Kinaxis®

ANNUAL REPORT
2024

Supply chains in harmony

When navigating today's economic, environmental, and geopolitical supply chain disruptions, silos won't do. Supply chain orchestration brings essential supply chain functions together and provides an interconnected, seamless, and adaptive approach to move with agility and trust.

Kinaxis' powerful, AI-infused supply chain orchestration platform, Maestro™, combines proprietary technologies and techniques that provide full transparency and agility across the entire supply chain — from multi-year strategic planning to last-mile delivery. With Maestro, customers can balance the most challenging demands - controlling costs, building resilience, driving efficiencies, and being sustainable - all in one place, transforming supply chains into a strategic business driver.

Powering the world's most admired supply chains

Kinaxis is a global leader in modern supply chain orchestration, trusted by renowned global brands to provide the agility and predictability needed to navigate today's volatility and disruption.

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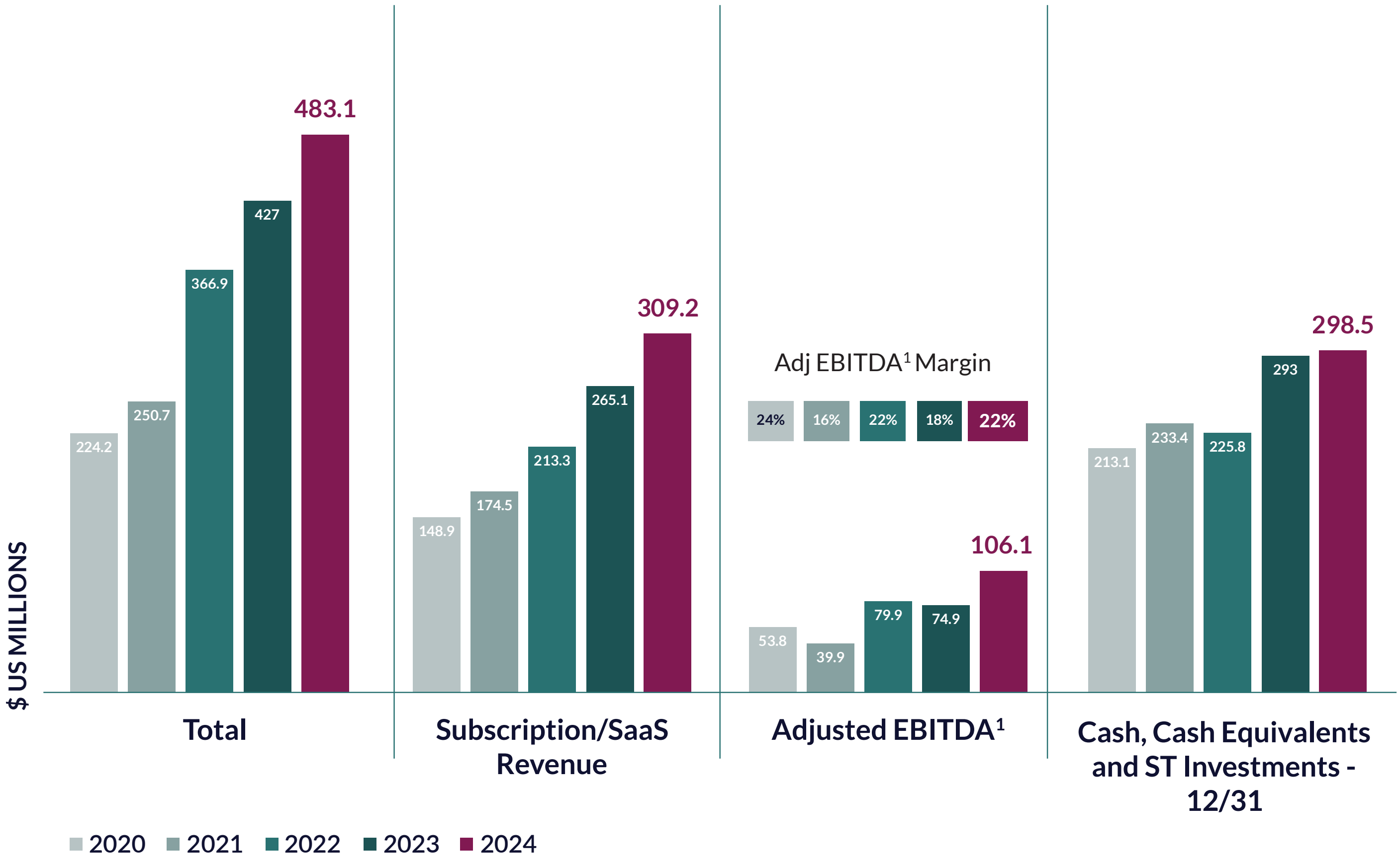
Financial Highlights

Kinaxis' customers sign multi-year subscription agreements for our Maestro supply chain orchestration platform, which provides a predictable, recurring revenue base that has grown rapidly over time as we have added new customers across multiple vertical markets and expanded deployments with our existing customers. Even as we have invested significantly in the growth of our business, our operations have continued to generate significant cash. In 2024, we achieved SaaS revenue growth of 17% while generating a 22% adjusted EBITDA margin[1].

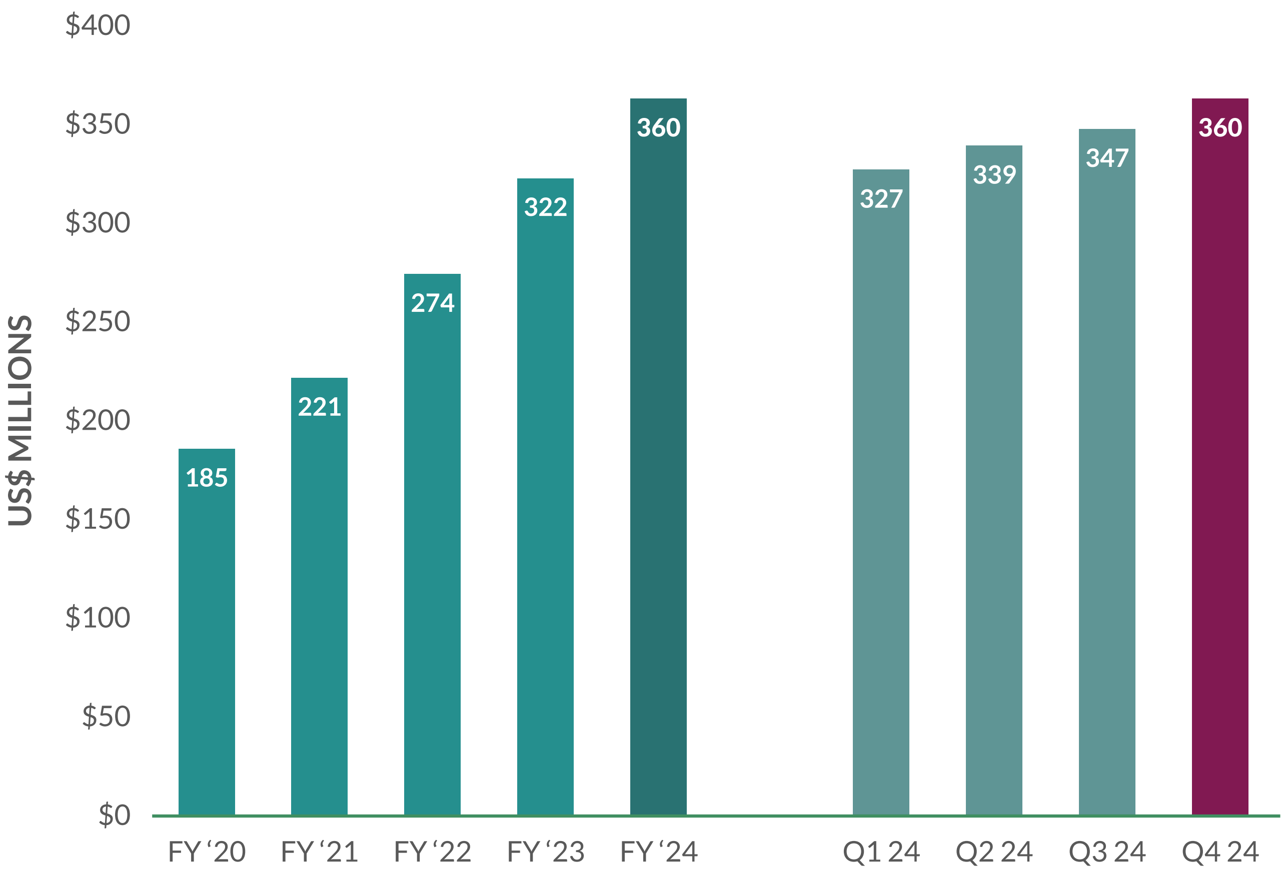


1. Adjusted EBITDA is a non-IFRS measure. It is not a recognized, defined or standardized measure under IFRS and might not be comparable to similar financial measures presented by other issuers. Adjusted EBITDA and other non-IFRS financial measures reported by Kinaxis and reconciliations to the most comparable IFRS financial measures can be found under the headings Reconciliation of Non-IFRS Measures and Ratios in our Management's Discussion and Analysis for the fourth quarter and year ended December 31, 2024, which section is incorporated by reference herein and is available on SEDAR+ (www.sedarplus.ca).

Adjusted EBITDA represents profit adjusted to exclude the change in the fair value of contingent consideration, our equity compensation plans, special charges, non-recurring items, income tax expense, depreciation and amortization, foreign exchange loss (gain) and net finance (income) expense. Adjusted EBITDA margin expresses Adjusted EBITDA as a percentage of revenue. We use these measures to provide investors with supplemental information on our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Annual Recurring Revenue (ARR)[2]

Our ARR is the total annualized value of recurring subscription amounts (ultimately recognized as SaaS, Subscription Term Licenses and Maintenance & Support revenue) for all subscription contracts at a point in time, and is a good indicator of the growth in our subscription business at a moment in time. We ended 2024 with an ARR balance of $360 million, representing 12% growth over 2023, or 14% growth in constant currency.

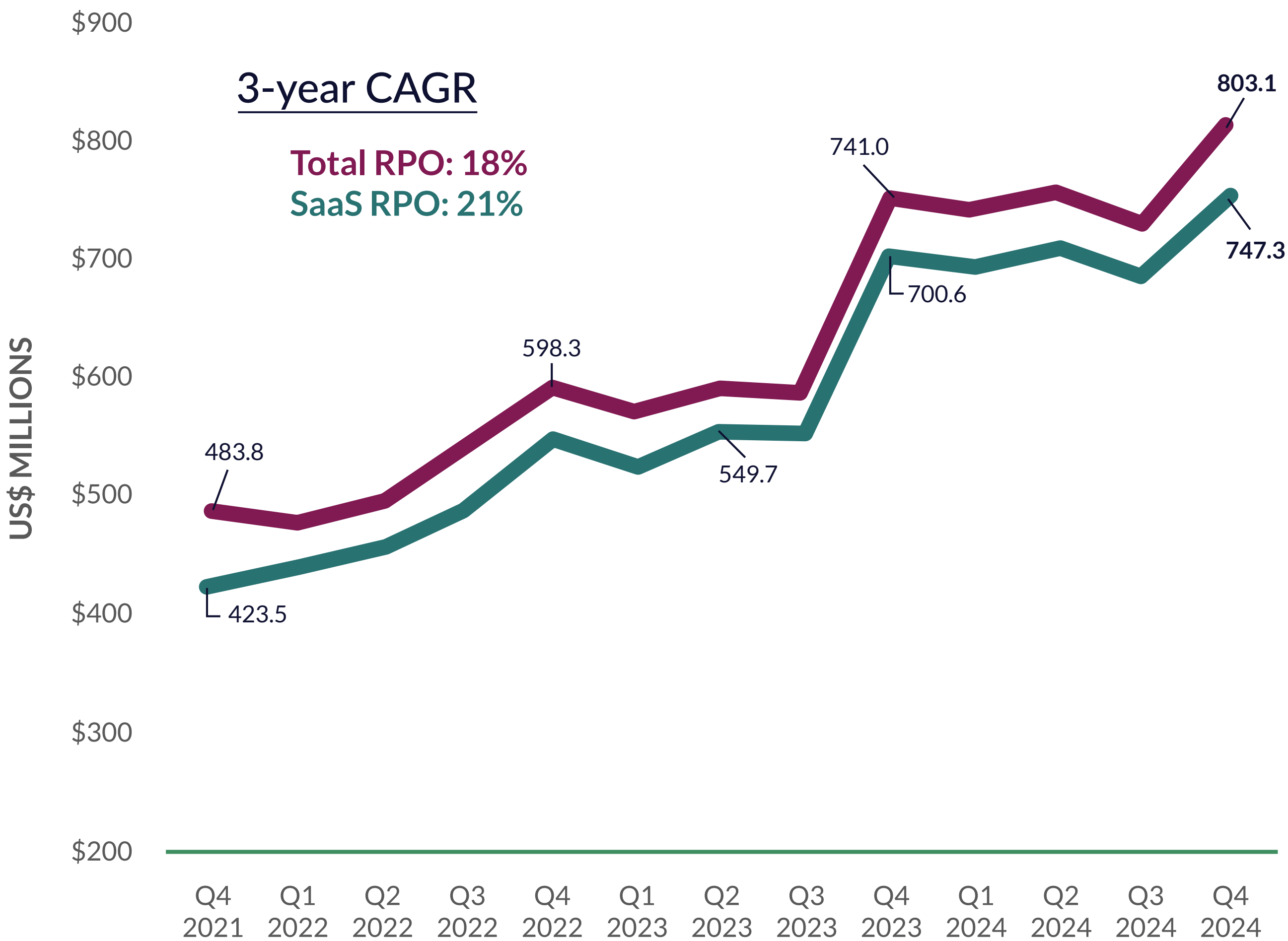


2. ARR is an industry metric used widely among SaaS businesses as a means of evaluating a company's underlying operating performance. Securities analysts, investors and other interested parties also frequently use ARR in the evaluation of issuers with SaaS businesses.

ARR is the total annualized value of recurring subscription amounts (ultimately recognized as SaaS, subscription term licenses and maintenance and support revenue) of all subscription contracts at a point in time. Annualized subscription amounts are determined solely by reference to the underlying contracts, normalizing for the varying revenue recognition treatments under IFRS for cloud-based versus on-premise subscription amounts. It excludes one-time fees, such as for non-recurring professional services, and assumes that customers will renew the contractual commitments on a periodic basis as those commitments come up for renewal, unless such renewal is known to be unlikely at period end. We believe that this measure provides a more current indication of our performance in the growth of our subscription business than other metrics.

