

Kinaxis Inc.

Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2024 and 2023

(In thousands of USD)

(Unaudited)

Kinaxis Inc.**Condensed Consolidated Interim Statements of Financial Position**

(Expressed in thousands of USD)

(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 219,374	\$ 174,844
Short-term investments	83,753	118,118
Trade and other receivables (note 3)	134,297	156,609
Prepaid expenses	20,654	14,810
	458,078	464,381
Non-current assets:		
Unbilled receivables (note 3)	3,933	3,155
Other receivables	917	972
Prepaid expenses	1,020	1,130
Investment tax credits recoverable	9,262	8,362
Deferred tax assets	1,260	1,184
Contract acquisition costs (note 4)	29,486	27,438
Property and equipment (note 5)	37,073	40,300
Right-of-use assets (note 6)	49,921	47,109
Intangible assets (note 7)	21,761	23,394
Goodwill (note 8)	73,873	74,556
	228,506	227,600
	\$ 686,584	\$ 691,981
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (note 9)	\$ 39,086	\$ 39,700
Deferred revenue (note 10)	135,382	137,598
Lease obligations (note 11)	6,616	5,805
	181,084	183,103
Non-current liabilities:		
Lease obligations (note 11)	47,147	45,985
Deferred tax liabilities	7,117	8,065
	54,264	54,050
Shareholders' equity:		
Share capital (note 12)	323,260	307,327
Contributed surplus	20,438	44,339
Accumulated other comprehensive income (loss)	(451)	1,360
Retained earnings	107,989	101,802
	451,236	454,828
	\$ 686,584	\$ 691,981

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) John (Ian) Giffen Director(signed) Elizabeth (Betsy) Rafael Director

Kinaxis Inc.**Condensed Consolidated Interim Statements of Comprehensive Income**

(Expressed in thousands of USD, except share and per share data)

(Unaudited)

	Three months ended March 31,	
	2024	2023
Revenue (note 14)	\$ 119,370	\$ 101,130
Cost of revenue	46,440	40,129
Gross profit	72,930	61,001
Operating expenses:		
Selling and marketing	24,927	24,164
Research and development	22,985	19,929
General and administrative	19,249	14,791
	67,161	58,884
	5,769	2,117
Other income (expense):		
Foreign exchange gain	126	265
Net finance and other income	2,901	1,305
Change in fair value of contingent consideration (note 17)	—	(2,194)
	3,027	(624)
Profit before income taxes	8,796	1,493
Income tax expense	2,609	304
Profit	6,187	1,189
Other comprehensive income (loss):		
Items that are or may be reclassified subsequently to profit:		
Foreign currency translation differences - foreign operations	(1,334)	712
Change in net unrealized loss on cash flow hedges	(477)	77
	(1,811)	789
Total comprehensive income	\$ 4,376	\$ 1,978
Basic earnings per share	\$ 0.22	\$ 0.04
Weighted average number of basic Common Shares (note 13)	28,262,317	28,086,983
Diluted earnings per share	\$ 0.21	\$ 0.04
Weighted average number of diluted Common Shares (note 13)	28,953,287	28,941,335

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in thousands of USD)

(Unaudited)

			Accumulated other comprehensive income (loss)						
		Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustments	Total	Retained earnings	Total equity	
Balance, December 31, 2022	\$	244,713	\$ 65,129	\$ —	\$ (156)	\$ (156)	91,742	\$ 401,428	
Profit		—	—	—	—	—	10,060	10,060	
Other comprehensive income		—	—	441	1,075	1,516	—	1,516	
Total comprehensive income		—	—	441	1,075	1,516	10,060	11,576	
Share options exercised		41,545	(9,991)	—	—	—	—	31,554	
Restricted share units vested		10,676	(10,676)	—	—	—	—	—	
Performance share units vested		2,628	(2,628)	—	—	—	—	—	
Share-based payments		—	35,788	—	—	—	—	35,788	
Shares issued for contingent consideration		11,097	—	—	—	—	—	11,097	
Shares repurchased (note 12)		(3,332)	(33,283)	—	—	—	—	(36,615)	
Total shareholder transactions		62,614	(20,790)	—	—	—	—	41,824	
Balance, December 31, 2023	\$	307,327	\$ 44,339	\$ 441	\$ 919	\$ 1,360	101,802	\$ 454,828	
Profit		—	—	—	—	—	6,187	6,187	
Other comprehensive loss		—	—	(477)	(1,334)	(1,811)	—	(1,811)	
Total comprehensive income (loss)		—	—	(477)	(1,334)	(1,811)	6,187	4,376	
Share options exercised		5,408	(1,226)	—	—	—	—	4,182	
Restricted share units vested		6,981	(6,981)	—	—	—	—	—	
Performance share units vested		5,533	(5,533)	—	—	—	—	—	
Share-based payments		—	9,132	—	—	—	—	9,132	
Shares repurchased (note 12)		(1,989)	(19,293)	—	—	—	—	(21,282)	
Total shareholder transactions		15,933	(23,901)	—	—	—	—	(7,968)	
Balance, March 31, 2024	\$	323,260	\$ 20,438	\$ (36)	\$ (415)	\$ (451)	107,989	\$ 451,236	

