Condensed Consolidated Interim Financial Statements of

Kinaxis Inc.

Three months ended March 31, 2020 and 2019

(In thousands of USD)

(Unaudited)

Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2020 and December 31, 2019
(Expressed in thousands of USD)
(Unaudited)

		March 31, 2020		December 31, 2019
Assets				
Current assets:				
Cash and cash equivalents	$	158,148	$	182,284
Short-term investments		75,450		30,319
Trade and other receivables (note 4)		66,257		80,623
Prepaid expenses		8,791		6,534
		308,646		299,760
Non-current assets:				
Property and equipment (note 5)		25,108		25,704
Right-of-use assets (note 6)		8,009		8,671
Contract acquisition costs (note 7)		16,121		15,497
Unbilled receivables (note 4)		510		249
Other receivables		713		713
Deferred tax assets		398		149
Intangible assets (note 3)		708		–
Goodwill (note 3)		3,659		–
	$	363,872	$	350,743
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade payables and accrued liabilities (note 8)	$	21,235	$	20,770
Deferred revenue (note 9)		82,611		83,673
Lease obligations (note 10)		2,133		2,288
		105,979		106,731
Non-current liabilities:				
Lease obligations (note 10)		6,107		6,818
Deferred tax liabilities		7,441		7,092
		13,548		13,910
Shareholders' equity:				
Share capital (note 11)		147,685		140,961
Contributed surplus		32,454		30,392
Accumulated other comprehensive loss		(472)		(348)
Retained earnings		64,678		59,097
		244,345		230,102
	$	363,872	$	350,743

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, 2020 and 2019
(Expressed in thousands of USD, except share and per share data)
(Unaudited)

		2020		2019
Revenue (note 13)	$	52,755	$	45,754
Cost of revenue		15,836		12,191
Gross profit		36,919		33,563
Operating expenses:				
Selling and marketing		11,975		9,315
Research and development		9,677		7,994
General and administrative		6,932		6,065
		28,584		23,374
		8,335		10,189
Other income (expense):				
Foreign exchange gain (loss)		49		(170)
Net finance income		673		765
		722		595
Profit before income taxes		9,057		10,784
Income tax expense		3,476		3,818
Profit		5,581		6,966
Other comprehensive loss:				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations		(124)		(56)
Total comprehensive income	$	5,457	$	6,910
Basic earnings per share	$	0.21	$	0.27
Weighted average number of basic Common Shares (note 12)		26,432,585		26,091,542
Diluted earnings per share	$	0.20	$	0.26
Weighted average number of diluted Common Shares (note 12)		27,534,441		26,805,963

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, 2020 and 2019
(Expressed in thousands of USD)
(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
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 11)	–	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
Balance, December 31, 2019	$ 140,961	$ 30,392	$ (348)	$ 59,097	$ 230,102
Profit	–	–	–	5,581	5,581
Other comprehensive loss	–	–	(124)	–	(124)
Total comprehensive income (loss)	–	–	(124)	5,581	5,457
Share options exercised	6,724	(1,714)	–	–	5,010
Share based payments (note 11)	–	3,776	–	–	3,776
Total shareholder transactions	6,724	2,062	–	–	8,786
Balance, March 31, 2020	$ 147,685	$ 32,454	$ (472)	$ 64,678	$ 244,345

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, 2020 and 2019
(Expressed in thousands of USD)
(Unaudited)

		2020		2019
Cash flows from operating activities:				
Profit	$	5,581	$	6,966
Items not affecting cash:				
Depreciation of property and equipment and right-of-use assets (note 14)		2,899		2,677
Amortization of intangible assets (note 3)		42		–
Share-based payments (note 11)		3,776		3,072
Net finance income		(673)		(765)
Income tax expense		3,476		3,818
Change in operating assets and liabilities (note 15)		6,856		13,019
Interest received		862		873
Interest paid		(120)		(112)
Income taxes paid		(1,739)		(10,789)
		20,960		18,759
Cash flows used in investing activities:				
Acquisition of business, net of cash acquired (note 3)		(2,410)		–
Purchase of property and equipment (note 5)		(1,709)		(893)
Purchase of short-term investments		(65,302)		(15,005)
Redemption of short-term investments		20,102		27,506
		(49,319)		11,608
Cash flows from financing activities:				
Payment of lease obligations (note 10)		(591)		(600)
Common shares issued on exercise of stock options		5,010		945
		4,419		345
Increase (decrease) in cash and cash equivalents		(23,940)		30,712
Cash and cash equivalents, beginning of period		182,284		126,144
Effects of exchange rates on cash and cash equivalents		(196)		128
Cash and cash equivalents, end of period	$	158,148	$	156,984

