impact on cash flows. However, operating cash flows are positively impacted, while financing cash flows are 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 transitional 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 ten 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 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 year ended March 31, 2020 was $852.

(expressed in thousands of US dollars)

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

	$
Cost	
As at April 1, 2019	11,971
Additions	4,158
Acquired in business combinations	3,027
Modifications to lease contracts	(626)
Exchange differences	(127)
As at March 31, 2020	18,403
Accumulated depreciation	
As at April 1, 2019	—
Depreciation charge	2,492
Modifications to lease contracts	(46)
As at March 31, 2020	2,446
Cost, net accumulated depreciation	
As at April 1, 2019	11,971
As at March 31, 2020	15,957
Offices	15,183
Vehicles	774

Expenses relating to short-term leases, including those excluded from the IFRS 16 transition due to the election of the practical expedient, as well as variable lease payments not included in the measurement of lease liabilities were approximately $1,770 for the year ended March 31, 2020. For the year ended March 31, 2019, rental expense under operating leases calculated in accordance with IAS 17, Leases, amounted to $2,996.

The maturity analysis of lease liabilities as at March 31, 2020 are as follows:

Fiscal Year	$
2021	3,301
2022	2,837
2023	2,312
2024	1,822
2025	1,437
2026 and thereafter	5,138
Total minimum payments	16,847

(expressed in thousands of US dollars)

16. Property and equipment

2020

	Furniture	Equipment	Computer equipment	Leasehold improvements	Leasehold improvements in progress	Total
	$	$	$	$	$	$
Cost						
As at March 31, 2019	1,150	1,540	3,546	4,318	208	10,762
Additions and movement across asset classes	522	188	869	2,306	(128)	3,757
Acquired through business combinations	386	26	152	45	—	609
Disposals	—	—	(113)	—	—	(113)
As at March 31, 2020	2,058	1,754	4,454	6,669	80	15,015
Accumulated depreciation						
As at March 31, 2019	509	854	2,593	1,434	—	5,390
Additions	254	177	875	443	—	1,749
Disposals	—	—	(113)	—	—	(113)
As at March 31, 2020	763	1,031	3,355	1,877	—	7,026
Net book value as at March 31, 2020	1,295	723	1,099	4,792	80	7,989

2019

	Furniture	Equipment	Computer equipment	Leasehold improvements	Leasehold improvements in progress	Total
	$	$	$	$	$	$
Cost						
As at March 31, 2018	955	1,378	2,556	3,722	121	8,732
Additions	195	162	990	596	87	2,030
As at March 31, 2019	1,150	1,540	3,546	4,318	208	10,762
Accumulated depreciation						
As at March 31, 2018	367	699	2,001	934	—	4,001
Additions	142	155	592	500	—	1,389
As at March 31, 2019	509	854	2,593	1,434	—	5,390
Net book value as at March 31, 2019	641	686	953	2,884	208	5,372

(expressed in thousands of US dollars)

17. Intangible assets

2020

	Acquired software technologies	Customer relationships	Total
	$	$	$
Cost			
As at March 31, 2019	17,971	2,663	20,634
Additions	22,265	49,314	71,579
Exchange differences	(645)	(1,507)	(2,152)
As at March 31, 2020	39,591	50,470	90,061
Accumulated amortization			
As at March 31, 2019	15,353	2,663	18,016
Additions	4,621	4,605	9,226
As at March 31, 2020	19,974	7,268	27,242
Net book value as at March 31, 2020	19,617	43,202	62,819

2019

	Acquired software technologies	Customer relationships	Total
	$	$	$
Cost			
As at March 31, 2018	16,292	2,663	18,955
Additions	1,679	—	1,679
As at March 31, 2019	17,971	2,663	20,634
Accumulated amortization			
As at March 31, 2018	12,552	2,316	14,868
Additions	2,801	347	3,148
As at March 31, 2019	15,353	2,663	18,016
Net book value as at March 31, 2019	2,618	—	2,618

18. Goodwill

As at March 31, 2019, the goodwill balance was $22,536 and increased to $146,598 as at March 31, 2020 due to an increase of $5,859 arising from the Chronogolf acquisition, $16,471 from the iKentoo acquisition, $29,989 from the Kounta acquisition and $76,013 from the Gastrofix acquisition, net of exchange loss of $4,270.

