Condensed Consolidated Interim Financial Statements of

Kinaxis Inc.

Three and six months ended June 30, 2021 and 2020

(In thousands of USD)

(Unaudited)

Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of USD)
(Unaudited)

		June 30, 2021		December 31, 2020
Assets				
Current assets:				
Cash and cash equivalents	$	202,771	$	182,958
Short-term investments		30,172		30,180
Trade and other receivables (note 4)		65,891		82,883
Investment tax credits recoverable		–		1,109
Prepaid expenses		10,595		9,264
		309,429		306,394
Non-current assets:				
Property and equipment (note 5)		41,674		30,746
Right-of-use assets (note 6)		13,953		15,722
Contract acquisition costs (note 7)		16,639		16,484
Unbilled receivables (note 4)		196		2,013
Other receivables		701		752
Deferred tax assets		3,894		2,308
Investment tax credits recoverable		1,840		980
Intangible assets (note 8)		11,901		13,023
Goodwill (note 9)		39,988		39,988
	$	440,215	$	428,410
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade payables and accrued liabilities (note 10)	$	28,136	$	33,030
Deferred revenue (note 11)		94,867		94,275
Lease obligations (note 12)		4,857		4,554
		127,860		131,859
Non-current liabilities:				
Lease obligations (note 12)		10,203		12,065
Deferred tax liabilities		3,298		2,729
		13,501		14,794
Shareholders' equity:				
Share capital (note 13)		179,268		173,104
Contributed surplus		45,455		35,846
Accumulated other comprehensive loss		(250)		(20)
Retained earnings		74,381		72,827
		298,854		281,757
	$	440,215	$	428,410

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) John (Ian) Giffen 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)

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Revenue (note 15)	$ 60,056	$ 61,373	$ 117,784	$ 114,128
Cost of revenue	19,783	15,634	40,289	31,470
Gross profit	40,273	45,739	77,495	82,658
Operating expenses:				
Selling and marketing	14,279	12,253	27,117	24,228
Research and development	11,223	10,257	24,905	19,934
General and administrative	10,323	8,108	21,865	15,040
	35,825	30,618	73,887	59,202
	4,448	15,121	3,608	23,456
Other income (expense):				
Foreign exchange gain (loss)	(443)	(5)	(911)	44
Net finance and other income (expense)	(1)	152	(159)	825
	(444)	147	(1,070)	869
Profit before income taxes	4,004	15,268	2,538	24,325
Income tax expense	916	6,264	984	9,740
Profit	3,088	9,004	1,554	14,585
Other comprehensive income (loss)				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations	39	69	(230)	(55)
Total comprehensive income	$ 3,127	$ 9,073	$ 1,324	$ 14,530
Basic earnings per share	$ 0.11	$ 0.34	$ 0.06	$ 0.55
Weighted average number of basic Common Shares (note 14)	27,110,830	26,546,213	27,165,088	26,489,205
Diluted earnings per share	$ 0.11	$ 0.32	$ 0.05	$ 0.53
Weighted average number of diluted Common Shares (note 14)	28,132,511	27,960,482	28,260,273	27,776,206

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in thousands of USD)
(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance, December 31, 2019	$ 140,961	$ 30,392	$ (348)	$ 59,097	$ 230,102
Profit	–	–	–	14,585	14,585
Other comprehensive loss	–	–	(55)	–	(55)
Total comprehensive income (loss)	–	–	(55)	14,585	14,530
Share options exercised	15,273	(3,925)	–	–	11,348
Share based payments (note 13)	–	7,499	–	–	7,499
Total shareholder transactions	15,273	3,574	–	–	18,847
Balance, June 30, 2020	$ 156,234	$ 33,966	$ (403)	$ 73,682	$ 263,479
Balance, December 31, 2020	$ 173,104	$ 35,846	$ (20)	$ 72,827	$ 281,757
Profit	–	–	–	1,554	1,554
Other comprehensive loss	–	–	(230)	–	(230)
Total comprehensive income (loss)	–	–	(230)	1,554	1,324
Share options exercised	6,164	(1,600)	–	–	4,564
Share based payments (note 13)	–	11,209	–	–	11,209
Total shareholder transactions	6,164	9,609	–	–	15,773
Balance, June 30, 2021	$ 179,268	$ 45,455	$ (250)	$ 74,381	$ 298,854

