Kinaxis Inc.

Condensed Consolidated Interim Financial Statements

for the three and nine months ended September 30, 2024 and 2023

(In thousands of USD)

(Unaudited)

Kinaxis Inc.
Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of USD)
(Unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 183,228	$ 174,844
Short-term investments	111,402	118,118
Trade and other receivables (note 3)	137,485	156,609
Prepaid expenses	19,355	14,810
	451,470	464,381
Non-current assets:		
Unbilled receivables (note 3)	1,121	3,155
Other receivables	925	972
Prepaid expenses	2,128	1,130
Investment tax credits recoverable	11,271	8,362
Deferred tax assets (note 9)	35,092	1,184
Contract acquisition costs (note 4)	30,186	27,438
Property and equipment (note 5)	33,342	40,300
Right-of-use assets (note 6)	46,055	47,109
Intangible assets (note 7)	19,535	23,394
Goodwill (note 8)	74,997	74,556
	254,652	227,600
	$ 706,122	$ 691,981
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (note 9)	$ 107,149	$ 39,700
Provisions (note 10)	605	—
Deferred revenue (note 11)	126,382	137,598
Lease obligations (note 12)	5,305	5,805
	239,441	183,103
Non-current liabilities:		
Lease obligations (note 12)	45,016	45,985
Deferred tax liabilities	6,362	8,065
	51,378	54,050
Shareholders' equity:		
Share capital (note 13)	283,605	307,327
Contributed surplus	11,322	44,339
Accumulated other comprehensive income	2,202	1,360
Retained earnings	118,174	101,802
	415,303	454,828
	$ 706,122	$ 691,981

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) Angel Mendez 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue (note 15)	$ 121,528	$ 108,079	$ 359,176	$ 314,981
Cost of revenue	45,163	42,743	139,695	124,974
Gross profit	76,365	65,336	219,481	190,007
Operating expenses:				
Selling and marketing	22,639	23,532	74,907	76,113
Research and development	21,137	20,111	66,343	61,042
General and administrative	24,977	14,098	62,489	43,666
	68,753	57,741	203,739	180,821
	7,612	7,595	15,742	9,186
Other income:				
Foreign exchange gain (loss)	(411)	76	(245)	(2,033)
Net finance and other income	2,887	2,598	8,903	5,722
Change in fair value of contingent consideration (note 18)	—	705	—	(1,951)
	2,476	3,379	8,658	1,738
Profit before income taxes	10,088	10,974	24,400	10,924
Income tax expense	3,337	3,584	8,028	4,885
Profit	6,751	7,390	16,372	6,039
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit (loss):				
Foreign currency translation differences - foreign operations	3,053	(1,757)	1,097	(1,468)
Change in valuation of cash flow hedges	463	(594)	(255)	(364)
	3,516	(2,351)	842	(1,832)
Total comprehensive income	$ 10,267	$ 5,039	$ 17,214	$ 4,207
Basic earnings per share	$ 0.24	$ 0.26	$ 0.58	$ 0.21
Weighted average number of basic Common Shares (note 14)	28,226,878	28,428,856	28,286,208	28,250,462
Diluted earnings per share	$ 0.23	$ 0.25	$ 0.57	$ 0.21
Weighted average number of diluted Common Shares (note 14)	28,812,999	29,240,154	28,946,558	29,119,827

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 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	—	—	—	—	—	16,372	16,372
Other comprehensive income (loss)	—	—	(255)	1,097	842	—	842
Total comprehensive income (loss)	—	—	(255)	1,097	842	16,372	17,214
Share options exercised	17,777	(4,193)	—	—	—	—	13,584
Restricted share units vested	11,841	(11,841)	—	—	—	—	—
Deferred share units vested	1,396	(1,396)	—	—	—	—	—
Performance share units vested	5,533	(5,533)	—	—	—	—	—
Share-based payments	—	29,739	—	—	—	—	29,739
Shares repurchased (note 13)	(38,489)	(39,793)	—	—	—	—	(78,282)
Obligation related to share repurchases (note 13)	(21,780)	—	—	—	—	—	(21,780)
Total shareholder transactions	(23,722)	(33,017)	—	—	—	—	(56,739)
Balance, September 30, 2024	$ 283,605	$ 11,322	$ 186	$ 2,016	$ 2,202	$ 118,174	$ 415,303

