Condensed Consolidated Interim Financial Statements of

Kinaxis Inc.

Three months ended March 31, 2021 and 2020

(In thousands of USD)

(Unaudited)

Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of USD)
(Unaudited)

	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 199,143	$ 182,958
Short-term investments	30,182	30,180
Trade and other receivables (note 4)	70,945	82,883
Investment tax credits recoverable	–	1,109
Prepaid expenses	10,138	9,264
	310,408	306,394
Non-current assets:		
Property and equipment (note 5)	32,019	30,746
Right-of-use assets (note 6)	15,127	15,722
Contract acquisition costs (note 7)	17,152	16,484
Unbilled receivables (note 4)	913	2,013
Other receivables	701	752
Deferred tax assets	2,986	2,308
Investment tax credits recoverable	2,514	980
Intangible assets (note 8)	12,462	13,023
Goodwill (note 9)	39,988	39,988
	$ 434,270	$ 428,410
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (note 10)	$ 29,437	$ 33,030
Deferred revenue (note 11)	98,182	94,275
Lease obligations (note 12)	4,796	4,554
	132,415	131,859
Non-current liabilities:		
Lease obligations (note 12)	11,316	12,065
Deferred tax liabilities	3,018	2,729
	14,334	14,794
Shareholders' equity:		
Share capital (note 13)	176,263	173,104
Contributed surplus	40,254	35,846
Accumulated other comprehensive loss	(289)	(20)
Retained earnings	71,293	72,827
	287,521	281,757
	$ 434,270	$ 428,410

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board of Directors:

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

Kinaxis Inc.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

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

		March 31, 2021		March 31, 2020
Revenue (note 15)	$	57,728	$	52,755
Cost of revenue		20,506		15,836
Gross profit		37,222		36,919
Operating expenses:				
Selling and marketing		12,838		11,975
Research and development		13,682		9,677
General and administrative		11,542		6,932
		38,062		28,584
		(840)		8,335
Other income (expense):				
Foreign exchange gain (loss)		(468)		49
Net finance and other income (expense)		(158)		673
		(626)		722
Profit (loss) before income taxes		(1,466)		9,057
Income tax expense		68		3,476
Profit (loss)		(1,534)		5,581
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations		(269)		(124)
Total comprehensive income (loss)	$	(1,803)	$	5,457
Basic earnings (loss) per share	$	(0.06)	$	0.21
Weighted average number of basic Common Shares (note 14)		27,109,227		26,432,585
Diluted earnings (loss) per share	$	(0.06)	$	0.20
Weighted average number of diluted Common Shares (note 14)		27,109,227		27,534,441

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, 2021 and 2020
(Expressed in thousands of USD)
(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
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 13)	–	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
Balance, December 31, 2020	$ 173,104	$ 35,846	$ (20)	$ 72,827	$ 281,757
Profit (loss)	–	–	–	(1,534)	(1,534)
Other comprehensive (loss)	–	–	(269)	–	(269)
Total comprehensive (loss)	–	–	(269)	(1,534)	(1,803)
Share options exercised	3,159	(899)	–	–	2,260
Share based payments (note 13)	–	5,307	–	–	5,307
Total shareholder transactions	3,159	4,408	–	–	7,567
Balance, March 31, 2021	$ 176,263	$ 40,254	$ (289)	$ 71,293	$ 287,521

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended
(Expressed in thousands of USD)

		March 31, 2021		March 31, 2020
Cash flows from operating activities:				
Profit (loss)	$	(1,534)	$	5,581
Items not affecting cash:				
Depreciation of property and equipment and right-of-use assets (note 16)		3,909		2,899
Amortization of intangible assets (note 16)		561		42
Share-based payments (note 13)		5,307		3,776
Net finance and other income (expense)		158		(673)
Income tax expense		68		3,476
Investment tax credits recoverable		(425)		–
Change in operating assets and liabilities (note 17)		12,940		6,856
Interest received		23		862
Interest paid		(184)		(120)
Income taxes paid		(174)		(1,739)
		20,649		20,960
Cash flows used in investing activities:				
Acquisition of businesses, net of cash acquired (note 3)		(800)		(2,410)
Purchase of property and equipment (note 5)		(4,441)		(1,709)
Purchase of short-term investments		(15,006)		(65,302)
Redemption of short-term investments		15,006		20,102
		(5,241)		(49,319)
Cash flows from financing activities:				
Payment of lease obligations (note 12)		(1,172)		(591)
Common shares issued on exercise of stock options		2,260		5,010
		1,088		4,419
Increase (decrease) in cash and cash equivalents		16,496		(23,940)
Cash and cash equivalents, beginning of period		182,958		182,284
Effects of exchange rates on cash and cash equivalents		(311)		(196)
Cash and cash equivalents, end of period	$	199,143	$	158,148

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, 2021 and for the three months ended March 31, 2021 and 2020 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; Singapore; France; Ireland; 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 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, 2020. 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, 2020.

The unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on May 4, 2021.

(b) 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, 2020.

(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, 2020.

3. Business combinations:

Prana Consulting, Inc.

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.

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. Contingent consideration of $1,000 was paid in February, 2021.

The following table presents the purchase price allocation at the acquisition date:

Assets acquired and liabilities assumed:		
Cash and cash equivalents	$	625
Trade and other receivables		701
Land		18
Customer relationships		750
Trade payables and accrued liabilities		(1,747)
		347
Goodwill		3,659
Total consideration	$	4,006

The trade and other receivables comprise gross contractual amounts of $636 which have been fully collected.

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 deductible for tax purposes.

3. Business combinations (continued):

Rubikloud Technologies, Inc.

On July 2, 2020, the Company acquired 100% of the outstanding shares of Rubikloud Technologies, Inc. and all of its subsidiaries ("Rubikloud") in exchange for cash. Rubikloud is a provider of artificial intelligence solutions that automate supply chain prescriptive analytics and decision-making in the retail and consumer packaged goods industries. The operating results of Rubikloud have been consolidated into the Company's results subsequent to the acquisition date. The Company incurred acquisition-related costs of $1,009 which have been recorded in general and administrative expense.

The purchase price consists of cash consideration of $60,000, adjusted for Rubikloud's closing cash and indebtedness at the date of acquisition and subject to post-closing working capital adjustments, resulting in a total consideration of $60,358.

The following table presents the purchase price allocation at the acquisition date:

Assets acquired and liabilities assumed:		
Cash and cash equivalents	$	1,172
Trade and other receivables		1,077
Prepaid expenses		153
Contract acquisition costs		81
Property and equipment		322
Right-of-use assets		3,298
Intangible assets:		
Technology		10,700
Customer relationships		2,800
Deferred tax assets		8,929
Trade payables and accrued liabilities		(556)
Deferred revenue		(649)
Lease obligation		(3,298)
		24,029
Goodwill		36,329
Total consideration	$	60,358

The trade and other receivables comprise gross contractual amounts of $452, of which $412 have been fully collected.

The goodwill is primarily attributable to the expected synergies that will result from integrating Rubikloud's offerings with RapidResponse to enhance its demand planning capabilities, and the assembled workforce. The goodwill is not deductible for tax purposes.

4. Trade and other receivables:

	March 31, 2021	December 31, 2020
Trade accounts receivable	$ 54,169	$ 67,288
Unbilled receivables	13,868	13,800
Investment tax credits receivable	211	211
Other	2,697	1,584
	70,945	82,883
Loss allowance	–	–
	$ 70,945	$ 82,883

There were no trade and other receivables written off in the three months ended March 31, 2021 (2020 – $nil).

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

	March 31, 2021	March 31, 2020
Balance, beginning of the period	$ 15,813	$ 14,129
Amounts transferred to trade accounts receivable from the balance at the beginning of year	(4,970)	(3,345)
Revenue in excess of billings, net of amounts transferred to trade accounts receivable	3,938	7,338
Balance, end of the period	$ 14,781	$ 18,122
Current	$ 13,868	$ 17,612
Non-current	913	510

There was $288 in unbilled receivables written off in the three months ended March 31, 2021 (2020 - $nil).