Impairment analysis

The following key assumptions were used to determine recoverable amounts for the impairment tests performed as at March 31, 2020:

	Pre-tax discount rate	Terminal Value Multiple	Perpetual Growth Rate
Assumptions	28%	4	30%

Fair value is based on a discounted cash flow model involving several key assumptions that were used in the test for goodwill impairment. Adjusted EBITDA was determined as a valuation basis, measuring a five-year projection based on actual year-end amounts and management's best estimates. A terminal value was calculated based on revenues, with a weighted average cost of capital reflecting the current market assessment being used. The cost of sale was assumed to be 2.5% of the fair value amount. The enterprise value (carrying amount) was compared with the fair value less cost of sale to test for impairment. Tests performed on the Segment demonstrated no impairment of goodwill for the years ended March 31, 2020, and 2019.

The factors used in the impairment analysis are inherently subject to uncertainty. Management believes that it has made reasonable estimates and assumptions to determine the fair value of the Segment. If actual results are not consistent with these estimates and assumptions, goodwill may be overstated, which could trigger an impairment charge to the consolidated financial statements.

Sensitivity of assumptions

The following table presents the change in the discount rate or in the perpetual growth rate used in the most recently performed tests that would have caused an impairment in the carrying amount of the Segment as at March 31, 2020:

	Incremental increase in pre-tax discount rate	Decrease in terminal value multiple	Incremental decrease in perpetual growth rate
Assumptions	22%	55%	30%

19. Restricted cash and other long-term assets

	2020	2019
	$	$
Restricted cash	7,703	—
Commission asset	2,898	2,993
Other	1,148	506
Total other-long term assets	11,749	3,499

20. Accounts payable and accrued liabilities

	2020	2019
	$	$
Trade	12,325	7,706
Accrued compensation and benefits	9,528	6,883
Accrued payroll taxes on stock-based compensation	1,170	1,361
Acquisition-related payables	7,787	233
Total accounts payable and accrued liabilities	30,810	16,183

21. Credit facility

In April 2019, the Company entered into new credit facilities with the Canadian Imperial Bank of Commerce ("CIBC"), which include a $25,000 demand revolving operating credit facility (the "Revolver") and a $30,000 stand-by acquisition term loan (the "Acquisition Facility", and together with the Revolver, the "Credit Facilities"). The Credit Facilities replaced the previous $15,000 working capital line of credit granted to the Company by Silicon Valley Bank.

The Revolver will be available for draw at any time during the term of the Credit Facilities.

The Acquisition Facility was drawn in full in January 2020 for the acquisition of Gastrofix and will mature 60 months thereafter. The interest rate on the current Acquisition Facility is equal to LIBOR + 3.0%.

The financing costs related to the Credit Facilities are netted against the principal and are being amortized over the 60-month term.

The Credit Facilities are subject to certain general and financial covenants, including the delivery of annual audited consolidated financial statements to the holders.

22. Other long-term liabilities

	2020	2019
	$	$
Acquisition-related payables	7,982	—
Deferred lease incentives	—	1,197
Accrued payroll taxes on stock-based compensation	198	353
Other	18	229
Total other long-term liabilities	8,198	1,779

23. Share capital

As at March 31, 2020, the Company had 92,206,817 Common Shares issued and outstanding, unlimited shares authorized (2019 – 83,752,210).

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.

Common Shares

The Common Shares consist of Subordinate Voting Shares and Multiple Voting Shares.

The Subordinate Voting Shares and Multiple Voting Shares have the same rights, have no nominal value, are equal in all respects and are treated by the Company as if they were one class of shares.

The Subordinate Voting Shares and Multiple Voting Shares rank pari passu with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company.

The holders of outstanding Subordinate Voting Shares and Multiple Voting Shares are entitled to receive dividends at such times and in such amounts and form as the Board may from time to time determine, but subject to the rights of the holders of any preferred shares, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares.

The holders of outstanding Subordinate Voting Shares are entitled to one vote per share and the holders of Multiple Voting Shares are entitled to four votes per share.

The Subordinate Voting Shares are not convertible into any other class of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share.

In addition, all Multiple Voting Shares held by Permitted Holders will convert automatically into Subordinate Voting Shares at such time as the earlier of the following occur: (i) Permitted Holders that hold Multiple Voting Shares no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 12.5% of the issued and outstanding Subordinate Voting Shares and Multiple Voting Shares (on a non-diluted basis), and (ii) Dax Dasilva is no longer serving as a director or member of senior management of the Company.

Preferred Shares

The preferred shares are issuable at any time and from time to time in one or more series. The Board is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the preferred shares of each series, which may include voting rights, the whole subject to the issue of a certificate of amendment setting forth the designation and provisions attaching to the preferred shares or shares of the series.