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 700 Silver Seven Road, Ottawa, Ontario. The condensed consolidated interim financial statements of the Company as at March 31, 2020 and for three months ended March 31, 2020 and 2019 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 Chicago, United States; Tokyo, Japan; Hong Kong, China; Amsterdam, The Netherlands; Seoul, South Korea; Bristol, United Kingdom; Singapore; Paris, France; Dublin, Ireland; Chennai, India; 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, 2019. 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, 2019.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 6, 2020.

(b) Comparative figures:

Certain comparative figures have been adjusted for the year ended December 31, 2019. Lease security deposits previously reported with the current portion of trade and other receivables have been classified as long-term. This adjustment was not considered material and did not affect the Company’s consolidated revenue or consolidated profit.

(c) Significant accounting policies:

During the three months ended March 31, 2020, the Company acquired a business as described in Note 3 and applied the following accounting policies for business combinations, acquired intangible assets, and goodwill. The remaining 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, 2019.

2. Basis of preparation (continued):

(c) Significant accounting policies (continued):

Business combinations

The Company accounts for business combinations using the acquisition method. Goodwill arising on acquisitions is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

The Company uses its best estimates and assumptions to reasonably value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit or loss.

Acquired intangible assets

The Company's intangible assets consist of customer relationships acquired in a business combination. These intangible assets are recorded at their fair value at the acquisition date. The Company estimates the fair value based on the present value of expected future cash flows. After initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment losses.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful life for customer relationships is three years.

Intangible assets are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment loss is recognized if the recoverable amount of the asset is less than the carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

Goodwill

Goodwill arises from a business combination as the excess of the consideration transferred over the identifiable net assets acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit that is expected to benefit from the related business combination. The Company as a whole has been assessed as a single cash-generating unit. The cash-generating unit is tested for impairment annually and whenever there is an indication that the unit may be impaired. If the recoverable

2. Basis of preparation (continued):

(c) Significant accounting policies (continued):

amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss is recognized immediately in profit or loss. Any impairment loss in respect of goodwill is not reversed.

(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, 2019, with the addition of the following:

Contingent consideration

The Company measures the contingent consideration payable in a business combination at the estimated fair value at each reporting date. The fair value is estimated based on the range of possible outcomes and Management's assessment of the likelihood of each outcome.

Fair value of acquired intangible assets

The Company estimates the fair value of customer relationships acquired in a business combination based on the present value of expected future cash flows. This valuation involves subjectivity and estimation uncertainty, including assumptions related to future revenues attributable to customer relationships, customer attrition rates, future expenses, and discount rates.

3. Business combinations:

On January 31, 2020, the Company acquired 100% of the outstanding shares of Prana Consulting, Inc. and all of its subsidiaries ("Prana") in exchange for cash and contingent consideration. Prana provides consulting services for implementation of the Company's software. The operating results of Prana have been consolidated into the Company's results subsequent to the acquisition date. The Company incurred acquisition-related costs of $204 which have been recorded in general and administrative expense.

3. Business combinations (continued):

The purchase price consists of cash consideration of $3,206 and contingent consideration with an estimated fair value of $800, resulting in total consideration of $4,006. The contingent consideration arrangement consists of additional payments to the selling shareholder for attainment of specific revenue and team retention metrics in the year following the acquisition. The potential undiscounted amount of all future payments that the Company could be required to make under this arrangement is between $150 and $1,000.