Remaining Performance Obligation (RPO)

Our RPO represents revenue that we expect to recognize in the future related to firm performance obligations that are unsatisfied (or partially unsatisfied) on December 31, 2024, for our signed multi-year contracts. While RPO in a period is influenced by several factors, including seasonality, the timing of contract renewals, average contract terms, and others, when looked at over three to five years (our typical contract terms) it is a useful view of growth in our business over time. For example, we have experienced a 18% cumulative average growth rate in our total RPO from Q4 2021 to Q4 2024 and 21% growth in SaaS RPO over that time.



Letter to Shareholders

Robert (Bob) Courteau
Chair and Interim Chief Executive Officer

Angel Mendez
Independent Lead Director

Strong performance as we scale the business

In 2024, Kinaxis delivered strong performance during a year of transition that included a review of our strategic priorities, an enhanced go-to-market approach and team, and major new product enhancements, particularly around AI. We grew SaaS revenue by 17%, increased our Adjusted EBITDA margin[1] from 18% to 22% and achieved a 20% free cash flow margin – all while meeting every element of our full-year guidance. Our ARR[2] increased by 14% in constant currency (12% as reported), reflecting solid demand despite a cautious enterprise spending environment. These results reinforce the strength of our business model and the mission-critical nature of our solutions. Looking ahead to 2025, supported by our ARR momentum and ongoing global supply chain complexity, we expect SaaS revenue growth of 12-14% in constant currency (11-13% as reported) and an improved Adjusted EBITDA margin of 23-25%.

Visibility to stronger results ahead

Our efforts in 2024 and previous years to reorganize the company and focus on our best opportunities have positioned Kinaxis for stronger results ahead. We are on track towards higher profitability, including consistently hitting our mid-term, full-year, normalized Adjusted EBITDA margin target of 25% by no later than fiscal year 2026. We also have visibility to returning to full-year Rule of 40 performance (SaaS growth rate plus Adjusted EBITDA margin is greater than or equal to 40), the threshold for elite performance in SaaS companies.

1. See footnote 1 on page 5.
2. See footnote 2 on page 6.

Reinvigorated go-to-market team and approach

We had a very strong end to 2024, including record incremental ARR in the fourth quarter. This performance is one reflection of the elevated go-to-market approach we enhanced in 2024, which includes a highly-qualified new leader, Mark Morgan, our President of Commercial Operations. Under Mark, the go-to-market team has added new regional and country leaders, increased capacity in Asia and Europe, intensified our focus on large strategic accounts, prioritized core vertical markets, reinvigorated expansion sales, instituted best-practice methodologies, and focused on the key business partnerships that will help the company scale to the next level.

Record new customer wins

In 2024, our win rate against our three core competitors remained strong at over 60% and we added a record number of new customers, including several well-known global brands. Our value-added resellers, focused on mid-market and smaller accounts, also delivered exceptional results, more than doubling the volume of new business compared to 2023. New customer wins accounted for approximately 55% of the ARR added in 2024, reflecting both the strength of our value proposition and the scalability of our go-to-market strategy. Our customer base remains "sticky", as gross customer retention rates are typically between 95% and 100% year-over-year, highlighting how critical our solutions are to customers' day-to-day operations.

Some new customers won in 2024

Maestro, our next-generation AI-infused platform

Kinaxis' success remains anchored in our product leadership. During 2024, we introduced Maestro, our AI-infused supply chain orchestration platform, and the successor to RapidResponse. Orchestration aims to connect and enable all aspects of the supply chain in real-time to ensure continuous synchronization of data, people, and processes for unmatched agility.

Maestro fuses machine learning, heuristics and optimization for unparalleled problem-solving, keeping supply chains at the cutting edge of performance. Using generative AI ("GenAI"), predictive AI and agentic AI, Maestro democratizes access to its power, automates routine tasks, and enhances user efficiency to allow customers to boost productivity and focus on strategic priorities.

Over half of our customers have already used our GenAI-enabled Maestro Chat capabilities to simplify user Help, which is bundled into the base functionality. Later in 2025, users will be able to "chat" with their own data, asking important questions like, "Which components in my supply plan are more than two weeks late?" And to follow up, "Are there any gating issues creating the delayed supply?" This and future AI enhancements will be revenue-generating as they are released and expand our future opportunities.

Also in 2025, our agentic AI framework will enable Maestro to take action, either when asked by users or on behalf of them where processes can benefit from greater automation. To address the late component question, Maestro could inform the user, "I have transferred inventory from our Ohio site to resolve the late components issue."

We have over 250 patents issued or pending, a figure that has grown by more than 500% over the last five years, with 55% of those patents being for AI and machine-learning-based innovations. These patents will become an increasingly important aspect of our ongoing product leadership.

Industry recognition continues

Supply chain industry analysts continue to highlight Kinaxis in their work. For the 11th consecutive time, Kinaxis was named a Leader in the 2024 Gartner® Magic Quadrant™ for Supply Chain Planning Solutions, based on our completeness of vision and ability to execute.

In a separate report, Kinaxis was named a 2024 Gartner® Peer Insights™ Customers' Choice for Supply Chain Planning Solutions. Of the nine vendors included in the review, Kinaxis is the only vendor who exceeded the market average in both Overall Experience and User Interest and Adoption scores. An impressive 93% of customers are willing to recommend Kinaxis.

Ongoing commitment to a sustainable future

We remain very proud of our environmental, social and governance ("ESG") program and our performance continues to earn recognition from leading rating agencies. Notably, we received a prestigious Triple A designation from MSCI and were named in Sustainalytics' 2024 Industry and Regional Top-Rated ESG Companies list in the software category. We were also honoured as one of Canada's Most Responsible Companies 2025 by Newsweek in their inaugural list. We placed 38th out of the 700 companies evaluated. In addition, Kinaxis was recognized as one of Canada's National Capital Region's Top Employers and Kinaxis India was Great Place to Work Certified™ for the fourth consecutive year.

ESG Highlights in 2024

93% of our employees feel that their Kinaxis manager respects and is committed to inclusion and diversity.

We continue to fully offset our Scope 1, 2 and 3 carbon emissions and remain focused on removing waste from customers' supply chains with our Sustainable Supply Chain application.

We continue to financially support the Ellen MacArthur foundation, an organization committed to creating a circular economy designed to eliminate waste and pollution.

We continue to contribute to key United Nations Sustainable Development Goals and we report our ESG progress with reference to SASB, TCFD and Greenhouse Gas Protocol frameworks.

Thank you, John Sicard

After serving as a Kinaxis board member since 2016, Robert had the privilege to step in as executive chair in 2024, and subsequently as Interim CEO, during a period of leadership transition - most notably the retirement of John Sicard as president and chief executive officer. John was an inspiring and tireless leader as CEO for the past nine years and during his nearly three decades of dedicated service to Kinaxis. Under his leadership, Kinaxis quadrupled its revenue, more than tripled its valuation, and was consistently recognized as a leader in product innovation. We thank John for his countless contributions and are extremely pleased he continues actively working alongside us as a key advisor. Our strong recent performance provides a solid foundation from which to undertake a thorough CEO search process, with the help of external advisors. In the meantime, we remain focused and confident and are executing well as a seasoned and collaborative leadership team.

Kinaxis continues to benefit from an engaged and independent board of directors. As Robert took on management roles, Angel stepped into the role of Independent Lead Director. We also strengthened the board through two excellent additions: José Alberto Duarte, who has deep experience with global technology companies undergoing high growth, and Lynn Loewen, whose financial and governance experience adds strength to our audit oversight function. We would also like to express our sincere gratitude to Betsy Rafael, who will retire from the board at the annual meeting of shareholders.

Better positioned for opportunities ahead

With tariffs now a part of daily conversations, there is no doubt that the global trade environment is in tremendous flux. Our existing customers are making sense of this volatility by using Maestro's scenario analysis capabilities at record levels, similar to what happened at the onset of COVID. This heightened activity underscores the differentiated value we offer today as well as our compelling long-term value proposition.

After a productive year refocusing the organization, elevating our go-to-market approach and team, and launching game-changing product enhancements, we are confident that Kinaxis is much better positioned to take full advantage of the opportunities ahead. While we recognize the challenges that our customers face in this new era of global trade, we are better organized, have lots of growth opportunities in front of us and will continue to pursue them with our usual responsible approach to balancing growth and profitability.

As always, we thank you, our shareholders, for your belief in Kinaxis' opportunity and team.

Sincerely,

Robert (Bob) Courteau
Chair and Interim Chief Executive Officer

Angel Mendez
Independent Lead Director

About forward-looking information

This annual report and the message to shareholders from the Chair of the board and our interim Chief Executive Officer includes information about our current expectations and views of future events. As these things have not taken place, we're making statements that are considered forward-looking information or forward-looking statements.
Key things to understand about forward-looking information in this document:

- it typically includes words or phrases about the future, such as may, will, expect, anticipate, aim, estimate, intend, plan, seek, believe, potential, continue, is/are likely to or the negative of these terms, or other similar expressions
- the message to shareholders includes forward-looking statements about our plans, objectives and business strategies, including with respect to future growth and acceleration, our expectations for revenue, adjusted EBITDA margin, profitability, results, product developments and applications, economic conditions, and our competitive positioning.

Forward-looking information is designed to help you understand management's expectations as of the date of this annual report and may not be suitable for other purposes. We have based this forward-looking information on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

Our forward-looking information is based on certain assumptions and analysis we've made in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties, including those described under the headings Risk Factors in our Annual Information Form dated February 26, 2025, and Risks and Uncertainties in our MD&A for the fourth quarter and year ended December 31, 2024, which sections are incorporated by reference herein and are available on SEDAR+ (www.sedarplus.ca). These risks and uncertainties could cause our actual results, performance, achievements and experience to differ materially from the future expectations expressed or implied by our forward-looking statements. In light of these risks and uncertainties, you should not place undue reliance on forward-looking information.

The forward-looking information in this report relate only to events or information as of the date the statements are made in this document and are expressly qualified in their entirety by this cautionary statement. We do not update or revise any forward-looking information, whether as a result of new information, future events or otherwise, after the date the statements are made or to reflect unanticipated events that have occurred, unless we are required by law to do so.

Financial Statements for the years ended December 31, 2024 and 2023

Kinaxis Inc.

Consolidated Financial Statements

for the years ended December 31, 2024 and 2023

(In thousands of USD)

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Telephone 613 212 5764
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kinaxis Inc.

Opinion

We have audited the consolidated financial statements of Kinaxis Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Financial Statements"* section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters

KPMG

were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allocation of the transaction price to multiple performance obligations in contracts with customers

Description of the matter

We draw attention to Notes 2(f) and 3(a) to the financial statements. The Entity's contracts with customers often include the delivery of multiple products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The accounting for a contract or contracts with a customer that contain multiple performance obligations requires the Entity to allocate the contract or contracts' transaction price to the identified distinct performance obligations. The allocation of the transaction price requires significant judgment and estimates relating to the determination of the standalone selling price ("SSP") for each distinct performance obligation. The methodology used to determine the SSP depends on the nature of the products and services and how they are priced in contracts with customers. This allocation affects the amount and timing of revenue recognized for each performance obligation.

Why the matter is the key audit matter

We identified the allocation of the transaction price to multiple performance obligations in contracts with customers as a key audit matter. There was a significant risk of material misstatement relating to the methodology used to determine the SSP for each distinct performance obligation within a contract or contracts with a customer. In addition, significant auditor judgment was required to evaluate the results of our audit procedures due to significant judgments and estimates associated with the determination of the SSP.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the methodology used to determine the SSP by comparing it to pricing patterns in customer contracts, historical methodologies used by the Entity, and general practices in the Entity's industry.

For a selection of new customer contracts with multiple performance obligations, we examined the key terms and assessed the allocation of the transaction price to each distinct performance obligation based on its respective SSP derived from the underlying methodology.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Anuj Madan.

Ottawa, Canada

February 26, 2025

Kinaxis Inc.

Consolidated Statements of Financial Position

As at December 31

(Expressed in thousands of USD)

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 172,192	$ 174,844
Short-term investments	126,307	118,118
Trade and other receivables (note 4)	156,394	156,609
Prepaid expenses	18,244	14,810
	473,137	464,381
Non-current assets:		
Unbilled receivables (note 4)	1,448	3,155
Other receivables	867	972
Prepaid expenses	2,072	1,130
Investment tax credits recoverable	—	8,362
Deferred tax assets (note 19)	11,016	1,184
Contract acquisition costs (note 5)	32,005	27,438
Property and equipment (note 6)	32,486	40,300
Right-of-use assets (note 7)	46,705	47,109
Intangible assets (note 8)	12,865	23,394
Goodwill (note 9)	72,735	74,556
	212,199	227,600
	$ 685,336	$ 691,981
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (note 10)	$ 94,369	$ 39,700
Deferred revenue (note 11)	140,008	137,598
Provisions (note 12)	544	—
Lease obligations (note 13)	5,587	5,805
	240,508	183,103
Non-current liabilities:		
Lease obligations (note 13)	43,348	45,985
Deferred tax liabilities (note 19)	5,969	8,065
	49,317	54,050
Shareholders' equity:		
Share capital (note 14)	285,422	307,327
Contributed surplus	12,078	44,339
Accumulated other comprehensive gain (loss)	(3,847)	1,360
Retained earnings	101,858	101,802
	395,511	454,828
	$ 685,336	$ 691,981

See accompanying notes to consolidated financial statements.

On behalf of the Board of Directors:

(signed) Angel Mendez Director *(signed) Elizabeth (Betsy) Rafael* Director

Kinaxis Inc.

