Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	919 624 876
Organisasjonsform:	Norskreg. utenlandsk foretak
Foretaksnavn:	LIGHTSPEED POS (NORWAY BRANCH)
Forretningsadresse:	Filipstadveien 5
	0250 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Marthin Wessel Kleppan
Dato for fastsettelse av årsregnskapet:	06.07.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert

År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 19.08.2021

Resultatregnskap

Beløp i: EUR	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		9 428 000	7 160 000
Sum inntekter		**9 428 000**	**7 160 000**
Kostnader			
Varekostnad		2 036 000	1 935 000
Lønnskostnad		1 813 000	1 753 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		446 000	457 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		5 000	3 000
Annen driftskostnad		7 933 000	7 864 000
Sum kostnader		**12 233 000**	**12 012 000**
Driftsresultat		**-2 805 000**	**-4 852 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		0	0
Sum finansinntekter		**0**	**0**
Annen finanskostnad		182 000	211 000
Sum finanskostnader		**182 000**	**211 000**
Netto finans		**-182 000**	**-211 000**
Ordinært resultat før skattekostnad		**-2 987 000**	**-5 063 000**
Ordinært resultat etter skattekostnad		**-2 987 000**	**-5 063 000**
Årsresultat		**-2 987 000**	**-5 063 000**

Balanse

Beløp i: EUR	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		1 108 000	1 050 000
Goodwill		14 000	18 000
Sum immaterielle eiendeler		**1 122 000**	**1 068 000**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		206 000	192 000
Sum varige driftsmidler		**206 000**	**192 000**
Sum anleggsmidler		**1 328 000**	**1 260 000**
Omløpsmidler			
Varer			
Varer		173 000	261 000
Sum varer		**173 000**	**261 000**
Fordringer			
Kundefordringer		1 383 000	1 224 000
Andre fordringer		241 000	121 000
Sum fordringer		**1 624 000**	**1 345 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		1 468 000	2 961 000
Sum bankinnskudd, kontanter og lignende		**1 468 000**	**2 961 000**
Sum omløpsmidler		**3 265 000**	**4 567 000**
SUM EIENDELER		**4 593 000**	**5 827 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Balanse

Beløp i: EUR	Note	2019	2018
Innskutt egenkapital			
Selskapskapital		55 000	55 000
Sum innskutt egenkapital		**55 000**	**55 000**
Opptjent egenkapital			
Annen egenkapital		14 501 000	14 501 000
Udekket tap		17 785 000	14 797 000
Sum opptjent egenkapital		**-3 284 000**	**-296 000**
Sum egenkapital		**-3 229 000**	**-241 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser		3 635 000	0
Sum avsetninger for forpliktelser		**3 635 000**	**0**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		1 433 000	1 616 000
Øvrig langsiktig gjeld		56 000	2 109 000
Sum annen langsiktig gjeld		**1 489 000**	**3 725 000**
Sum langsiktig gjeld		**5 124 000**	**3 725 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		650 000	693 000
Leverandørgjeld		1 128 000	913 000
Annen kortsiktig gjeld		920 000	738 000
Sum kortsiktig gjeld		**2 698 000**	**2 344 000**
Sum gjeld		**7 822 000**	**6 069 000**
SUM EGENKAPITAL OG GJELD		**4 593 000**	**5 828 000**

GastroFix GmbH
Berlin

Independent Auditor's Report on Financial Statements
December 31, 2019 and 2018

Rödl & Partner GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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Rödl & Partner

INDEPENDENT AUDITOR'S REPORT

To Gastrofix GmbH, Berlin:

Audit opinions

We have audited the Separate Financial Statements of Gastrofix GmbH, Berlin, which comprise the Statement of Financial Position as at 31 December 2019, the Statement of Loss and Comprehensive Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the fiscal year from 1 January to 31 December 2019 and the Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying Separate Financial Statements comply, in all material respects with the IFRS, as published by the International Accounting Standards Board (IASB), and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the company as at 31 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019.

Pursuant to Section 322 (3) Clause 1 HGB, we declare that our audit has not led to any reservations concerning the legal compliance of the Separate Financial Statements.

Basis for the audit opinions

We conducted our audit of the Separate Financial Statements in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits as promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the Separate Financial Statements" section of our auditor's report. We are independent of the company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Separate Financial Statements.

Management Boards responsibility for the Separate Financial Statements

The Management Board members are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS, as published by the International Accounting Standards Board (IASB), and for ensuring that the Separate Financial Statements, in compliance with such requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the company. In addition, the Management Board members are responsible for such internal controls as they have deemed necessary to enable the preparation of Separate Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Separate Financial Statements, the Management Board members are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the Company as a going concern. In addition, they are responsible for preparing the accounts on a going concern basis unless an intention exists to liquidate the company, or to cease operations, or no realistic alternative exists.

