Condensed Consolidated Interim Financial Statements of

Kinaxis Inc.

Three and nine months ended September 30, 2021 and 2020

(In thousands of USD)

(Unaudited)

Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in thousands of USD)
(Unaudited)

		September 30, 2021		December 31, 2020
Assets				
Current assets:				
Cash and cash equivalents	$	210,382	$	182,958
Short-term investments		30,169		30,180
Trade and other receivables (note 4)		50,988		82,883
Investment tax credits recoverable		–		1,109
Prepaid expenses		9,291		9,264
		300,830		306,394
Non-current assets:				
Property and equipment (note 5)		44,133		30,746
Right-of-use assets (note 6)		52,621		15,722
Contract acquisition costs (note 7)		17,945		16,484
Unbilled receivables (note 4)		430		2,013
Other receivables		692		752
Deferred tax assets		3,014		2,308
Investment tax credits recoverable		2,260		980
Intangible assets (note 8)		11,340		13,023
Goodwill (note 9)		39,988		39,988
	$	473,253	$	428,410
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade payables and accrued liabilities (note 10)	$	31,769	$	33,030
Deferred revenue (note 11)		75,541		94,275
Lease obligations (note 12)		1,649		4,554
		108,959		131,859
Non-current liabilities:				
Lease obligations (note 12)		51,734		12,065
Deferred tax liabilities		3,607		2,729
		55,341		14,794
Shareholders' equity:				
Share capital (note 13)		183,984		173,104
Contributed surplus		50,861		35,846
Accumulated other comprehensive loss		(473)		(20)
Retained earnings		74,581		72,827
		308,953		281,757
	$	473,253	$	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 (Loss)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Revenue (note 15)	$ 64,436	$ 55,116	$ 182,220	$ 169,244
Cost of revenue	21,847	18,557	62,136	50,027
Gross profit	42,589	36,559	120,084	119,217
Operating expenses:				
Selling and marketing	15,001	12,881	42,118	37,109
Research and development	16,054	13,664	40,959	33,598
General and administrative	10,502	9,209	32,367	24,249
	41,557	35,754	115,444	94,956
	1,032	805	4,640	24,261
Other income (expense):				
Foreign exchange gain (loss)	547	124	(364)	168
Net finance and other income (expense)	(69)	156	(228)	981
	478	280	(592)	1,149
Profit before income taxes	1,510	1,085	4,048	25,410
Income tax expense	1,310	354	2,294	10,094
Profit	200	731	1,754	15,316
Other comprehensive income (loss)				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations	(223)	146	(453)	91
Total comprehensive income (loss)	$ (23)	$ 877	$ 1,301	$ 15,407
Basic earnings per share	$ 0.01	$ 0.03	$ 0.06	$ 0.58
Weighted average number of basic Common Shares (note 14)	27,135,455	26,596,412	27,206,262	26,622,939
Diluted earnings per share	$ 0.01	$ 0.03	$ 0.06	$ 0.55
Weighted average number of diluted Common Shares (note 14)	28,279,754	27,766,505	28,397,945	28,000,655

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	–	–	–	15,316	15,316
Other comprehensive income	–	–	91	–	91
Total comprehensive income	–	–	91	15,316	15,407
Share options exercised (note 13)	23,884	(5,988)	–	–	17,896
Share based payments (note 13)	–	12,231	–	–	12,231
Total shareholder transactions	23,884	6,243	–	–	30,127
Balance, September 30, 2020	$ 164,845	$ 36,635	$ (257)	$ 74,413	$ 275,636
Balance, December 31, 2020	$ 173,104	$ 35,846	$ (20)	$ 72,827	$ 281,757
Profit	–	–	–	1,754	1,754
Other comprehensive loss	–	–	(453)	–	(453)
Total comprehensive income (loss)	–	–	(453)	1,754	1,301
Share options exercised (note 13)	10,880	(2,695)	–	–	8,185
Share based payments (note 13)	–	17,710	–	–	17,710
Total shareholder transactions	10,880	15,015	–	–	25,895
Balance, September 30, 2021	$ 183,984	$ 50,861	$ (473)	$ 74,581	$ 308,953

