

Condensed Consolidated Interim Financial Statements of

Kinaxis Inc.

Three months ended March 31, 2019 and 2018

(Unaudited)

Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2019 and December 31, 2018
(Expressed in thousands of USD)
(Unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 156,984	\$ 126,144
Short-term investments	42,907	55,404
Trade and other receivables (note 3)	43,848	64,330
Prepaid expenses	6,926	5,815
	250,665	251,693
Non-current assets:		
Property and equipment (note 4)	21,598	22,785
Right-of-use assets (note 5)	11,541	8,873
Contract acquisition costs (note 6)	13,337	13,902
Unbilled receivables	2,977	457
Deferred tax assets	27	49
	\$ 300,145	\$ 297,759
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (note 7)	\$ 14,148	\$ 21,623
Deferred revenue (note 8)	75,001	78,496
Lease obligations (note 9)	2,720	2,572
	91,869	102,691
Non-current liabilities:		
Lease obligations (note 9)	8,987	6,311
Deferred tax liabilities	3,680	4,075
	12,667	10,386
Shareholders' equity:		
Share capital (note 10)	126,339	124,951
Contributed surplus	26,913	24,284
Accumulated other comprehensive loss	(375)	(319)
Retained earnings	42,732	35,766
	195,609	184,682
Contingencies (note 17)		
	\$ 300,145	\$ 297,759

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) John (Ian) Giffen Director

(signed) John Sicard Director

Kinaxis Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

For the three months ended March 31, 2019 and 2018
(Expressed in thousands of USD, except share and per share data)
(Unaudited)

	2019	2018
Revenue (note 12)	\$ 45,754	\$ 36,849
Cost of revenue	12,191	10,135
Gross profit	33,563	26,714
Operating expenses:		
Selling and marketing	9,315	7,386
Research and development	7,994	6,749
General and administrative	6,065	5,237
	23,374	19,372
	10,189	7,342
Other income (expense):		
Foreign exchange gain (loss)	(170)	196
Net finance income	765	145
	595	341
Profit before income taxes	10,784	7,683
Income tax expense	3,818	3,130
Profit	6,966	4,553
Other comprehensive income (loss):		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations	(56)	400
Total comprehensive income	\$ 6,910	\$ 4,953
Basic earnings per share	\$ 0.27	\$ 0.18
Weighted average number of basic Common Shares (note 11)	26,091,542	25,542,978
Diluted earnings per share	\$ 0.26	\$ 0.17
Weighted average number of diluted Common Shares (note 11)	26,805,963	26,667,141

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2019 and 2018

(Expressed in thousands of USD)

(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
Balance, December 31, 2017	\$ 108,253	\$ 19,294	\$ (284)	\$ (2,475)	\$ 124,788
Adjustment on initial application of IFRS 15	—	—	—	23,833	23,833
Adjusted balance, January 1, 2018	108,253	19,294	(284)	21,358	148,621
Profit	—	—	—	4,553	4,553
Other comprehensive income	—	—	400	—	400
Total comprehensive income	—	—	400	4,553	4,953
Share options exercised	3,798	(1,020)	—	—	2,778
Share based payments (note 10)	—	3,158	—	—	3,158
Total shareholder transactions	3,798	2,138	—	—	5,936
Balance, March 31, 2018	\$ 112,051	\$ 21,432	\$ 116	\$ 25,911	\$ 159,510
Balance, December 31, 2018	\$ 124,951	\$ 24,284	\$ (319)	\$ 35,766	\$ 184,682
Profit	—	—	—	6,966	6,966
Other comprehensive loss	—	—	(56)	—	(56)
Total comprehensive income (loss)	—	—	(56)	6,966	6,910
Share options exercised	1,388	(443)	—	—	945
Share based payments (note 10)	—	3,072	—	—	3,072
Total shareholder transactions	1,388	2,629	—	—	4,017
Balance, March 31, 2019	\$ 126,339	\$ 26,913	\$ (375)	\$ 42,732	\$ 195,609

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2019 and 2018

(Expressed in thousands of USD)

(Unaudited)