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.**Condensed Consolidated Interim Statements of Cash Flows**

(Expressed in thousands of USD)

(Unaudited)

	Three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Profit	\$ 6,187	\$ 1,189
Items not affecting cash:		
Depreciation of property and equipment and right-of-use assets (note 15)	5,076	5,475
Amortization of intangible assets (note 15)	1,329	1,412
Share-based payments (note 12)	8,722	8,219
Net finance income	(2,869)	(1,386)
Change in fair value of contingent consideration (note 17)	—	2,194
Income tax expense	2,609	304
Investment tax credits recoverable	(900)	(915)
Change in operating assets and liabilities (note 16)	9,107	22,959
Interest received	4,410	1,261
Interest paid	(382)	(433)
Income taxes paid	(1,278)	(1,374)
	32,011	38,905
Cash flows from (used in) investing activities:		
Purchase of property and equipment and intangible assets (note 5)	(191)	(863)
Purchase of short-term investments	(59,357)	(55,083)
Redemption of short-term investments	92,563	15,006
	33,015	(40,940)
Cash flows from (used in) financing activities:		
Payment of lease obligations (note 11)	(1,740)	(1,819)
Repurchase of shares (note 12)	(21,282)	—
Proceeds from exercise of stock options	4,182	10,511
	(18,840)	8,692
Increase in cash and cash equivalents	46,186	6,657
Cash and cash equivalents, beginning of period	174,844	175,347
Effects of exchange rates on cash and cash equivalents	(1,656)	(438)
Cash and cash equivalents, end of period	\$ 219,374	\$ 181,566

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements For the three months ended March 31, 2024 and 2023

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

1. Corporate information:

Kinaxis Inc. ("Kinaxis" or the "Company") is incorporated under the Canada Business Corporations Act and domiciled in Ontario, Canada. The address of the Company's registered office is 3199 Palladium Drive, Ottawa, Ontario. The condensed consolidated interim financial statements of the Company as at March 31, 2024 and for the three months ended March 31, 2024 and 2023 comprise the Company and its subsidiaries.

Kinaxis is a leading provider of cloud-based subscription software that enables its customers to improve and accelerate analysis and decision-making across their supply chain operations. Kinaxis is a global enterprise with registered offices in the United States, Japan, Hong Kong, The Netherlands, South Korea, United Kingdom, Romania, Mexico, Singapore, France, Ireland, Germany, India, and Canada.

2. Basis of preparation:

(a) Statement of compliance:

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2023.

The unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on May 8, 2024.

(b) Material accounting policies:

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 31, 2023. The accounting policies have been applied consistently to all periods presented.

(c) Use of estimates and judgments:

In preparing these unaudited condensed consolidated interim financial statements, Management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2023.

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

3. Trade and other receivables:

	March 31, 2024	December 31, 2023
Trade accounts receivable	\$ 99,199	\$ 118,084
Unbilled receivables	32,114	34,913
Taxes receivable	370	1,114
Other	3,631	3,539
	135,314	157,650
Loss allowance	(1,017)	(1,041)
	\$ 134,297	\$ 156,609

There were no trade accounts receivable written off in the three months ended March 31, 2024 (year ended December 31, 2023 – \$nil).