Rödl & Partner

Auditors responsibility for the audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the Separate Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to express an audit opinions on the Separate Financial Statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement, 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 Separate Financial Statements.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the Separate Financial Statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 controls.
- obtain an understanding of internal the internal control system relevant to the audit of the Separate Financial statements, and of arrangements and measures (systems) in order to design audit procedures that are appropriate in the circumstances, albeit not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies applied by the Management Board members and the reasonableness of estimates made by the Management Board members as well as related disclosures,
- conclude on the appropriateness of the Management Board members' application of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating 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 the auditor's report to the related disclosures in the Separate Financial Statements or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may mean that the Company will not be able to continue its operations.
- evaluate the overall presentation, structure and content of the Separate Financial Statements, including the disclosures, and whether the Separate Financial Statements present the underlying transactions and events in such a manner that the Separate Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with IFRS as published by the International Accounting Standards Board (IASB).

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.

Berlin, 23. April 2020

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

F. Fehlauer

Storbeck	Fehlauer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

GastroFix GmbH

Financial Statements
December 31, 2019 and 2018
(expressed in thousands of euros)

GastroFix GmbH

Statement of Financial Position

As at March 31, 2019 and 2018

(expressed in thousands of US dollars)

	2019 €	2018 €
Assets		
Current assets		
Cash and cash equivalents	1,468	2,961
Accounts receivable (note 12)	1,383	1,224
Inventories (note 11)	173	261
Commission assets	74	27
Other current assets	167	94
Total current assets	3,265	4,567
Property and equipment, net (note 13)	206	192
Right-of-use assets, net (note 15)	660	837
Intangible assets, net (note 14)	14	18
Commission assets	379	145
Other long-term assets (note 16)	69	68
Total assets	4,593	5,827
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities (note 17)	1,128	913
Borrowings (note 18)	328	379
Employee benefits (note 19)	3,635	-
Lease liabilities (note 15)	322	314
Current portion of deferred revenue	452	391
Other current liabilities	468	347
Total current liabilities	6,333	2,344
Deferred revenue	56	16
Borrowings (note 18)	1,047	1,047
Employee benefits (note 19)		2,093
Lease liabilities (note 15)	386	569
Total liabilities	7,822	6,069
Shareholders' equity (deficiency)		
Subscribed capital (note 20)	55	55
Capital reserves	14,501	14,501
Accumulated deficit	(17,785)	(14,797)
Total shareholders' equity (deficiency)	(3,229)	(242)
Total liabilities and shareholders' equity	4,593	5,827

Commitments and contingencies (notes 22)

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

GastroFix GmbH

Statement of Loss and Comprehensive Loss
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

	2019 €	2018 €
Revenues (note 6)	9,428	7,160
Direct cost of revenues (note 7)	2,036	1,935
Gross profit	7,391	5,225
Operating expenses		
General and administrative (notes 8, 9)	1,813	1,753
Research and development (notes 8, 9)	2,958	2,853
Sales and marketing (note 8, 9)	5,026	5,021
Depreciation of property and equipment (note 13)	129	108
Depreciation of right-of-use assets (note 15)	317	349
Amortization of intangible assets (note 14)	5	3
Foreign exchange loss (gain)	(32)	(17)
Other income (expense)	(19)	7
Total operating expenses	10,197	10,076
Operating loss	(2,806)	(4,851)
Interest income (expense)	(159)	(179)
Other financial income (expense)	(23)	(32)
Loss before income taxes	(2,988)	(5,061)
Income tax expense (recovery)		
Current	-	-
Deferred	-	-
Total income tax expense (recovery)	-	-
Net loss and comprehensive loss	(2,988)	(5,061)
Loss per share – Basic and diluted (note 10)	(54.25)	(91.90)

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

GastroFix GmbH

Statement of Cash Flows

For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

	2019 €	2018 €
Cash flows from (used in) operating activities		
Net loss	(2,988)	(5,061)
Items not affecting cash and cash equivalents		
Amortization of intangible assets	5	3
Depreciation of property and equipment	129	108
Depreciation of right-of-use assets	317	349
Loss on disposal of property and equipment	-	-
Stock-based compensation expense	1,542	809
(Increase)/decrease in operating assets and increase/(decrease) in operating liabilities		
Accounts receivable	(159)	(144)
Other current assets	(73)	(1)
Commission assets	(281)	(172)
Inventories	88	(76)
Other long-term assets	(1)	4
Accounts payable and accrued liabilities	215	167
Other current liabilities	121	56
Deferred revenue	101	80
Total operating activities	(985)	(3,879)
Cash flows from (used in) investing activities		
Additions to property and equipment	(114)	(89)
Additions to intangible assets	-	(16)
Total investing activities	(114)	(105)
Cash flows from (used in) financing activities		
Proceeds from loans and borrowings	190	0
Repayments of loans and borrowings	(240)	(240)
Payment of lease liabilities	(342)	(343)
Total financing activities	(392)	(584)
Effect of foreign exchange rate changes on cash and cash equivalents	(3)	(2)
Net increase in cash and cash equivalents during the year	(1,494)	(4,570)
Cash and cash equivalents – Beginning of year	2,961	7,531
Cash and cash equivalents – End of year	1,468	2,961
Interest paid	159	179
Income taxes paid	-	-