5. Property and equipment:

Cost	December 31, 2020	Additions	Effects of exchange rates	March 31, 2021
Land	$ 18	$ –	$ –	$ 18
Computer equipment	54,187	832	(637)	54,382
Computer software	3,234	115	(17)	3,332
Office furniture and equipment	1,154	–	(17)	1,137
Leasehold improvements	8,476	3,494	(117)	11,853
Total cost	$ 67,069	$ 4,441	$ (788)	$ 70,722

Accumulated depreciation	December 31, 2020	Depreciation (Note 16)	Effects of exchange rates	March 31, 2021
Land	$ –	$ –	$ –	$ –
Computer equipment	29,340	2,275	(278)	31,337
Computer software	2,317	202	(15)	2,504
Office furniture and equipment	567	87	(3)	651
Leasehold improvements	4,099	167	(55)	4,211
Total accumulated depreciation	$ 36,323	$ 2,731	$ (351)	$ 38,703

Carrying value	March 31, 2021	December 31, 2020
Land	$ 18	$ 18
Computer equipment	23,045	24,847
Computer software	828	917
Office furniture and equipment	486	587
Leasehold improvements	7,642	4,377
Total property and equipment	$ 32,019	$ 30,746

There were no proceeds associated with asset dispositions in 2021 (2020 – no proceeds associated with asset dispositions).

6. Right-of-use assets:

	December 31, 2020	Additions	Depreciation (Note 16)	Effects of exchange rates	March 31, 2021
Offices	$ 7,317	$ –	$ (501)	$ (212)	$ 6,604
Data centres	8,405	1,027	(677)	(232)	8,523
Total right-of-use assets	$ 15,722	$ 1,027	$ (1,178)	$ (444)	$ 15,127

7. Contract acquisition costs:

	March 31, 2021	March 31, 2020
Balance, beginning of the period	$ 16,484	$ 15,497
Additions	2,188	2,075
Amortization	(1,448)	(1,372)
Effects of movements in exchange rates	(72)	(79)
Balance, end of the period	$ 17,152	$ 16,121

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

8. Intangible assets:

	December 31, 2020	Additions	Amortization (Note 16)	March 31, 2021
Customer relationships	$ 3,087	$ –	$ (179)	$ 2,908
Technology	9,936	–	(382)	9,554
Total intangible assets	$ 13,023	$ –	$ (561)	$ 12,462

9. Goodwill:

	March 31, 2021	March 31, 2020
Balance, beginning of period	$ 39,988	$ –
Acquisition of Prana (Note 3)	–	3,659
Balance, end of period	$ 39,988	$ 3,659

10. Trade payables and accrued liabilities:

	March 31, 2021	December 31, 2020
Trade accounts payable	$ 8,333	$ 5,896
Accrued liabilities	15,675	22,131
Taxes payable	5,429	5,003
	$ 29,437	$ 33,030

11. Deferred revenue:

	March 31, 2021	March 31, 2020
Balance, beginning of the period	$ 94,275	$ 83,673
Amounts invoiced and revenue deferred	38,782	31,819
Recognition of deferred revenue included in the balance at the beginning of year	(34,875)	(32,881)
Balance, end of the period	$ 98,182	$ 82,611

12. Lease obligations:

The Company's leases are for office space and data centers. These leases contain no renewal options 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.

	March 31, 2021	December 31, 2020
Current	$ 4,796	$ 4,554
Non-current	11,316	12,065
Total lease obligations	$ 16,112	$ 16,619

The following table presents the contractual undiscounted cash flows for lease obligations as at March 31, 2021:

Less than one year	$ 5,396
One to five years	11,937
Total undiscounted lease obligations	$ 17,333

12. Lease obligations (continued):

Interest expense on lease obligations for the three months ended March 31, 2021 was $184 (2020 – $120). The expense relating to variable lease payments not included in the measurement of lease obligations was $362 (2020 – $192). This consists of variable lease payments for operating costs, property taxes, and insurance. Expenses relating to short-term leases were $108 (2020 – $244) and expenses relating to leases of low value assets were not material. Total cash outflow for leases was $1,826 (2020 – $1,147), including $1,172 (2020 – $591) of principal payments on lease obligations.

The Company has entered into commitments to lease office space in Ottawa, Canada, and to expand data centres in Montreal, Canada. The office lease in Ottawa is expected to commence in late 2021 and the minimum payments required under this commitment are $44,601 over a fifteen year period. The data center lease expansion in Montreal will commence in July 2021 and the minimum payment required under this commitment is $587 over a three year period.