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in thousands of USD)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Cash flows from operating activities:				
Profit	$ 3,088	$ 9,004	$ 1,554	$ 14,585
Items not affecting cash:				
Depreciation of property and equipment and right-of-use assets (note 16)	4,037	3,565	7,946	6,464
Amortization of intangible assets (note 16)	561	62	1,122	104
Share-based payments (note 11)	5,902	3,723	11,209	7,499
Net finance and other income (expense)	1	(152)	159	(825)
Income tax expense	916	6,264	984	9,740
Income tax credits recoverable	674	–	249	–
Change in operating assets and liabilities (note 17)	70	8,837	13,010	15,693
Interest received	183	200	206	1,062
Interest paid	(173)	(169)	(357)	(289)
Income taxes paid	(257)	(521)	(431)	(2,260)
	15,002	30,813	35,651	51,773
Cash flows used in investing activities:				
Acquisition of business, net of cash acquired	–	(167)	(800)	(2,577)
Purchase of property and equipment (note 5)	(12,489)	(9,329)	(16,930)	(11,038)
Purchase of short-term investments	(15,154)	(10,000)	(30,160)	(75,302)
Redemption of short-term investments	15,154	10,000	30,160	30,102
	(12,489)	(9,496)	(17,730)	(58,815)
Cash flows from financing activities:				
Payment of lease obligations (note 12)	(1,185)	(894)	(2,357)	(1,485)
Common shares issued on exercise of stock options	2,304	6,338	4,564	11,348
	1,119	5,444	2,207	9,863
Increase in cash and cash equivalents	3,632	26,761	20,128	2,821
Cash and cash equivalents, beginning of period	199,143	158,148	182,958	182,284
Effects of exchange rates on cash and cash equivalents	(4)	83	(315)	(113)
Cash and cash equivalents, end of period	$ 202,771	$ 184,992	$ 202,771	$ 184,992

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 June 30, 2021 and for the three and six months ended June 30, 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 August 5, 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, with the additional application of the following policy for accounting for government assistance.

Government assistance is recognized when there is reasonable assurance that it will be received and that compliance with all related conditions has been achieved. When the government assistance relates to an expense item, it is recognized as a reduction of the related expense to match the government assistance on a systematic basis to the costs that it is intended to subsidize.

2. Basis of preparation (continued):

(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.

3. Business combinations (continued):

Prana Consulting, Inc. (continued)

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.

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:

	June 30, 2021	December 31, 2020
Trade accounts receivable	$ 39,352	$ 67,288
Unbilled receivables	15,433	13,800
Investment tax credits receivable	211	211
Other	10,895	1,584
	$ 65,891	$ 82,883

There were no trade and other receivables written off in the three and six months ended June 30, 2021 (year ended December 31, 2020 – $nil).

During the three and six months ended June 30, 2021, $7,906 of non-refundable government grants relating to the pandemic were recorded to Other Receivables. The grants are offset against cost of revenue and operating expenses in the Condensed Consolidated Interim Statements of Comprehensive Income.

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

	June 30, 2021	June 30, 2020
Balance, beginning of the period	$ 15,813	$ 14,129
Amounts transferred to trade accounts receivable from the balance at the beginning of year	(9,143)	(4,867)
Amounts written off	(288)	–
Revenue in excess of billings, net of amounts transferred to trade accounts receivable	9,247	15,293
Balance, end of the period	$ 15,629	$ 24,555

In the three and six months ended June 30, 2021 there was $nil and $288 of unbilled receivables written off (year ended December 31, 2020 - $nil).

The following table presents current and non-current unbilled receivables as at:

	June 30, 2021	December 31, 2020
Current	$ 15,433	$ 13,800
Non-current	196	2,013

5. Property and equipment:

Cost	December 31, 2020	Additions	Effects of exchange rates	June 30, 2021
Land	$ 18	$ –	$ –	$ 18
Computer equipment	54,187	7,241	(602)	60,826
Computer software	3,234	198	(17)	3,415
Office furniture and equipment	1,154	605	(16)	1,743
Leasehold improvements	8,476	8,886	(117)	17,245
Total cost	$ 67,069	$ 16,930	$ (752)	$ 83,247

Accumulated depreciation	December 31, 2020	Depreciation (Note 16)	Effects of exchange rates	June 30, 2021
Land	$ –	$ –	$ –	$ –
Computer equipment	29,340	4,706	(256)	33,790
Computer software	2,317	360	(9)	2,668
Office furniture and equipment	567	169	(4)	732
Leasehold improvements	4,099	341	(57)	4,383
Total accumulated depreciation	$ 36,323	$ 5,576	$ (326)	$ 41,573

Carrying value	June 30, 2021	December 31, 2020
Land	$ 18	$ 18
Computer equipment	27,036	24,847
Computer software	747	917
Office furniture and equipment	1,011	587
Leasehold improvements	12,862	4,377
Total property and equipment	$ 41,674	$ 30,746

There were no proceeds associated with asset dispositions in the six months ended June 30, 2021 (year ended December 31, 2020 – no proceeds associated with asset dispositions).