Consolidated Statements of Comprehensive Income

For the years ended December 31

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

		2024		2023
Revenue (note 16)	$	483,111	$	426,971
Cost of revenue		188,528		168,074
Gross profit		294,583		258,897
Operating expenses:				
Selling and marketing		100,531		102,719
Research and development		87,653		81,707
General and administrative		93,661		60,369
		281,845		244,795
		12,738		14,102
Other income:				
Foreign exchange gain (loss)		682		(1,236)
Net finance and other income		11,732		8,821
Change in fair value of contingent consideration (note 22)		—		(1,951)
		12,414		5,634
Profit before income taxes		25,152		19,736
Income tax expense (recovery) (note 19):				
Current		36,085		11,037
Deferred		(10,989)		(1,361)
		25,096		9,676
Profit		56		10,060
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit:				
Foreign currency translation differences - foreign operations		(3,563)		1,075
Change in valuation of cash flow hedges		(1,644)		441
		(5,207)		1,516
Total comprehensive income (loss)	$	(5,151)	$	11,576
Basic earnings per share	$	—	$	0.36
Weighted average number of basic Common Shares (note 15)		28,243,305		28,321,874
Diluted earnings per share	$	—	$	0.35
Weighted average number of diluted Common Shares (note 15)		28,939,759		29,149,535

See accompanying notes to consolidated financial statements.

Kinaxis Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31

(Expressed in thousands of USD)

			Accumulated other comprehensive income (loss)				
	Share capital	Contributed surplus	Cash flow hedges	Currency translation adjustments	Total	Retained earnings	Total equity
Balance, December 31, 2022	$ 244,713	$ 65,129	$ —	$ (156)	$ (156)	$ 91,742	$ 401,428
Profit	—	—	—	—	—	10,060	10,060
Other comprehensive income	—	—	441	1,075	1,516	—	1,516
Total comprehensive income	—	—	441	1,075	1,516	10,060	11,576
Share options exercised	41,545	(9,991)	—	—	—	—	31,554
Restricted share units vested	10,676	(10,676)	—	—	—	—	—
Performance share units vested	2,628	(2,628)	—	—	—	—	—
Share-based payments	—	35,788	—	—	—	—	35,788
Shares issued as contingent consideration	11,097	—	—	—	—	—	11,097
Shares repurchased (note 14)	(3,332)	(33,283)	—	—	—	—	(36,615)
Total shareholder transactions	62,614	(20,790)	—	—	—	—	41,824
Balance, December 31, 2023	$ 307,327	$ 44,339	$ 441	$ 919	$ 1,360	$ 101,802	$ 454,828
Profit	—	—	—	—	—	56	56
Other comprehensive loss	—	—	(1,644)	(3,563)	(5,207)	—	(5,207)
Total comprehensive income (loss)	—	—	(1,644)	(3,563)	(5,207)	56	(5,151)
Share options exercised	28,065	(6,512)	—	—	—	—	21,553
Restricted share units vested	14,992	(14,992)	—	—	—	—	—
Deferred share units vested	1,396	(1,396)	—	—	—	—	—
Performance share units vested	5,533	(5,533)	—	—	—	—	—
Share-based payments	—	40,723	—	—	—	—	40,723
Shares repurchased (note 14)	(53,727)	(44,551)	—	—	—	—	(98,278)
Obligations related to share repurchases (note 14)	(18,164)	—	—	—	—	—	(18,164)
Total shareholder transactions	(21,905)	(32,261)	—	—	—	—	(54,166)
Balance, December 31, 2024	$ 285,422	$ 12,078	$ (1,203)	$ (2,644)	$ (3,847)	$ 101,858	$ 395,511

See accompanying notes to consolidated financial statements.

Kinaxis Inc.

Consolidated Statements of Cash Flows

For the years ended December 31

(Expressed in thousands of USD)

	2024	2023
Cash flows from operating activities:		
Profit	$ 56	$ 10,060
Items not affecting cash:		
Depreciation of property and equipment and right-of-use assets (note 18)	19,614	20,880
Amortization of intangible assets (note 8, 18)	5,314	5,404
Impairment loss on intangible assets (note 8)	4,521	—
Share-based payments (note 14)	39,581	34,507
Net finance income	(11,508)	(8,842)
Change in fair value of contingent consideration (note 22)	—	1,951
Income tax expense (note 19)	25,096	9,676
Investment tax credits recoverable	8,362	(771)
Change in operating assets and liabilities (note 20)	900	5,369
Interest received	14,137	7,853
Interest paid	(1,714)	(1,640)
Income taxes paid	(5,146)	(5,090)
	99,213	79,357
Cash flows used in investing activities:		
Purchase of property and equipment and intangible assets (note 6, 8)	(4,515)	(2,299)
Purchase of short-term investments	(342,076)	(205,679)
Redemption of short-term investments	332,972	140,666
	(13,619)	(67,312)
Cash flows used in financing activities:		
Payment of lease obligations (note 13)	(6,963)	(6,974)
Repurchase of shares (note 14)	(98,278)	(36,615)
Proceeds from exercise of stock options	21,553	31,554
	(83,688)	(12,035)
Increase in cash and cash equivalents	1,906	10
Cash and cash equivalents, beginning of year	174,844	175,347
Effects of exchange rates on cash and cash equivalents	(4,558)	(513)
Cash and cash equivalents, end of year	$ 172,192	$ 174,844

See accompanying notes to consolidated 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 3199 Palladium Drive, Ottawa, Ontario. The consolidated financial statements of the Company as at and for the years ended December 31, 2024 and 2023 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, Romania, Mexico, Taiwan, Singapore, France, Ireland, Germany, India, and Canada.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), and includes the accounts of Kinaxis Inc. and its wholly-owned subsidiaries, outlined in note 24.

The consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2025.

(b) Basis of consolidation:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company. All intercompany transactions, balances, revenues and expenses between the Company and its subsidiaries have been eliminated.

(c) Measurement basis:

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(d) Presentation currency:

These consolidated financial statements are presented in United States dollars ("USD") which is the functional currency of the Company unless otherwise stated. Amounts are presented in thousands of USD.

(e) Foreign currency:

Foreign currency transactions

The financial statements of the Company are measured using USD as the functional currency. The functional currency of the Company's significant wholly-owned subsidiaries is outlined in note 24. Transactions in currencies other than the functional currency are translated at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated to USD at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise. Non-monetary items carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value

2. Basis of preparation (continued):

(e) Foreign currency (continued):

was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the rates at the date of the originating transaction.

Foreign operations

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries. Assets and liabilities have been translated into USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in shareholders' equity.

(f) Use of estimates and judgments:

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Estimates and judgments are reviewed periodically and the effects of revisions are recorded in the consolidated financial statements in the period in which the estimates are revised and in any future periods affected. Estimates and judgments include, but are not limited to the following areas of accounting and disclosure:

Allocation of the transaction price to multiple performance obligations in contracts with customers

Contracts with customers often include promises to deliver multiple products and services. Judgment may be required to determine if such bundled products and services are considered i) distinct performance obligations that should be separately recognized, or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting. In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization of the licensed software.

The allocation of the transaction price requires significant judgment and estimates relating to the determination of the standalone selling price ("SSP") for each distinct performance obligation. The methodology used to determine the SSP depends on the nature of the products and services and how they are priced in contracts with customers. This allocation affects the amount and timing of revenue recognized for each performance obligation. In order to determine the SSP of promised products or services, the Company conducts a regular analysis to determine whether various products or services have an observable SSP. If the Company does not have an observable SSP for a particular product or service, then the SSP for that particular good or service is estimated using reasonably available information and maximizing observable inputs with approaches including historical pricing, cost plus a margin, adjusted market assessment, and the residual approach. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and needs to determine whether there is a discount that needs to be allocated based on the relative SSP of the various products and services. In general, SSP for maintenance and support bundled in on-premise and hybrid subscription arrangements is established as a percentage of the subscription license fee as supported by third party evidence and internal analysis of similar vendor contracts. SSP for hosting and professional services is established based on observable prices for the same or similar services when sold separately, or estimated using a cost plus margin approach.

2. Basis of preparation (continued):

(f) Use of estimates and judgments (continued):

Revenue recognition on fixed price professional services contracts

For professional services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed. The Company determines this based on the actual labour hours incurred relative to the total forecasted hours. This requires the Company to estimate the labour hours required to complete the contract at the reporting date, the uncertainty inherent in which will not be resolved until the contract is completed.

Recognition of deferred tax assets

The recognition of deferred tax assets requires the Company to assess future taxable income available to utilize deferred tax assets related to deductible temporary differences. The Company considers the nature and carry-forward period of deferred tax assets, the Company's recent earnings history and forecast of future earnings in performing this assessment. The actual deferred tax assets realized may differ from the amount recorded due to factors having a negative impact on operating results of the Company and lower future taxable income.

Valuation of trade and other receivables

The recognition of trade and other receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and any available information indicating a customer could be experiencing liquidity or going concern problems and the status of any contractual or legal disputes with customers in performing this assessment.

Valuation of share-based payments

The Company uses the Black-Scholes valuation model to determine the fair value of equity settled stock options and the Monte Carlo valuation model to determine the fair value of performance share units. Estimates are required for inputs to these models, including the expected life of the option, volatility, forfeiture rate, expected dividend yield and the risk free interest rate. Variation in actual results for any of these inputs will result in a different value of the stock option or performance share unit realized from the original estimate. The assumptions and estimates used are further outlined in note 14.

Valuation of contingent consideration

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

Valuation of acquired intangible assets

The Company estimates the fair value of customer relationships and technology acquired in a business combination based on the income approach. The income approach is a valuation technique that calculates the fair value of an intangible asset based on the present value of future cash flows that the asset can be expected to generate over its remaining useful life. This valuation involves significant subjectivity and estimation uncertainty, including assumptions related to the future revenues attributable to acquired customer relationships or technology, customer attrition rates, technology migration rate, future expenses, and discount rates.

3. Material Accounting Policies:

(a) Revenue recognition:

Revenue is recognized upon transfer of control of products or services to customers at an amount that reflects the transaction price the Company expects to receive in exchange for the products or services. The Company's contracts with customers often include the delivery of multiple products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The accounting for a contract or contracts with a customer that contain multiple performance obligations requires the Company to allocate the contract or contracts' transaction price to the identified distinct performance obligations.

The Company's hosted software-as-a-service ("SaaS") application, which allows customers to use hosted software over the contract period without taking possession of the software, is provided on a subscription basis, with revenue primarily recognized ratably over the contract period, commencing on the date an executed contract exists and the customer has the right-to-use and access to the platform. For certain contracts, a component of consideration is recognized on a unit basis in accordance with transaction volume.

On-premise, fixed term subscription licenses and hybrid software subscriptions (where the customer has the option to take the hosted software on-premise) provide the customer with a right-to-use the software as it exists when made available to the customer. Revenue from distinct on-premise subscription licenses is recognized upfront at the point in time when the software is made available to the customer and the right to use the software has commenced. On-premise subscription licenses and hybrid subscriptions are bundled with software maintenance and support services and/or hosting over the term. The license component and maintenance and support/hosting components are each allocated revenue using their relative estimated SSP. Revenue allocated to the bundled maintenance and support and hosting is recognized ratably over the term of the maintenance and support services. Professional services are provided for implementation and configuration of software licenses and SaaS, as well as ongoing technical services and training.

Professional services are typically billed on a time and material basis and revenue is recognized over time as the services are performed. For professional services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed.

Maintenance and support services provided to customers on legacy perpetual software licenses is recognized ratably over the term of the maintenance and support services.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable, and has determined that certain sales incentive programs meet the requirements to be capitalized. Capitalized contract acquisition costs are amortized consistently with the pattern of transfer to the customer for the goods and services to which the asset relates. The amortization period includes specifically identifiable contract renewals where there is no substantive renewal commission. The expected customer renewal period is estimated based on the historical life of our customers, which the Company has determined to be six years. The Company applies the practical expedient available under IFRS 15 and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled receivables. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

The Company has elected to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

3. Material Accounting Policies (continued):

(b) Financial instruments:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables without a significant financing component are initially measured at the transaction price. All other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All financial assets are recognized and de-recognized on trade date.

The Company determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets are classified as follows:

Financial asset	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Amortized cost
Unbilled receivables	Amortized cost

Amortized cost

Subsequent to initial recognition, financial assets at amortized cost are measured using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate except for short-term receivables where the interest revenue would be immaterial. Interest income, foreign exchange gains and losses, impairment, and any gain or loss on de-recognition are recognized in profit or loss.

Impairment of financial assets

The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables, financial difficulty of the borrower, and it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Financial assets are written off when there is no reasonable expectation of recovery.

3. Material Accounting Policies (continued):

(b) Financial instruments (continued):

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities are classified as follows:

Financial liability	Classification under IFRS 9
Trade payables and accrued liabilities	Amortized cost
Contingent consideration	FVTPL

Amortized cost

Financial liabilities at amortized cost are measured using the effective interest rate method.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage the Company's exposure to market risks of certain foreign-currency denominated expenses. Derivative use is limited to the purchase of foreign currency forward contracts. These contracts are measured at fair value and are recognized as either other receivables, or accrued liabilities during the term of the contract. The Company does not hold or issue derivative financial instruments for trading purposes.

Hedge accounting is applied if at the inception of the hedge, and throughout the hedge period, the changes in the fair value of the foreign currency forward contracts are expected to substantially offset the changes in the fair value of the hedged expense attributable to the underlying currency risk exposure.

The Company has an established strategy and risk management objectives for undertaking hedge transactions. All foreign currency forward contracts have a maximum duration of six months and are linked to specific forecasted expenses. The Company formally assesses at the hedge's inception if the foreign currency contract is expected to offset the changes in the cash flows expected on the foreign denominated expenses.

To assess hedge effectiveness during the hedging period, the Company compares the changes in the fair value of the foreign currency forward contract to changes in the fair value of the hedged expense attributable to the currency market risk. The effective portion of the changes in the forward value of the contract, net of taxes, is recognized in Other Comprehensive Income ("OCI"), while any ineffective portions are recognized immediately in income. Amounts recorded in OCI are reclassified to income in the same period as the hedged expense.

Hedge accounting is discontinued if the contract ceases to be highly effective, matures, is terminated or sold, or if the Company removes the derivative's hedge designation. Ineffectiveness could occur if a hedged forecasted transaction is no longer probable of occurring as expected. If hedge accounting is discontinued, amounts previously recognized in OCI are reclassified to income.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash investments in interest-bearing accounts and term deposits which can readily be redeemed for cash without penalty or are issued for terms of three months or less from the date of acquisition.

3. Material Accounting Policies (continued):

(d) Short-term investments:

Short-term investments consist of term deposits and guaranteed income certificates held with commercial banks for maturity terms of less than one year from the date of acquisition. Investments are measured at amortized cost. The carrying amount of these investments approximates fair value due to the short-term maturity of these instruments.