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

GastroFix GmbH
Statement of Changes in Equity
For the years ended March 31, 2019 and 2018

(expressed in thousands of euros, except number of shares)

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

GastroFix GmbH

Statement of Changes in Equity

For the years ended March 31, 2019 and 2018

(expressed in thousands of euros, except number of shares)

	Subscribed capital €	Capital reserves €	Accumulated deficit €	Total €
Balance as at January 1, 2018	55	14,501	(9,736)	4,820
Net loss and comprehensive loss	-	-	(5,061)	(5,061)
Balance as at December 31, 2018	55	14,501	(14,797)	(242)
Net loss and comprehensive loss	-	-	(2,988)	(2,988)
Balance as at December 31, 2019	55	14,501	(17,785)	(3,229)

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

1 Organization and nature of operations

GastroFix GmbH ("GastroFix" or "The Company") is incorporated as a limited liability company under German law with its registered offices located in Alex-Wedding-Str. 7, 10178, Berlin, Germany. The Company was established on November 25, 2011 in Berlin and has been registered in the Commercial Register of the local court of Charlottenburg, Berlin, Germany under the registration number 138363B.

The business purpose of GastroFix is to develop cloud-based POS hospitality software and its sale to customers across Europe along with related hardware components and professional services. The Company has branches in Austria, Switzerland, the Netherlands and Norway, which generate local revenues through sale of above mentioned company products/services and are treated as permanent establishments for tax purposes.

As of January 7, 2020, GastroFix GmbH has been acquired by Lightspeed POS Inc., a Canada-based public company and the owner of a leading omni-channel point of sale platform to small and medium-sized retail and restaurant locations worldwide.

2 Basis of preparation

The accompanying financial statements, comprising the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows and supplementary notes, 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 of the Company on April 21, 2020. The term IFRS also refers to all valid International Accounting Standards (IAS) and all interpretations and amendments of the International Financial Reporting Standards Interpretations Committee (IFRS IC) - formerly International Financial Reporting Interpretations Committee (IFRIC) - and the former Standing Interpretations Committee (SIC).

As of December 31, 2019, the Company is in an over-indebted situation. On January 7, 2020, it has been acquired by Lightspeed POS, Inc., a Canada-based technology company ("Lightspeed" or "the Acquirer"). Please refer to Note 26 for further details about the acquisition. Lightspeed issued a letter of comfort to ensure the liquidity and continued existence of the Company. Therefore, the Company's management has made a positive prognosis for the continuation of its business operations, as the solvency of the company is ensured for a period of at least one year. As such, the financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

The financial statements have been prepared on a historical cost basis except for the liability recorded for cash-settled stock based compensation on a fair value basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions (e.g. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2: Inputs other than quoted prices from Level 1 that are directly observable or can be indirectly derived for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

The Company has four branches located in Switzerland, the Netherlands, Austria and Norway. From a legal standpoint, these branches do not represent separate legal entities such as a subsidiary, but rather represent an integral part of the same legal entity being GastroFix GmbH extending its business activities into these countries. Although they are not separate legal entities, they might be subject to certain local statutory and/or taxation requirements based on the business they generate in the respective countries. As such, the branches maintain separate records and, if required, prepare local statutory financial statements. All balances and transactions of the branches have been included in the accompanying financial statements using the same accounting principles except for intercompany balances and transactions which have been fully eliminated.

Assets and liabilities are classified as current if they are expected to be realized or settled within twelve months of the balance sheet date. To the extent that assets and liabilities have both a short-term and a long-term portion, they are broken down into their maturity components and shown as current and non-current assets or liabilities in accordance with the balance sheet structure.

The Company prepares and publishes its financial statements in euros (EUR).Unless otherwise stated, all values are rounded to the nearest thousand euros. Deviations of up to one unit (EUR thousand, %) are rounding differences based on mathematical calculations.

All IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) whose application was mandatory for 31 December 2019 and all SIC/IFRIC (Standing Interpretations Committee/International Financial Reporting Interpretations Committee) interpretations effective as of 31 December 2019 were complied with and consistently applied to all presented periods.

3 First-time application of International Financial Reporting Standards (IFRS)

The Company's financial statements for the 2019 financial year were prepared for the first time in accordance with the IFRS. All recognition and measurement policies as explained in detail below have been uniformly applied to the financial statements as of December 31, 2019 ("reporting date"), the comparative information as of December 31, 2018, and the opening IFRS balance sheet as of January 1, 2018 ("transition date") applied.

In principle, IFRS 1 "First-time Adoption of International Financial Reporting Standards" requires a fully retrospective application of all standards that are mandatory as of December 31, 2019. Accordingly, the adjustments to the recognition and measurement principles for the first-time application of IFRS must be carried out retrospectively as if GastroFix GmbH had always accounted for in accordance with IFRS.

However, IFRS 1 provides certain exemptions with regard to the principle of retrospective application of IFRS. As of the transition date, the Company elected for the utilization of the following exemptions:

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

- For the assessment of leases, the facts and circumstances existing as of the transition date have been used.