The following table presents changes in total unbilled receivables:

	Three months ended March 31, 2024	2023
Balance, beginning of period	\$ 38,050	\$ 37,868
Amounts transferred to trade accounts receivable	(25,218)	(20,051)
Revenue in excess of billings	23,198	15,110
Balance, end of period	\$ 36,030	\$ 32,927

The following table presents current and non-current unbilled receivables, net of loss allowance:

	March 31, 2024	December 31, 2023
Current	\$ 32,097	\$ 34,896
Non-current	3,933	3,154

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

4. Contract acquisition costs:

	Three months ended March 31,	
	2024	2023
Balance, beginning of period	\$ 27,438	\$ 24,892
Additions	4,660	2,797
Amortization	(2,443)	(2,002)
Effects of movements in exchange rates	(169)	77
Balance, end of period	\$ 29,486	\$ 25,764

Amortization of contract acquisition costs is recorded in selling and marketing expense.

5. Property and equipment:

Cost	December 31, 2023	Additions	Effects of exchange rates	March 31, 2024
Land	\$ 18	\$ —	\$ —	\$ 18
Computer equipment	66,065	125	(572)	65,618
Computer software	3,996	—	(13)	3,983
Office furniture and equipment	4,813	5	(17)	4,801
Leasehold improvements	24,005	61	(69)	23,997
Total cost	\$ 98,897	\$ 191	\$ (671)	\$ 98,417

Accumulated depreciation	December 31, 2023	Depreciation	Effects of exchange rates	March 31, 2024
Computer equipment	\$ 47,045	\$ 2,246	\$ (440)	\$ 48,851
Computer software	3,454	122	(11)	3,565
Office furniture and equipment	3,137	349	(13)	3,473
Leasehold improvements	4,961	538	(44)	5,455
Total accumulated depreciation	\$ 58,597	\$ 3,255	\$ (508)	\$ 61,344

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

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5. Property and equipment (continued):

Carrying value	March 31, 2024	December 31, 2023
Land	\$ 18	\$ 18
Computer equipment	16,767	19,020
Computer software	418	542
Office furniture and equipment	1,328	1,676
Leasehold improvements	18,542	19,044
Total property and equipment	\$ 37,073	\$ 40,300

There were no proceeds associated with asset dispositions in either period presented.

6. Right-of-use assets:

	December 31, 2023	Additions	Depreciation	Effects of exchange rates	March 31, 2024
Offices	\$ 44,416	\$ —	\$ (1,010)	\$ (77)	\$ 43,329
Data centres	2,693	4,727	(811)	(17)	6,592
Total right-of-use assets	\$ 47,109	\$ 4,727	\$ (1,821)	\$ (94)	\$ 49,921

7. Intangible assets:

The estimated useful life of customer relationships is three to nine years, the estimated useful life of technology is four to seven years and the estimated life of internally developed software is five years.

	December 31, 2023	Amortization	Effect of exchange rates	March 31, 2024
Customer relationships	\$ 8,128	\$ (365)	\$ (155)	\$ 7,608
Technology	12,592	(789)	(149)	11,654
Internally developed software	2,674	(175)	—	2,499
Total intangible assets	\$ 23,394	\$ (1,329)	\$ (304)	\$ 21,761

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

8. Goodwill:

	Three months ended March 31,	
	2024	2023
Balance, beginning of period	\$ 74,556	\$ 73,314
Effect of foreign exchange	(683)	812
Balance, end of period	\$ 73,873	\$ 74,126

9. Trade payables and accrued liabilities:

	March 31,	December 31,
	2024	2023
Trade accounts payable	\$ 18,095	\$ 11,723
Accrued liabilities	18,324	26,263
Taxes payable	2,667	1,714
	\$ 39,086	\$ 39,700

10. Deferred revenue:

	Three months ended March 31,	
	2024	2023
Balance, beginning of period	\$ 137,598	\$ 133,467
Recognition of deferred revenue	(55,534)	(52,324)
Amounts invoiced and revenue deferred	53,318	43,102
Balance, end of period	\$ 135,382	\$ 124,245

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

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11. Lease obligations:

The Company's leases are for office space and data centres with lease terms ranging from two to twenty years. Certain Company leases contain renewal options of one, two or five years. The Company has included renewal options in the lease term when it is reasonably certain to exercise the renewal option.