Fiscal 2020

On June 26, 2019, a warrant holder was issued 31,647 Subordinate Voting Shares as a result of its net exercise of 37,500 warrants at an exercise price per Subordinate Voting Share of $4.00.

On August 12, 2019, another warrant holder was issued 54,604 Subordinate Voting Shares as a result of its net exercise of 61,403 warrants at an exercise price per Subordinate Voting Share of $4.07.

On February 27, 2020, the Company completed a new issue and secondary offering ("Bought Deal Offering") on a bought deal basis of its Subordinate Voting Shares through the issuance of new shares and a secondary sale of shares by certain shareholders. The Bought Deal Offering consisted of an aggregate of 7,717,650 Subordinate Voting Shares, including the exercise in full by the underwriters of their over-allotment option to purchase 1,006,650 additional Subordinate Voting Shares. A total of 4,695,000 Subordinate Voting Shares were issued from treasury for gross consideration of $130,933 for the Company, with share issuance costs for the Company amounting to $5,595. A total of 3,022,650 Subordinate Voting Shares were sold by the selling shareholders for gross consideration of $84,295, with the underwriting fees relating to their shares being paid by the selling shareholders.

Fiscal 2019

Share Repurchase and Cancellation

Pursuant to separate agreements reached in 2014 and 2016 between the Company, its CEO and his holding company, DHIDasilva Holdings Inc. ("DHI"), for the benefit of the Company's other shareholders, the Company's CEO agreed to absorb from his own shareholdings, in the case of the first agreement, 60% of the dilutive impact of an increase in the number of shares issuable under the Company's stock option plan, and in the case of the second agreement, the full dilutive impact of option grants to certain executives. In the case of the first agreement, the dilutive impact of the increase was to be absorbed upon exercise of a specified number of options by the Company's stock option plan participants through the repurchase by the Company for nominal consideration of options and shares held beneficially by the Company's CEO. In the case of the second agreement, the dilutive impact of the increase was to be absorbed upon the exercise of the specific options granted to the key executives through the repurchase by the Company of shares held beneficially by the Company's CEO for an amount equal to the aggregate exercise price of the specific options being exercised.

These arrangements were unwound on March 7, 2019 when the agreements were cancelled, and the Company acquired 966,651 Common Shares in the capital of the Company and 10,928 options to purchase Common Shares in the capital of the Company from DHI for total cash proceeds of $792. The Company also agreed to indemnify DHI for certain costs, including taxes, in connection with such transaction. The Common Shares acquired from DHI were cancelled on such same date in order to give effect to the intent of the cancelled agreements.

Initial Public Offering

The Company completed the closing of its initial public offering ("IPO") on March 15, 2019.

On March 15, 2019, immediately prior to the completion of the IPO, the Company completed a reorganization of its share capital, whereby all of the Company's issued and outstanding classes of Redeemable Preferred Shares were converted into Common Shares on a one-for-one basis, and the Company's articles were then amended to cancel all the authorized but unissued shares for all classes of Redeemable Preferred Shares subsequent to the 4-for-1 share consolidation discussed in the next paragraph. The conversion of the outstanding Classes of Redeemable Preferred Shares converted into Common Shares on a one-for-one basis and the consolidation of the Common Shares on a 4-for-1 basis resulted in 37,131,198 Common Shares.

As approved in a special meeting of the shareholders on March 5, 2019, immediately preceding the IPO, the Company (i) filed articles of amendment that, among other things, (a) reclassified the Company's Common Shares as Subordinate Voting Shares, (b) amended the rights, privileges and conditions of the Subordinate Voting Shares, (c) cancelled all the authorized but unissued Class B Preferred Shares, Class C Preferred Shares, Class D Preferred Shares and Class E Preferred Shares, (d) created an unlimited number of Multiple Voting Shares, and an unlimited number of preferred shares issuable in one or more series, and (e) consolidated the issued and outstanding Subordinate Voting Shares on a 4-for-1 basis, and (ii) entered into a share exchange agreement with DHI, pursuant to which 16,052,445 Multiple Voting Shares were issued to DHI in exchange for an equivalent number of Subordinate Voting Shares held by DHI. The Capital Reorganization was completed on March 15, 2019.

On March 15, 2019, the Company completed an IPO and issued 17,250,000 Subordinate Voting Shares for a total gross consideration of $207,547, including 2,250,000 Subordinate Voting Shares issued upon the exercise of the underwriters' over-allotment option which accounted for total gross consideration of $27,071. Share issuance costs amounted to $13,773.