- Customer contracts that were completed before the earliest period presented were not restated.

The (significant) effects of the conversion of the financial statements from German GAAP to IFRS on the Company's assets, liabilities, equity and results of operations as well as its cash flows are explained based on the following reconciliations:

- Reconciliation of Company's shareholders' equity as of January 1, 2018, December 31, 2018 and December 31, 2019:

€	31.12.2019	31.12.2018	01.01.2018
Shareholders' equity – German GAAP	**0**	**1.805**	**5,544**
IFRS Adjustments			
Share-based compensation	(3,634)	(2,172)	(724)
Sales commissions	453	172	-
Other	(48)	(46)	-
Shareholders' equity (deficiency)- IFRS	**(3,229)**	**(242)**	**4,820**

- Reconciliation of the Company's results of operations for the period ended as of December 31, 2018 and December 31, 2019

€	2019	2018
Results of operations – German GAAP	**(1,805)**	**(3,739)**
IFRS Adjustments		
Share-based compensation	(1,462)	(1,448)
Sales commissions	280	172
Other	(1)	(46)
Results of operations - IFRS	**(2,988)**	**(5,061)**

Explanation of the major conversion effects

(3)

(expressed in thousands of US dollars)

Share-based compensation (IFRS 2)

GastroFix has virtual participation contracts with selected employees. In accordance with the contractual agreement, the virtual holdings establish an employee's cash payment claim for receiving cash compensation upon the occurrence of defined company changes (i.e. exit event). Under IFRS 2, these virtual share agreements represent a so-called cash-settled share-based transaction for which a liability is recorded ratably over the respective service period and re-measured on each reporting date and on the settlement date based on its respective fair value. As per the applicable guidance under German GAAP, the Company is not required to recognize any obligation for its virtual shares until the exit event actually occurs.

Revenue recognition (IFRS 15)

The application of IFRS has led to two major deviations from the respective accounting principles under the Company's previous GAAP: (i) Sales commissions paid at the inception of a contract are deemed to be incremental costs of obtaining the contract under IFRS, if the Company expects to recover those costs. Such commissions are recorded in the balance sheet and are subsequently amortized over the expected life of the customer whereas under German GAAP they are fully expensed as incurred. (ii) IFRS requires that when another party is involved in providing goods or services to a customer, it needs to be determined whether the other party is acting as a principal or agent. The Company's hardware and services components are sold through certain resellers in countries other than Germany who are acting on their behalf and own account. Therefore, and unlike under German GAAP, the related revenues are presented in the Company' financial statements on a net basis.

Leases (IFRS 16)

IFRS 16 requires the recognition of a lease lability for outstanding lease obligations (on a discounted basis) along with a so-called right of use asset (RoU-asset) in the balance sheet. All lease contracts (with some minor exceptions for short-term and immaterial agreements) are required to be reflected on the balance sheet and the related lease expense shall be split into two components, i.e. amortization for the RoU-asset and (ii) interest expense. In its German GAAP financials, the Company records lease expense on a monthly basis and does not recognize any liability or asset for its leases agreements.

4 Significant accounting policies

Revenue recognition

The Company's main sources of revenue are from subscriptions for its platform as well as subscriptions and licences from its legacy product. In addition, the Company generates revenue from sales of hardware and provision of professional services.

Software and subscription licences include cloud-based solutions for both retail and restaurant and for e-commerce. The Company's on-premises 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 advanced reporting, accounting and analytics. Subscriptions include maintenance and support, which includes access to unspecified upgrades.

For retail, restaurant and e-commerce customers, the Company's software integrates with various hardware required to operate a store. As part of the sale process to both new and existing customers, the Company acts as a reseller of the hardware. Those sales primarily consist of 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. In those cases, the Company usually subcontracts this work to a certified partner.

In countries other than Germany, The Company's hardware and services components are sold through certain resellers who are acting on their behalf and own account.

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 and subscription licenses 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 (i) the SaaS (software as a service) access through Gastrofix' hosting platform, including hosting platform service, unspecified upgrades, technical support and some apps (if they can only be used in conjunction with the Gastrofix hosting platform), (ii) hardware, and (iii) professional services.

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

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 seven 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.

The Company recognizes revenues for its software subscriptions ratably over the contract term, primarily commencing with the date the services are made available to customers.

Revenues for sales of software licences begin to be recognized on the date that the Company's services are made available to the merchant. Support fees are typically paid in advance and are recognized on a straight-line basis over the term of the contract.

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.

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.

Commission 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.

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, which is generally expected to occur over a period of up to a year.

(expressed in thousands of US dollars)

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.

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.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is recognized using the straight-line method on the basis of following useful lives:

Office fittings	3 – 13 years
Other fittings	4 -5 years
Computer equipment	3- 7 years

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.

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).

Government assistance

Government grants, which mainly include investment and payroll assistance, are 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

Current tax payable is based on taxable income for the year. Taxable income differs from income as reported in the 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.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the 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. 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.