	March 31, 2024	December 31, 2023
Current	\$ 6,616	\$ 5,805
Non-current	47,147	45,985
Total lease obligations	\$ 53,763	\$ 51,790

The following table presents the contractual undiscounted cash flows for lease obligations as at March 31, 2024:

Less than one year	\$ 8,326
One to five years	15,337
More than five years	38,780
Total undiscounted lease obligations	\$ 62,443

The following table presents payments for lease obligations:

	Three months ended March 31, 2024	2023
Principal payments	\$ 1,740	\$ 1,819
Interest payments	382	433
Variable lease payments	226	404
Short-term lease payments	125	90
Total cash outflow for leases	\$ 2,473	\$ 2,746

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

12. Share capital:**Authorized**

The Company is authorized to issue an unlimited number of Common Shares.

Issued Common Shares

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Shares	Amount	Shares	Amount
Shares outstanding, beginning of period	28,428,799	\$ 307,327	28,052,629	\$ 244,713
Shares issued from exercised options	59,244	5,408	160,719	13,804
Shares issued from vested RSUs	57,241	6,981	—	—
Shares issued from vested PSUs	36,010	5,533	20,817	2,297
Shares issued as contingent consideration (note 17)	—	—	43,166	5,781
Shares repurchased	(196,188)	(1,989)	—	—
Shares outstanding, end of period	28,385,106	\$ 323,260	28,277,331	\$ 266,595

Stock option plans

The Company has outstanding stock options issued under its 2012 Stock Option Plan. No further options may be granted under the 2012 plan. In June 2017, the Company adopted a new Canadian Resident Stock Option Plan and a new Non-Canadian Resident Stock Option Plan ("the Plans"). Stock options granted under the Plans have an exercise price equal to the stock's TSX price at the date of grant and the maximum term of these options is five years. Options are granted periodically and typically vest over four years.

At March 31, 2024, there were 893,153 stock options available for grant under the Plans.

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

12. Share capital (continued):

The following table presents changes in stock options outstanding:

	Three months ended March 31, 2024		Year ended December 31, 2023	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding, beginning of period	1,193,430	\$ 83.08	1,720,326	\$ 75.53
Granted	2,868	109.94	1,563	116.18
Exercised	(59,244)	69.70	(508,510)	62.06
Forfeited	(7,977)	119.32	(19,949)	130.33
Options outstanding, end of period	1,129,077	\$ 81.66	1,193,430	\$ 83.08
Options exercisable, end of period	901,745	\$ 72.50	833,204	\$ 71.11

The following table presents information about stock options outstanding at March 31, 2024:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$1 to \$30	24,950	1.79	\$ 28.90	24,950	\$ 28.90
\$30 to \$60	408,174	2.06	39.25	408,174	39.25
\$60 to \$90	175,071	0.89	82.05	175,071	82.05
\$90 to \$120	244,248	2.15	100.34	162,775	99.71
\$120 to \$150	194,634	2.85	122.86	71,400	124.16
\$150 to \$180	82,000	1.49	154.55	59,375	154.53
	1,129,077	1.99	\$ 81.66	901,745	\$ 72.50

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

12. Share capital (continued):

The per share weighted-average fair value of stock options granted during the three months ended March 31, 2024 was \$36.78 (year ended December 31, 2023 – \$40.82) on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions:

	Three months ended March 31, 2024	Year ended December 31, 2023
Expected dividend yield	0%	0%
Risk-free interest rate	3.72%	4.21%
Expected life	three to five years	three to five years
Estimated volatility	38%	39%

Share Unit Plan

In June 2022, Kinaxis shareholders voted to approve an amendment to the Company's Share Unit Plan to increase the maximum number of shares reserved for issue by 1,250,000. At March 31, 2024, there were 998,121 share units available for grant under the Share Unit Plan.