The finalization of the purchase price allocation is pending post-closing working capital adjustments and the finalization of the valuation of the fair value of assets acquired and liabilities assumed, including intangible assets. The following table presents the preliminary purchase price allocation at the acquisition date:

Assets acquired and liabilities assumed:		
Cash and cash equivalents	$	625
Trade receivables		636
Other receivables		65
Land		18
Customer relationships		750
Accounts payable and accrued liabilities		(1,747)
		347
Goodwill		3,659
Total consideration	$	4,006

The trade receivables comprise gross contractual amounts of $636 which were expected to be fully collectible at the date of acquisition.

For the three months ended March 31, 2020, the Company recorded amortization of customer relationships of $42 in general and administrative expense.

The goodwill is attributable mainly to the skills and technical talent of Prana's work force and the synergies expected to be achieved from integrating Prana into the Company's existing professional services business. The entire goodwill is expected to be deductible for tax purposes.

Since the date of acquisition, the acquisition had no significant impact on revenue and net earnings for the three months ended March 31, 2020. Pro forma results of operations for this acquisition have not been presented because they are not material to our consolidated result of operations.

4. Trade and other receivables:

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

	March 31, 2020	December 31, 2019
Trade accounts receivable	$ 47,341	$ 65,406
Unbilled receivables	17,612	13,880
Taxes receivable	335	382
Other	969	977
	66,257	80,645
Loss allowance	–	(22)
	$ 66,257	$ 80,623

There were no trade and other receivables written off in the three months ended March 31, 2020 (year ended December 31, 2019 – $2,768).

The following table presents changes in unbilled receivables for the three months ended March 31:

Balance, December 31, 2019	$ 14,129
Amounts transferred to trade accounts receivable from the balance at the beginning of year	(3,345)
Revenue in excess of billings, net of amounts transferred to trade accounts receivable	7,338
Balance, March 31, 2020	$ 18,122
Current	$ 17,612
Non-current	510

5. Property and equipment:

The following table presents property and equipment for the Company:

Cost	Land	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2019	$ –	$ 42,647	$ 2,942	$ 848	$ 5,361	$ 51,798
Additions	–	1,259	37	17	396	1,709
Acquisitions through business combinations	18	–	–	–	–	18
Effects of movement in exchange rates	–	(73)	(2)	–	(13)	(88)
Balance, March 31, 2020	$ 18	$ 43,833	$ 2,977	$ 865	$ 5,744	$ 53,437

Accumulated depreciation	Land	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2019	$ –	$ 20,641	$ 1,490	$ 262	$ 3,701	$ 26,094
Depreciation	–	1,881	199	68	118	2,266
Effects of movement in exchange rates	–	(24)	(1)	–	(6)	(31)
Balance, March 31, 2020	$ –	$ 22,498	$ 1,688	$ 330	$ 3,813	$ 28,329

Carrying value	Land	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
December 31, 2019	$ –	$ 22,006	$ 1,452	$ 586	$ 1,660	$ 25,704
March 31, 2020	$ 18	$ 21,335	$ 1,289	$ 535	$ 1,931	$ 25,108

There were no asset dispositions in the three months ended March 31, 2020 (year ended December 31, 2019 – no proceeds associated with asset dispositions).

6. Right-of-use assets:

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

	Offices	Data centres	Total right-of-use assets
Balance, December 31, 2019	$ 1,987	$ 6,684	$ 8,671
Additions	7	–	7
Depreciation	(159)	(474)	(633)
Effects of movement in exchange rates	(19)	(17)	(36)
Balance, March 31, 2020	$ 1,816	$ 6,193	$ 8,009

7. Contract acquisition costs:

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

Balance, December 31, 2019	$ 15,497
Additions	2,075
Amortization	(1,372)
Effects of movement in exchange rates	(79)
Balance, March 31, 2020	$ 16,121

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

8. Trade payables and accrued liabilities:

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

	March 31, 2020	December 31, 2019
Trade accounts payable	$ 5,315	$ 4,285
Accrued liabilities	11,766	13,360
Taxes payable	4,154	3,125
	$ 21,235	$ 20,770

9. Deferred revenue:

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

Balance, December 31, 2019	$	83,673
Amounts invoiced and revenue deferred		31,819
Recognition of deferred revenue included in the balance at the beginning of year		(32,881)
Balance, March 31, 2020	$	82,611