24. Income taxes

Income tax expense (recovery) includes the following components:

	2020 $	2019 $
Current		
United States	44	14
Other	5	45
	49	59
Deferred		
Canada	(957)	(30,122)
United States	77	43
Europe	(1,678)	(701)
Australia	(632)	—
Other	31	(8)
	(3,159)	(30,788)
Total income tax expense (recovery)	(3,110)	(30,729)

The income tax expense (recovery) reported, which includes foreign taxes, differs from the amount of the income tax expense (recovery) computed by applying Canadian Statutory rates as follows:

	2020 $	2019 $
Income tax recovery at the statutory tax rate	(15,004)	(57,050)
Impact of rate differential of foreign jurisdiction	386	(169)
Non-deductible stock-based compensation	2,049	447
Acquisition-related compensation and transaction costs	3,222	—
Deferred tax related to Part VI.1 tax	—	(29,944)
Other non-deductible expenses (credits) and non-taxable amounts	431	(173)
Changes in unrecognized benefits of deferred tax assets	3,797	5,361
Preferred share adjustment	—	50,917
Impact on changes in deferred tax rates and other	2,009	(118)
Total income tax expense (recovery)	(3,110)	(30,729)

(expressed in thousands of US dollars)

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	2020	2019
	$	$
Deferred tax assets		
Property and equipment	1,712	952
Intangible assets	44	110
Non-capital losses carried forward	8,159	11
Lease liabilities	3,557	—
Others	939	1,176
Total deferred tax assets	14,411	2,249
Deferred tax liabilities		
Property and equipment	(16)	(26)
Intangible assets	(15,447)	(656)
Lease right-of-use assets	(3,226)	—
Other	(2,191)	(2,087)
Total deferred tax liabilities	(20,880)	(2,769)
Net deferred tax liabilities	(6,469)	(520)
As presented on the consolidated balance sheets:		
Deferred tax assets	109	186
Deferred tax liabilities	(6,578)	(706)
Net deferred tax liabilities	(6,469)	(520)

2020

	Balance as at March 31, 2019	Charged (credited) to consolidated statement of loss	Business acquisitions and other	Balance as at March 31, 2020
	$	$	$	$
Deferred tax assets (liabilities) continuity				
Property and equipment	926	778	(8)	1,696
Intangible assets	(546)	2,461	(17,318)	(15,403)
Lease liabilities	—	2,901	656	3,557
Lease right-of-use assets	—	(2,587)	(639)	(3,226)
Non-capital losses carried forward	11	1,280	6,868	8,159
Other	(911)	(1,674)	1,333	(1,252)
Net deferred tax liabilities	**(520)**	**3,159**	**(9,108)**	**(6,469)**

(expressed in thousands of US dollars)

2019

	Balance as at March 31, 2018	Charged (credited) to consolidated statement of loss	Business acquisitions and other	Balance as at March 31, 2019
	$	$	$	$
Deferred tax assets (liabilities) continuity				
Property and equipment	92	834	—	926
Intangible assets	(1,014)	1,139	(671)	(546)
Part VI.1 tax	(29,944)	29,944	—	—
Non-capital losses carried forward	97	(86)	—	11
Other	152	(1,043)	(20)	(911)
Net deferred tax liabilities	**(30,617)**	**30,788**	**(691)**	**(520)**

The Company has accumulated other deductible temporary differences of $2,960 (2019 – $2,029) for Canadian tax purposes for which no deferred tax asset is recognised.

The Company has accumulated research and development expenditures of $12,167 (2019 – $11,826) for Canadian federal income tax purposes. These expenditures are available to reduce future taxable income and have an unlimited carryforward period.

	2020	2019	Year in which the losses begin to expire
	$	$	
Non-capital loss carryforwards			
Canada	62,810	50,596	2034
Belgium	31,100	23,708	No expiry
Netherlands	20,410	12,145	2024
United States	120	350	2035
Germany	15,814	—	No expiry
Switzerland	8,085	—	2021
Australia	1,901	—	No expiry
Total non-capital loss carryforwards	**140,240**	**86,799**	

The tax benefits of non-capital losses in Canada (with the exception of an amount of non-capital losses $5,139 in Chronogolf which was recognised), Belgium and Netherlands have not been recognised.

The change in statutory tax rate is mostly due to the annual 0.1% decrease in the Quebec tax rate over the course of five years, from 11.9% to 11.5%.

Government assistance

The Company incurred research and development expenditures and e-business development expenses which are eligible for tax credits. The tax credits recorded are based on management's estimate of amounts expected to be recovered and are subject to audit by the taxation authorities and, accordingly, these amounts may vary. For the year ended March 31, 2020,

the Company recorded a Canadian provision for refundable tax credits of $2,961 (2019 – $2,343). This amount has been recorded as a reduction of research and development and e-business development expenditures for the year.