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.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at of before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received prior to the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of these assets. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using an incremental borrowing rate if the rate implicit in the lease arrangement is not readily determinable. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, lease term, or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

Virtual share agreements

GastroFix has concluded virtual participation contracts with selected employees. In accordance with the contractual agreement, the virtual holdings establish an employee's cash payment claim for receiving cash compensation upon the occurrence of defined company changes (i.e. “Exit Event”). In contrast to a “real” participation, the virtual shares do not grant the employees the right to hold shares in the Company when exercising the virtual shares, but rather grant him a contractual claim against the Company to pay a certain amount of money if the exercise conditions are met. In other words, virtual shares do not constitute any participation in the Company under Company Law, and in particular there is no entitlement to information or participation rights or voting rights of the Company.

The virtual participation rights do not vest immediately, but rather need to be earned and saved monthly over a contractually agreed period (between two and four years) by performing work for the company, taking into account a “cliff” according to individual agreements with employees (ranging between one and three years). In addition, the exercise of the earned/saved virtual shares depends on the occurrence of a so-called Exit Event, i.e. only after the occurrence of an Exit Event does the employee have a payment claim against the Company for the exercisable (i.e. earned/saved and not expired) virtual shares.

In principle, savings only take place in periods in which the employment or employment relationship between the beneficiary and the Company further exists. All earned/saved claims upon completion of work (subject to the respective cliff period) become vested, i.e. in case the employees leave the Company before an Exit Event occurs, they would still be entitled to keep the virtual shares which they earned on a monthly basis during their employment with the Company and exercise them even in case of an Exit Event occurring after they leave the Company. The duration of the virtual participation is unlimited.

The Company accounts for its virtual share agreements as a cash-settled share-based transaction with a service condition as vesting condition while the exit event represents a non-vesting condition. A liability is recorded pro rata during the service period with true-ups on each reporting date based on the respective fair values. Fair value is determined by applying an option pricing model, taking into account the terms and conditions on which the virtual shares were granted; in particular, their characteristic as zero-cost options with a determined exercise price of nil. All changes in the fair value are recognized in profit or loss.

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 an employee benefit expense in income as the services are provided.

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.

As of the reporting date, the Company did not have any dilutive potential Common Shares. As such, basic and diluted loss per share amounts are the same.

Financial assets

The Company's financial assets comprise cash and cash equivalents, trade receivables, and other non-current 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 classifies its financial assets primarily as 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.

Cash and cash equivalents 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.

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

The Company assesses at each reporting date whether there is any evidence that its trade receivables are impaired. This assessment is done for each customer on an individual basis, taking into account, besides historical credit loss experiences, also current and forward-looking factors specific to the debtors and their respective economic environments.

Financial liabilities

The Company's financial liabilities comprise trade and other payables, other liabilities, and borrowings. All financial 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.

After initial recognition, payables are subsequently measured at amortized cost using the effective interest method. The effective interest method amortization is included in finance costs 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. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

Foreign currency translation

The functional as well as the presentation currency of GastroFix is the euro. Items included in the 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 statement of loss and comprehensive loss.

The Company's foreign operations are principally conducted through its branch offices located in Switzerland, the Netherlands, Austria and Norway, of which Switzerland and Norway have different local currencies. All the branches' underlying transactions are carried out, both from a legal as well as business perspective, as an extension of the Company, and as a result the operations of the subsidiaries also have the euro as functional currency.

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.

(expressed in thousands of US dollars)

New and amended standards and interpretations adopted by the Company

IFRS 1 requires a first-time adopter to comply with each IFRS effective at the end of its first IFRS reporting period. Since the Company is applying IFRS for the first time, the impact of the IFRS conversion including the application of recently issued and/or amended standards and interpretations are explained in section 3 above. For instance, IFRS 9, Financial Instruments, IFRS 15, Revenue from Contracts with Customers and IFRS 16, Leases which became effective recently, have been complied with when preparing the Company's accompanying financial statements.

New standards and interpretations issued not yet effective

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) issued further standards and interpretations that are not yet mandatorily effective for the 2019 financial year.

Amendments to References to the Conceptual Framework in IFRS Standards

On 29th March 2018 the IASBI issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. The amendments are effective for annual periods beginning on or after 1st January 2020.

The Company does not impact any material impact to its financial statements from the application of the above mentioned changes.

5 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.

Impairment of non-financial assets

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.

(expressed in thousands of US dollars)

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

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 compensation

The Company measures the cost of its cash-settled virtual share-based transactions with employees by reference to the fair value of the related instruments at the date at which they are granted as well as each reporting date. Estimating fair value for virtual 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.

6 Revenue from contracts with customers

Disaggregated revenue

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

	2019 €	2018 €
Software revenue	7,157	5,272
Hardware, services and other revenue	2,271	1,888
Total revenue from contracts with customers	9,428	7,160

Performance obligations

The Company discloses its policies for how it identifies, satisfies, and recognizes its performance obligations associated with its contracts with customers in Note 4 "Significant accounting policies" above.

Commission assets

The amount of amortization of commission assets recognized as sales and marketing expense in the year ended December 31, 2019 is €51.