(e) Property and equipment:

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The assets are depreciated over their estimated useful lives using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and Equipment	Rate
Computer equipment	3 to 5 years
Computer software	3 to 5 years
Office furniture and equipment	3 to 5 years
Leasehold improvements	Shorter of useful life or remaining term of lease

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”, or “CGU”).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(f) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the

3. Material Accounting Policies (continued):

(f) Leases (continued):

expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(g) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(h) Research and development expense:

Expenditures on research activities is recognized in profit or loss as incurred. Development costs for internally developed software, are recorded as an intangible asset if the criteria for capitalization is met. Expenditures relating to preliminary or post implementation project activities for internally developed software are expensed as incurred. Internally developed software recorded as an intangible asset will be amortized on a straight-line basis over the length of its useful life, which is typically five years.

3. Material Accounting Policies (continued):

(i) Income taxes:

Current and deferred income taxes are recognized as an expense or recovery in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in OCI or directly in equity), in which case the tax is also recognized outside of profit or loss.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Deferred income tax

Deferred income tax assets and liabilities are recorded for the temporary differences between transactions that have been included in the consolidated financial statements or income tax returns. Deferred income taxes are provided for using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases of assets and liabilities and for certain carry-forward items. Deferred income tax assets are recognized only to the extent that, in the opinion of management, it is probable that the deferred income tax assets will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of the enactment or substantive enactment. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Uncertain tax positions

The Company periodically evaluates the positions taken in its tax returns with respect to situations in which applicable tax rules may be subject to interpretations. The Company establishes provisions related to tax uncertainties where appropriate, based on an estimate of the amount that ultimately will be paid to the tax authorities.

Investment tax credits

Investment tax credits relating to scientific research and experimental development expenditures are recorded in the fiscal period the qualifying expenditures are incurred based on management's interpretation of applicable legislation in the Income Tax Act of Canada. Credits are recorded provided there is reasonable assurance that the tax credit will be realized. Credits claimed are subject to review by the Canada Revenue Agency.

Credits claimed in connection with research and development activities are accounted for using the cost reduction method. Under this method, assistance and credits relating to the acquisition of equipment is deducted from the cost of the related assets, and those relating to current expenditures, which are primarily salaries and related benefits, are included in the determination of profit or loss as a reduction of the related research and development expenses.

3. Material Accounting Policies (continued):

(j) Share-based payments:

The Company uses the fair value based method to measure share-based compensation for all share-based awards made to employees and directors. The grant date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The grant date fair value is determined using the Black-Scholes model for option grants and the Monte Carlo model for performance share unit grants. The market value of the Company's shares on the date of the grant is used to determine the fair value of restricted and deferred share units issued. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting (i.e. performance) conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified and if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(k) Earnings per share:

Basic earnings per share is calculated by dividing profit or loss by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated similar to basic earnings per share except the weighted average number of common shares outstanding is adjusted for the effects of all dilutive potential common shares, which are comprised of additional shares from the assumed exercise of stock options or vesting of share units. Options and share units that have a dilutive impact are assumed to have been exercised or vested on the later of the beginning of the period or the date granted.

(l) Acquired intangible assets:

The Company's intangible assets consist of customer relationships and technology acquired in a business combination. These intangible assets are recorded at their fair value at the acquisition date. The Company uses the income approach to value acquired technology and customer relationships intangible assets, which are the two material intangible asset categories reported in the financial statements.

The income approach is a valuation technique that calculates the fair value of an intangible asset based on the present value of future cash flows that the asset can be expected to generate over its remaining useful life. The discounted cash flow ("DCF") is the methodology used, which is a form of the income approach that begins with a forecast of the annual cash flows a market participant would expect the subject intangible asset to generate over a discrete projection period. The future cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the future cash flows are then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible asset. After initial recognition, intangible assets are measured at cost less any accumulated amortization and impairment losses.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful life for customer relationships is three to nine years and the useful life for technology is four to six years. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively if appropriate.

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

3. Material Accounting Policies (continued):

(l) Acquired intangible assets (continued):

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

(m) Goodwill:

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

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit ("CGU") that is expected to benefit from the related business combination. The Company as a whole has been assessed as a single CGU. The CGU is tested for impairment annually and whenever there is an indication that the CGU may be impaired. The impairment testing methodology is based on a comparison between the recoverable amount (higher of fair value less costs to sell and value-in-use of the CGU) and the net asset carrying value (including goodwill). If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU. An impairment loss is recognized immediately in profit or loss. Any impairment loss in respect of goodwill is not reversed.

(n) Future accounting policies:

IFRS 18 Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements on April 9, 2024, to replace IAS 1 Presentation of Financial Statements and is effective for annual periods beginning on or after January 1, 2027. IFRS 18 introduces a defined structure for the presentation of the statement of income, including required totals and subtotals, as well as aggregating and disaggregating principles to categorize financial information. The standard also requires all Management-defined performance measures to be disclosed in the notes to the financial statements. The Company is currently assessing the impact of this new standard.

4. Trade and other receivables:

	2024	2023
Trade accounts receivable	$ 118,461	$ 118,084
Unbilled receivables	34,212	34,913
Taxes receivable	508	1,114
Other	3,478	3,539
	156,659	157,650
Loss allowance	(265)	(1,041)
	$ 156,394	$ 156,609

In 2024, trade accounts receivable of $915 were written off as uncollectible (2023 – $nil).

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

4. Trade and other receivables (continued):

The following table presents changes in total unbilled receivables:

	2024	2023
Balance, beginning of year	$ 38,050	$ 37,868
Amounts transferred to trade accounts receivable	(24,836)	(30,112)
Revenue in excess of billings	22,446	30,294
Balance, end of year	$ 35,660	$ 38,050

The following table presents current and non-current unbilled receivables, net of loss allowance:

	2024	2023
Current	$ 34,212	$ 34,895
Non-current	1,448	3,155

5. Contract acquisition costs:

	2024	2023
Balance, beginning of year	$ 27,438	$ 24,892
Additions	15,404	11,318
Amortization	(10,577)	(8,872)
Effects of movements in exchange rates	(260)	100
Balance, end of year	$ 32,005	$ 27,438

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

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

6. Property and equipment:

Cost	December 31, 2023	Additions	Dispositions	Effects of exchange rates	December 31, 2024
Land	$ 18	$ —	$ (18)	$ —	$ —
Computer equipment	66,065	4,351	(998)	(1,064)	68,354
Computer software	3,996	42	(92)	(23)	3,923
Office furniture and equipment	4,813	52	(587)	(32)	4,246
Leasehold improvements	24,005	70	(240)	(152)	23,683
Total cost	$ 98,897	$ 4,515	$ (1,935)	$ (1,271)	$ 100,206

Accumulated depreciation	December 31, 2023	Depreciation	Dispositions	Effects of exchange rates	December 31, 2024
Computer equipment	$ 47,045	$ 8,106	$ (998)	$ (835)	$ 53,318
Computer software	3,454	433	(92)	(23)	3,772
Office furniture and equipment	3,137	1,354	(587)	(21)	3,883
Leasehold improvements	4,961	2,099	(240)	(73)	6,747
Total accumulated depreciation	$ 58,597	$ 11,992	$ (1,917)	$ (952)	$ 67,720

Cost	December 31, 2022	Additions	Dispositions	Effects of exchange rates	December 31, 2023
Land	$ 18	$ —	$ —	$ —	$ 18
Computer equipment	65,418	1,059	(204)	(208)	66,065
Computer software	4,066	110	(172)	(8)	3,996
Office furniture and equipment	4,521	657	(357)	(8)	4,813
Leasehold improvements	24,565	367	(861)	(66)	24,005
Total cost	$ 98,588	$ 2,193	$ (1,594)	$ (290)	$ 98,897

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

6. Property and equipment (continued):

Accumulated depreciation	December 31, 2022	Depreciation	Dispositions	Effects of exchange rates	December 31, 2023
Computer equipment	$ 37,823	$ 9,576	$ (204)	$ (150)	$ 47,045
Computer software	3,082	553	(172)	(9)	3,454
Office furniture and equipment	2,126	1,378	(357)	(10)	3,137
Leasehold improvements	3,705	2,143	(861)	(26)	4,961
Total accumulated depreciation	$ 46,736	$ 13,650	$ (1,594)	$ (195)	$ 58,597

Carrying value	December 31, 2024	December 31, 2023
Land	$ —	$ 18
Computer equipment	15,036	19,020
Computer software	151	542
Office furniture and equipment	363	1,676
Leasehold improvements	16,936	19,044
Total property and equipment	$ 32,486	$ 40,300

There were proceeds of $35 associated with asset dispositions in 2024 (2023 – $nil).

7. Right-of-use assets:

	December 31, 2023	Additions	Depreciation	Effects of exchange rates	December 31, 2024
Offices	$ 44,416	$ —	$ (4,014)	$ (225)	$ 40,177
Data centres	2,693	7,536	(3,608)	(93)	6,528
Total right-of-use assets	$ 47,109	$ 7,536	$ (7,622)	$ (318)	$ 46,705

	December 31, 2022	Additions	Depreciation	Effects of exchange rates	December 31, 2023
Offices	$ 48,023	$ 471	$ (4,012)	$ (66)	$ 44,416
Data centres	5,514	442	(3,218)	(45)	2,693
Total right-of-use assets	$ 53,537	$ 913	$ (7,230)	$ (111)	$ 47,109

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

8. Intangible assets:

The estimated useful life of customer relationships is three to nine years, the estimated useful life of technology is four to six years and the estimated life of internally developed software is five years.

The Company regularly reviews its acquired intangible assets for indicators of impairment. During the year the Company recognized an impairment loss of $700 on its customer relationships recognized in general and administrative expense and an impairment loss of $3,821 on its technology assets recognized in cost of revenue. The recoverable amount was based on assessments of their value in use and fair value less cost of disposal. These assessments resulted in a nil value based upon the historical results, anticipated future results, and marketability of the intangible assets.

		December 31, 2023		Amortization		Impairment		Effect of exchange rates		December 31, 2024
Customer relationships	$	8,128	$	(1,466)	$	(700)	$	(366)	$	5,596
Technology		12,592		(3,151)		(3,821)		(328)		5,292
Internally developed software		2,674		(697)		—		—		1,977
Total intangible assets	$	23,394	$	(5,314)	$	(4,521)	$	(694)	$	12,865

		December 31, 2022		Additions		Amortization		Effect of exchange rates		December 31, 2023
Customer relationships	$	9,468	$	—	$	(1,552)	$	212	$	8,128
Technology		15,541		—		(3,158)		209	$	12,592
Internally developed software		3,262		106		(694)		—	$	2,674
Total intangible assets	$	28,271	$	106	$	(5,404)	$	421	$	23,394

9. Goodwill:

		2024		2023
Balance, beginning of year	$	74,556	$	73,314
Effect of foreign exchange		(1,821)		1,242
Balance, end of year	$	72,735	$	74,556

The annual impairment test of goodwill was performed as of November 30, 2024 and did not result in an impairment loss.

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

10. Trade payables and accrued liabilities:

		2024		2023
Trade accounts payable	$	15,624	$	11,723
Accrued liabilities		59,891		26,263
Taxes payable		18,854		1,714
	$	94,369	$	39,700

As of December 31, 2024, the Company's accrued liabilities included $18,164 for the repurchase of shares under the Company's Automatic Share Repurchase Plan, as well as an accrual for the estimated costs related to the settlement of a longstanding dispute with a competitor.

As of December 31, 2024, the Company's taxes payable includes a one-time capital gain resulting from the strategic transfer of certain regional market rights within the corporate group. This transaction was undertaken to support the Company's international growth strategy and resulted in a current tax payable of $23,055. The ownership of the Company's developed technology remains unchanged.

11. Deferred revenue:

		2024		2023
Balance, beginning of year	$	137,598	$	133,467
Recognition of deferred revenue		(133,489)		(130,711)
Amounts invoiced and revenue deferred		135,899		134,842
Balance, end of year	$	140,008	$	137,598

12. Provisions:

In 2024, the Company announced it was completing a restructuring initiative to reduce its workforce by approximately 6% across functions and geographical areas. The Company has recognized $7,249, as part of this initiative. The provision of $544 as at December 31, 2024, represents management's best estimate of the economic benefits required to settle the remaining obligations. All amounts are expected to be settled within a year.

		2024
Balance, beginning of year	$	—
Additions		7,599
Provisions used during the year		(6,730)
Provisions reversed during the year		(349)
Effect of foreign exchange		24
Balance, end of year	$	544

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

13. Lease obligations:

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

		2024		2023
Current	$	5,587	$	5,805
Non-current		43,348		45,985
Total lease obligations	$	48,935	$	51,790

The following table presents the contractual undiscounted cash flows for lease obligations as at December 31, 2024:

Less than one year	$	7,195
One to five years		16,120
More than five years		33,927
Total undiscounted lease obligations	$	57,242

The following table presents payments for lease obligations:

		2024		2023
Principal payments	$	6,963	$	6,974
Interest payments		1,714		1,640
Variable lease payments		1,673		1,703
Short-term lease payments		408		533
Total cash outflow for leases	$	10,758	$	10,850

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

14. Share capital:

Authorized

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

Issued Common Shares

	2024			2023		
	Shares		Amount	Shares		Amount
Shares outstanding, beginning of year	28,428,799	$	307,327	28,052,629	$	244,713
Shares issued from exercised options	326,533		28,065	508,510		41,545
Shares issued from vested restricted share units	123,566		14,992	89,168		10,676
Shares issued from vested deferred share units	21,760		1,396	—		—
Shares issued from vested performance share units	36,010		5,533	20,817		2,628
Shares issued as contingent consideration (note 22)	—		—	86,335		11,097
Shares repurchased	(881,454)		(53,727)	(328,660)		(3,332)
Obligation related to share repurchases	—		(18,164)	—		—
Shares outstanding, end of year	28,055,214	$	285,422	28,428,799	$	307,327

Stock option plans

The Company has outstanding stock options issued under its 2012 Stock Option Plan. No further options may be granted under the 2012 plan. In June 2017, the Company adopted a new Canadian Resident Stock Option Plan and a new Non-Canadian Resident Stock Option Plan ("the Plans"). Stock options granted under the Plans have an exercise price equal to the stock's TSX price at the date of grant and the maximum term of these options is five years. Options are granted periodically and typically vest over four years.

At December 31, 2024, there were 931,461 stock options available for grant under the Plans.

