Kinaxis Inc.

Condensed Consolidated Interim Financial Statements

for the three and six months ended June 30, 2024 and 2023

(In thousands of USD)

(Unaudited)

Kinaxis Inc.
Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of USD)
(Unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 147,155	$ 174,844
Short-term investments	135,176	118,118
Trade and other receivables (note 3)	145,785	156,609
Prepaid expenses	17,623	14,810
	445,739	464,381
Non-current assets:		
Unbilled receivables (note 3)	1,710	3,155
Other receivables	865	972
Prepaid expenses	2,406	1,130
Investment tax credits recoverable	10,371	8,362
Deferred tax assets (note 9)	35,088	1,184
Contract acquisition costs (note 4)	29,784	27,438
Property and equipment (note 5)	35,858	40,300
Right-of-use assets (note 6)	47,930	47,109
Intangible assets (note 7)	20,343	23,394
Goodwill (note 8)	73,613	74,556
	257,968	227,600
	$ 703,707	$ 691,981
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (note 9)	$ 93,537	$ 39,700
Provisions (note 10)	875	—
Deferred revenue (note 11)	133,909	137,598
Lease obligations (note 12)	5,930	5,805
	234,251	183,103
Non-current liabilities:		
Lease obligations (note 12)	45,664	45,985
Deferred tax liabilities	7,677	8,065
	53,341	54,050
Shareholders' equity:		
Share capital (note 13)	294,878	307,327
Contributed surplus	11,128	44,339
Accumulated other comprehensive income (loss)	(1,314)	1,360
Retained earnings	111,423	101,802
	416,115	454,828
	$ 703,707	$ 691,981

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) Robert Courteau 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue (note 15)	$ 118,278	$ 105,772	$ 237,648	$ 206,902
Cost of revenue	48,092	42,102	94,532	82,231
Gross profit	70,186	63,670	143,116	124,671
Operating expenses:				
Selling and marketing	27,341	28,417	52,268	52,581
Research and development	22,221	21,002	45,206	40,931
General and administrative	18,263	14,777	37,512	29,568
	67,825	64,196	134,986	123,080
	2,361	(526)	8,130	1,591
Other income (expense):				
Foreign exchange gain (loss)	40	(2,374)	166	(2,109)
Net finance and other income	3,115	1,819	6,016	3,124
Change in fair value of contingent consideration (note 18)	—	(462)	—	(2,656)
	3,155	(1,017)	6,182	(1,641)
Profit (loss) before income taxes	5,516	(1,543)	14,312	(50)
Income tax expense	2,082	997	4,691	1,301
Profit (loss)	3,434	(2,540)	9,621	(1,351)
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit (loss):				
Foreign currency translation differences - foreign operations	(621)	(423)	(1,956)	289
Change in valuation of cash flow hedges	(241)	154	(718)	231
	(862)	(269)	(2,674)	520
Total comprehensive income (loss)	$ 2,572	$ (2,809)	$ 6,947	$ (831)
Basic earnings (loss) per share	$ 0.12	$ (0.09)	$ 0.34	$ (0.05)
Weighted average number of basic Common Shares (note 14)	28,187,236	28,318,956	28,232,707	28,181,727
Diluted earnings (loss) per share	$ 0.12	$ (0.09)	$ 0.33	$ (0.05)
Weighted average number of diluted Common Shares (note 14)	28,787,603	28,318,956	28,875,785	28,181,727

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)

	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)			Retained earnings	Total equity
			Cash flow hedges	Currency translation adjustments	Total		
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 13)	(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	—	—	—	—	—	9,621	9,621
Other comprehensive loss	—	—	(718)	(1,956)	(2,674)	—	(2,674)
Total comprehensive income (loss)	—	—	(718)	(1,956)	(2,674)	9,621	6,947
Share options exercised	14,824	(3,516)	—	—	—	—	11,308
Restricted share units vested	7,387	(7,387)	—	—	—	—	—
Deferred share units vested	1,396	(1,396)	—	—	—	—	—
Performance share units vested	5,533	(5,533)	—	—	—	—	—
Share-based payments	—	16,616	—	—	—	—	16,616
Shares repurchased (note 13)	(25,412)	(31,995)	—	—	—	—	(57,407)
Obligation related to share repurchases (note 13)	(16,177)	—	—	—	—	—	(16,177)
Total shareholder transactions	(12,449)	(33,211)	—	—	—	—	(45,660)
Balance, June 30, 2024	$ 294,878	$ 11,128	$ (277)	$ (1,037)	$ (1,314)	$ 111,423	$ 416,115