Contract liabilities

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

As of December 31, 2019 and 2018, the Company had deferred revenue of €508 and €407, respectively. The increase in deferred revenue in 2019 is a result of an increase in business volume.

Revenue recognized that was included in the deferred revenue balance at the beginning of the years ended December 31, 2019 and 2018 is €391 and €314 respectively.

7 Direct cost of revenues

The disaggregation of the Company's costs of revenues was as follows:

	2019 €	2018 €
Cost of software revenue	1,075	922
Cost of hardware, services and other revenue	961	1,013
Total direct cost of revenues	2,036	1,935

8 Government grants

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

	2019 €	2018 €
Cost of revenues	53	-
General and administrative	41	-
Research and development	249	-
Sales and marketing	155	-

Government assistance primarily consists of subsidies for personnel expenses related to incremental positions created by the Company on a permanent basis.

9 Employee compensation

The total employee compensation comprising salaries and benefits for 2019 was €7,624 (2018 – €7,224).

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

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

	2019 €	2018 €
Direct cost of revenues	48	30
General and administrative	74	43
Research and development	729	395
Sales and marketing	690	341

10 Loss per share

The Company does not have any potential dilutive securities. Therefore, basic and diluted number of shares is the same for the years ended December 31, 2019, and 2018.

11 Inventories

Inventories expensed during the year ended December 31, 2019 in direct cost of revenues amount to €1,026 (2018 – €916).

12 Accounts receivable

	2019 €	2018 €
Trade	1,440	1,264
Allowance for doubtful accounts	(57)	(40)
Total trade receivables	1,383	1,224

Included in general and administrative expenses is an expense of €129 related to loss allowance for the year ended December 31, 2019 (2018 – €71).

13 Property and equipment

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

2019	**Office fittings €**	**Other fittings €**	**Computer equipment €**	**Total €**
Cost				
As at January 1, 2019	52	56	262	370
Additions	6	23	84	114
As at December 31, 2019	58	79	346	483
Accumulated depreciation				
As at January 1, 2019	13	17	148	178
Additions	9	15	75	99
As at December 31, 2019	22	32	223	277
Net book value as at December 31, 2019	36	47	123	206

2018	**Office fittings €**	**Other fittings €**	**Computer equipment €**	**Total €**
Cost				
As at January 1, 2018	41	49	191	281
Additions	11	7	71	89
As at December 31, 2018	52	56	262	370
Accumulated depreciation				
As at January 1, 2018	5	6	93	104
Additions	8	10	55	73
As at December 31, 2018	14	17	148	178
Net book value as at December 31, 2019	38	39	114	192

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

14 Intangible assets

2019

	Computer software €	Other rights and assets €	Total €
Cost			
As at January 1, 2019	46	22	68
Additions	-	-	-
As at December 31, 2019	46	22	68
Accumulated amortization			
As at January 1, 2019	32	18	50
Additions	3	1	4
As at Decemb er 31, 2019	35	19	54
Net book value as at December 31, 2019	11	3	14

2018

	Computer software €	Other rights and assets €	Total €
Cost			
As at January 1, 2018	30	22	52
Additions	16	-	16
As at December 31, 2018	46	22	68
Accumulated amortization			
As at January 1, 2018	30	17	47
Additions	2	1	3
As at December 31, 2018	32	18	50
Net book value as at December 31, 2018	14	4	18

15 Leases

The Company adopted IFRS 16, and all related amendments, as of its date of transition to IFRS, January 1, 2018, as required by IFRS 1, ensuring the application of uniform accounting principles for the reporting period as well as the comparative period prepared and published for the first time in accordance with IFRSs. The impact of first-time application of IFRS 16 is described in Note 3 "First-time application of International

(expressed in thousands of US dollars)

Financial Reporting Standards (IFRS)" and the major aspects of applying IFRS 16 to the Company's financial statements are described in Note 4 "Significant accounting policies" above.

Below is a reconciliation related to lease commitments as of that date recognized in 2019 and 2018, respectively:

	December 31, 2019 €	December 31, 2018 €
Total lease commitments	755	968
Impact of discounting remaining lease payments	(46)	(80)
Recognition exemption for short-term leases	(1)	(6)
Total lease liabilities	708	883

The weighted average incremental borrowing rate applied to lease liabilities recognized in the consolidated balance sheet at the date of initial application was 5.83%. The interest expense for the twelve-months ended December 31, 2019 and 2018 were €46 and €61, respectively.

The roll-forward of lease right-of-use assets as at December 31, 2019 and 2018 is as follows:

Right-of-use assets

	2019 €	2018 €
Cost		
As at January 1	1,186	1,100
Additions	139	86
At December 31	1,325	1,186
Accumulated depreciation		
As at January 1	349	-
Depreciation charge	317	349
As at December 31	665	349
Cost, net accumulated depreciation		
At January 1	837	1,100
As at December 31	660	837
Offices	503	734
Vehicles	157	103

Expenses relating to short-term leases, including those excluded from the IFRS 16 transition due to the election of the practical expedient, were approximately €1 and €6 for the twelve months ended December 31, 2019 and 2018, respectively.