The following table presents changes in stock options outstanding:

	2024			2023		
	Shares		Weighted average exercise price	Shares		Weighted average exercise price
Options outstanding, beginning of year	1,193,430	$	83.08	1,720,326	$	75.53
Granted	11,489		106.71	1,563		116.18
Exercised	(326,533)		66.03	(508,510)		62.06
Forfeited	(131,174)		130.04	(19,949)		130.33
Options outstanding, end of year	747,212	$	74.48	1,193,430	$	83.08
Options exercisable, end of year	634,588	$	69.36	833,204	$	71.11

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

14. Share capital (continued):

The following table presents information about stock options outstanding at December 31, 2024:

	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	24,250	1.05	$ 27.25	24,250	$ 27.25
$30 to $60	305,634	1.39	38.30	305,634	38.30
$60 to $90	49,743	0.16	78.02	49,743	78.02
$90 to $120	327,585	1.61	102.70	217,836	102.87
$120 to $150	40,000	0.95	143.97	37,125	144.27
	747,212	1.37	$ 74.48	634,588	$ 69.36

The per share weighted-average fair value of stock options granted during 2024 was $34.30 (2023 – $40.82) on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions:

	2024	2023
Expected dividend yield	0%	0%
Risk-free interest rate	3.28%	4.21%
Expected life	three to five years	three to five years
Estimated volatility	36%	39%

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

14. Share capital (continued):

Share Unit Plan

At December 31, 2024, there were 932,084 share units available for grant under the Share Unit Plan.

The following table presents changes in share units outstanding:

	2024			2023		
	RSU	PSU	DSU	RSU	PSU	DSU
Units outstanding, beginning of year	273,542	148,311	84,866	180,739	71,378	75,395
Granted	399,649	93,133	10,689	204,048	96,119	9,471
Exercised	(123,566)	(33,815)	(21,760)	(89,168)	(13,363)	—
Forfeited	(70,743)	(35,290)	—	(22,077)	(5,823)	—
Units outstanding, end of year	478,882	172,339	73,795	273,542	148,311	84,866

Each restricted share unit ("RSU") entitles the participant to receive one Common Share. The RSUs generally vest over time in equal annual tranches over two to three years. The weighted-average grant date fair value of the RSUs granted during 2024 was $108.86 per unit (2023 – $121.61) using the fair value of a Common Share at time of grant.

Performance share units ("PSU") generally entitle participants to receive up to two Common Shares based on 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 three-year vesting periods. The weighted-average grant date fair value of these PSUs granted in 2024 was $134.91 per unit (2023 – $195.44). Valuation of these PSUs was completed using a Monte Carlo pricing model based on the fair value of a Common Share at time of grant and the following assumptions:

	2024	2023
Expected dividend yield	0%	0%
Risk-free interest rate	3.84%	4.07%
Performance measurement period	three years	three years
Estimated volatility	36%	43%
Correlation coefficient to Industry Index	0.35	0.58

Each deferred share unit ("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 2024 was $108.02 per unit (2023 – $121.95) using the fair value of a Common Share at time of grant.

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

14. Share capital (continued):

Share-based payments expense

The Company estimates a forfeiture rate, based on an analysis of actual forfeitures, to determine share-based payments expense. The following table presents share-based payments expense:

	2024	2023
Stock options	$ 1,401	$ 6,422
Restricted share units	24,450	19,861
Performance share units	12,575	7,069
Deferred share units	1,155	1,155
	$ 39,581	$ 34,507

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

	2024	2023
Cost of revenue	$ 6,119	$ 5,530
Selling and marketing	4,995	8,646
Research and development	6,747	6,993
General and administrative	21,720	13,338
	$ 39,581	$ 34,507

Share repurchase

On October 31, 2024, the Toronto Stock Exchange (“TSX”) accepted the Company’s notice of intention to commence a Normal Course Issuer Bid (“NCIB”) allowing the Company to repurchase for cancellation, at its discretion, up to 5% of the “public float” (calculated in accordance with the rules of the TSX) during the twelve-month period commencing November 6, 2024 and ending no later than November 5, 2025. Kinaxis has entered into an automatic share purchase plan (“ASPP”) to provide the option to instruct its broker to make purchases under the NCIB during any applicable blackout periods. Under this bid during the year ended December 31, 2024, 157,156 Common Shares were repurchased for cancellation at an average price of $127.24 per share. As at December 31, 2024, an obligation for the repurchase of shares of $18,164 (December 31, 2023 – $nil) was recognized as an accrued liability, as instructions were provided to the Company’s broker to continue making purchases during the current blackout period in accordance with the ASPP.

On November 6, 2023, the TSX accepted the Company’s notice of intention to commence a NCIB allowing the Company to repurchase for cancellation, at its discretion, up to 5% of the “public float” (calculated in accordance with the rules of the TSX) during the twelve-month period commencing November 6, 2023 and ending no later than November 5, 2024. Kinaxis had entered into an ASPP to provide the option to instruct its broker to make purchases under the NCIB during any applicable blackout periods. Under this bid during the year ended December 31, 2024, 724,298 Common Shares (2023 - 328,660) were repurchased and cancelled at an average price of $108.08 (2023 - $111.41) per share.

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

15. Earnings per share:

The following table summarizes the calculation of the weighted average number of basic and diluted common shares:

	2024	2023
Issued Common Shares at beginning of year	28,428,799	28,052,629
Effect of shares issued from exercise of options	154,420	221,654
Effect of shares issued from vesting of restricted share units	64,442	14,768
Effect of shares issued from vesting of deferred share units	12,129	—
Effect of shares issued from vesting of performance share units	28,237	16,597
Effect of shares issued as contingent consideration	—	48,252
Effect of shares cancelled from repurchase of shares	(444,722)	(32,026)
Weighted average number of basic Common Shares	28,243,305	28,321,874
Effect of share options on issue	327,216	546,050
Effect of share units on issue	369,238	281,611
Weighted average number of diluted Common Shares	28,939,759	29,149,535

For 2024, 168,980 options and 15,335 share units (2023 – 316,341 options and 70,699 share units) were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

16. Revenue:

The following table presents revenue of the Company:

	2024	2023
SaaS	$ 309,243	$ 265,080
Subscription term license	11,951	19,548
Professional services	141,501	123,728
Maintenance and support	20,416	18,615
	$ 483,111	$ 426,971

The following table presents revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2024:

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

16. Revenue (continued):

	2025	2026	2027 and thereafter	Total
SaaS	$ 295,080	$ 215,365	$ 236,848	$ 747,293
Maintenance and support	20,636	13,214	12,822	46,672
Subscription term license	9,100	67	—	9,167
	$ 324,816	$ 228,646	$ 249,670	$ 803,132

17. Personnel expenses:

	2024	2023
Salaries including bonuses	$ 197,172	$ 188,450
Benefits	35,768	31,054
Commissions	15,563	15,117
Share-based payments	39,581	34,507
	$ 288,084	$ 269,128

18. Depreciation and amortization:

The following table presents depreciation expense of property and equipment and right-of-use assets by function:

	2024	2023
Cost of revenue	$ 9,576	$ 10,831
Selling and marketing	14	9
Research and development	1,846	1,858
General and administrative	8,178	8,182
	$ 19,614	$ 20,880

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

	2024	2023
Cost of revenue	$ 3,834	$ 3,859
General and administrative	1,480	1,545
	$ 5,314	$ 5,404

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

19. Income tax expense:

The income tax amounts recognized in profit and loss are as follows:

	2024	2023
Current tax expense	$ 36,085	$ 11,037
Deferred tax expense (recovery)	(10,989)	(1,361)
	$ 25,096	$ 9,676

A reconciliation of the income tax expense to the expected amount using the Company's Canadian tax rate is as follows:

	2024	2023
Canadian tax rate	26.50 %	26.50 %
Expected Canadian income tax expense	$ 6,665	$ 5,231
Increase (reduction) in income taxes resulting from:		
Permanent differences	1,529	4,178
Change in estimates related to prior years	(547)	291
Foreign tax rate differences	3	(91)
Future tax rate differential	109	107
Internal sale of intellectual property	17,555	—
Effect of foreign exchange	(87)	—
Other	(131)	(40)
	$ 25,096	$ 9,676

In 2024, the Company strategically transferred certain regional market rights within the corporate group to focus on its international growth. The transfer of assets resulted in a one-time capital gain that triggered a current tax payable of $23,055 and a deferred tax asset of $5,500. This transaction was undertaken to support the Company's international growth strategy and resulted in a deductible temporary difference of $130,000 with respect to intangible assets that have an unlimited carryforward period. A deferred tax asset on the intangible assets has not been recognized in the statement of financial position. The ownership of the Company's current developed technology remains unchanged.

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

19. Income tax expense (continued):

The following tables present tax effects of temporary differences and carry-forwards, as well as movements in the deferred tax balances:

Deferred tax assets (liabilities)	December 31, 2023	Recognized in profit and loss	Recognized in equity	December 31, 2024
Tax effect on investment tax credits	$ (2,139)	$ (788)	$ —	$ (2,927)
Property and equipment	(3,854)	1,212	—	(2,642)
Right-of-use assets and liabilities	1,202	(671)	—	531
Contract acquisition costs	(5,429)	(1,426)	—	(6,855)
Intangible assets	(5,437)	7,944	—	2,507
Reserves and accruals	362	465	—	827
Share-based payments	6,096	4,162	938	11,196
Net operating loss carryforwards	1,274	(448)	—	826
Other	1,045	539	—	1,584
	$ (6,880)	$ 10,989	$ 938	$ 5,047

Deferred tax assets (liabilities)	December 31, 2022	Recognized in profit and loss	Recognized in equity	December 31, 2023
Tax effect on investment tax credits	$ (1,775)	$ (364)	$ —	$ (2,139)
Property and equipment	(4,348)	494	—	(3,854)
Right-of-use assets and liabilities	940	262	—	1,202
Contract acquisition costs	(6,453)	1,024	—	(5,429)
Intangible assets	(6,443)	1,006	—	(5,437)
Reserves and accruals	652	(290)	—	362
Share-based payments	6,981	1,560	(2,445)	6,096
Net operating loss carryforwards	4,296	(3,022)	—	1,274
Other	354	691	—	1,045
	$ (5,796)	$ 1,361	$ (2,445)	$ (6,880)

During 2024, the Company recorded $244 of current tax expense directly in equity (2023 – $3,734) related to tax deductions on share-based payments.

Deferred tax liabilities have not been recognized for temporary differences associated with investments in subsidiaries as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The aggregate amount of these temporary differences at December 31, 2024 was $76,334 (2023 – $55,661).

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

20. Statement of cash flows:

The following table presents changes in operating assets and liabilities:

	2024	2023
Trade and other receivables	$ 148	$ 6,553
Prepaid expenses	(4,436)	123
Contract acquisition costs	(4,844)	(2,387)
Trade payables and accrued liabilities	4,721	(2,580)
Deferred revenue	4,767	3,956
Provisions	544	(296)
	$ 900	$ 5,369

21. Credit facility:

The Company has a CAD$20.0 million revolving demand credit facility which bears interest at bank prime per annum and has not been drawn as at December 31, 2024. In 2020, a Standby Letter of Credit has been issued against this facility in the amount of CAD$1.4 million.

The facility is secured by a general security agreement representing a first charge over the Company's assets. In the event that the Company's aggregate borrowings under the revolving facility exceed CAD$5.0 million, a borrowing limit applies that is based principally on the Company's accounts receivable.

22. Financial instruments:

(a) Fair value of financial instruments:

The Company measures the fair value of its financial assets and financial liabilities using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value. The different levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Other techniques for which inputs are based on quoted prices for identical or similar instruments in markets that are not active, quoted prices for similar instruments in active markets, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability;

Level 3: Techniques which use inputs that have a significant effect on the recognized fair value that require the Company to use its own assumptions about market participant assumptions.

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

The fair value of foreign currency forward contracts was determined based on Level 2 inputs, which included period-end mid-market quotations for each underlying contract as calculated by the financial institution with which the Company has transacted. The quotations are based on bid/ask quotations and represent the discounted future settlement amounts based on current market rates.

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

22. Financial instruments (continued):

(a) Fair value of financial instruments (continued):

The fair value of the contingent consideration has been determined by applying a discounted cash flow technique on the expected future value of shares to be issued and has been recorded as a Level 3 liability as the inputs are not observable and there is no market based activity.

As at December 31, 2024 and December 31, 2023, financial instruments measured at fair value in the consolidated statements of financial position were as follows:

	2024		2023	
	Fair value hierarchy	Fair value	Fair value hierarchy	Fair value
Assets:				
Foreign currency forward contracts	Level 2	$ —	Level 2	$ 600
Liabilities:				
Foreign currency forward contracts	Level 2	1,637	Level 2	—

The Company designates foreign currency forward contracts as cash flow hedges when all the requirements in IFRS 9, Financial Instruments are met. The Company's currency pair used for cash flow hedges is US dollar / Canadian dollar. The notional principal of the foreign exchange contracts was $48,000 CAD as at December 31, 2024 (December 31, 2023 - $43,500 CAD).

Reconciliation of Level 3 financial instruments

In 2023, we settled a liability for contingent consideration related to the 2022 acquisition of MP Objects B.V. (“MPO”). The purchase price of MPO consisted of cash consideration of $33,828 and contingent consideration of 86,335 shares of the Company. The contingent consideration was settled in full during 2023 through the issuance of 86,335 shares of the Company at a fair value of $11,097. In 2023, the fair value of this contingent consideration was determined by applying a discounted cash flow technique on the expected future value of shares to be issued and was recorded as a Level 3 liability as the inputs were not observable and there was no market based activity.

The following table shows a reconciliation from the opening balance to the closing balance for all Level 3 financial instruments:

	2024		2023	
	Contingent Consideration	Other expense	Contingent Consideration	Other expense
Balance, beginning of year	$ —	$ —	$ 9,146	$ —
Net change in fair value	—	—	1,951	(1,951)
Settlement of contingent consideration	—	—	(11,097)	—
Balance, end of year	$ —	$ —	$ —	$ (1,951)

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

22. Financial instruments (continued):

(b) Credit risk:

The following table presents maximum exposure to credit risk for trade accounts receivable, net of loss allowances, by geographic region:

	2024	2023
United States	$ 73,141	$ 71,842
Europe	36,218	38,129
Asia	6,941	5,639
Canada	1,896	1,451
	$ 118,196	$ 117,061

The following table presents aging of trade accounts receivable, net of loss allowances:

	2024	2023
Current	$ 95,754	$ 99,073
Past due:		
0 – 30 days	12,268	8,023
31 – 60 days	5,409	6,079
Greater than 60 days	4,765	3,886
	$ 118,196	$ 117,061

At December 31, 2024, no customers individually accounted for greater than 10% of total trade accounts receivable (2023 – no customers). For 2024, no customers individually accounted for greater than 10% of revenue (2023 – no customers).