13. Share capital:

Authorized

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

Issued Common Shares

	Three months ended March 31, 2021		Three months ended March 31, 2020	
	Shares	Amount	Shares	Amount
Shares outstanding, beginning of period	27,085,922	$ 173,104	26,403,004	$ 140,961
Shares issued from exercised options	126,396	3,159	108,039	6,724
Shares outstanding, end of period	27,212,318	$ 176,263	26,511,043	$ 147,685

13. Share capital (continued):

Stock option plans

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

	Three months ended March 31, 2021		Year ended December 31, 2020	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
Options outstanding, beginning of period	2,228,456	$ 68.82	2,228,738	$ 44,24
Granted	221,473	104.74	626,999	112.85
Exercised	(126,396)	17,93	(618,531)	32.94
Forfeited	(3,000)	164.02	(8,750)	71.34
Options outstanding, end of period	2,320,533	$ 75.78	2,228,456	$ 68.82
Options exercisable, end of period	1,074,716	$ 51.44	932,258	$ 40.73

The following table presents information about stock options outstanding at March 31, 2021:

	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	41,999	2.47	$ 9.52	41,999	$ 9.52
$30 to $60	678,471	4.03	43.30	549,771	40.40
$60 to $90	1,110,090	3.39	71.55	482,946	67.66
$90 to $120	221,473	4.94	105.50	–	–
$120 to $150	44,000	4.12	136.34	–	–
$150 to $180	224,500	4.36	166.09	–	–
	2,320,533	3.82	$ 75.78	1,074,716	$ 51.44

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 ("the Plans"). Stock options granted under the new plans will have an exercise price equal to 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, 2021, there were 279,934 stock options available for grant under the Plans.

13. Share capital (continued):

During the three months ended March 31, 2021, the Company granted 221,473 options (year ended December 31, 2020 – 626,999) and recorded share-based compensation expense of $2,975 (three months ended March 31, 2020 – $2,053) related to the vesting of options granted in 2021 and previous years. The per share weighted-average fair value of stock options granted during the three months ended March 31, 2021 was $31.54 (year ended December 31, 2020 – $30.77) 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 0.54% (2020 – 0.71%), an expected life of three to five years (2020 – three to five years), and estimated volatility of 39% (2020 – 35%). The forfeiture rate is estimated at 15% (2020 – 15%) based upon an analysis of actual forfeitures.

Share Unit Plan

At March 31, 2021, there were 90,224 share units available for grant under the Share Unit Plan.

During the three months ended March 31, 2021, the Company granted 74,001 restricted share units ("RSUs") (year ended December 31, 2020 – 81,970). At March 31, 2021, there were 152,306 RSUs outstanding (December 31, 2020 – 78,305). 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, 2021 was $110.36 per unit (year ended December 31, 2020 – $94.04) using the fair value of a Common Share at time of grant. The Company recorded share-based compensation expense of $1,154 (three months ended March 31, 2020 – $823) related to the RSUs.

During the three months ended March 31, 2021, the Company granted 9,513 deferred share units ("DSUs") (year ended December 31, 2020 – 10,842). At March 31, 2021, there were 65,441 DSUs outstanding (December 31, 2020 – 55,928). 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, 2021 was $110.36 per unit (2020 – $83.00) using the fair value of a Common Share at time of grant. The Company recorded share-based compensation of $1,050 (three months ended March 31, 2020 – $900) related to the DSUs.

13. Share capital (continued):

During the three months ended March 31, 2021, the Company granted 31,640 performance share units ("PSUs") (year ended December 31, 2020 – nil) that vest based upon the Company's total shareholder return relative to the total shareholder return of the constituents of the S&P Software & Services Select Industry Index over two and three-year performance based vesting periods. The per share weighted-average fair value of the 15,820 performance share units granted during the three months ended March 31, 2021 that vest over two years was $126.22 on the date of grant. The per share weighted-average fair value of the 15,820 performance share units granted during the three months ended March 31, 2021 that vest over three years was $138.51 on the date of grant. The PSUs were valued using a Monte Carlo pricing model with the following assumptions: grant date stock price of $132.08, expected dividend yield of 0%, risk-free interest rate of 0.51%, a performance measurement period of 2 to 3 years, estimated volatility of 41%, and a correlation coefficient to the S&P Software & Services Select Industry Index of 0.52. The Company recorded share-based compensation expense of $128 (three months ended March 31, 2020 – nil).