10. 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, 2020		December 31, 2019
Current	$	2,133	$	2,288
Non-current		6,107		6,818
Total lease obligations	$	8,240	$	9,106

The following table presents the contractual undiscounted cash flows for lease obligations as at March 31, 2020:

Less than one year	$	2,531
One to five years		6,647
Total undiscounted lease obligations	$	9,178

Interest expense on lease obligations for the three months ended March 31, 2020 was $120 (2019 – $112). The expense relating to variable lease payments not included in the measurement of lease obligations was $192 (2019 – $183). This consists of variable lease payments for operating costs, property taxes, and insurance. Expenses relating to short-term leases were $244 (2019 – $59) and expenses relating to leases of low value assets were not material. Total cash outflow for leases was $1,147 (2019 – $954), including $591 (2019 – $600) of principal payments on lease obligations.

10. Lease obligations (continued):

The Company has entered into commitments to lease office space in Ottawa, Canada and Tokyo, Japan, and to expand data centres in Tokyo, Japan, Osaka, Japan, and Amsterdam, The Netherlands. The office lease in Ottawa is expected to commence in late 2021 and the minimum payments required under this commitment are CAD$56,175 over a fifteen year period. The office lease in Tokyo will commence in April 2020 and the minimum payments required under this commitment are $1,988 over a three year period. The expanded data centre leases in Tokyo, Japan, Osaka, Japan, and Amsterdam, The Netherlands will commence in April and June 2020 and the minimum payments required under these commitments are $1,605 over a three year period.

11. 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, 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
Shares outstanding at December 31, 2019	26,403,004	$ 140,961
Shares issued from exercised options	108,039	6,724
Shares outstanding at March 31, 2020	26,511,043	$ 147,685

11. Share capital (continued):

Stock option plans

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

	Three months ended March 31, 2020		Year ended December 31, 2019	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding, beginning of period	2,228,738	$ 44.24	2,089,873	$ 38.32
Granted	353,999	83.43	468,044	57.81
Exercised	(108,039)	46.37	(261,929)	33.41
Forfeited	(2,500)	46.34	(67,250)	54.98
Options outstanding, end of period	2,472,198	$ 46.01	2,228,738	44.24
Options exercisable, end of period	1,244,925	$ 30.98	1,041,110	30.43

The following table presents information about stock options outstanding at March 31, 2020:

	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 $10	364,099	2.28	$ 4.64	364,099	$ 4.64
$10 to $20	13,500	4.80	16.39	13,500	16.39
$20 to $30	42,775	5.76	27.51	42,775	27.51
$30 to $40	377,500	5.73	31.93	377,500	31.93
$40 to $50	274,131	4.76	45.81	116,231	44.85
$50 to $60	832,444	3.94	53.53	261,320	53.19
$60 to $70	213,750	3.16	63.19	69,500	62.04
$70 to $80	353,999	4.92	79.03	–	–
	2,472,198	4.17	$ 46.01	1,244,925	$ 30.98

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.

11. Share capital (continued):

At March 31, 2020, there were 765,157 stock options available for grant under the Plans.

During the three months ended March 31, 2020, the Company granted 353,999 options (year ended December 31, 2019 – 468,044) and recorded share-based compensation expense of $2,053 (three months ended March 31, 2019 – $1,482) related to the vesting of options granted in 2020 and previous years. The per share weighted-average fair value of stock options granted during the three months ended March 31, 2020 was $22.58 (year ended December 31, 2019 – $18.51) 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 1.09% (2019 – 2.45%), an expected life of 3 to 5 years (2019 – 3 to 5 years), and estimated volatility of 34% (2019 – 38%). The forfeiture rate is estimated at 15% (2019 – 15%) based upon an analysis of actual forfeitures.

Share Unit Plan

At March 31, 2020, there were 189,257 share units available for grant under the Share Unit Plan.

During the three months ended March 31, 2020, the Company granted 68,796 restricted share units ("RSU") (year ended December 31, 2019 – 70,982). At March 31, 2020, there were 129,518 RSUs outstanding (December 31, 2019 – 60,722). 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, 2020 was $83.00 per unit (year ended December 31, 2019 – $63.13) using the fair value of a Common Share at time of grant. The Company recorded share-based compensation expense of $823 (three months ended March 31, 2019 – $690) related to the RSUs.