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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows from (used in) operating activities:				
Profit	$ 6,751	$ 7,390	$ 16,372	$ 6,039
Items not affecting cash:				
Depreciation of property and equipment and right-of-use assets (note 16)	4,870	5,126	14,888	15,787
Amortization of intangible assets (note 16)	1,339	1,330	3,994	4,073
Share-based payments expense (note 13)	12,929	8,745	29,353	26,119
Net finance income	(2,820)	(2,593)	(8,751)	(5,742)
Change in fair value of contingent consideration (note 18)	—	(705)	—	1,951
Income tax expense	3,337	3,584	8,028	4,885
Investment tax credits recoverable	(900)	(825)	(2,909)	(2,234)
Change in operating assets and liabilities (note 17)	3,511	(23,810)	9,714	736
Interest received	2,199	2,150	10,387	5,345
Interest paid	(436)	(399)	(1,277)	(1,247)
Income taxes paid	(835)	(1,453)	(4,703)	(4,324)
	29,945	(1,460)	75,096	51,388
Cash flows from (used in) investing activities:				
Purchase of property and equipment and intangible assets (note 5)	(163)	(378)	(2,247)	(2,010)
Purchase of short-term investments	(21,891)	(72,053)	(238,760)	(172,724)
Redemption of short-term investments	46,722	35,005	245,117	95,165
	24,668	(37,426)	4,110	(79,569)
Cash flows from (used in) financing activities:				
Payment of lease obligations (note 12)	(1,834)	(1,689)	(5,360)	(5,245)
Repurchase of shares (note 13)	(20,875)	—	(78,282)	—
Proceeds from exercise of stock options	2,276	1,071	13,584	20,715
	(20,433)	(618)	(70,058)	15,470
Increase (decrease) in cash and cash equivalents	34,180	(39,504)	9,148	(12,711)
Cash and cash equivalents, beginning of period	147,155	201,608	174,844	175,347
Effects of exchange rates on cash and cash equivalents	1,893	(1,801)	(764)	(2,333)
Cash and cash equivalents, end of period	$ 183,228	$ 160,303	$ 183,228	$ 160,303

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 September 30, 2024 and for the three and nine months ended September 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 October 30, 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:

	September 30, 2024	December 31, 2023
Trade accounts receivable	$ 100,591	$ 118,084
Unbilled receivables	32,330	34,913
Taxes receivable	667	1,114
Other	4,497	3,539
	138,085	157,650
Loss allowance	(600)	(1,041)
	$ 137,485	$ 156,609

During the three and nine months ended September 30, 2024, trade accounts receivable of $758 were written off as uncollectible (year ended December 31, 2023 – $nil).

The following table presents changes in total unbilled receivables:

	Nine months ended September 30,	
	2024	2023
Balance, beginning of period	$ 38,050	$ 37,868
Amounts transferred to trade accounts receivable	(23,663)	(27,889)
Revenue in excess of billings	19,064	31,817
Balance, end of period	$ 33,451	$ 41,796

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

	September 30, 2024	December 31, 2023
Current	$ 32,330	$ 34,896
Non-current	1,121	3,154

4. Contract acquisition costs:

	Nine months ended September 30,	
	2024	2023
Balance, beginning of period	$ 27,438	$ 24,892
Additions	10,201	9,245
Amortization	(7,581)	(6,524)
Effects of movements in exchange rates	128	(113)
Balance, end of period	$ 30,186	$ 27,500

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	September 30, 2024
Land	$ 18	$ —	$ —	$ —	$ 18
Computer equipment	66,065	2,150	(548)	62	67,729
Computer software	3,996	17	(73)	(2)	3,938
Office furniture and equipment	4,813	16	(576)	(6)	4,247
Leasehold improvements	24,005	64	(246)	(30)	23,793
Total cost	$ 98,897	$ 2,247	$ (1,443)	$ 24	$ 99,725