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

The maturity analysis of lease liabilities as at December 31, 2019 and 2018 are as follows:

	2019 €	2018 €
2019	-	314
2020	322	258
2021	315	262
2022	71	47
Total minimum payments	708	883

16 Other long-term assets

Other long term assets primarily consist of security deposits paid for lease agreements.

17 Accounts payable and accrued liabilities

	2019 €	2018 €
Trade	546	452
Accrued compensation and benefits	380	18
Other	202	443
Total accounts payable and accrued liabilities	1,128	913

18 Borrowings

The Company's borrowings consist of the following secured and unsecured liabilities to financial institutions.

GastroFix GmbH

Notes to Financial Statements

For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

	2019 €	2018 €
Unsecured borrowing at amortised cost		
MBG Loan (9% p.a.)	500	500
Mujinzo Labs Loan (10% p.a.)	498	498
IBB Bank (4,7% p.a.)	130	370
Other	50	50
	1,177	1,418
Secured borrowing at amortised cost		
Bank revolving credit (7,9% p.a.)	190	-
Other	8	9
	198	9
Total borrowings	1,375	1,426
Non-current	1,047	1,047
Current	328	379

Secured bank credit is secured over a global assignment and trade receivables.

19 Share-based compensation

Employee benefits represent liabilities related to the Company's virtual participation contracts with selected employees. The Transaction as explained in Note 26 "Subsequent events" qualifies as an exit event in the context of the Company's virtual shares program. As such, the liability related to the share-based compensation in form of virtual shares has been reclassified as current.

	2019 €	2018 €
Employee benefits		
Current	3,635	-
Non-current	-	2,093
Total employee benefits	3,635	2,093

As explained in Note 4 above, the Company has virtual participation contracts with selected employees. In accordance with the contractual agreement, the virtual holdings establish an employee's cash payment claim for receiving cash compensation upon the occurrence of defined company changes (i.e. "Exit Event").

For IFRS purposes, the virtual share agreements represent a cash-settled share-based transaction with a service condition as vesting condition while the exit event represents a non-vesting condition. As such, a liability is recorded pro rata during the service period, and is remeasured at the end of each reporting period until settled, at the fair value of the virtual stock options by applying an option pricing model, taking into account the terms and conditions on which the virtual stock options were granted; in particular, their characteristic as zero-cost options with a determined exercise price of nil.

Expense recognized for employee services received during the periods ended as of December 31, 2019 and 2018 were €809 and €1,542, accordingly. The Company can issue a total of up to 3.949 virtual shares, of which 2,537 were granted to employees as of December 31, 2019.

The fair values of each virtual share granted during the fiscal years 2019 and 2018 were € 1,56 and €1,02, respectively. The fair value of the Company's shares by the end of 2019 was determined based on the Transaction as explained on Note 28 "Subsequent events". The fair value as of December 31, 2018 was calculated based on a revenue-multiple valuation model. As the fair value of the zero-cost option granted equals the fair value of the underlying company shares (assuming no dividends), further inputs usually used to determine the fair values of stock options were not required.

20 Subscribed capital

The share capital of the Company consisted of Common Shares, Series A Preferred Shares and Series B Preferred Shares.

As of December 31, 2019, the Company has the following issued shares:

- 34.003 Common Shares, €1 par value
- 6.391 Series A Preferred Shares, €1 par value
- 14.681 Series B Preferred Shares, €1 par value

Common shares have a par value of €1. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. They are entitled to one vote per share at general meetings of the Company. During 2019 or 2018, no additional ordinary shares have been issued.

The preferred shareholders have the right to convert the preferred shares anytime into common shares of par value €1 at the then applicable conversion rate. The preferred shares shall be automatically converted into common stock in the event that at least two of the three investors voting together as a single class consent to such conversion or upon the direct or indirect listing and admission to trade of the common shares on certain stock exchanges.

In case of a qualifying liquidity event, each of the preferred shareholders selling its respective shares shall be entitled to the greater of (i) an amount equal to the total price paid by the respective preferred shareholder to obtain preferred shares plus all declared but unpaid dividends less dividends actually paid or (ii) the amount of the exit proceeds to be distributed pro rata among the common and preferred shares on a converted basis.

(expressed in thousands of US dollars)

21 Income taxes

The Company has been in a loss situation since its inception. As such, it does not have any current corporate tax expense or tax liabilities.