As at March 31, 2020, the Company has available Canadian federal non-refundable investment tax credits of $1,924 (2019 – $2,016) related to research and development expenditures which may be used to reduce Canadian federal and provincial income taxes payable in future years. These non-refundable investment tax credits begin to expire in 2033. The Company also has a non-refundable e-business tax credit of $1,844 (2019 – $1,266) expiring on various dates starting in 2035.

The benefits of these non-refundable investment tax credits have not been recognized in the consolidated financial statements.

25. Commitments

On April 1, 2019, the Company recognized right-of-use assets for non-cancellable operating lease arrangements, except for short-term leases excluded from the IFRS 16 transition due to the election of the practical expedient. Refer to note 15.

The Company was not subject to any other commitments other than those described above.

The future minimum lease payments under non-cancellable operating leases, prior to the adoption of IFRS 16, as at March 31, 2019 were as follows:

	$
2020	2,995
2021	2,328
2022	2,172
2023	2,199
2024	2,174
2025 and thereafter	2,930
Total minimum payments	14,798

26. Contingencies

The Company is in receipt of a claim of alleged infringement of intellectual property. The Company believes that the claim is without merit and no provision has been made.

The Company is involved in other litigations and claims in the normal course of business. Management is of the opinion that any resulting provisions and ultimate settlements would not materially affect the financial position and operating results of the Company.

27. Stock-based compensation **(numbers of shares and awards are presented in per share and per award amounts)**

In 2012, the Company established the 2012 option plan (which was amended in 2015 and 2019) (the “2012 Legacy Option Plan”). In 2016, in connection with the grant of options to two senior executives of the Company, the Company established the 2016 option plan (which was amended in 2019) (the “2016 Legacy Option Plan” and, together with the 2012 Legacy Option Plan, the “Legacy Option Plans”). Employee stock option grants under the Legacy Option Plans generally vest as to 25% a year annually over four years and have a term of seven years. In connection with the IPO, the Legacy Option Plans were amended such that outstanding options granted thereunder are exercisable for Subordinate Voting Shares and no further awards can be made under the Legacy Option Plans.

(expressed in thousands of US dollars)

In connection with the IPO, an omnibus incentive plan (the "Omnibus Incentive Plan") was adopted. It was subsequently amended in November 2019. The Omnibus Incentive Plan allows the Board to grant long-term equity-based awards to eligible participants in the form of stock options, RSUs, DSUs, and PSUs. All options granted under the Omnibus Incentive Plan have an exercise price determined and approved by the Board at the time of grant, which cannot be less than the market price of a Common Share on the date of the grant. Employee stock options under the Omnibus Incentive Plan generally vest as to 25% on the first anniversary of the grant date and then monthly thereafter for 36 months until fully vested, are granted with a term of seven years and settled via the issuance of new shares upon exercise. A portion of stock option grants under the Omnibus Incentive Plan vest as to 20% on the first anniversary, 25% on the second and third anniversaries and 30% on the fourth anniversary of the grant date.

Each RSU, DSU and PSU evidences the right to receive one Subordinate Voting Share (issued from treasury or purchased on the open market), cash based on the value of a Common Share or a combination thereof at some future time. RSUs under the Omnibus Incentive Plan generally vest as to 30% on the first anniversary of the grant date and in eight equal quarterly tranches thereafter until fully vested. PSU vesting is conditional on the attainment of specified performance metrics determined by the Board. RSUs and PSUs must be settled before the date that is three years after the last day of the calendar year in which the performance of services for which the RSUs or PSUs were granted, occurred. DSUs generally vest on the grant date and must be settled after the termination date of the holder, but prior to the last day of the calendar year following such termination date. Each of RSUs, DSUs and PSUs may be settled via the issuance of shares, cash or a combination thereof at the discretion of the Board.

The Company has also made grants of stock options and RSUs without shareholder approval in compliance with an allowance under the rules of the Toronto Stock Exchange as inducements for executive officers to enter into contracts of full-time employment with the Company. The terms of such grants generally align with the terms governing grants of comparable awards under the Omnibus Incentive Plan.

The number of Subordinate Voting Shares reserved for issuance under the Omnibus Incentive Plan and the Legacy Option Plans, collectively, was 8,700,251.