6. Right-of-use assets:

	December 31, 2020	Additions	Depreciation (Note 16)	Effects of exchange rates	June 30, 2021
Offices	$ 7,317	$ –	$ (1,016)	$ (203)	$ 6,098
Data centres	8,405	1,012	(1,354)	(208)	7,855
Total right-of-use assets	$ 15,722	$ 1,012	$ (2,370)	$ (411)	$ 13,953

7. Contract acquisition costs:

The following table presents changes in contract acquisition costs for the six months ended:

	June 30, 2021	June 30, 2020
Balance, beginning of the period	$ 16,484	$ 15,497
Additions	3,238	2,782
Amortization	(3,021)	(2,906)
Effects of movements in exchange rates	(62)	(67)
Balance, end of the period	$ 16,639	$ 15,306

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

8. Intangible assets:

	December 31, 2020	Additions	Amortization (Note 16)	June 30, 2021
Customer relationships	$ 3,087	$ –	$ (358)	$ 2,729
Technology	9,936	–	(764)	9,172
Total intangible assets	$ 13,023	$ –	$ (1,122)	$ 11,901

9. Goodwill:

The following table presents changes in goodwill for the six months ended:

	June 30, 2021	June 30, 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:

	June 30, 2021	December 31, 2020
Trade accounts payable	$ 6,040	$ 5,896
Accrued liabilities	16,409	22,131
Taxes payable	5,687	5,003
	$ 28,136	$ 33,030

11. Deferred revenue:

The following table presents changes in deferred revenue for the six months ended:

	June 30, 2021	June 30, 2020
Balance, beginning of the period	$ 94,275	$ 83,673
Amounts invoiced and revenue deferred	62,475	51,026
Recognition of deferred revenue included in the balance at the beginning of year	(61,883)	(55,391)
Balance, end of the period	$ 94,867	$ 79,308

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.

	June 30, 2021	December 31, 2020
Current	$ 4,857	$ 4,554
Non-current	10,203	12,065
Total lease obligations	$ 15,060	$ 16,619

The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2021:

Less than one year	$ 5,409
One to five years	10,710
Total undiscounted lease obligations	$ 16,119

Interest expense on lease obligations for the six months ended June 30, 2021 was $357 (2020 – $289). The expense relating to variable lease payments not included in the measurement of lease obligations was $754 (2020 – $369). This consists of variable lease payments for operating costs, property taxes, and insurance. Expenses relating to short-term leases were $230 (2020 – $257) and expenses relating to leases of low value assets were not material. Total cash outflow for leases was $3,698 (2020 – $2,400), including $2,357 (2020 – $1,485) 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 $45,227 over a fifteen year period. The data center lease expansion in Montreal will commence in August 2021 and the minimum payment required under this commitment is $595 over a three year period.

13. Share capital:

Authorized

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

Issued Common Shares

	Six months ended June 30, 2021		Six months ended June 30, 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	176,721	6,164	434,843	15,273
Shares outstanding, end of period	27,262,643	$ 179,268	26,837,847	$ 156,234

Stock option plans

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

	Six months ended June 30, 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	264,473	106.31	626,999	112.85
Exercised	(176,721)	25.85	(618,531)	32.94
Forfeited	(46,875)	151.55	(8,750)	71.34
Options outstanding, end of period	2,269,333	$ 76.76	2,228,456	$ 68.82
Options exercisable, end of period	1,062,391	$ 53.69	932,258	$ 40.73

13. Share capital (continued):

The following table presents information about stock options outstanding at June 30, 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	36,999	2.02	$ 8.12	36,999	$ 8.12
$30 to $60	643,571	3.76	44.05	519,871	41.09
$60 to $90	741,666	2.91	64.27	408,270	63.84
$90 to $120	615,097	4.12	97.76	86,251	90.31
$120 to $150	44,000	3.87	138.25	11,000	138.25
$150 to $180	188,000	4.12	168.43	–	–
	2,269,333	3.58	$ 76.76	1,062,391	$ 53.69

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.

On June 22, 2021, Kinaxis shareholders voted to approve an amendment to Kinaxis' Canadian Resident and Non Canadian Resident Stock Option Plans to increase the maximum number of shares reserved for issue by 500,000. At June 30, 2021, there were 780,809 stock options available for grant under the Plans.

During the six months ended June 30, 2021, the Company granted 264,473 options (year ended December 31, 2020 – 626,999) and recorded share-based compensation expense of $6,039 (six months ended June 30, 2020 – $4,317) 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 six months ended June 30, 2021 was $32.07 (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 0.53% (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.

13. Share capital (continued):

Share Unit Plan

On June 22, 2021, Kinaxis shareholders voted to approve an amendment to Kinaxis' Share Unit Plan to increase the maximum number of shares reserved for issue by 500,000. At June 30, 2021, there were 591,715 share units available for grant under the Share Unit Plan.