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Profit (loss)	$ 3,434	$ (2,540)	$ 9,621	$ (1,351)
Items not affecting cash:				
Depreciation of property and equipment and right-of-use assets (note 16)	4,942	5,186	10,018	10,661
Amortization of intangible assets (note 16)	1,326	1,331	2,655	2,743
Share-based payments (note 13)	7,702	9,155	16,424	17,374
Net finance income	(3,062)	(1,763)	(5,931)	(3,149)
Change in fair value of contingent consideration (note 18)	—	462	—	2,656
Income tax expense	2,082	997	4,691	1,301
Investment tax credits recoverable	(1,109)	(494)	(2,009)	(1,409)
Change in operating assets and liabilities (note 17)	(2,904)	1,587	6,203	24,546
Interest received	3,778	1,934	8,188	3,195
Interest paid	(459)	(415)	(841)	(848)
Income taxes paid	(2,590)	(1,497)	(3,868)	(2,871)
	13,140	13,943	45,151	52,848
Cash flows from (used in) investing activities:				
Purchase of property and equipment and intangible assets (note 5)	(1,893)	(769)	(2,084)	(1,632)
Purchase of short-term investments	(157,512)	(45,588)	(216,869)	(100,671)
Redemption of short-term investments	105,832	45,154	198,395	60,160
	(53,573)	(1,203)	(20,558)	(42,143)
Cash flows from (used in) financing activities:				
Payment of lease obligations (note 12)	(1,786)	(1,737)	(3,526)	(3,556)
Repurchase of shares (note 13)	(36,125)	—	(57,407)	—
Proceeds from exercise of stock options	7,126	9,133	11,308	19,644
	(30,785)	7,396	(49,625)	16,088
Increase (decrease) in cash and cash equivalents	(71,218)	20,136	(25,032)	26,793
Cash and cash equivalents, beginning of period	219,374	181,566	174,844	175,347
Effects of exchange rates on cash and cash equivalents	(1,001)	(94)	(2,657)	(532)
Cash and cash equivalents, end of period	$ 147,155	$ 201,608	$ 147,155	$ 201,608

See accompanying notes to condensed consolidated interim financial statements.

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 June 30, 2024 and for the three and six months ended June 30, 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 July 31, 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.

3. Trade and other receivables:

		June 30, 2024		December 31, 2023
Trade accounts receivable	$	105,020	$	118,084
Unbilled receivables		36,747		34,913
Taxes receivable		984		1,114
Other		4,017		3,539
		146,768		157,650
Loss allowance		(983)		(1,041)
	$	145,785	$	156,609

There were no trade accounts receivable written off in the three and six months ended June 30, 2024 (year ended December 31, 2023 – $nil).

The following table presents changes in total unbilled receivables:

		Six months ended June 30, 2024		2023
Balance, beginning of period	$	38,050	$	37,868
Amounts transferred to trade accounts receivable		(28,073)		(24,098)
Revenue in excess of billings		28,480		27,568
Balance, end of period	$	38,457	$	41,338

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

		June 30, 2024		December 31, 2023
Current	$	36,747	$	34,896
Non-current		1,710		3,154

4. Contract acquisition costs:

	Six months ended June 30,	
	2024	2023
Balance, beginning of period	$ 27,438	$ 24,892
Additions	7,536	5,587
Amortization	(4,960)	(4,239)
Effects of movements in exchange rates	(230)	43
Balance, end of period	$ 29,784	$ 26,283

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

5. Property and equipment:

Cost	December 31, 2023	Additions	Dispositions	Effects of exchange rates	June 30, 2024
Land	$ 18	$ —	$ —	$ —	$ 18
Computer equipment	66,065	2,007	(548)	(959)	66,565
Computer software	3,996	—	(73)	(20)	3,903
Office furniture and equipment	4,813	16	(565)	(29)	4,235
Leasehold improvements	24,005	61	(224)	(118)	23,724
Total cost	$ 98,897	$ 2,084	$ (1,410)	$ (1,126)	$ 98,445