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

	March 31, 2021	March 31, 2020
Cost of revenue	$ 457	$ 292
Selling and marketing	1,032	1,260
Research and development	988	396
General and administrative	2,830	1,828
	$ 5,307	$ 3,776

14. 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, 2021	March 31, 2020
Issued Common Shares, beginning of year	27,085,922	26,403,004
Effect of shares issued from exercise of options	23,305	29,581
Weighted average number of basic Common Shares	27,109,227	26,432,585
Effect of share options on issue	–	992,286
Effect of share units on issue	–	109,570
Weighted average number of diluted Common Shares	27,109,227	27,534,441

At March 31, 2021, 2,320,533 (March 31, 2020 – 365,499) options and 249,387 (March 31, 2020 – none) 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 for the three months ended:

	March 31, 2021	March 31, 2020
SaaS	$ 40,576	$ 33,995
Professional services	12,027	10,673
Subscription term licenses	2,059	4,904
Maintenance and support	3,066	3,183
	$ 57,728	$ 52,755

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, 2021:

	Remainder of 2021	2022	2023 and thereafter	Total
SaaS	$ 119,808	$ 118,587	$ 122,430	$ 360,825
Maintenance and support	9,168	8,392	5,155	22,715
Subscription term licenses	498	–	–	498
	$ 129,474	$ 126,979	$ 127,585	$ 384,038

16. Depreciation and amortization:

The following table presents total depreciation expense of property and equipment and right-of-use assets by function for the three months ended:

	March 31, 2021	March 31, 2020
Cost of revenue	$ 2,235	$ 2,164
Selling and marketing	1	1
Research and development	820	346
General and administrative	853	388
	$ 3,909	$ 2,899

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

	March 31, 2021	March 31, 2020
Cost of revenue	$ 382	$ –
General and administrative	179	42
	$ 561	$ 42

17. Statement of cash flow:

The following table presents changes in operating assets and liabilities:

	March 31, 2021	March 31, 2020
Trade and other receivables	$ 12,601	$ 14,189
Prepaid expenses	(905)	(2,276)
Contract acquisition costs	(723)	(706)
Trade payables and accrued liabilities	(2,904)	(3,761)
Deferred revenue	4,871	(590)
	$ 12,940	$ 6,856

18. Financial instruments:

(a) Fair value of financial instruments:

The carrying amounts of short-term investments, trade and other receivables, unbilled receivables, and trade payables and accrued liabilities approximate fair value due to the short-term maturity of these instruments and are considered to be Level 1 financial 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 accounts receivable by geographic region:

	March 31, 2021	December 31, 2020
United States	$ 36,886	$ 46,935
Europe	6,911	16,849
Asia	8,320	1,920
Canada	2,052	1,584
	$ 54,169	$ 67,288

The following table presents aging of trade accounts receivable:

	March 31, 2021	December 31, 2020
Current	$ 24,112	$ 53,190
Past due:		
0 – 30 days	14,707	9,093
31 – 60 days	4,260	3,105
Greater than 60 days	11,090	1,900
	$ 54,169	$ 67,288

At March 31, 2021, one customer individually accounted for greater than 10% of total trade accounts receivable (December 31, 2020 – two customers). For the three months ended March 31, 2021, no customer individually accounted for greater than 10% of revenue (three months ended March 31, 2020 – 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 planning software and solutions.

Geographic information

The following table presents external revenue on a geographic basis:

	March 31, 2021	March 31, 2020
United States	$ 35,880	$ 34,532
Europe	11,590	10,868
Asia	7,985	6,217
Canada	2,273	1,138
	$ 57,728	$ 52,755

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

	March 31, 2021	December 31, 2020
Canada	$ 19,516	$ 16,800
United States	5,676	6,044
Asia	4,031	4,710
Europe	2,796	3,192
	$ 32,019	$ 30,746

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

	March 31, 2021	December 31, 2020
Canada	$ 6,895	$ 6,413
United States	2,086	2,220
Asia	5,056	5,843
Europe	1,090	1,246
	$ 15,127	$ 15,722

20. Contingencies:

The Company is involved in litigation with a competitor, whereby the competitor has made certain allegations concerning patent infringement. The Company will accrue a liability if the Company determines that it is more likely than not that a present obligation exists that will result in an outflow of resources and the amount of the obligation can be reliably estimated. Significant judgment is required in both the determination of probability and the determination as to whether an amount of an obligation is reliably estimable. The Company has assessed that its defense against these allegations will more likely than not be successful and a present obligation does not exist. At March 31, 2021, 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.