Accumulated depreciation	December 31, 2023	Depreciation	Dispositions	Effects of exchange rates	September 30, 2024
Computer equipment	$ 47,045	$ 6,194	$ (548)	$ 72	$ 52,763
Computer software	3,454	339	(73)	—	3,720
Office furniture and equipment	3,137	1,049	(576)	(2)	3,608
Leasehold improvements	4,961	1,585	(246)	(8)	6,292
Total accumulated depreciation	$ 58,597	$ 9,167	$ (1,443)	$ 62	$ 66,383

5. Property and equipment (continued):

Carrying value	September 30, 2024	December 31, 2023
Land	$ 18	$ 18
Computer equipment	14,966	19,020
Computer software	218	542
Office furniture and equipment	639	1,676
Leasehold improvements	17,501	19,044
Total property and equipment	$ 33,342	$ 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	September 30, 2024
Offices	$ 44,416	$ —	$ (3,019)	$ (40)	$ 41,357
Data centres	2,693	4,796	(2,702)	(89)	4,698
Total right-of-use assets	$ 47,109	$ 4,796	$ (5,721)	$ (129)	$ 46,055

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	September 30, 2024
Customer relationships	$ 8,128	$ (1,110)	$ 70	$ 7,088
Technology	12,592	(2,361)	65	10,296
Internally developed software	2,674	(523)	—	2,151
Total intangible assets	$ 23,394	$ (3,994)	$ 135	$ 19,535

8. Goodwill:

	Nine months ended September 30,	
	2024	2023
Balance, beginning of period	$ 74,556	$ 73,314
Effect of foreign exchange	441	(55)
Balance, end of period	$ 74,997	$ 73,259

9. Trade payables and accrued liabilities:

	September 30, 2024	December 31, 2023
Trade accounts payable	$ 20,814	$ 11,723
Accrued liabilities (note 13)	45,459	26,263
Taxes payable	40,876	1,714
	$ 107,149	$ 39,700

During the nine months ended September 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 $33,920. The ownership of the Company's current developed technology remains unchanged.

10. Provisions:

During the nine months ended September 30, 2024, 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 nine months ended September 30, 2024, the Company has recognized $22 and $7,320, respectively, as part of this initiative. The provision of $605 as at September 30, 2024, represents management's best estimate of the economic benefits required to settle the remaining obligations. All amounts are expected to be settled within a year.

	Nine months ended September 30, 2024
Balance, beginning of period	$ —
Additions	7,587
Provisions used during the period	(6,730)
Provisions reversed during the period	(267)
Effect of foreign exchange	15
Balance, end of period	$ 605

11. Deferred revenue:

	Nine months ended September 30,	
	2024	2023
Balance, beginning of period	$ 137,598	$ 133,467
Recognition of deferred revenue	(118,503)	(116,172)
Amounts invoiced and revenue deferred	107,287	82,893
Balance, end of period	$ 126,382	$ 100,188

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.

	September 30, 2024	December 31, 2023
Current	$ 5,305	$ 5,805
Non-current	45,016	45,985
Total lease obligations	$ 50,321	$ 51,790

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

Less than one year	$ 6,863
One to five years	15,140
More than five years	36,956
Total undiscounted lease obligations	$ 58,959

The following table presents payments for lease obligations:

	Nine months ended September 30,	
	2024	2023
Principal payments	$ 5,360	$ 5,245
Interest payments	1,277	1,247
Variable lease payments	1,319	1,276
Short-term lease payments	283	401
Total cash outflow for leases	$ 8,239	$ 8,169

13. Share capital:

Authorized

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

Issued Common Shares

	Nine months ended September 30, 2024		Nine months ended September 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	229,826	17,777	306,561	27,114
Shares issued from vested RSUs	96,249	11,841	29,368	3,709
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)	—	—	86,335	11,097
Shares repurchased	(724,298)	(38,489)	—	—
Obligation related to share repurchases	—	(21,780)	—	—
Shares outstanding, end of period	28,088,346	$ 283,605	28,495,710	$ 288,930

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 September 30, 2024, there were 917,109 stock options available for grant under the Plans.