Accumulated depreciation	December 31, 2023	Depreciation	Dispositions	Effects of exchange rates	June 30, 2024
Computer equipment	$ 47,045	$ 4,287	$ (548)	$ (766)	$ 50,018
Computer software	3,454	236	(73)	(19)	3,598
Office furniture and equipment	3,137	695	(565)	(18)	3,249
Leasehold improvements	4,961	1,052	(224)	(67)	5,722
Total accumulated depreciation	$ 58,597	$ 6,270	$ (1,410)	$ (870)	$ 62,587

5. Property and equipment (continued):

Carrying value	June 30, 2024	December 31, 2023
Land	$ 18	$ 18
Computer equipment	16,547	19,020
Computer software	305	542
Office furniture and equipment	986	1,676
Leasehold improvements	18,002	19,044
Total property and equipment	$ 35,858	$ 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	June 30, 2024
Offices	$ 44,416	$ —	$ (2,009)	$ (116)	$ 42,291
Data centres	2,693	4,796	(1,739)	(111)	5,639
Total right-of-use assets	$ 47,109	$ 4,796	$ (3,748)	$ (227)	$ 47,930

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 useful life of internally developed software is five years.

	December 31, 2023	Amortization	Effect of exchange rates	June 30, 2024
Customer relationships	$ 8,128	$ (733)	$ (204)	$ 7,191
Technology	12,592	(1,572)	(192)	10,828
Internally developed software	2,674	(350)	—	2,324
Total intangible assets	$ 23,394	$ (2,655)	$ (396)	$ 20,343

8. Goodwill:

	Six months ended June 30,	
	2024	2023
Balance, beginning of period	$ 74,556	$ 73,314
Effect of foreign exchange	(943)	706
Balance, end of period	$ 73,613	$ 74,020

9. Trade payables and accrued liabilities:

	June 30, 2024	December 31, 2023
Trade accounts payable	$ 16,504	$ 11,723
Accrued liabilities (note 13)	40,201	26,263
Taxes payable	36,832	1,714
	$ 93,537	$ 39,700

During the three months ended June 30, 2024, the Company strategically transferred certain regional market rights within the corporate group to focus on its international growth. The transfer of assets resulted in a one-time capital gain, a current tax payable, and a deferred tax asset of $33,900. The ownership of the Company's current developed technology remains unchanged.

10. Provisions:

During the quarter, the Company announced it was completing a restructuring initiative to reduce its workforce by approximately 6% across functions and geographical areas. For the three and six months ended June 30, 2024, the Company has recognized $5,546 and $7,298, respectively, as part of this initiative. The provision of $875 as at June 30, 2024, represents management’s best estimate of the economic benefits required to settle the associated obligations. All amounts are expected to be paid out before the end of the third quarter.

11. Deferred revenue:

	Six months ended June 30,	
	2024	2023
Balance, beginning of period	$ 137,598	$ 133,467
Recognition of deferred revenue	(93,051)	(91,406)
Amounts invoiced and revenue deferred	89,362	78,200
Balance, end of period	$ 133,909	$ 120,261

12. 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.

	June 30, 2024	December 31, 2023
Current	$ 5,930	$ 5,805
Non-current	45,664	45,985
Total lease obligations	$ 51,594	$ 51,790

The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2024:

Less than one year	$ 7,546
One to five years	15,107
More than five years	37,475
Total undiscounted lease obligations	$ 60,128

The following table presents payments for lease obligations:

	Six months ended June 30, 2024	2023
Principal payments	$ 3,526	$ 3,556
Interest payments	841	848
Variable lease payments	898	847
Short-term lease payments	209	202
Total cash outflow for leases	$ 5,474	$ 5,453

13. Share capital:

Authorized

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

Issued Common Shares

	Six months ended June 30, 2024		Six months ended June 30, 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	201,275	14,824	291,571	25,706
Shares issued from vested RSUs	60,501	7,387	—	—
Shares issued from vested DSUs	21,760	1,396	—	—
Shares issued from vested PSUs	36,010	5,533	20,817	2,297
Shares issued as contingent consideration (note 18)	—	—	43,166	5,781
Shares repurchased	(529,056)	(25,412)	—	—
Obligation related to share repurchases	—	(16,177)	—	—
Shares outstanding, end of period	28,219,289	$ 294,878	28,408,183	$ 278,497

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 June 30, 2024, there were 920,028 stock options available for grant under the Plans.