The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables, financial difficulty of the borrower, and it becoming probable that the borrower will enter bankruptcy or financial re-organization. Financial assets are written off when there is no reasonable expectation of recovery. As at December 31, 2024, the Company has recorded a loss allowance of $265 (2023 – $1,041).

The Company invests its excess cash in short-term investments with the objective of maintaining safety of principal and providing adequate liquidity to meet all current payment obligations and future planned capital expenditures with the secondary objective of maximizing the overall yield of the investment. The Company manages its credit risk on short-term investments by dealing only with commercial banks and investing only in instruments that management believes have high credit ratings. Given these high credit ratings, the Company does not expect any counterparties to these investments to fail to meet their obligations.

The Company's exposure to credit risk is limited to the carrying amount of financial assets.

22. Financial instruments (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. The Company also manages liquidity risk by continuously monitoring actual and budgeted expenses. Furthermore, the Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including acquisitions or other major investments or divestitures.

At December 31, 2024, the Company had cash and cash equivalents and short-term investments totaling $298,499 (2023 – $292,962). Further, the Company has a credit facility as disclosed in note 21. The Company's trade payables and accrued liabilities are generally due within three months or less.

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments.

Currency risk

A portion of the Company's revenues and operating costs are realized in currencies other than its functional currency, such as the Canadian dollar, Japanese Yen, Euro, and British Pound. As a result, the Company is exposed to currency risk on these transactions. Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in foreign currencies at the rate of exchange on each date of the Consolidated Statements of Financial Position, the impact of which is reported as a foreign exchange gain or loss.

The Company is also subject to currency risk on its income tax expense due to foreign exchange impacts resulting from translating financial results to local currency for Canadian tax reporting purposes.

The Company's objective in managing its currency risk is to minimize its exposure to currencies other than its functional currency. The Company does so by matching foreign denominated assets with foreign denominated liabilities.

The Company is mainly exposed to fluctuations between the U.S. dollar and the Canadian dollar. For the year ended December 31, 2024, if the Canadian dollar had strengthened 5% against the U.S. dollar, with all other variables held constant and before the impact of foreign currency foreign contracts, pre-tax profit for the year would have been $5,827 lower (2023 – $7,746 lower).

Conversely, if the Canadian dollar had weakened 5% against the U.S. dollar with all other variables held constant, there would be an equal, and opposite impact, on pre-tax profit.

22. Financial instruments (continued):

(d) Market risk (continued):

The summary quantitative data about the Company's exposure to currency risk is as follows:

December 31, 2024 In thousands of local currency	USD	CAD	EUR	GBP	JPY
Trade receivables	93,007	1,837	15,658	2,385	710,637
Unbilled receivables	24,364	—	8,026	281	163,583
Other receivables	116	2,445	995	184	3,921
Trade payables	(5,911)	(9,320)	(1,387)	(904)	(109,160)
Accrued liabilities	(29,553)	(33,258)	(1,826)	(299)	(176,130)
	82,023	(38,296)	21,466	1,647	592,851

December 31, 2023 In thousands of local currency	USD	CAD	EUR	GBP	JPY
Trade receivables	90,809	498	17,655	2,431	463,583
Unbilled receivables	30,388	318	1,686	691	215,166
Other receivables	1,675	89	739	213	3,927
Trade payables	(5,811)	(4,798)	(1,185)	(450)	(43,148)
Accrued liabilities	(12,752)	(6,520)	(1,608)	(2,618)	(100,891)
	104,309	(10,413)	17,287	267	538,637

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company believes that interest rate risk is low as the majority of investments are made in fixed rate instruments. As of December 31, 2024, the Company has not drawn on the revolving demand credit facility as disclosed in note 21.

23. Segmented information:

The Company's Interim Chief Executive Officer ("CEO") has been identified as the chief operating decision maker. The Interim 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 management software and solutions.

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

23. Segmented information (continued):

Geographic information

The following table presents external revenue on a geographic basis:

	2024	2023
United States	$ 280,413	$ 245,674
Europe	154,141	131,470
Asia	40,549	38,441
Canada	8,008	11,386
	$ 483,111	$ 426,971

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

	2024	2023
Canada	$ 21,241	$ 26,459
United States	6,711	7,154
Asia	2,334	3,506
Europe	2,200	3,181
	$ 32,486	$ 40,300

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

	2024	2023
Canada	$ 38,383	$ 38,248
Asia	3,066	5,015
United States	3,705	2,065
Europe	1,551	1,781
	$ 46,705	$ 47,109

The following table presents intangible assets on a geographic basis:

	2024	2023
Europe	$ 10,709	$ 13,769
Canada	2,156	9,625
	$ 12,865	$ 23,394

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

24. Related party transactions:

Details of the Company's significant subsidiaries at December 31, 2024 and 2023 are as follows:

Name of subsidiary	Principal Activity	Place of incorporation and operation	Functional Currency	Ownership interest 2024	Ownership interest 2023
Kinaxis Corp.	Sales	State of Delaware, USA	USA	100%	100%
Kinaxis Europe B.V.	Sales	The Netherlands	EUR	100%	100%
Kinaxis Ireland	Support	Ireland	EUR	100%	100%
Kinaxis India Private Limited	Support	India	INR	100%	100%
Kinaxis Japan K.K.	Sales	Japan	JPY	100%	100%
Kinaxis UK Limited	Sales	United Kingdom	GBP	100%	100%

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Company did not enter into any transactions with related parties other than its subsidiaries and key management personnel, as described below.

Compensation of key management personnel

The Company defines key management personnel as being the Board of Directors, the CEO and his direct reports. The remuneration of key management personnel during the year were as follows:

	2024	2023
Salary and other short-term benefits	$ 5,234	$ 4,222
Share-based payments	22,091	14,139
	$ 27,325	$ 18,361

25. Capital management:

The Company's capital is composed of its shareholders' equity. The Company's objective in managing its capital is to ensure financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in sales, marketing and product development. The Company's senior management is responsible for managing the capital through regular review of financial information to ensure sufficient resources are available to meet operating requirements and investments to support its growth strategy. The Board of Directors is responsible for overseeing this process. In order to maintain or adjust its capital structure, the Company could issue new shares, repurchase shares, approve special dividends or issue debt.

The Company has access to a revolving demand credit facility which bears interest at bank prime per annum which has not been drawn as at December 31, 2024. The terms of the facility require the Company to meet certain financial covenants which are monitored by senior management to ensure compliance, as outlined in note 21.

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

26. Contingencies and commitments:

(a) Lease agreements:

In the normal course of business, the Company and its subsidiaries enter into lease agreements for facilities or equipment. It is common in such commercial lease transactions for the Company or its subsidiaries as the lessee to agree to indemnify the lessor and other related third parties for liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. The Company has liability insurance that relates to the indemnifications described above.

(b) Intellectual property:

The Company includes standard intellectual property indemnification clauses in its software license and service agreements. Pursuant to these clauses, and subject to certain limitations, the Company holds harmless and agrees to defend the indemnified party, generally the Company's business partners and customers, in connection with certain patent, copyright or trade secret infringement claims by third parties with respect to the Company's products. The term of the indemnification clauses is generally for the subscription term and applicable statutory period after execution of the software license and service agreement. In the event an infringement claim against the Company or an indemnified party is successful, the Company, at its sole option, agrees to do one of the following: (i) procure for the indemnified party the right to continue use of software; (ii) provide a modification to the software so that its use becomes non-infringing; (iii) replace the software with software which is substantially similar in functionality and performance; or (iv) refund the residual value of the software license fees paid by the indemnified party for the infringing software. The Company believes the estimated fair value of these intellectual property indemnification clauses is minimal.

Historically, the Company has not made any significant payments related to the above-noted guarantees and indemnities and accordingly, no liabilities have been accrued in the consolidated financial statements.

(c) Litigation:

During 2024, the Company reached an agreement in principle to settle its ongoing patent litigation with Blue Yonder Group, Inc. The settlement agreement, executed in the first quarter of 2025, fully resolves all pending litigation matters between the companies. At December 31, 2024 the Company has recognized a liability for amounts payable in respect of this settlement. The terms of the settlement agreement are confidential.

(d) Commitments:

During the current and prior periods, the Company has signed partnership agreements that enhance the Company's go-to-market capabilities, professional services capacity, and cloud data services. These agreements include minimum purchase commitments ranging from three to five years.

The future aggregate operating expenses that the Company has committed to incur at December 31, 2024 are as follows:

Less than one year	$	39,702
One to five years		119,333
	$	159,035

Management's Discussion and Analysis for the year ended December 31, 2024

Kinaxis Inc.

Management's discussion and analysis

for the year ended December 31, 2024

February 26, 2025

Unless the context requires otherwise, all references in this management's discussion and analysis (the "MD&A") to "Kinaxis", "we", "us", "our" and the "Company" refer to Kinaxis Inc. and its subsidiaries as constituted on December 31, 2024. This MD&A has been prepared with an effective date of February 26, 2025.

This MD&A for the year ended December 31, 2024 should be read in conjunction with our annual audited consolidated financial statements and the related notes thereto as at and for the year ended December 31, 2024. The financial information presented in this MD&A is derived from our annual audited consolidated financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding anticipated developments in future financial periods and our future plans and objectives. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking statements. See "Forward-looking statements".

This MD&A includes certain trademarks, trade names and service marks which are protected under applicable intellectual property laws and are the property of Kinaxis. Solely for convenience, our trademarks, such as "Kinaxis" and "RapidResponse" and "Maestro" may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert our rights to these trademarks, trade names and service marks to the fullest extent under applicable law. Trademarks used in this MD&A, other than those that belong to Kinaxis, are the property of their respective owners.

All references to $ or dollar amounts in this MD&A are to U.S. currency unless otherwise indicated.

Additional information relating to Kinaxis Inc., including the Company's Annual Information Form and other documents filed with applicable securities regulators in Canada, can be found on SEDAR+ at www.sedarplus.ca.

Non-IFRS measures and ratios

This MD&A makes reference to certain non-IFRS measures and ratios such as "Adjusted profit", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "Adjusted diluted earnings per share". These non-IFRS measures and ratios are not recognized, defined or standardized measures under IFRS. Our definition of Adjusted profit, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted diluted earnings per share will likely differ from that used by other companies and therefore comparability may be limited.

Adjusted profit, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted diluted earnings per share should not be considered a substitute for or in isolation from measures prepared in accordance with IFRS. These non-IFRS measures and ratios should be read in conjunction with our annual audited consolidated financial statements and the related notes thereto as at and for the year ended December 31, 2024. Readers should not place undue reliance on non-IFRS measures and ratios and should instead view them in conjunction with the most comparable IFRS financial measures. See the reconciliations of Adjusted profit, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted diluted earnings per share to the most comparable IFRS financial measure in the "Reconciliation of non-IFRS measures and ratios" section of this MD&A.

Forward-looking statements

This MD&A contains forward-looking statements that relate to our current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "could", "expect", "anticipate", "aim", "estimate", "plan", "seek", "believe", "potential", "predict", "ongoing", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements.

Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this MD&A and may not be suitable for other purposes. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our expectations about our revenue, expenses and operations;
- our expectations about the benefits of our acquisitions;

- our anticipated cash needs;
- our ability to protect, maintain and enforce our intellectual property rights, including our ability to defend against third party claims;
- third party claims of infringement or violation of, or other conflicts with, intellectual property rights by us;
- our plans for and timing of expansion of our solutions and services;
- our future growth plans and strategy;
- the acceptance by our customers and the marketplace of new technologies and solutions;
- our ability to attract new customers and develop and maintain existing customers;
- our ability to attract and retain our people;
- our expectations with respect to the development and advancement in our technologies;
- our competitive position and our expectations regarding competition;
- regulatory developments and the regulatory environments we operate in;
- anticipated trends and challenges in our business, for our customers and the markets we operate in;
- our plans and expectations related to our partnerships;
- expectations relating to a hybrid workforce and results on the company's carbon footprint;
- anticipated trends, standards and challenges in our business and the markets we operate in;
- our expectations regarding the impact of events out of our control on the Company's future operations and performance;
- our expectations regarding artificial intelligence ("AI");
- our ability to raise capital, if needed;
- our expectations regarding the development of our sales force and marketing;
- our reliance on partners;
- our ability to develop widespread brand awareness;
- our ability to scale our operations and meet our objectives;
- our ability to assess and adapt to rapid technological developments;
- our ability to retain existing customers, add new customers and meet customer demands and contractual commitments;
- our expectations regarding our contract model, renewals and terms;
- the impacts of general market and economic conditions on our business;
- the adoption of our solutions by customers;
- our ability to detect, defend against and respond to security and privacy breaches and the impact of such incidents on our business;
- the impacts of failures, interruptions or delays on our business;
- the possibility of future legal proceedings;
- the market price of our common shares;
- our investment in research and development;
- our expectations regarding future costs and expenses;
- our expectations regarding credit ratings;
- our expectations regarding our internal controls over financing reporting; and
- our plans to repurchase and cancel shares under the Normal Course Issuer Bid ("NCIB").

Forward-looking statements are based on certain assumptions, opinions, estimates and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate. Expected future developments include growth in our target market, an increase in our subscription revenue and decrease in maintenance and support revenue based on trends in customer behavior, increasing sales and marketing expenses, research and development expenses and general and administrative expenses based on our business plans and our continued ability to realize on the benefits of tax credits in the near term. Although we believe that the assumptions underlying the forward-looking statements are reasonable, they may prove to be incorrect.

Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, including those set forth below under the heading "Risks and Uncertainties". These risks and uncertainties could cause our actual results, performance, achievements and experience to differ materially from the future expectations expressed or implied by the forward-looking statements. In light of these risks and uncertainties, readers should not place undue reliance on forward-looking statements.

All of the forward-looking statements in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein. There is no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Kinaxis. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements made in this MD&A relate only to events or information as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. We do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless we are required by law to do so.

Risks and uncertainties

We are exposed to risks and uncertainties in our business, including the risk factors set forth below which are the most material to our business. If any of the following risks or other risks occur, our business, prospects, financial condition, results of operations and cash flows could be materially adversely affected. This could cause the trading price of Kinaxis shares to decline and investors could lose all or part of their investment in our common shares.