	2019	2018
Cash flows from operating activities:		
Profit	\$ 6,966	\$ 4,553
Items not affecting cash:		
Depreciation of property and equipment and right-of-use assets (note 13)	2,677	1,820
Share-based payments (note 10)	3,072	3,158
Investment tax credits recoverable	–	911
Net finance income	(765)	(145)
Income tax expense	3,818	3,130
Change in operating assets and liabilities (note 14)	13,019	(1,759)
Interest received	873	361
Interest paid	(112)	(148)
Income taxes paid	(10,789)	(1,501)
	18,759	10,380
Cash flows from investing activities:		
Purchase of property and equipment (note 4)	(893)	(4,821)
Purchase of short-term investments	(15,005)	(15,043)
Redemption of short-term investments	27,506	40,005
	11,608	20,141
Cash flows from financing activities:		
Payment of lease obligations (note 9)	(600)	(454)
Common shares issued on exercise of stock options	945	2,778
	345	2,324
Increase in cash and cash equivalents	30,712	32,845
Cash and cash equivalents, beginning of period	126,144	103,392
Effects of exchange rates on cash and cash equivalents	128	350
Cash and cash equivalents, end of period	\$ 156,984	\$ 136,587

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, 2019 and 2018

(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 700 Silver Seven Road, Ottawa, Ontario. The condensed consolidated interim financial statements of the Company as at March 31, 2019 and for the three months ended March 31, 2019 and 2018 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 offices in Chicago, United States; Tokyo, Japan; Hong Kong, China; Eindhoven, The Netherlands; Seoul, South Korea; and Ottawa, 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 International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2018. 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, 2018.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 9, 2019.

(b) Comparative figures:

Certain comparative figures have been adjusted for the three months ended March 31, 2018 as a result of adjustments identified in connection with issuing the Company's consolidated financial statements for the year ended December 31, 2018. Term deposits and guaranteed investment certificates previously reported within cash and cash equivalents have been classified as short-term investments as the terms to maturity exceeded ninety days. Certain variable lease payments previously recorded as lease assets and obligations have been recorded as operating expenses. These adjustments were not considered material and did not affect the Company's consolidated revenue or consolidated profit.

Comparative figures for external revenue on a geographic basis have been reclassified in order to conform to the current period presentation.

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Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

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2. Basis of preparation (continued):

(c) Significant 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 ending December 31, 2018.

(d) 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, 2018.

3. Trade and other receivables:

The following table presents trade and other receivables for the Company:

	March 31, 2019	December 31, 2018
Trade accounts receivable	\$ 31,705	\$ 56,618
Unbilled receivables	11,442	6,408
Taxes receivable	589	566
Other	529	738
	44,265	64,330
Loss allowance	(417)	–
	\$ 43,848	\$ 64,330

There have been no balances written off for the three months ended March 31, 2019 (year ended December 31, 2018 – \$561). Trade and other receivables as at March 31, 2019 and December 31, 2018 include the \$2,532 referenced under Contingencies in Note 17.

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

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4. Property and equipment:

The following table presents property and equipment for the Company:

Cost	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2018	\$ 33,368	\$ 2,098	\$ 493	\$ 4,819	\$ 40,778
Additions	399	362	4	128	893
Disposals	(223)	(219)	(92)	–	(534)
Effects of movement in exchange rates	(102)	(2)	–	(12)	(116)
Balance, March 31, 2019	\$ 33,442	\$ 2,239	\$ 405	\$ 4,935	\$ 41,021
Accumulated depreciation	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2018	\$ 13,767	\$ 1,059	\$ 224	\$ 2,943	\$ 17,993
Depreciation	1,664	135	31	169	1,999
Disposals	(223)	(219)	(92)	–	(534)
Effects of movement in exchange rates	(31)	–	–	(4)	(35)
Balance, March 31, 2019	\$ 15,177	\$ 975	\$ 163	\$ 3,108	\$ 19,423
Carrying value	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
December 31, 2018	\$ 19,601	\$ 1,039	\$ 269	\$ 1,876	\$ 22,785
March 31, 2019	\$ 18,265	\$ 1,264	\$ 242	\$ 1,827	\$ 21,598

There were no proceeds associated with asset dispositions for the three months ended March 31, 2019 (year ended December 31, 2018 – no asset dispositions).