During the six months ended June 30, 2021, the Company granted 74,001 restricted share units ("RSUs") (year ended December 31, 2020 – 81,970). At June 30, 2021, there were 150,815 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 six months ended June 30, 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 $3,486 (six months ended June 30, 2020 – $2,282) related to the RSUs.

During the six months ended June 30, 2021, the Company granted 9,513 deferred share units ("DSUs") (year ended December 31, 2020 – 10,842). At June 30, 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 six months ended June 30, 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 (six months ended June 30, 2020 – $900) related to the DSUs.

During the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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 $634 (six months ended June 30, 2020 – $nil) related to the PSUs.

13. Share capital (continued):

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Cost of revenue	$ 503	$ 418	$ 960	$ 710
Selling and marketing	1,314	1,351	2,346	2,611
Research and development	1,117	512	2,105	908
General and administrative	2,968	1,442	5,798	3,270
	$ 5,902	$ 3,723	$ 11,209	$ 7,499

14. Earnings per share:

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Issued Common Shares at beginning of period	27,109,227	26,511,043	27,085,922	26,403,004
Effect of shares issued from exercise of options	1,603	35,170	79,166	86,201
Weighted average number of basic Common Shares	27,110,830	26,546,213	27,165,088	26,489,205
Effect of share options on issue	893,098	1,279,422	935,917	1,151,943
Effect of share units on issue	128,583	134,847	159,268	135,058
Weighted average number of diluted Common Shares	28,132,511	27,960,482	28,260,273	27,776,206

For the three and six months ended June 30, 2021, 496,473 and 275,000 (three and six months ended June 30, 2020 – 44,000) options 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 and six months ended:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
SaaS	$ 42,301	$ 35,741	$ 82,877	$ 69,736
Professional services	14,001	12,400	26,028	23,073
Subscription term licenses	620	10,003	2,679	14,907
Maintenance and support	3,134	3,229	6,200	6,412
	$ 60,056	$ 61,373	$ 117,784	$ 114,128

The following table presents revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at June 30, 2021:

	Remainder of 2021	2022	2023 and thereafter	Total
SaaS	$ 86,299	$ 131,970	$ 140,662	$ 358,931
Maintenance and support	6,222	8,727	5,667	20,616
Subscription term licenses	1,487	–	–	1,487
	$ 94,008	$ 140,697	$ 146,329	$ 381,034

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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Cost of revenue	$ 2,309	$ 2,000	$ 4,544	$ 4,164
Selling and marketing	–	1	1	2
Research and development	841	798	1,661	1,144
General and administrative	887	766	1,740	1,154
	$ 4,037	$ 3,565	$ 7,946	$ 6,464

16. Depreciation and amortization (continued):

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Cost of revenue	$ 382	$ –	$ 764	$ –
General and administrative	179	62	358	104
	$ 561	$ 62	$ 1,122	$ 104

17. Statement of cash flow:

The following table presents changes in operating assets and liabilities:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Trade and other receivables	$ 5,819	$ 9,224	$ 18,420	$ 23,413
Prepaid expenses	(467)	23	(1,372)	(2,253)
Contract acquisition costs	505	830	(218)	124
Trade payables and accrued liabilities	(2,534)	2,298	(5,438)	(1,463)
Deferred revenue	(3,253)	(3,538)	1,618	(4,128)
	$ 70	$ 8,837	$ 13,010	$ 15,693

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.

18. Financial instruments (continued):

(b) Credit risk:

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

	June 30, 2021	December 31, 2020
United States	$ 23,569	$ 46,935
Europe	9,827	16,849
Asia	5,466	1,920
Canada	490	1,584
	$ 39,352	$ 67,288

The following table presents aging of trade accounts receivable:

	June 30, 2021	December 31, 2020
Current	$ 27,008	$ 53,190
Past due:		
0 – 30 days	3,365	9,093
31 – 60 days	2,287	3,105
Greater than 60 days	6,692	1,900
	$ 39,352	$ 67,288

At June 30, 2021, no customer individually accounted for greater than 10% of total trade accounts receivable (December 31, 2020 – two customers). For the six months ended June 30, 2021, no customer individually accounted for greater than 10% of revenue (six months ended June 30, 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:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
United States	$ 35,846	$ 41,789	$ 71,726	$ 76,321
Europe	14,395	12,102	25,985	22,970
Asia	8,729	6,727	16,714	12,944
Canada	1,086	755	3,359	1,893
	$ 60,056	$ 61,373	$ 117,784	$ 114,128

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

	June 30, 2021	December 31, 2020
Canada	$ 27,115	$ 16,800
United States	6,704	6,044
Asia	4,324	4,710
Europe	3,531	3,192
	$ 41,674	$ 30,746

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

	June 30, 2021	December 31, 2020
Canada	$ 6,336	$ 6,413
United States	1,959	2,220
Asia	4,658	5,843
Europe	1,000	1,246
	$ 13,953	$ 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 June 30, 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.