We've organized the risks and uncertainties into five categories ("Strategic", "Financial", "Operational", "Regulatory and compliance", and "Other") for readability and prioritized them within each category:

Strategic risks

- If we're unable to develop new products and services, sell our solutions into new markets or further penetrate our existing markets, our revenue will not grow as expected.
- If we do not adequately scale our operations to meet and sustain our growth objectives, it could affect our ability to remain competitive and adversely affect our business.
- If we're unable to assess and adapt to rapid technological developments, it could impair our ability to remain competitive.
- If we are unable to develop, market and sell our AI solutions or manage the risks and challenges related to AI, our business could be adversely affected.
- We participate in highly competitive markets, and our failure to compete successfully would make it difficult for us to add and retain customers and would reduce or impede the growth of our business.
- If we fail to protect our intellectual property and proprietary rights adequately, our business could be adversely affected.
- If a third party makes an assertion that we're infringing its intellectual property, it could subject us to costly and time-consuming litigation or expensive licenses which could harm our business.
- As we increase our emphasis on our partner ecosystem, we may encounter new risks, such as dependence on partners for a material portion of our revenue and potential channel conflict.
- If we do not maintain the compatibility of our solutions with third party applications that our customers use in their business processes, demand for our solutions could decline.
- If we're unable to retain our key employees, including members of our leadership team and employees who possess specialized knowledge and technical skills,or effectively compete for such talent, our business would be harmed and we might not be able to implement our business plan successfully.

- Our growth depends on the continued development of our direct sales force.
- Mergers or other strategic transactions involving our competitors, partners or customers could weaken our competitive position, which could harm our results of operations.
- We may not receive significant revenue as a result of our current research and development efforts.
- Our business may suffer if we do not develop widespread brand awareness cost-effectively.
- Our strategy includes pursuing acquisitions and our potential inability to successfully integrate newly-acquired companies or businesses may adversely affect our financial results.
- Efforts to reduce climate change could affect our sales and financial results.
- We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms.
- There is an increased expectation by various stakeholders to address social and environmental challenges, including climate change, human rights, racism and inequality, and to demonstrate exemplary governance in managing Environmental, Social and Governance risks. An inability to manage this risk can result in higher costs for capital, regulatory compliance and disclosures.

Financial risks

- If we're unable to attract new customers or sell additional products to our existing customers, our revenue growth and profitability will be adversely affected.
- Downturns in general economic and market conditions and reductions in IT spending may reduce demand for our solutions, which could negatively affect our revenue, results of operations and cash flows.
- We derive a significant portion of our revenue from a relatively small number of customers, and our growth depends on our ability to retain existing customers and add new customers.
- We encounter long sales cycles, particularly with our larger customers, which could have an adverse effect on the amount, timing and predictability of our revenue.
- We rely significantly on recurring revenue, and if recurring revenue declines or contracts are not renewed, our future results of operations could be harmed.
- If we experience significant fluctuations in our rate of anticipated growth and do not balance our expenses with our revenue forecasts, our results could be harmed.
- Downturns or upturns in new sales will not be immediately reflected in operating results and may be difficult to discern.
- Our quarterly results of operations may fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts which could cause our share price to decline.
- We may incur operating losses in the future.
- We are subject to fluctuations in currency exchange rates.

Operational risks

- Security and privacy breaches, including ransomware and cyberattacks, could delay or interrupt service to our customers, harm our reputation or subject us to significant liability and adversely affect our business and financial results. Our ability to retain customers and attract new customers could be adversely affected by an actual or perceived breach of security or privacy relating to customer information.
- Our solutions are complex and customers may experience difficulty in implementing or upgrading our products successfully or otherwise achieving the benefits attributable to our products.
- We enter into service level agreements with all our customers. If we do not meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our revenues.
- If our productivity is impacted as a result of remote work, we may incur additional costs to address such issues and our financial condition and results may be adversely impacted.

- Events that are out of our control, such as a geopolitical crisis, widespread outbreak of an illness or other health issue, a natural disaster or terrorist attack could negatively affect various aspects of our business.
- If our productivity is impacted as a result of remote work, we may incur additional costs to address such issues and our financial condition and results may be adversely impacted.
- We may experience service failures or interruptions due to defects in the software, infrastructure, third party components or processes that comprise our existing or new solutions, any of which could adversely affect our business.
- Interruptions or delays in the services provided by third parties, including public cloud services, could impair the delivery of our solutions and our business could suffer.
- Because our long-term success depends, in part, on our ability to continue to expand the sales of our solutions to customers located outside North America, our business will be susceptible to risks associated with international operations.
- The use of open source software in our products may expose us to additional risks and harm our intellectual property.
- The outcome of any litigation, arbitration or other dispute resolution proceedings that we may engage in from time to time is inherently uncertain. We may become defendants in legal proceedings where we are unable to assess our exposure and this could result in significant liabilities in the event of an adverse judgment or decision.

Regulatory and compliance risks

- Privacy and security concerns, including evolving laws and regulations in these areas, could adversely affect our business and operating results.
- Current and future accounting pronouncements and other financial reporting standards might negatively impact our financial results.
- The evolution of laws and regulations regarding environmental, social and governance practices and disclosures, could adversely affect our business and operating results.
- We are subject to taxation in various jurisdictions and the taxing authorities may disagree with our tax positions.

Other risks

- The market price of our common shares may be volatile and may experience significant fluctuations in response to numerous factors, many of which are beyond our control.
- We may issue and sell additional securities to finance our operations or issue securities to directors, officers, employees and consultants of the Company in connection with security based compensation arrangements. Sales or issuances of substantial amounts of our securities, or the perception that such issuances or sales could occur, may adversely affect prevailing market prices for our securities issued and outstanding from time to time.

These risks are described in further detail in the section entitled "Risk Factors" in our 2024 filed Annual Information Form.

Overview

Kinaxis® is a leader in modern supply chain orchestration, powering complex global supply chains and supporting the people who manage them, in service of humanity. Our powerful, AI-infused supply chain orchestration platform, Maestro™, combines proprietary technologies and techniques that provide full transparency and agility across the entire supply chain — from multi-year strategic planning to last-mile delivery.

The Maestro platform comprises three layers: a supply chain data fabric connecting internal and external data sources into a single source of truth, an always-on intelligence engine that delivers real-time insights, predictions and adaptive solutions, and a seamless user interface, enabling business leaders to make faster and more valuable decisions than ever before, from anywhere and from any device. The platform is infused with generative, predictive and agentic AI, enabling users to navigate data, predict outcomes and impacts, and automate key tasks without deep AI expertise. You can read more about our approach to AI in our 2024 Annual Information Form on our website (www.kinaxis.com).

We are trusted by renowned global brands with complex supply chain networks to provide the agility and predictability needed to navigate today’s volatility and disruption. We serve the needs of Global Fortune 100, Fortune 500 and other large and mid-size companies in high-tech, life sciences, industrial (including aerospace & defense), mobility, consumer products, chemical, logistics, and oil & gas.

Our customers include many leading organizations like Merck & Co., Ford Motor Company, Proctor & Gamble, Unilever, and Schneider Electric. They choose the Maestro platform as a purpose-built solution to holistically address end-to-end supply chain orchestration, rather than using bundled solutions from enterprise resource planning (“ERP”) vendors like Oracle or SAP.

We believe this market is growing because of several factors, including the increasing complexity of supply chains due to geopolitics, lockdowns, labor shortages, severe weather events, and more, combined with a diversity of data sources and systems, competitive pressures and rapid technological development have created a critical need for businesses to transform their supply chain operations.

Recurring revenue model

We sell our product using a subscription-based model, with the product being delivered from the cloud in the vast majority of cases, from locations we manage within leased third-party data center facilities or with third-party cloud providers. Revenue from product delivered from the cloud is recorded as Software as a Service (“SaaS”) revenue. Certain customers have licensed our subscription product on an on-premise basis or have retained the option to take the hosted software on-premise as a hybrid subscription. Under IFRS 15, for on-premise and hybrid customers, the deemed software component for the applicable subscription term is recognized as “subscription term license revenue” upon initiation or renewal of the subscription contract term, with the remaining maintenance and support component and hosting services for hybrid subscriptions recognized ratably over the term as “maintenance and support revenue”.

Our subscription customers generally enter into three to five year agreements which are paid annually in advance. SaaS and on-premise subscription agreements are generally subject to price increases upon renewal reflecting both inflationary increases and the additional value provided by our solutions. In addition to the expected increase in SaaS and subscription term license revenue from price increases over time, existing customers may subscribe for additional applications, users or sites during the terms of their agreements. Our subscription fee generally depends on the size of our customer, the number of applications deployed, the number of users and the number of licensed manufacturing, distribution and inventory sites. The average annual contract value fluctuates from period to period depending on the number and size of new customer arrangements and the extent to which we are successful in expanding adoption of our products by existing customers. For certain contracts, a component of consideration is recognized on a unit basis in accordance with transaction volume. We also provide professional services for implementation and configuration of the product, as well as ongoing technical services and training. Professional services are typically billed on a time and material basis, with some services billed as a fixed-fee arrangement.

Our subscription model results in a high proportion of recurring revenue, which includes SaaS and maintenance and support revenue (see “Significant Factors Affecting Results of Operations – Revenue”). While the underlying contracts for on-premise subscription agreements are typically structured in the same manner as for our cloud-delivered customers, including contracted, recurring annual payments, under IFRS 15 for on-premise customers we are required to separately report revenue as two components: the deemed software component and the maintenance and support component. The deemed software component for the entire term of these on-premise subscriptions is recognized as revenue upon contract term commencement or renewal (as a subscription term license). The amount and timing of any recurring subscription term license revenue from on-premise subscription agreements is subject to the timing and length of the renewal term of the agreement.

We believe the power of the subscription model is only fully realized when a vendor has high retention rates. High customer retention rates generate a long customer lifetime and a very high lifetime value of the customer. Our annual net revenue retention rates remain over 100%, which includes sales of additional applications, users and sites to existing customers.

The recurring nature of our revenue provides high visibility into future performance, and upfront payments result in cash flow generation in advance of revenue recognition. Typically, 80% or more of our expected annual SaaS revenue is recognized from customer contracts that are in place at the beginning of the year and this continues to be our target model going forward. However, this also means that agreements with new customers or agreements with existing customers purchasing additional applications, users or sites in a quarter may not contribute significantly to revenue in the current quarter. For example, a new customer who enters into an agreement late in a quarter will typically have limited contribution to the revenue recognized in that quarter.

Strong financial track record

We have established a consistent financial track record of strong revenue growth, solid earnings performance and cash generation. Our SaaS revenue growth is driven both by contracts with new customers and expansion of our solution within our existing customer base. Subscription term license revenue is generally driven by the timing of renewals of the underlying on-premise customer contracts. Our combined net revenue retention from both SaaS and on-premise subscriptions is greater than 100%, reflecting our longer term contract structure and strong renewal history.

For the three months and year ended December 31, 2024, our SaaS revenue was $81.9 million and $309.2 million (three months and year ended December 31, 2023 – $69.9 million and $265.1 million), subscription term license revenue was $1.6 million and $12.0 million (three months and year ended December 31, 2023 – $2.9 million and $19.5 million) and total revenue was $123.9 million and $483.1 million (three months and year ended December 31, 2023 – $112.0 million and $427.0 million). For the three months and year ended December 31, 2024 our Adjusted EBITDA was 25% and 22% of revenue (three months and year ended December 31, 2023 – 18% and 18%). Our ending cash, cash equivalents and short-term investment balance was $298.5 million (December 31, 2023 – $293.0 million).

For the three months and year ended December 31, 2024 our ten largest customers accounted for 18% and 19% of our total revenues (three months and year ended December 31, 2023 – 22% and 20%) with no customer accounting for greater than 10% of total revenues (three months and year ended December 31, 2023 – no customer).

Growth strategy

Increasing revenues through new customer wins is one of our highest organizational priorities. Our sales cycle can be lengthy, up to approximately 12 months. We generally target very large organizations with significant internal processes for adoption of new systems. We currently pursue a revenue growth model that includes both direct sales through our internal sales force, as well as indirect sales supported by our system integrators, value added resellers and other service partners.

We continue to invest in our partnerships both from a sales and product implementation perspective. We work with global and regional system integrators, which are able to positively influence the decision-making process at major target customers and help customers realize end-to-end supply chain optimization by implementing our industry-leading concurrent planning solution. Such partners include Accenture, Deloitte, EY, Genpact, mSE Solutions, and Cognizant. Our referral partners direct new opportunities to us under a business arrangement. We regard Value Added Resellers as an extension of our sales force that resells and supports Maestro in select markets, with a focus on mid-market companies. Finally, we work with solution extension partners, such as 4flow, OCYO Consulting, Wahupa and PlanetTogether to provide additional applications on our platform, and project44, LevaData and Exiger to provide additional data streams and signaling to increase the value that customers gain from Maestro. These partners, which we work with under revenue sharing agreements, deliver digital inputs or domain-specific applications that leverage the power of concurrent planning and extend the capabilities of the platform.

Due to the growth in the market and the increasing need for solutions, we expect competition in the industry from new entrants and larger incumbent vendors to increase. In addition to this increased competitive pressure, changes in the global economy, may have an impact on the timing and ability of these enterprises to make buying decisions, which may have an impact on our performance.

We are headquartered in Ottawa, Ontario, and have offices located in Tokyo, Japan, Rotterdam, the Netherlands, Chennai, India and Dallas, Texas. We have subsidiaries located in the United States, Japan, the Netherlands, India, Hong Kong, South Korea, United Kingdom, Romania, Mexico, Taiwan, Singapore, France, Ireland, and Germany. We continue to expand our operations internationally. For the three months and year ended December 31, 2024, 59% and 60% of our revenues were derived from North American customers (three months and year ended December 31, 2023 – 59% and 60%) and our remaining revenues were derived from European and Asian customers.