The stock option activity and the weighted average exercise price are summarized as follows:

	2020		2019	
	Number of options	**Weighted average exercise price $**	**Number of options**	**Weighted average exercise price $**
Outstanding – Beginning of year	5,986,234	4.402	4,871,275	2.910
Granted	3,476,465	25.128	2,876,153	5.990
Exercised	(1,469,127)	2.410	(434,774)	1.201
Forfeited	(429,266)	10.487	(1,196,046)	3.764
Expired	(6,732)	18.761	(130,374)	0.192
Outstanding – End of year	7,557,574	13.964	5,986,234	4.402
Exercisable – End of year	1,651,692	4.000	2,069,994	2.345

(expressed in thousands of US dollars)

The RSU, DSU and PSU activity and the weighted average grant date fair values are summarized as follows:

	2020		2020		2020	
	RSU		DSU		PSU	
	Number of options	Weighted average grant date fair value $	Number of options	Weighted average grant date fair value $	Number of options	Weighted average grant date fair value $
Outstanding – Beginning of year	—	—	—	—	—	—
Granted	124,162	24.640	7,109	25.660	84,326	24.750
Released	(1,176)	24.110	—	—	—	—
Forfeited	(5,217)	24.110	—	—	—	—
Outstanding – End of year	117,769	24.668	7,109	25.660	84,326	24.750

The fair value of stock options granted to employees was estimated at the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020	2019
Expected volatility	40.81%	42.79%
Risk-free interest rate	1.27%	2.18%
Expected option life	4.57 years	4.90 years
Expected dividend yield	0%	0%
Forfeiture rate	25.46%	17.38%

The fair value of stock options, RSUs, DSUs and PSUs granted in 2020 amounted to $37,689 (2019 – $6,687). The initial aggregate fair value of options and RSUs forfeited in 2020 amounted to $1,901 (2019 – $1,870). For the year ended March 31, 2020, stock-based compensation expense of $8,870 (2019 – $1,693) was recorded in the consolidated statement of loss and comprehensive loss with a corresponding credit to additional paid-in capital.

As at March 31, 2020, the total remaining unrecognized stock-based compensation expense related to unvested stock options, RSUs, and PSUs, amounted to $16,956 (2019 – $3,735), which will be amortized over the weighted average remaining requisite service period of 1.728 years (2019 – 2.04 years).

The following table summarizes information with respect to stock options outstanding and stock options exercisable as at March 31, 2020:

	Awards outstanding			Awards exercisable		
Exercise price $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.26 to 4.36	975,676	2.873	2.538	846,113	2.723	2.430
4.37 to 4.86	1,879,975	4.984	4.720	483,930	4.901	4.720
4.87 to 16.45	1,328,382	5.583	6.849	321,649	5.595	7.049
16.46 to 23.73	1,261,995	6.413	21.962	—	—	—
23.74 to 30.71	2,111,546	6.706	27.170	—	—	—
Total	7,557,574	5.536	13.964	1,651,692	3.920	4.000

(expressed in thousands of US dollars)

The following table summarizes information with respect to stock options outstanding and stock options exercisable as at March 31, 2019:

	Options outstanding			Options exercisable		
Exercise price	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**
$			**$**			**$**
0.00 to 2.86	1,398,812	4.844	1.628	1,308,657	4.897	1.581
2.87 to 4.36	838,931	4.328	3.200	498,952	4.192	3.098
4.37 to 4.86	2,068,309	5.981	4.720	258,157	5.860	4.720
4.87 to 5.50	556,842	6.353	5.000	4,228	6.344	5.000
5.51 to 11.99	1,123,340	6.718	7.869	—	—	—
Total	5,986,234	5.657	4.402	2,069,994	4.850	2.345

28. Related party transactions

Key management personnel includes C-Level executives and other Vice-Presidents. Other related parties include close family members of the key management personnel and entities controlled by the key management personnel.

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

	2020	**2019**
	$	**$**
Short-term employee benefits and other benefits	1,389	1,892
Stock-based payments	2,812	1,288
Total compensation paid to key management personnel	4,201	3,180

29. Financial instruments

Fair value

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, restricted cash, trade receivables, trade accounts payable, accrued compensation and benefits, contingent consideration and other accruals is considered to be equal to their respective carrying values due to their short-term maturities.

The fair value of contingent consideration and other long-term liabilities approximates their carrying value as at March 31 2020 and 2019.

The fair value of Redeemable Preferred Shares was determined using a discounted cash flow approach (and a discount rate of 23.0% to 25.0%) in order to determine the fair market value of the enterprise value of the Company. This approach is considered to be appropriate when valuing a business where significant fluctuations in the future earnings or discretionary cash flow are expected or where the historical/current operating results of the Company are not considered to be representative of the future earnings capacity of the Company. The market value of the Redeemable Preferred Shares was used to determine their fair value at the time of the IPO.