During the three months ended March 31, 2020, the Company granted 10,842 deferred share units ("DSU") (year ended December 31, 2019 – 14,256). At March 31, 2020, there were 55,928 DSUs outstanding (December 31, 2019 – 45,086). 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, 2020 was $83.00 per unit (year ended December 31, 2019 – $63.13) 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, 2019 – $900) related to the DSUs.

11. Share capital (continued):

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

	2020	2019
Cost of revenue	$ 292	$ 126
Selling and marketing	1,260	945
Research and development	396	296
General and administrative	1,828	1,705
	$ 3,776	$ 3,072

12. 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:

	2020	2019
Issued Common Shares, beginning of year	26,403,004	26,078,181
Effect of shares issued from exercise of options	29,581	13,361
Weighted average number of basic Common Shares at March 31	26,432,585	26,091,542
Effect of share options on issue	992,286	632,212
Effect of share units on issue	109,570	82,209
Weighted average number of diluted Common Shares at March 31	27,534,441	26,805,963

At March 31, 2020, 365,499 (March 31, 2019 – 1,264,602) options were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

13. Revenue:

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

	2020	2019
SaaS	$ 33,995	$ 27,342
Professional services	10,673	6,912
Subscription term licenses	4,904	8,406
Maintenance and support	3,183	3,094
	$ 52,755	$ 45,754

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, 2020:

	Remainder of 2020	2021	2022 and thereafter	Total
SaaS	$ 102,443	$ 98,214	$ 110,110	$ 310,767
Subscription term licenses	7,010	–	–	7,010
Maintenance and support	9,162	9,863	8,065	27,090
	$ 118,615	$ 108,077	$ 118,175	$ 344,867

14. Depreciation:

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

	2020	2019
Cost of revenue	$ 2,164	$ 1,865
Selling and marketing	1	1
Research and development	346	336
General and administrative	388	475
	$ 2,899	$ 2,677

15. Statement of cash flow:

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

	2020	2019
Trade and other receivables	$ 14,189	$ 17,804
Prepaid expenses	(2,276)	(1,120)
Contract acquisition costs	(706)	562
Trade payables and accrued liabilities	(3,761)	(887)
Deferred revenue	(590)	(3,340)
	$ 6,856	$ 13,019

16. 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. Short-term investments consist of term deposits and guaranteed income certificates held with Schedule 1 Canadian banks for maturity terms of three to six months from the date of acquisition.

(b) Credit risk:

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

	March 31, 2020	December 31, 2019
United States	$ 32,133	$ 45,950
Europe	11,187	15,889
Asia	3,878	2,057
Canada	143	1,510
	$ 47,341	$ 65,406

16. Financial instruments (continued):

(b) Credit risk (continued):

The following table presents aging of trade receivables:

	March 31, 2020	December 31, 2019
Current	$ 19,800	$ 41,209
Past due:		
0 – 30 days	15,446	17,854
31 – 60 days	4,119	2,453
Greater than 60 days	7,976	3,890
	$ 47,341	$ 65,406

At March 31, 2020, one customer individually accounted for greater than 10% of total trade receivables (December 31, 2019 – one customer). For the three months ended March 31, 2020, no customer individually accounted for greater than 10% of revenue (three months ended March 31, 2019 – one customer).

17. 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

The following table presents external revenue on a geographic basis for the three months ended March 31:

	2020	2019
United States	$ 34,532	$ 31,736
Europe	10,868	9,971
Asia	6,217	3,237
Canada	1,138	810
	$ 52,755	$ 45,754

17. Segmented information (continued):

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

	March 31, 2020	December 31, 2019
Canada	$ 13,997	$ 14,020
United States	5,400	5,851
Asia	3,313	3,450
Europe	2,398	2,383
	$ 25,108	$ 25,704

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

	March 31, 2020	December 31, 2019
Canada	$ 2,676	$ 2,984
United States	2,612	2,743
Asia	1,945	2,097
Europe	776	847
	$ 8,009	$ 8,671