13. Share capital (continued):

The following table presents changes in stock options outstanding:

	Nine months ended September 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	11,489	106.71	1,563	116.18
Exercised	(229,826)	59.17	(508,510)	62.06
Forfeited	(101,427)	130.79	(19,949)	130.33
Options outstanding, end of period	873,666	$ 81.64	1,193,430	$ 83.08
Options exercisable, end of period	753,070	$ 76.96	833,204	$ 71.11

The following table presents information about stock options outstanding at September 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	1.29	$ 28.95	24,950	$ 28.95
$30 to $60	305,634	1.65	40.72	305,634	40.72
$60 to $90	128,990	0.41	82.75	128,990	82.75
$90 to $120	227,034	1.78	100.86	150,986	100.03
$120 to $150	140,058	2.14	123.57	99,760	124.25
$150 to $180	47,000	1.09	154.84	42,750	154.78
	873,666	1.54	$ 81.64	753,070	$ 76.96

13. Share capital (continued):

The per share weighted-average fair value of stock options granted during the nine months ended September 30, 2024 was $34.30 (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:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Expected dividend yield	0%	0%
Risk-free interest rate	3.28%	4.21%
Expected life	three to five years	three to five years
Estimated volatility	36%	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 September 30, 2024, there were 936,940 share units available for grant under the Share Unit Plan.

The following table presents changes in share units outstanding:

	Nine months ended September 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	324,019	93,133	10,689	204,048	96,119	9,471
Exercised	(96,249)	(33,815)	(21,760)	(89,168)	(13,363)	—
Forfeited	(52,003)	(24,611)	—	(22,077)	(5,823)	—
Units outstanding, end of period	449,309	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 nine months ended September 30, 2024 was $106.94 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 nine months ended September 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):

	Nine months ended September 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 nine months ended September 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Stock options	$ 34	$ 1,418	$ 1,155	$ 5,285
Restricted share units	6,947	5,412	17,134	14,817
Performance share units	5,948	1,915	9,909	4,862
Deferred share units	—	—	1,155	1,155
	$ 12,929	$ 8,745	$ 29,353	$ 26,119

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of revenue	$ 1,509	$ 1,432	$ 4,431	$ 4,261
Selling and marketing	803	2,230	3,191	6,388
Research and development	1,790	1,780	4,992	5,269
General and administrative	8,827	3,303	16,739	10,201
	$ 12,929	$ 8,745	$ 29,353	$ 26,119

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 nine months ended September 30, 2024, 724,298 Common Shares were repurchased and cancelled at an average price of $108.08 per share. As at September 30, 2024, an obligation for the repurchase of shares of $21,780 (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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Issued Common Shares at beginning of period	28,219,289	28,408,183	28,428,799	28,052,629
Effect of shares issued from exercise of options	11,683	4,451	114,569	177,192
Effect of shares issued from vesting of restricted share units	—	16,222	25,628	5,467
Effect of shares issued from vesting of deferred share units	—	—	8,895	—
Effect of shares issued from vesting of performance share units	19,341	—	51,430	15,174
Effect of shares cancelled from repurchase of shares	(23,435)	—	(343,113)	—
Weighted average number of basic Common Shares	28,226,878	28,428,856	28,286,208	28,250,462
Effect of share options on issue	267,751	547,536	312,521	602,171
Effect of share units on issue	318,370	263,762	347,829	267,194
Weighted average number of diluted Common Shares	28,812,999	29,240,154	28,946,558	29,119,827

For the three and nine months ended September 30, 2024, 226,582 options and no share units (three and nine months ended September 30, 2023 – 284,119 options and 70,699 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
SaaS	$ 78,621	$ 67,940	$ 227,387	$ 195,189
Subscription term license	2,250	2,535	10,359	16,649
Professional services	35,471	32,851	106,409	89,410
Maintenance and support	5,186	4,753	15,021	13,733
	$ 121,528	$ 108,079	$ 359,176	$ 314,981

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

	Remainder of 2024	2025	2026 and thereafter	Total
SaaS	$ 79,334	$ 253,230	$ 350,262	$ 682,826
Maintenance and support	5,193	15,678	17,212	38,083
Subscription term license	—	90	72	162
	$ 84,527	$ 268,998	$ 367,546	$ 721,071