As at March 31 2020 and 2019, financial instruments measured at fair value in the consolidated balance sheets were as follows:

	2020			2019		
	Fair value hierarchy	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Carrying amount**	**Fair value**
		$	**$**		**$**	**$**
Cash and cash equivalents	Level 1	210,969	210,969	Level 1	207,703	207,703
Restricted cash	Level 1	9,532	9,532	—	—	—
Contingent consideration	Level 3	0	0	—	—	—

Recurring fair value measurements

Contingent consideration

On January 7, 2020, the Company acquired Gastrofix, a cloud-based POS hospitality software provider in Germany. The amount included in the purchase price related to the estimated fair value of contingent consideration was nil. The contingent consideration was valued by the Company using a discounted cash flow model under the income approach. The maximum potential contingent consideration payout is $10,030 over the next two years. The fair value of the contingent consideration, if above nil, is presented as a component of accounts payable and accrued liabilities as well as other long-term liabilities on the consolidated balance sheets. The change in the fair value of the contingent consideration, if any, is recognized within general and administrative expenses in the consolidated statements of loss and comprehensive loss. As at March 31, 2020, there was no change in the estimated contingent consideration from the time of the acquisition.

Credit and concentration risk

Generally, the carrying amount on the consolidated balance sheet of the Company's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

The Company's credit risk is primarily attributable to its cash and cash equivalents and trade receivables. The Company does not require a guarantee from its customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Due to the Company's diverse customer base, there is no particular concentration of credit risk related to the Company's trade receivables. Moreover, trade receivable balances are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts are established and maintained at an appropriate amount.

The Company maintains a loss allowance for a portion of trade receivables when collection becomes doubtful on the basis described in note 3. As described in that note, the ECL includes forward-looking factors specific to the debtors and the economic environment.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

Potential effects from the COVID-19 pandemic on the Company's credit risk have been considered and have resulted in increases to its allowances for ECLs. The Company continues its assessment given the fluidity of COVID-19's global impact.

The loss allowance as at March 31, 2020 was determined as follows:

	Not past due	**0–30**	**30–60**	**60–90**	**90–180**	**180+**
Expected loss rate	4%	17%	45%	63%	74%	83%
Gross carrying amount	2,147	2,264	494	476	591	1,749
Loss allowance	86	385	222	300	437	1,448

Changes in the loss allowance were as follows:

	2020
	$
Balance, beginning of year	1,703
Increase	2,234
Write-offs	(1,059)
Balance, end of year	2,878

The details of the Company's trade receivables are as follows:

	2020	**2019**
	$	**$**
Not past due	2,147	1,893
Past due less than 90 days	3,234	1,693
Past due more than 90 days	2,340	2,949
Total	7,721	6,535
Loss allowance	(2,878)	(1,703)
Balance – End of year	4,843	4,832

Liquidity risk

The Company is exposed to the risk of being unable to honour its financial commitments by the deadlines set, under the terms of such commitments and at a reasonable price. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

(expressed in thousands of US dollars)

As at March 31, 2020, the maturity analysis of financial liabilities represented the following:

	< 1 Year	1 to 3 Years	4 to 5 Years	>5 Years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	30,810	—	—	—	30,810
Other long-term liabilities	—	8,198	—	—	8,198
Long-term debt	—	—	30,000	—	30,000

For the maturity analysis of lease liabilities, see note 15.

The Company has $210,969 of cash and cash equivalents as well as $25,000 available under the Revolver as at March 31, 2020, demonstrating its liquidity and its ability to cover upcoming financial liabilities.

Currency risk

The Company is exposed to currency risk due to financial instruments denominated in foreign currencies. The following table provides a summary of the Company's exposure to the Canadian dollar, the euro, the British pound sterling, the Australian dollar and the Swiss Franc, expressed in US dollars:

2020	CAD	EUR	GBP	AUD	CHF	Total
	$	$	$	$	$	$
Cash and cash equivalents and restricted cash	16,992	14,073	379	569	685	32,698
Trade and other receivables	323	3,020	246	441	77	4,107
Accounts payable and accrued liabilities	(10,583)	(10,230)	(490)	(3,785)	(481)	(25,569)
Other long-term liabilities	—	(7,408)	—	(702)	—	(8,110)
Lease liabilities	(10,523)	(4,399)	(347)	(781)	(721)	(16,771)
Net financial position exposure	(3,791)	(4,944)	(212)	(4,258)	(440)	(13,645)

The table below shows the immediate increase/(decrease) in net loss before tax of a 1% strengthening in the closing exchange rate of significant currencies to which the Company has transaction exposure as at March 31, 2020. The sensitivity associated with a 1% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

	CAD	EUR	GBP	AUD	CHF
	$	$	$	$	$
2020	(533)	(53)	(2)	(23)	(8)

The Company does not enter into arrangements to hedge its currency risk exposure.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on earnings and cash flow. Certain of the Company's cash earns interest. The Company's trade receivables, accounts payable and accrued liabilities and lease liabilities do not bear interest. Our exposure to interest rate risk is related to our Acquisition Facility. The Company is not exposed to material interest rate risk.