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 September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Cash flows from operating activities:				
Profit	$ 200	$ 731	$ 1,754	$ 15,316
Items not affecting cash:				
Depreciation of property and equipment and right-of-use assets (note 16)	4,223	3,939	12,169	10,403
Amortization of intangible assets (note 16)	561	561	1,683	665
Share-based payments (note 13)	6,501	4,732	17,710	12,231
Net finance and other (income) expense	69	(156)	228	(981)
Income tax expense	1,310	354	2,294	10,094
Investment tax credits recoverable	(420)	–	(171)	–
Change in operating assets and liabilities (note 17)	(1,641)	(5,219)	11,369	10,474
Interest received	185	596	391	1,658
Interest paid	(251)	(198)	(608)	(487)
Income taxes received (paid)	512	(843)	81	(3,103)
	11,249	4,497	46,900	56,270
Cash flows used in investing activities:				
Acquisition of business, net of cash acquired	–	(59,166)	(800)	(61,743)
Purchase of property and equipment (note 5)	(5,439)	(1,299)	(22,369)	(12,337)
Purchase of short-term investments	(15,005)	(20,150)	(45,165)	(95,452)
Redemption of short-term investments	15,005	65,302	45,165	95,404
	(5,439)	(15,313)	(23,169)	(74,128)
Cash flows from financing activities:				
Payment of lease obligations (note 12)	(1,143)	(1,154)	(3,500)	(2,639)
Common shares issued on exercise of stock options	3,621	6,548	8,185	17,896
	2,478	5,394	4,685	15,257
Increase (decrease) in cash and cash equivalents	8,288	(5,422)	28,416	(2,601)
Cash and cash equivalents, beginning of period	202,771	184,992	182,958	182,284
Effects of exchange rates on cash and cash equivalents	(677)	286	(992)	173
Cash and cash equivalents, end of period	$ 210,382	$ 179,856	$ 210,382	$ 179,856

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 September 30, 2021 and for the three and nine months ended September 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 November 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, 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):

(b) Significant accounting policies (continued):

During the nine months ended September 30, 2021, $7,906 of non-refundable government grants relating to the pandemic were received. The grants are offset against cost of revenue and operating expenses in the Condensed Consolidated Interim Statements of Comprehensive Income (Loss).

(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 consisted 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.

3. Business combinations (continued):

Prana Consulting, Inc. (continued)

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.

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.

3. Business combinations (continued):

Rubikloud Technologies, Inc. (continued)

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, which 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:

	September 30, 2021	December 31, 2020
Trade accounts receivable	$ 33,429	$ 67,288
Unbilled receivables	14,644	13,800
Investment tax credits receivable	–	211
Taxes receivable	12	–
Other	2,903	1,584
	$ 50,988	$ 82,883

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

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

	September 30, 2021	September 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	(12,006)	(11,728)
Amounts written off	(288)	–
Revenue in excess of billings, net of amounts transferred to trade accounts receivable	11,555	18,156
Balance, end of the period	$ 15,074	$ 20,557

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

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

	September 30, 2021	December 31, 2020
Current	$ 14,644	$ 13,800
Non-current	430	2,013

5. Property and equipment:

Cost	December 31, 2020	Additions	Effects of exchange rates	September 30, 2021
Land	$ 18	$ –	$ –	$ 18
Computer equipment	54,187	8,388	(824)	61,751
Computer software	3,234	365	(20)	3,579
Office furniture and equipment	1,154	722	(19)	1,857
Leasehold improvements	8,476	12,894	(148)	21,222
Total cost	$ 67,069	$ 22,369	$ (1,011)	$ 88,427

Accumulated depreciation	December 31, 2020	Depreciation	Effects of exchange rates	September 30, 2021
Land	$ –	$ –	$ –	$ –
Computer equipment	29,340	7,168	(368)	36,140
Computer software	2,317	515	(17)	2,815
Office furniture and equipment	567	236	(3)	800
Leasehold improvements	4,099	515	(75)	4,539
Total accumulated depreciation	$ 36,323	$ 8,434	$ (463)	$ 44,294

Carrying value	September 30, 2021	December 31, 2020
Land	$ 18	$ 18
Computer equipment	25,611	24,847
Computer software	764	917
Office furniture and equipment	1,057	587
Leasehold improvements	16,683	4,377
Total property and equipment	$ 44,133	$ 30,746

There were no proceeds associated with asset dispositions in the three and nine months ended September 30, 2021 (year ended December 31, 2020 – no proceeds associated with asset dispositions).

6. Right-of-use assets:

	December 31, 2020	Additions	Depreciation	Effects of exchange rates	September 30, 2021
Offices	$ 7,317	$ 39,551	$ (1,679)	$ (235)	$ 44,954
Data centres	8,405	1,575	(2,056)	(257)	7,667
Total right-of-use assets	$ 15,722	$ 41,126	$ (3,735)	$ (492)	$ 52,621

On September 1, 2021 the Company recorded $39,551 in office space additions related entirely to the Company's new leased office space in Ottawa, Canada.