16. Depreciation and amortization:

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of revenue	$ 2,336	$ 2,645	$ 7,330	$ 8,274
Selling and marketing	3	2	10	6
Research and development	473	447	1,375	1,415
General and administrative	2,058	2,032	6,173	6,092
	$ 4,870	$ 5,126	$ 14,888	$ 15,787

16. Depreciation and amortization (continued):

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of revenue	$ 964	$ 959	$ 2,880	$ 2,899
General and administrative	375	371	1,114	1,174
	$ 1,339	$ 1,330	$ 3,994	$ 4,073

17. Statement of cash flows:

The following table presents changes in operating assets and liabilities:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Trade and other receivables	$ 11,653	$ (6,035)	$ 23,092	$ 35,485
Prepaid expenses	(1,384)	133	(5,513)	(596)
Contract acquisition costs	144	(1,441)	(2,334)	(2,784)
Trade payables and accrued liabilities	4,007	2,453	6,370	382
Deferred revenue	(10,639)	(18,920)	(12,506)	(31,455)
Provisions	(270)	—	605	(296)
	$ 3,511	$ (23,810)	$ 9,714	$ 736

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

	September 30, 2024		December 31, 2023	
	Fair value hierarchy	Fair value	Fair value hierarchy	Fair value
Assets:				
Foreign currency forward contracts	Level 2	$ 253	Level 2	$ 600
Liabilities:				
Foreign currency forward contracts	Level 2	—	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 $48,000 CAD as at September 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:

	September 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:

	September 30, 2024	December 31, 2023
United States	$ 51,027	$ 71,842
Europe	42,273	38,129
Asia	4,537	5,639
Canada	2,154	1,451
	$ 99,991	$ 117,061

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

	September 30, 2024	December 31, 2023
Current	$ 75,242	$ 99,073
Past due:		
0 – 30 days	10,214	8,023
31 – 60 days	5,999	6,079
Greater than 60 days	8,536	3,886
	$ 99,991	$ 117,061

At September 30, 2024, no customers individually accounted for greater than 10% of total trade accounts receivable (December 31, 2023 – no customers). For the nine months ended September 30, 2024, no customers individually accounted for greater than 10% of revenue (nine months ended September 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
United States	$ 70,933	$ 61,734	$ 209,463	$ 183,445
Europe	38,061	34,201	114,851	94,830
Asia	11,039	9,241	29,562	29,177
Canada	1,495	2,903	5,300	7,529
	$ 121,528	$ 108,079	$ 359,176	$ 314,981

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

	September 30, 2024	December 31, 2023
Canada	$ 22,572	$ 26,459
United States	5,458	7,154
Asia	2,682	3,506
Europe	2,630	3,181
	$ 33,342	$ 40,300

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

	September 30, 2024	December 31, 2023
Canada	$ 39,444	$ 38,248
Asia	4,054	5,015
United States	1,215	2,065
Europe	1,342	1,781
	$ 46,055	$ 47,109

19. Segmented information (continued):

The following table presents intangible assets on a geographic basis:

	September 30, 2024	December 31, 2023
Europe	$ 12,119	$ 13,769
Canada	7,416	9,625
	$ 19,535	$ 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 September 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 September 30, 2024 are as follows:

Less than one year	$ 11,000
One to five years	91,275
More than five years	—
	$ 102,275

21. Subsequent event:

On October 30, 2024 the Company's Board of Directors approved the renewal of the normal course issuer bid ("NCIB"), subject to further approval from the Toronto Stock Exchange ("TSX"). As part of the renewal, the Company may purchase and cancel up to 1,404,639 of the Company's Common Shares during the twelve-month period commencing November 6, 2024, and ending no later than November 5, 2025, with a designated broker, representing approximately 5% of the issued and outstanding Common Shares as of October 23, 2024. As of the close of business on October 23, 2024, the Company had 28,092,786 shares issued and outstanding.

The NCIB is subject to certain trading parameters followed by the Company's designated broker during times when the Company would ordinarily not be active in the market due to applicable regulatory restrictions or self-imposed blackout periods. Specifically, Kinaxis has entered into an automatic share purchase plan to provide the option to instruct its broker to make purchases under the NCIB during any applicable blackout periods. Outside of these periods, the Common Shares will be repurchased by the Company at our discretion under the NCIB.