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. A valuation allowance has been established as realization of such net deferred tax assets has not met the more likely-than-not threshold requirement. If the Company's judgment changes and it is determined that these net deferred tax assets will be realized, the tax benefits relating to any reversal of the valuation allowance on the net deferred tax assets will be accounted for as a reduction to income tax expense

	2019 €	2018 €
Deferred tax assets		
Employee benefits	1,090	628
Lease liabilities	212	265
Other	-	24
Total deferred tax assets	1,302	917
Deferred tax liabilities		
Commission assets	(136)	(52)
Right of use assets	(198)	(251)
Total deferred tax liabilities	(334)	(303)
Net deferred tax assets	968	614
Valuation allowance	(968)	(614)
Deferred tax assets net of valuation allowance	-	-

As at December 31, 2019, the Company has accumulated net operating loss carryforwards of €15,280 (2018 – €13,475) that are available to reduce future taxable income. Included in this amount is the loss carryforward from the Company's Swiss branch amounting to CHF 1,316 which expires in seven years. The remaining amount relates to operating losses generated in Germany which does not have an expiration date. In line with the above explanation, a valuation allowance has also been recognized against deferred tax assets arising from net operating loss carryforwards since it is deemed that the more likely-than-not probability requirement has not been met as of December 31, 2019.

22 Commitments and contingencies

(expressed in thousands of US dollars)

Except for leases as explained above and fully accounted for on the Company's balance sheet in accordance with IFRS 16, the Company does not have any further major contractual obligations or commitments.

As of December 31, 2019, the Company is not involved in any litigations or claims.

23 Related party transactions

Compensation of the Group's key management personnel includes salaries, non-cash benefits, contributions to a post-employment defined benefit plan. Executive officers also participate in the Company's virtual share agreements program.

Directors of the Company control 13.3% of the voting shares of the Company. None of the management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies. Key management personnel, or their related parties, did not have any other transactions with the Company.

24 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, trade accounts receivable, trade accounts payable, accrued compensation and benefits, and other accruals is considered to be equal to their respective carrying values due to their short-term maturities. The fair value of other long-term liabilities approximates their carrying value as at December 31, 2019 and 2018.

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

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

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 receivables 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 4. 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.

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.

As at December 31, 2019, 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	1,128	-	-	-	1,128
Borrowings	328	1,047	-	-	1,375
Other current liabilities	468	-	-	-	468

As at December 31, 2018, 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	913	-	-	-	913
Borrowings	-	1,047	-	-	1,047
Other current liabilities	347	-	-	-	347

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 Swiss franc (CHF) and the Norwegian krone (NOK):

(expressed in thousands of US dollars)

2019	**CHF**	**NOK**
Cash and cash equivalents	658	3,594
Accounts receivable	295	437
Accounts payable and accrued liabilities	217	781
Net financial position exposure	1,170	4,812

2018	**CHF**	**NOK**
Cash and cash equivalents	691	1,187
Accounts receivable	220	484
Accounts payable and accrued liabilities	78	486
Net financial position exposure	989	2,157

The table below shows the immediate increase/(decrease) on net income before tax of a 1% strengthening in the closing exchange rate of CHF and NOK to which the Company has transaction exposure at December 31, 2019 and 2018. The sensitivity associated with a 1% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

	CHF €	**NOK €**
2019	(11)	(5)
2018	(9)	(2)

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

25 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.

The Company is not subject to any externally imposed capital requirements.

GastroFix GmbH

Notes to Financial Statements
For the years ended March 31, 2019 and 2018

(expressed in thousands of US dollars)

26 Subsequent events

Acquisition

On January 7, 2020, the Lightspeed POS, Inc., a Canada-based technology company (the "Acquirer"), acquired all of the outstanding shares of GastroFix with approximately $60,428 being paid in cash (excluding cash acquired), $6,486 of which was transferred to a holdback account and $4,423 of which was to settle a liability assumed through the acquisition, and the issuance of 1,437,930 Common Shares of the Acquirer, at a value of $30.99 per share, which is based on the quoted price of the Acquirer's Common Shares on the Toronto Stock Exchange on the closing date, subject to a post-closing working capital adjustment. An additional $2,407 in deferred cash consideration along with the issuance of 57,278 Common Shares by the Acquirer, at a value of $30.99 per share, is payable through January 2022 contingent on certain milestones being achieved. An additional $1,604 along with the issuance of 38,186 Common Shares of the Acquirer, at a value of $30.99 per share, is payable to certain key employees of GastroFix through January 2022 contingent on the continued employment of those employees, and will be accounted for as acquisition-related compensation expense by the Acquirer. An additional $10,531 in deferred cash consideration along with the issuance of 250,598 Common Shares of the Acquirer, 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.

Coronavirus outbreak

The outbreak of the new respiratory disease "Covid-19", commonly known as the coronavirus, led to the temporary closure of hotels and restaurants worldwide. The economic impact for GastroFix GmbH cannot be estimated at this time. Overall, the Company generates over 90% of its revenues with small entrepreneurs running hotels and restaurants in Germany, Switzerland and Austria. Lockdowns and restaurant closings can have a negative impact on our business model, as the demand for our services is likely to decrease. We currently see no concrete effects on our subscriber numbers, but new customer business has declined. However, due to the financing options provided by our parent company Lightspeed POS, Inc. and their letter of comfort, the financial situation is secured.

DocuSigned by:
By: ______________________
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Dax Dasilva
Chief Executive Officer
Lightspeed POS Inc.

DocuSigned by:
By: Brandon Nussey
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Brandon Nussey
Chief Financial Officer
Lightspeed POS Inc.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.