13. Share capital (continued):

The following table presents changes in stock options outstanding:

	Six months ended June 30, 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	(201,275)	56.18	(508,510)	62.06
Forfeited	(55,843)	134.20	(19,949)	130.33
Options outstanding, end of period	939,180	$ 82.64	1,193,430	$ 83.08
Options exercisable, end of period	762,714	$ 74.98	833,204	$ 71.11

The following table presents information about stock options outstanding at June 30, 2024:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$1 to $30	24,950	1.54	$ 28.61	24,950	$ 28.61
$30 to $60	309,634	1.89	40.44	309,634	40.44
$60 to $90	150,352	0.66	81.73	150,352	81.73
$90 to $120	223,601	1.90	99.36	154,753	98.80
$120 to $150	173,643	2.54	121.79	82,400	123.27
$150 to $180	57,000	1.30	153.04	40,625	153.01
	939,180	1.77	$ 82.64	762,714	$ 74.98

13. Share capital (continued):

The per share weighted-average fair value of stock options granted during the six months ended June 30, 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:

	Six months ended June 30, 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 June 30, 2024, there were 1,011,877 share units available for grant under the Share Unit Plan.

The following table presents changes in share units outstanding:

	Six months ended June 30, 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	235,124	93,133	10,689	204,048	96,119	9,471
Exercised	(60,501)	(33,815)	(21,760)	(89,168)	(13,363)	—
Forfeited	(38,045)	(24,611)	—	(22,077)	(5,823)	—
Units outstanding, end of period	410,120	183,018	73,795	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 six months ended June 30, 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 six months ended June 30, 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:

13. Share capital (continued):

	Six months ended June 30, 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 six months ended June 30, 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Stock options	$ 178	$ 1,742	$ 1,121	$ 3,867
Restricted share units	5,191	5,663	10,187	9,405
Performance share units	2,333	1,750	3,961	2,947
Deferred share units	—	—	1,155	1,155
	$ 7,702	$ 9,155	$ 16,424	$ 17,374

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of revenue	$ 1,536	$ 1,628	$ 2,922	$ 2,829
Selling and marketing	1,310	2,294	2,388	4,158
Research and development	1,274	1,956	3,202	3,489
General and administrative	3,582	3,277	7,912	6,898
	$ 7,702	$ 9,155	$ 16,424	$ 17,374

13. 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 six months ended June 30, 2024, 529,056 Common Shares were repurchased and cancelled at an average price of $108.51 per share. As at June 30, 2024, an obligation for the repurchase of shares of $16,177 (December 31, 2023 – $nil) was recognized as an accrued liability, as instructions were provided to the Company's broker to continue making purchases during the current blackout period in accordance with the ASPP.

14. Earnings per share:

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Issued Common Shares at beginning of period	28,262,318	28,277,331	28,321,874	28,052,629
Effect of shares issued from exercise of options	54,530	41,625	64,833	116,792
Effect of shares issued from vesting of restricted share units	—	—	20,379	—
Effect of shares issued from vesting of deferred share units	4,782	—	2,391	—
Effect of shares issued from vesting of performance share units	1,170	—	37,068	12,306
Effect of shares cancelled from repurchase of shares	(135,564)	—	(213,838)	—
Weighted average number of basic Common Shares	28,187,236	28,318,956	28,232,707	28,181,727
Effect of share options on issue	322,241	—	341,275	—
Effect of share units on issue	278,126	—	301,803	—
Weighted average number of diluted Common Shares	28,787,603	28,318,956	28,875,785	28,181,727

For the three and six months ended June 30, 2024, 261,546 options and 140,417 share units (three and six months ended June 30, 2023 – all options and all share units) were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

15. Revenue:

The following table presents revenue of the Company:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
SaaS	$ 75,395	$ 64,104	$ 148,766	$ 127,249
Subscription term license	1,368	7,086	8,109	14,114
Professional services	36,495	29,991	70,938	56,559
Maintenance and support	5,020	4,591	9,835	8,980
	$ 118,278	$ 105,772	$ 237,648	$ 206,902