The following table presents changes in share units outstanding:

	Three months ended March 31, 2024			Year ended December 31, 2023		
	RSU	PSU	DSU	RSU	PSU	DSU
Units outstanding, beginning of period	273,542	148,311	84,866	180,739	71,378	75,395
Granted	231,981	93,133	10,689	204,048	96,119	9,471
Exercised	(57,241)	(33,815)	—	(89,168)	(13,363)	—
Forfeited	(14,535)	(21,073)	—	(22,077)	(5,823)	—
Units outstanding, end of period	433,747	186,556	95,555	273,542	148,311	84,866

Each restricted share unit (RSU) entitles the participant to receive one Common Share. The RSUs generally vest over time in equal annual tranches over two to three years. The weighted-average grant date fair value of the RSUs granted during the three months ended March 31, 2024 was \$108.02 per unit (year ended December 31, 2023 – \$121.61) using the fair value of a Common Share at time of grant.

Performance share units ("PSU") generally entitle participants to receive up to two Common Shares based on the Company's total shareholder return relative to the total shareholder return of the constituents of either the S&P 400 Midcap IT Index, or the S&P Software & Services Select Industry Index over two or three-year vesting periods. The weighted-average grant date fair value of the PSUs granted during the three months ended March 31, 2024 was \$134.91 per unit (year ended December 31, 2023 – \$195.44). The PSUs were valued using a Monte Carlo pricing model based on the fair value of a Common Share at time of grant and the following assumptions:

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
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12. Share capital (continued):

	Three months ended March 31, 2024	Year ended December 31, 2023
Expected dividend yield	0%	0%
Risk-free interest rate	3.84%	4.07%
Performance measurement period	three years	three years
Estimated volatility	36%	43%
Correlation coefficient to Industry Index	0.35	0.58

Each deferred share unit (“DSU”) entitles the participant to receive one Common Share. The DSUs vest immediately as the participants are entitled to the shares upon termination of their service. The fair value of the DSUs granted during the three months ended March 31, 2024 was \$108.02 per unit (year ended December 31, 2023 – \$121.95) using the fair value of a Common Share at time of grant.

Share-based payments expense

The Company estimates a forfeiture rate, based on an analysis of actual forfeitures, to determine share-based payments expense. The following table presents share-based payments expense:

	Three months ended March 31,	
	2024	2023
Stock options	\$ 943	\$ 2,125
Restricted share units	4,996	3,742
Performance share units	1,628	1,197
Deferred share units	1,155	1,155
	\$ 8,722	\$ 8,219

The following table presents share-based payments expense by function:

	Three months ended March 31,	
	2024	2023
Cost of revenue	\$ 1,386	\$ 1,201
Selling and marketing	1,078	1,864
Research and development	1,928	1,533
General and administrative	4,330	3,621
	\$ 8,722	\$ 8,219

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

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12. Share capital (continued):**Share repurchase**

On November 6, 2023, the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB") allowing the Company to repurchase for cancellation, at its discretion, up to 5% of the "public float" (calculated in accordance with the rules of the TSX) during the twelve-month period commencing November 6, 2023 and ending no later than November 5, 2024. Kinaxis has entered into an automatic share purchase plan ("ASPP") to provide the option to instruct its broker to make purchases under the NCIB during any applicable blackout periods. During the three months ended March 31, 2024, 196,188 Common Shares were repurchased and cancelled at an average price of \$108.48 per share. Subsequent to March 31, 2024, the Company has repurchased an additional 90,685 Common Shares at an average price of \$109.17 per share.

13. Earnings per share:

The following table summarizes the calculation of the weighted average number of basic and diluted common shares:

	Three months ended March 31,	
	2024	2023
Issued Common Shares at beginning of period	28,321,874	28,052,629
Effect of shares issued from exercise of options	15,892	30,653
Effect of shares issued from vesting of restricted share units	15,726	—
Effect of shares issued from vesting of performance share units	4,749	3,701
Effect of shares cancelled from repurchase of shares	(95,924)	—
Weighted average number of basic Common Shares	28,262,317	28,086,983
Effect of share options on issue	373,868	621,593
Effect of share units on issue	317,102	232,759
Weighted average number of diluted Common Shares	28,953,287	28,941,335

For the three months ended March 31, 2024, 311,232 options and 143,955 share units (three months ended March 31, 2023 – 329,122 options and no share units) were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

Kinaxis Inc.**Notes to Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2024 and 2023**

(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

14. Revenue:

The following table presents revenue of the Company:

	Three months ended March 31,	
	2024	2023
SaaS	\$ 73,371	\$ 63,145
Subscription term license	6,741	7,028
Professional services	34,443	26,568
Maintenance and support	4,815	4,389
	\$ 119,370	\$ 101,130

The following table presents revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at March 31, 2024:

	Remainder of 2024	2025	2026 and thereafter	Total
SaaS	\$ 215,728	\$ 215,572	\$ 258,354	\$ 689,654
Maintenance and support	14,792	14,705	12,320	41,817
Subscription term license	2,049	56	—	2,105
	\$ 232,569	\$ 230,333	\$ 270,674	\$ 733,576

15. Depreciation and amortization:

The following table presents depreciation expense of property and equipment and right-of-use assets by function:

	Three months ended March 31,	
	2024	2023
Cost of revenue	\$ 2,572	\$ 2,925
Selling and marketing	3	2
Research and development	442	514
General and administrative	2,059	2,034
	\$ 5,076	\$ 5,475

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(Expressed in thousands of USD, except share and per share amounts)

(Unaudited)

15. Depreciation and amortization (continued):

The following table presents amortization expense of intangible assets by function:

	Three months ended March 31,	
	2024	2023
Cost of revenue	\$ 959	\$ 980
General and administrative	370	432
	\$ 1,329	\$ 1,412

16. Statement of cash flows:

The following table presents changes in operating assets and liabilities:

	Three months ended March 31,	
	2024	2023
Trade and other receivables	\$ 21,281	\$ 44,862
Prepaid expenses	(5,756)	(2,479)
Contract acquisition costs	(2,082)	(795)
Trade payables and accrued liabilities	(2,872)	(8,953)
Deferred revenue	(1,464)	(9,499)
Provisions	—	(177)
	\$ 9,107	\$ 22,959

17. Financial instruments:**(a) Fair value of financial instruments:**

The Company measures the fair value of its financial assets and financial liabilities using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value. The different levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Other techniques for which inputs are based on quoted prices for identical or similar instruments in markets that are not active, quoted prices for similar instruments in active markets, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability;

Level 3: Techniques which use inputs that have a significant effect on the recognized fair value that require the Company to use its own assumptions about market participant assumptions.

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17. Financial instruments (continued):

The carrying amounts of short-term investments, trade and other receivables, unbilled receivables, and trade payables and accrued liabilities are recorded at amortized cost and approximate fair value due to the short-term maturity of these instruments.

The fair value of foreign currency forward contracts was determined based on Level 2 inputs, which included period-end mid-market quotations for each underlying contract as calculated by the financial institution with which the Company has transacted. The quotations are based on bid/ask quotations and represent the discounted future settlement amounts based on current market rates.

As at March 31, 2024 and December 31, 2023, financial instruments measured at fair value in the consolidated interim statements of financial position were as follows:

	March 31, 2024		December 31, 2023	
	Fair value hierarchy	Fair value	Fair value hierarchy	Fair value
Assets:				
Foreign currency forward contracts	Level 2	\$ —	Level 2	\$ 600
Liabilities:				
Foreign currency forward contracts	Level 2	49	Level 2	—

The Company designates foreign currency forward contracts as cash flow hedges when all the requirements in IFRS 9, Financial Instruments are met. The Company's currency pair used for cash flow hedges is US dollar / Canadian dollar. The notional principal of the foreign exchange contracts was \$45,000 CAD as at March 31, 2024 (December 31, 2023 - \$43,500 CAD).

Reconciliation of Level 3 financial instruments

In 2023, we settled a liability for contingent consideration related to the 2022 acquisition of MP Objects B.V. ("MPO"). The purchase price of MPO consisted of cash consideration of \$33,828 and contingent consideration of 86,335 shares of the Company. The contingent consideration was settled in full during 2023 through the issuance of 86,335 shares of the Company at a fair value of \$11,097. In 2023, the fair value of this contingent consideration was determined by applying a discounted cash flow technique on the expected future value of shares to be issued and was recorded as a Level 3 liability as the inputs were not observable and there was no market based activity.