Share price risk

Stock-based compensation (social costs) are payroll taxes associated with stock-based compensation that we are subject to in various countries in which we operate. Social costs are accrued at each reporting period based on the number of vested stock options and awards outstanding, the exercise price, and the Company's share price. Changes in the accrual are recognized in direct cost of revenues and operating expenses. An increase in share price will increase the accrued expense for social costs, and when the share price decreases, the accrued expense will become a reduction in social costs expense, all other things being equal, including the number of vested stock options and exercise price remaining constant. The impact on the accrual for social costs on outstanding stock-based payment awards of an increase or decrease in the Company's ordinary share price of 10% would result in a change of $160 as at March 31, 2020.

30. Capital risk management

The general objectives of the Company to manage its capital reside in the preservation of the Company's ability to continue operating, in providing benefits to its stakeholders and in providing an adequate return on investment to its shareholders by selling its services at a price commensurate with the level of operating risk assumed by the Company.

The Company thus determines the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and in the risks of the underlying assets.

Refer to note 21 for information on the Company's Credit Facilities.

31. Geographic information

The geographic segmentation of the Company's assets is as follows:

	2020				2019		
	Property and equipment	Right-of-use assets	Intangible assets	Goodwill	Property and equipment	Intangible assets	Goodwill
	$		$	$	$	$	$
Germany	215	735	31,614	74,888	—	—	—
Australia	192	751	12,488	26,844	—	—	—
Switzerland	153	680	12,250	16,471	—	—	—
Canada	5,634	10,084	6,138	7,905	3,360	1,319	2,046
Other	1,795	3,707	329	20,490	2,012	1,299	20,490

Geographic sales based on customer location are detailed as follows:

	2020	2019
	$	$
United States	67,814	42,885
Netherlands	12,716	10,972
Canada	12,685	8,840
Belgium	7,651	6,416
Other	19,771	8,338

INVESTOR INFORMATION

Lightspeed Shares
Lightspeed's subordinate voting shares are traded on the Toronto Stock Exchange (TSX) under the symbol "LSPD".

Investor Relations
Quarterly and annual reports and other corporate documents are available at: www.investors.lightspeedhq.com or from our investor relations service provider: The Blueshirt Group
666 Third Avenue, 7th Floor
New York, NY 10017
Phone: 212 871.3927
Email: info@blueshirtgroup.com
https://blueshirtgroup.com/

Version française
Pour obtenir la version française du rapport financier, s'adresser à gouvernance@lightspeedhq.com.

Transfer Agent and Registrar
AST Trust Company (Canada)
1600-2001 Robert-Bourassa
Montréal, QC, H3A 2A6
https://www.astfinancial.com

2020 Annual Meeting
The Annual Shareholders Meeting will be held at 11 a.m. (Eastern Time), Thursday, August 6, 2019

Legal Counsel
Stikeman Elliott LLP
Montréal, QC

Corporate Governance
The following documents pertaining to Lightspeed's corporate governance practices may be accessed either from Lightspeed's website (www.investors.lightspeedhq.com) or by request from the Corporate Secretary:

- Board and Board Committee Charters
- Position descriptions for the Board Chair, the Committee Chairs and the Chief Executive Officer
- Code of Business Conduct and Ethics
- Whistleblowing Policy

Auditors
PricewaterhouseCoopers LLP, Chartered Professional Accountants
Montreal, Québec

BOARD & COMMITTEE COMPOSITION

	Board	Audit Committee	Compensation, Nominating, & Governance Committee
Patrick Pichette *Chairman of the Board* *General Partner at iNovia Capital*	Chair	Member	Chair
Dax Dasilva *Chief Executive Officer*	Member		
Jean Paul Chauvet *President*	Member		
Marie-Josée Lamothe *Director* *Founder and President of Tandem International*	Member		Member
Paul McFeeters *Director*	Member	Chair	Member
Rob Williams *Director*	Member	Member	

Chair = Board/Committee Chair; Member = Board/Committee Member

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