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5. Right-of-use assets:

The following table presents the right-of-use assets for the Company:

	Offices	Data centres	Total right-of-use assets
Balance, December 31, 2018	\$ 2,954	\$ 5,919	\$ 8,873
Additions	–	3,389	3,389
Depreciation	(240)	(438)	(678)
Effects of movement in exchange rates	(10)	(33)	(43)
Balance, March 31, 2019	\$ 2,704	\$ 8,837	\$ 11,541

6. Contract acquisition costs:

The following table presents changes in the contract acquisition costs balance for the three months ended March 31:

Balance, December 31, 2018	\$ 13,902
Additions	422
Amortization	(987)
Balance, March 31, 2019	\$ 13,337

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

7. Trade payables and accrued liabilities:

The following table presents the trade payables and accrued liabilities for the Company:

	March 31, 2019	December 31, 2018
Trade accounts payable	\$ 2,441	\$ 1,406
Accrued liabilities	7,632	9,141
Taxes payable	4,075	11,076
	\$ 14,148	\$ 21,623

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8. Deferred revenue:

The following table presents changes in the deferred revenue balances for the three months ended March 31:

Balance, December 31, 2018	\$ 78,496
Amounts invoiced and revenue deferred	24,273
Recognition of deferred revenue included in the balance at the beginning of the period	(27,768)
Balance, March 31, 2019	\$ 75,001

9. Lease obligations:

The Company's leases are for office space and data centers. These leases contain no renewal option or a renewal option for one or two years. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain to exercise the renewal option.

The following table presents lease obligations for the Company:

	March 31, 2019	December 31, 2018
Current	\$ 2,720	\$ 2,572
Non-current	8,987	6,311
	\$ 11,707	\$ 8,883

The following table presents the contractual undiscounted cash flows for lease obligations as at March 31, 2019:

Less than one year	\$ 3,294
One to five years	9,260
More than five years	769
Total undiscounted lease obligations	\$ 13,323

Interest expense on lease obligations for the three months ended March 31, 2019 were \$112 (three months ended March 31, 2018 – \$102). The expense relating to variable lease payments not included in the measurement of lease obligations was \$183 (three months ended March 31, 2018 – \$190). This consists of variable lease payments for operating costs, property taxes, and insurance. Expenses relating to short-term leases were \$59 (three months ended March 31, 2018 – \$80) and expenses relating to leases of low value assets were not material. Total cash outflow for leases was \$954 (three months ended March 31, 2018 – \$826), including \$600 of principal payments on lease obligations (three months ended March 31, 2018 – \$454).

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10. Share capital:

Authorized

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

Issued

	Common shares	
	Shares	Amount
Shares outstanding at December 31, 2017	25,507,922	\$ 108,253
Shares issued from exercised options	131,959	3,798
Shares outstanding at March 31, 2018	25,639,881	\$ 112,051
Shares outstanding at December 31, 2018	26,078,181	\$ 124,951
Shares issued from exercised options	46,250	1,388
Shares outstanding at March 31, 2019	26,124,431	\$ 126,339

Stock options plans

The following table presents the status of the stock option plans:

	Three months ended March 31, 2019		Year ended December 31, 2018	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding, beginning of period	2,089,873	\$ 38.32	2,232,735	\$ 31.92
Granted	438,500	57.33	522,000	63.65
Exercised	(46,250)	20.41	(511,862)	19.77
Forfeited	(51,750)	55.36	(153,000)	53.96
Options outstanding, end of period	2,430,373	42.36	2,089,873	\$ 38.32
Options exercisable, end of period	1,035,714	26.81	851,622	\$ 22.16

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

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(Unaudited)

10. Share capital (continued):

The following table presents information about stock options outstanding at March 31, 2019:

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	
\$ 1.50 to 3.50	250,159	2.43	\$ 1.77	250,159	\$ 1.77	
8.50 to 13.50	161,350	4.94	10.18	161,350	10.18	
19.00 to 21.50	32,500	6.01	20.16	17,500	19.09	
28.50 to 34.50	505,925	6.71	33.21	355,925	33.25	
45.00 to 52.00	341,837	6.03	48.27	84,737	46.36	
54.00 to 57.50	819,102	5.06	56.30	125,668	55.53	
60.50 to 65.00	246,500	3.99	63.32	40,375	64.62	
70.50 to 72.00	73,000	4.36	71.01	—	—	
	2,430,373	5.14	\$ 42.36	1,035,714	\$ 26.81	

The Company has outstanding stock options issued under its 2010 and 2012 stock option plans. No further options may be granted under the 2010 and 2012 stock option plans. In June 2017, the Company adopted a new Canadian Resident Plan and a new Non-Canadian Resident Plan. Stock options granted under the new plans will have an exercise price equal to or greater than the stock's TSX price at the date of grant as determined by the Board of Directors and the maximum term of these options will be five years. Options are granted periodically and typically vest over four years.

At March 31, 2019, there were 1,143,200 stock options available for grant under the Plans. During the three months ended March 31, 2019, the Company granted 438,500 options (year ended December 31, 2018 – 522,000) and recorded share-based compensation expense of \$1,482 (three months ended March 31, 2018 – \$1,829) related to the vesting of options granted in 2019 and previous years. The per share weighted-average fair value of stock options granted during the three months ended March 31, 2019 was \$18.50 (year ended December 31, 2018 – \$17.34) on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: exercise price is equal to the price of the underlying share, expected dividend yield of 0%, risk-free interest rate of 2.52% (2018 – 2.65%), an expected life of 3 to 5 years (2018 – 2 to 5 years), and estimated volatility of 38% (2018 – 38%). The forfeiture rate is estimated at 15% (2018 – 10%). The forfeiture rate is estimated based upon an analysis of actual forfeitures.

Kinaxis Inc.

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

(Unaudited)

10. Share capital (continued):

Share Unit Plan

At March 31, 2019, there were 266,350 share units available for grant under the Plan. During the three months ended March 31, 2019, the Company granted 73,527 restricted share units ("RSU") (year ended December 31, 2018 – 58,200) and no RSUs were forfeited (year ended December 31, 2018 – 13,098 RSUs forfeited). At March 31, 2019, there were 126,161 RSUs outstanding (December 31, 2018 – 52,634). Each RSU entitles the participant to receive one Common Share. The RSUs generally vest over time in three equal annual tranches. The weighted-average grant date fair value of the RSUs granted during the three months ended March 31, 2019 was \$63.13 per unit (year ended December 31, 2018 – \$66.16) using the fair value of a Common Share at time of grant. The Company recorded share-based compensation expense of \$690 (three months ended March 31, 2018 – \$429) related to the RSUs.

During the three months ended March 31, 2019, the Company granted 14,256 deferred share units ("DSU") (year ended December 31, 2018 – 13,800). At March 31, 2019, there were 45,086 DSUs outstanding (December 31, 2018 – 30,830). Each 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, 2019 was \$63.13 per unit (year ended December 31, 2018 – \$65.23) using the fair value of a Common Share at time of grant. The Company recorded share-based compensation of \$900 (three months ended March 31, 2018 – \$900) related to the DSUs.

The following table presents the share-based payments expense by function for the three months ended March 31:

	2019	2018
Cost of revenue	\$ 126	\$ 211
Selling and marketing	945	992
Research and development	296	217
General and administrative	1,705	1,738
	\$ 3,072	\$ 3,158

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

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

(Unaudited)

11. Earnings per share:

The following table summarizes the calculation of the weighted average number of basic and diluted common shares for the three months ended March 31:

	2019	2018
Issued Common Shares at beginning of period	26,078,181	25,507,922
Effect of shares issued from exercise of options	13,361	35,056
Weighted average number of basic Common Shares at March 31	26,091,542	25,542,978
Effect of share options on issue	632,212	1,036,880
Effect of share units on issue	82,209	87,283
Weighted average number of diluted Common Shares at March 31	26,805,963	26,667,141

At March 31, 2019, 1,264,602 (March 31, 2018 – 664,852) options were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