The following table presents revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at June 30, 2024:

	Remainder of 2024	2025	2026 and thereafter	Total
SaaS	$ 151,847	$ 235,742	$ 317,328	$ 704,917
Maintenance and support	10,081	15,302	16,363	41,746
Subscription term license	1,600	88	69	1,757
	$ 163,528	$ 251,132	$ 333,760	$ 748,420

16. Depreciation and amortization:

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of revenue	$ 2,422	$ 2,704	$ 4,994	$ 5,629
Selling and marketing	4	2	7	4
Research and development	460	454	902	968
General and administrative	2,056	2,026	4,115	4,060
	$ 4,942	$ 5,186	$ 10,018	$ 10,661

16. Depreciation and amortization (continued):

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of revenue	$ 957	$ 960	$ 1,916	$ 1,940
General and administrative	369	371	739	803
	$ 1,326	$ 1,331	$ 2,655	$ 2,743

17. Statement of cash flows:

The following table presents changes in operating assets and liabilities:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Trade and other receivables	$ (9,842)	$ (3,343)	$ 11,439	$ 41,519
Prepaid expenses	1,627	1,750	(4,129)	(729)
Contract acquisition costs	(396)	(548)	(2,478)	(1,343)
Trade payables and accrued liabilities	5,235	6,883	2,363	(2,070)
Deferred revenue	(403)	(3,036)	(1,867)	(12,535)
Provisions	875	(119)	875	(296)
	$ (2,904)	$ 1,587	$ 6,203	$ 24,546

18. 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.

18. 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 June 30, 2024 and December 31, 2023, financial instruments measured at fair value in the consolidated interim statements of financial position were as follows:

	June 30, 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	376	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 $46,500 CAD as at June 30, 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:

	June 30, 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	$ —	$ —	$ —	$ —

18. 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:

		June 30, 2024		December 31, 2023
United States	$	62,895	$	71,842
Europe		32,933		38,129
Asia		6,777		5,639
Canada		1,432		1,451
	$	104,037	$	117,061

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

		June 30, 2024		December 31, 2023
Current	$	79,745	$	99,073
Past due:				
0 – 30 days		18,861		8,023
31 – 60 days		4,319		6,079
Greater than 60 days		1,112		3,886
	$	104,037	$	117,061

At June 30, 2024, no customers individually accounted for greater than 10% of total trade accounts receivable (December 31, 2023 – no customers). For the six months ended June 30, 2024, no customers individually accounted for greater than 10% of revenue (six months ended June 30, 2023 – no customers).

19. 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.

19. Segmented information (continued):

Geographic information

The following table presents external revenue on a geographic basis:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
United States	$ 68,985	$ 63,562	$ 138,530	$ 121,711
Europe	37,670	30,713	76,790	60,629
Asia	9,890	9,553	18,523	19,936
Canada	1,733	1,944	3,805	4,626
	$ 118,278	$ 105,772	$ 237,648	$ 206,902

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

	June 30, 2024	December 31, 2023
Canada	$ 24,159	$ 26,459
United States	6,101	7,154
Asia	2,803	3,506
Europe	2,795	3,181
	$ 35,858	$ 40,300

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

	June 30, 2024	December 31, 2023
Canada	$ 40,508	$ 38,248
Asia	4,492	5,015
United States	1,497	2,065
Europe	1,433	1,781
	$ 47,930	$ 47,109

19. Segmented information (continued):

The following table presents intangible assets on a geographic basis:

	June 30, 2024	December 31, 2023
Europe	$ 12,196	$ 13,769
Canada	8,147	9,625
	$ 20,343	$ 23,394

20. 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 June 30, 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 the current and prior periods, the Company has signed partnership agreements that enhance the Company's go-to-market capabilities, professional services capacity, and cloud data services. These agreements include minimum purchase commitments ranging from three to five years, with a total value of $36,400.

The future aggregate operating expenses that the Company has committed to incur at June 30, 2024 are as follows:

Less than one year	$ 12,211
One to five years	96,023
More than five years	3,333
	$ 111,567