7. Contract acquisition costs:

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

	September 30, 2021	September 30, 2020
Balance, beginning of the period	$ 16,484	$ 15,497
Additions	6,187	4,038
Amortization	(4,609)	(4,451)
Effects of movements in exchange rates	(117)	3
Balance, end of the period	$ 17,945	$ 15,087

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

8. Intangible assets:

	December 31, 2020	Additions	Amortization	September 30, 2021
Customer relationships	$ 3,087	$ –	$ (537)	$ 2,550
Technology	9,936	–	(1,146)	8,790
Total intangible assets	$ 13,023	$ –	$ (1,683)	$ 11,340

9. Goodwill:

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

	September 30, 2021	September 30, 2020
Balance, beginning of period	$ 39,988	$ –
Acquisition of Prana (Note 3)	–	3,659
Acquisition of Rubikloud Technologies, Inc. (Note 3)	–	36,329
Balance, end of period	$ 39,988	$ 39,988

10. Trade payables and accrued liabilities:

	September 30, 2021	December 31, 2020
Trade accounts payable	$ 4,968	$ 5,896
Accrued liabilities	21,081	22,131
Taxes payable	5,720	5,003
	$ 31,769	$ 33,030

11. Deferred revenue:

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

	September 30, 2021	September 30, 2020
Balance, beginning of the period	$ 94,275	$ 83,673
Amounts invoiced and revenue deferred	61,923	51,952
Recognition of deferred revenue included in the balance at the beginning of year	(80,657)	(72,732)
Balance, end of the period	$ 75,541	$ 62,893

12. Lease obligations:

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

	September 30, 2021	December 31, 2020
Current	$ 1,649	$ 4,554
Non-current	51,734	12,065
Total lease obligations	$ 53,383	$ 16,619

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

Less than one year	$ 3,342
One to five years	20,670
More than five years	43,909
Total undiscounted lease obligations	$ 67,921

Interest expense on lease obligations for the nine months ended September 30, 2021 was $608 (2020 – $487). The expense relating to variable lease payments not included in the measurement of lease obligations was $1,144 (2020 – $722). This consists of variable lease payments for operating costs, property taxes, and insurance. Expenses relating to short-term leases were $351 (2020 – $369) and expenses relating to leases of low value assets were not material. Total cash outflow for leases was $5,603 (2020 – $4,217), including $3,500 (2020 – $2,639) of principal payments on lease obligations.

13. Share capital:

Authorized

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

Issued Common Shares

	Nine months ended September 30, 2021		Nine months ended September 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	243,338	10,880	551,839	23,884
Shares outstanding, end of period	27,329,260	$ 183,984	26,954,843	$ 164,845

Stock option plans

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

	Nine months ended September 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	267,473	106.69	626,999	112.85
Exercised	(243,338)	33.63	(618,531)	32.94
Forfeited	(57,875)	136.47	(8,750)	71.34
Options outstanding, end of period	2,194,716	$ 75.67	2,228,456	$ 68.82
Options exercisable, end of period	1,068,974	$ 57.62	932,258	$ 40.73

13. Share capital (continued):

The following table presents information about stock options outstanding at September 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	45,524	2.37	$ 13.68	45,524	$ 13.68
$30 to $60	712,708	3.83	45.68	590,708	43.66
$60 to $90	939,011	2.63	72.48	374,742	69.32
$90 to $120	262,473	4.48	105.06	–	–
$120 to $150	47,000	3.69	135.19	11,000	134.93
$150 to $180	188,000	3.86	164.38	47,000	164.38
	2,194,716	3.37	$ 75.67	1,068,974	$ 57.62

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 September 30, 2021, there were 788,809 stock options available for grant under the Plans.

During the nine months ended September 30, 2021, the Company granted 267,473 options (year ended December 31, 2020 – 626,999) and recorded share-based compensation expense of $8,899 (nine months ended September 30, 2020 – $7,161) 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 nine months ended September 30, 2021 was $32.19 (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 September 30, 2021, there were 561,715 share units available for grant under the Share Unit Plan.

During the nine months ended September 30, 2021, the Company granted 104,001 restricted share units ("RSUs") (year ended December 31, 2020 – 81,970). At September 30, 2021, there were 180,815 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 nine months ended September 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 $6,614 (nine months ended September 30, 2020 – $4,170) related to the RSUs.