12. Revenue:

The following table presents the revenue of the Company for the three months ended March 31:

	2019	2018
SaaS	\$ 27,342	\$ 23,303
Subscription term licenses	8,406	4,494
Professional services	6,912	6,110
Maintenance and support	3,094	2,942
	\$ 45,754	\$ 36,849

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, 2019:

	Remainder of 2019	2020	2021 and thereafter	Total
SaaS	\$ 77,272	\$ 67,057	\$ 68,282	\$ 212,611
Maintenance and support	8,786	6,014	4,965	19,765
Subscription term licenses	2,115	–	–	2,115
	\$ 88,173	\$ 73,071	\$ 73,247	\$ 234,491

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

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

(Unaudited)

13. Depreciation:

The following table presents the total depreciation expense by function for the three months ended March 31:

	2019	2018
Cost of revenue	\$ 1,865	\$ 1,236
Selling and marketing	1	1
Research and development	336	240
General and administrative	475	343
	\$ 2,677	\$ 1,820

14. Statement of cash flow:

The following table presents the changes in operating assets and liabilities for the three months ended March 31:

	2019	2018
Trade and other receivables	\$ 17,804	\$ (1,234)
Prepaid expenses	(1,120)	(2,119)
Contract acquisition costs	562	(1,594)
Trade payables and accrued liabilities	(887)	3,238
Deferred revenue	(3,340)	(50)
	\$ 13,019	\$ (1,759)

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Notes to Condensed Consolidated Interim Financial Statements

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15. Financial instruments:

(a) Fair value of financial instruments:

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

(b) Credit risk:

The following table presents maximum exposure to credit risk for net trade receivables by geographic region:

	March 31, 2019	December 31, 2018
United States	\$ 20,946	\$ 36,684
Europe	5,376	16,397
Asia	5,008	2,827
Canada	375	710
	<u>\$ 31,705</u>	<u>\$ 56,618</u>

The following table presents aging of the net trade receivables:

	March 31, 2019	December 31, 2018
Current	\$ 19,254	\$ 40,321
Past due:		
0 – 30 days	2,171	13,269
31 – 60 days	6,554	746
Greater than 60 days	3,726	2,282
	<u>\$ 31,705</u>	<u>\$ 56,618</u>

At March 31, 2019, one customer individually accounted for greater than 10% of total trade receivables (December 31, 2018 – no customers). For the three months ended March 31, 2019, one customer individually accounted for greater than 10% of revenue (three months ended March 31, 2018 – one customer).

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(Unaudited)

16. 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.

Geographic information

Revenue is attributed to geographic areas based on the primary business location of the customer. The following table presents external revenue on a geographic basis for the three months ended March 31:

	2019	2018
United States	\$ 31,736	\$ 27,859
Europe	9,971	6,193
Asia	3,237	2,294
Canada	810	503
	\$ 45,754	\$ 36,849

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

	March 31, 2019	December 31, 2018
Canada	\$ 11,813	\$ 12,547
Asia	4,261	4,616
United States	3,504	3,422
Europe	2,020	2,200
	\$ 21,598	\$ 22,785

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

	March 31, 2019	December 31, 2018
Canada	\$ 3,906	\$ 4,214
United States	3,903	608
Asia	2,722	2,966
Europe	1,010	1,085
	\$ 11,541	\$ 8,873

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17. Contingencies:

During the second quarter of 2017, an Asian-based customer did not make certain scheduled payments under its contract. During the third quarter of 2017, the Company terminated the contract, the Company ceased providing services to this customer, and, as per the dispute resolution procedures in its contract with the customer, the Company has initiated confidential, binding arbitration proceedings for payment of all amounts due under the contract and damages. The customer has denied the Company's claims, alleges breach by the Company, and has asserted its own counterclaims. The Company has not recorded any liability for the customer's counterclaims as it believes the customer's positions and assertions are without merit. While the Company did not recognize revenue for this customer effective with the second quarter of 2017, as at March 31, 2019, trade and other receivables from this customer totaled \$2,532. The Company believes the receivables recorded are collectible and it will be successful in asserting its claims.