The following table shows a reconciliation from the opening balance to the closing balance for the contingent consideration:

	March 31, 2024		December 31, 2023	
	Contingent Consideration	Other income (expense)	Contingent Consideration	Other income (expense)
Balance, beginning of period	\$ —	\$ —	\$ 9,146	\$ —
Net change in fair value	—	—	1,951	(1,951)
Settlement of contingent consideration	—	—	(11,097)	—
Balance, end of period	\$ —	\$ —	\$ —	\$ —

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17. Financial instruments (continued):**(b) Credit risk:**

The following table presents maximum exposure to credit risk for trade accounts receivable, net of loss allowances, by geographic region:

	March 31, 2024	December 31, 2023
United States	\$ 60,094	\$ 71,842
Europe	30,553	38,129
Asia	4,674	5,639
Canada	2,878	1,451
	<u>\$ 98,199</u>	<u>\$ 117,061</u>

The following table presents aging of trade accounts receivable, net of loss allowances:

	March 31, 2024	December 31, 2023
Current	\$ 73,902	\$ 99,073
Past due:		
0 – 30 days	16,342	8,023
31 – 60 days	3,954	6,079
Greater than 60 days	4,001	3,886
	<u>\$ 98,199</u>	<u>\$ 117,061</u>

At March 31, 2024, no customers individually accounted for greater than 10% of total trade accounts receivable (December 31, 2023 – no customers). For the three months ended March 31, 2024, no customers individually accounted for greater than 10% of revenue (three months ended March 31, 2023 – no customers).

18. Segmented information:

The Company's Chief Executive Officer ("CEO") has been identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company's internal management system at a consolidated level. The Company has determined that it has only one operating segment: the design, development, marketing and sale of supply chain management software and solutions.

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18. Segmented information (continued):**Geographic information**

The following table presents external revenue on a geographic basis:

	Three months ended March 31,	
	2024	2023
United States	\$ 69,545	\$ 58,149
Europe	39,120	29,916
Asia	8,633	10,383
Canada	2,072	2,682
	\$ 119,370	\$ 101,130

The following table presents property and equipment on a geographic basis:

	March 31, 2024	December 31, 2023
Canada	\$ 24,741	\$ 26,459
United States	6,341	7,154
Asia	3,135	3,506
Europe	2,856	3,181
	\$ 37,073	\$ 40,300

The following table presents right-of-use assets on a geographic basis:

	March 31, 2024	December 31, 2023
Canada	\$ 41,628	\$ 38,248
Asia	4,918	5,015
United States	1,783	2,065
Europe	1,592	1,781
	\$ 49,921	\$ 47,109

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18. Segmented information (continued):

The following table presents intangible assets on a geographic basis:

		March 31, 2024	December 31, 2023
Europe	\$	12,873	\$ 13,769
Canada		8,888	9,625
	\$	21,761	\$ 23,394

19. Contingencies and commitments:**(a) Litigation:**

The Company is involved in litigation with a competitor, whereby the competitor has made certain allegations concerning patent infringement. The Company will accrue a liability if the Company determines that it is more likely than not that a present obligation exists that will result in an outflow of resources and the amount of the obligation can be reliably estimated. Significant judgment is required in both the determination of probability and the determination as to whether an amount of an obligation is reliably estimable. The Company has assessed that its defense against these allegations will more likely than not be successful and a present obligation does not exist. At March 31, 2024, the Company has not recorded a liability regarding these allegations.

The Company is required to apply judgment with respect to any potential loss or range of loss in connection with litigation. The outcome of litigation and claims is intrinsically subject to considerable uncertainty.

(b) Commitments:

During 2023, the Company contracted to purchase cloud data services for a minimum purchase commitment of \$22,100 over a five-year term.

The future aggregate operating expenses that the Company has committed to incur at March 31, 2024 are as follows:

Less than one year	\$	5,249
One to five years		90,971
More than five years		8,333
	\$	104,554

20. Subsequent event:

On May 8, 2024, the Company announced it was completing a restructuring initiative to reduce its workforce by approximately 6% across functions and geographical areas. The Company estimates related costs will total between \$5.0 million and \$10.0 million, consisting primarily of termination benefits. \$1.8 million of these costs were recognized in the first quarter for specific roles eliminated during the first phase of this initiative. The initiative is expected to be substantially complete by June 30, 2024.