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

During the nine months ended September 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 nine months ended September 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 nine months ended September 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 $1,147 (nine months ended September 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 September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Cost of revenue	$ 548	$ 478	$ 1,508	$ 1,188
Selling and marketing	1,368	1,358	3,714	3,969
Research and development	2,068	958	4,173	1,866
General and administrative	2,517	1,938	8,315	5,208
	$ 6,501	$ 4,732	$ 17,710	$ 12,231

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 nine months ended:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Issued Common Shares at beginning of period	27,110,830	26,546,213	27,085,922	26,403,004
Effect of shares issued from exercise of options	24,625	50,199	120,340	219,935
Weighted average number of basic Common Shares	27,135,455	26,596,412	27,206,262	26,622,939
Effect of share options on issue	927,021	1,019,680	991,728	1,226,607
Effect of share units on issue	217,278	150,413	199,955	151,109
Weighted average number of diluted Common Shares	28,279,754	27,766,505	28,397,945	28,000,655

For the three and nine months ended September 30, 2021, 278,000 and 235,000 (three and nine months ended September 30, 2020 – 227,500 and 271,500) 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 nine months ended:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
SaaS	$ 44,731	$ 39,322	$ 127,608	$ 109,058
Professional services	14,576	11,492	40,604	34,565
Subscription term licenses	1,997	1,035	4,676	15,942
Maintenance and support	3,132	3,267	9,332	9,679
	$ 64,436	$ 55,116	$ 182,220	$ 169,244

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

	Remainder of 2021	2022	2023 and thereafter	Total
SaaS	$ 45,440	$ 144,654	$ 167,969	$ 358,063
Maintenance and support	3,121	8,807	5,810	17,738
	$ 48,561	$ 153,461	$ 173,779	$ 375,801

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 September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Cost of revenue	$ 2,425	$ 2,234	$ 6,969	$ 6,398
Selling and marketing	1	1	2	3
Research and development	727	812	2,388	1,956
General and administrative	1,070	892	2,810	2,046
	$ 4,223	$ 3,939	$ 12,169	$ 10,403

16. Depreciation and amortization (continued):

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Cost of revenue	$ 382	$ 382	$ 1,146	$ 382
General and administrative	179	179	537	283
	$ 561	$ 561	$ 1,683	$ 665

17. Statement of cash flow:

The following table presents changes in operating assets and liabilities:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Trade and other receivables	$ 14,750	$ 12,566	$ 33,170	$ 35,979
Prepaid expenses	1,306	346	(66)	(1,907)
Contract acquisition costs	(1,316)	379	(1,534)	503
Trade payables and accrued liabilities	3,002	(715)	(2,436)	(2,178)
Deferred revenue	(19,383)	(17,795)	(17,765)	(21,923)
	$ (1,641)	$ (5,219)	$ 11,369	$ 10,474

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:

	September 30, 2021	December 31, 2020
United States	$ 21,799	$ 46,935
Europe	7,065	16,849
Asia	3,155	1,920
Canada	1,410	1,584
	$ 33,429	$ 67,288

The following table presents aging of trade accounts receivable:

	September 30, 2021	December 31, 2020
Current	$ 20,305	$ 53,190
Past due:		
0 – 30 days	8,323	9,093
31 – 60 days	2,087	3,105
Greater than 60 days	2,714	1,900
	$ 33,429	$ 67,288

At September 30, 2021, no customer individually accounted for greater than 10% of total trade accounts receivable (December 31, 2020 – two customers). For the three and nine months ended September 30, 2021, no customer individually accounted for greater than 10% of revenue (nine months ended September 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 September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
United States	$ 38,236	$ 31,171	$ 109,962	$ 107,492
Europe	16,921	14,620	42,906	37,590
Asia	8,166	8,286	24,880	21,230
Canada	1,113	1,039	4,472	2,932
	$ 64,436	$ 55,116	$ 182,220	$ 169,244

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

	September 30, 2021	December 31, 2020
Canada	$ 30,848	$ 16,800
United States	6,233	6,044
Asia	3,915	4,710
Europe	3,137	3,192
	$ 44,133	$ 30,746

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

	September 30, 2021	December 31, 2020
Canada	$ 45,711	$ 6,413
United States	1,828	2,220
Asia	4,208	5,843
Europe	874	1,246
	$ 52,621	$ 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 September 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.