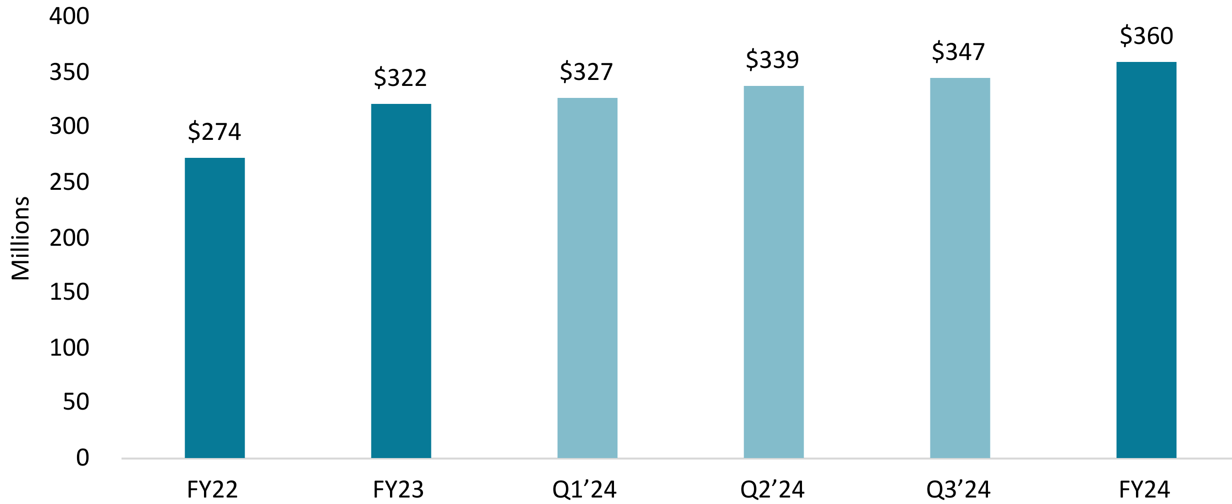
Key performance indicators

We use a number of key performance indicators to assess the performance of our business including Annual Recurring Revenue ("ARR") and Remaining Performance Obligation ("RPO"). These financial measures may not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers and are not always reconcilable to a comparable IFRS measure. We evaluate our performance by comparing our actual results to budgets, forecasts and prior period results. We evaluate our performance by comparing our actual results to budgets, forecasts and prior period results. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

Annual Recurring Revenue

ARR is the total annualized value of recurring subscription amounts (ultimately recognized as SaaS, subscription term licenses and maintenance & support revenue) of all subscription contracts at a point in time. Annualized subscription amounts are determined solely by reference to the underlying contracts, normalizing for the varying revenue recognition treatments under IFRS for cloud-based versus on-premise subscription amounts. It excludes one-time fees, such as for non-recurring professional services, and assumes that customers will renew the contractual commitments on a periodic basis as those commitments come up for renewal, unless such renewal is known to be unlikely at period end. We believe that this measure provides a more current indication of our performance in the growth of our subscription business than other metrics.

The Company's ARR at December 31, 2024 is $360 million, an increase of 12% year-over-year or 14% on a constant currency basis. We calculate constant currency growth rates by applying the applicable prior period exchange rates to current period results.

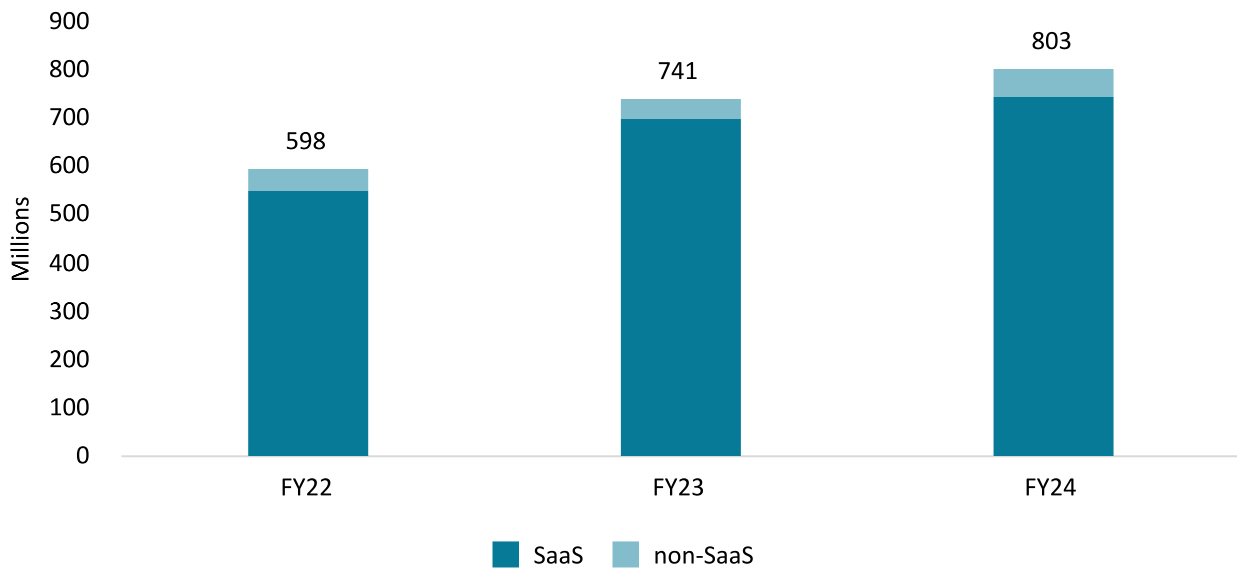


	FY22	FY23	Q1’24	Q2’24	Q3’24	FY24
Year-over-year growth	24%	18%	15%	15%	14%	12%
Year-over-year growth in constant currency	26%	18%	16%	16%	12%	14%

Remaining Performance Obligation

RPO represents the minimum contracted revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at period end. Our business model continues to focus on delivering long-term value to our customers. As a result, we typically enter into three to five-year agreements with our customers. RPO is not necessarily indicative of future revenue growth and is influenced by several factors, including the timing of renewals, average contract terms, foreign currency exchange rates and fluctuations in new business growth. RPO is also impacted by acquisitions.

At December 31, 2024, RPO amounts to $803 million, including $747 million in SaaS revenue (December 31, 2023 – $741 million and $701 million). Year-over-year RPO growth for the year ended December 31, 2024, was 8% (year ended December 31, 2023 – 24%). We focus on the longer term growth of this metric by disclosing a three-year cumulative annual growth rate because of potential fluctuations over the shorter term. At December 31, 2024, the three-year cumulative annual growth rate is 18%.



Significant factors affecting results of operations

Our results of operations are influenced by a variety of factors, including:

Revenue

Our revenue consists of SaaS revenue, subscription term license revenue, professional services revenue and maintenance and support revenue.

SaaS revenue is comprised of subscription fees for provision of our products as software as a service in our hosted, cloud environment. This includes hosting services and maintenance and support for the solution over the term of the contract when the product is provided from the cloud under a SaaS arrangement.

Professional services revenue is comprised of fees charged to assist organizations to implement and integrate our solution and train their staff to use and deploy our solution. Professional service engagements are contracted on a time and materials basis including billable travel expenses and are billed and recognized as revenue as the service is delivered. In certain circumstances, we enter into arrangements for professional services on a fixed price basis; in these cases, revenue is recognized by reference to the stage of completion of the contract.

Subscription term license revenue is comprised of fees for the implied software component for on-premise and hybrid subscriptions, which is recognized as revenue upon term commencement. Hybrid subscription refers to the option of certain customers to take the hosted software on-premise.

Maintenance and support revenue is comprised of fees for the implied maintenance and support component for on-premise and hybrid subscriptions.

Cost of revenue

Cost of revenue consists of personnel, travel and other overhead costs related to implementation teams supporting initial deployments, training services and subsequent stand-alone engagements for additional services. Cost of revenue also includes personnel and overhead costs associated with our customer support team, amortization related to acquired technology and internally developed software, depreciation related to our computer hardware and leased data center facilities where we physically host our SaaS solution, network connectivity costs for the provisioning of hosting services under SaaS arrangements and public cloud hosting costs.

Selling and marketing expenses

Selling and marketing expenses consist primarily of personnel and related costs for our sales and marketing teams, including salaries and benefits, contract acquisition costs including commissions earned by sales personnel and partner referral fees, partner programs support and training, and trade show and promotional marketing costs.

We plan to continue to invest in sales and marketing by expanding our domestic and international selling and marketing activities, building brand awareness, developing partners, and sponsoring additional marketing events. We expect that in the future, selling and marketing expenses, in absolute dollars, will continue to increase.

Research and development expenses

Research and development expenses consist primarily of personnel and related costs for the teams responsible for the ongoing research, development and product management of our supply chain management solutions. These expenses are recorded net of any applicable scientific research and experimental development investment tax credits ("investment tax credits") earned for expenses incurred in Canada against eligible projects. We only record non-refundable tax credits to the extent there is reasonable assurance we will be able to use the investment tax credits to reduce current or future tax liabilities. As the Company has an established history of profits, we do expect to realize the benefit of these tax credits in the near term. Further, we anticipate that spending on research and development will also be higher in absolute dollars as we expand our research and development and product management teams.

General and administrative expenses

General and administrative expenses consist primarily of personnel and related costs associated with administrative functions of the business including finance, human resources and internal information system support, as well as legal, accounting and other professional fees and amortization related to customer relationships. We expect that, in the future, general and administrative expenses will continue to increase in absolute dollars as we invest in our infrastructure and we incur additional employee-related costs and professional fees related to the growth of our business and international expansion.

Foreign exchange

Our presentation and functional currency is USD with the exception of our subsidiaries in South Korea (Korean Won), Japan (Japanese Yen), the Netherlands, Romania, France, Germany and Ireland (Euro), the United Kingdom (British Pound) and India (Indian Rupee). We derive most of our revenue in USD. Our head office and a significant portion of our employees are located in Ottawa, Canada, and as such approximately half of our expenses are incurred in Canadian dollars.

Results of operations

Summary of results

The following table sets forth a summary of our results of operations:

	Three months ended December 31,		Year ended December 31,		
	2024	2023	2024	2023	2022
	(In thousands of USD, except earnings per share)				
Statement of Operations					
Revenue	$ 123,935	$ 111,990	$ 483,111	$ 426,971	$ 366,889
Cost of revenue	48,833	43,100	188,528	168,074	131,102
Gross profit	75,102	68,890	294,583	258,897	235,787
Operating expenses	78,106	63,974	281,845	244,795	207,866
	(3,004)	4,916	12,738	14,102	27,921
Foreign exchange gain (loss)	927	797	682	(1,236)	1,499
Net finance and other income (expense)	2,829	3,099	11,732	8,821	1,240
Change in fair value of contingent consideration	—	—	—	(1,951)	826
Profit before income taxes	752	8,812	25,152	19,736	31,486
Income tax expense	17,068	4,791	25,096	9,676	11,406
Profit (loss)	$ (16,316)	$ 4,021	$ 56	$ 10,060	$ 20,080
Adjusted profit(1)	$ 12,032	$ 12,409	$ 68,251	$ 46,518	$ 45,492
Adjusted EBITDA(1)	$ 31,462	$ 19,727	$ 106,085	$ 74,872	$ 79,446
Basic earnings (loss) per share	$ (0.58)	$ 0.14	$ —	$ 0.36	$ 0.73
Diluted earnings (loss) per share	$ (0.58)	$ 0.14	$ —	$ 0.35	$ 0.70
Adjusted diluted earnings per share(1)	$ 0.43	$ 0.43	$ 2.36	$ 1.60	$ 1.59

Note:

(1) Adjusted profit, Adjusted EBITDA and Adjusted diluted earnings per share are non-IFRS measures and ratios. See "Non-IFRS measures and ratios". For a reconciliation of these measures to the closest IFRS measure, where a comparable IFRS measure exists, see "Reconciliation of non-IFRS measures and ratios" below.

	As at December 31, 2024	As at December 31, 2023	As at December 31, 2022
		(In thousands of USD)	
Total assets	$ 685,336	$ 691,981	$ 648,273
Total non-current liabilities	49,317	54,050	56,838

Reconciliation of non-IFRS measures and ratios

To supplement our consolidated financial statements, which are prepared and presented in accordance with IFRS, we provide investors with the following non-IFRS financial measures and ratios: Adjusted profit, Adjusted diluted earnings per share and Adjusted EBITDA. In addition we provide Adjusted EBITDA Margin which expresses Adjusted EBITDA as a percentage of revenue. We believe that securities analysts, investors and other interested parties frequently use non-IFRS measures and ratios in the evaluation of performance. Providing these non-IFRS measures provides useful information because they portray the financial results of the Company before certain expenses that do not impact the ongoing operating decisions taken by management. We also use non-IFRS measures and ratios to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and working capital requirements, and to determine components of employee compensation.

Adjusted profit and Adjusted diluted earnings per share

Adjusted profit represents profit adjusted to exclude the change in the fair value of contingent consideration, our equity compensation plans, special charges, and non-recurring items. Adjusted diluted earnings per share represents diluted earnings per share calculated using Adjusted profit. We use Adjusted profit and Adjusted diluted earnings per share as these measures and ratios better align with our performance and improve comparability against our peers.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA represents profit adjusted to exclude the change in the fair value of contingent consideration, our equity compensation plans, special charges, non-recurring items, income tax expense, depreciation and amortization, foreign exchange loss (gain), and net finance expense (income). Adjusted EBITDA Margin expresses Adjusted EBITDA as a percentage of revenue. We use these measures to provide readers with supplemental information on our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Costs have been incurred recently related to business transformation activities as the Company works to evaluate, develop and implement its strategy and execution plans, including related financial advice and shareholder communications. For the three months and year ended December 31, 2024, these costs related to professional fees for financial advice and shareholder communications, fees to settle a long-standing dispute with a competitor, impairment charges from retiring legacy technology, and to retirement allowances and recruitment fees for the transition of the CEO. These costs are presented collectively as special charges and are excluded from the calculation of Adjusted EBITDA. Each business transformation activity included in special charges is a unique action based on specific objectives, varying in nature, scope and size. These activities are being undertaken to enhance the future performance and strategic direction of the Company, and to shift focus and resources from non-core to core priorities. Business transformation activities have less bearing on present operating performance and decisions. Therefore, management believes the exclusion of these special charges from Adjusted EBITDA will aid readers in the understanding and comparison of the Company's operating results and underlying operational trends. We expect to incur special charges related to business transformation activities in future periods.

With respect to fees incurred for the dispute settlement, which are included in special charges, we have determined that these amounts are outside the ordinary course of business due to the distinct nature of the dispute which is unlike other expenses the Company incurs for IP protection. This distinction also arises from factors such as the counterparty involved, the remedies and damages sought, and the Company's overall litigation and IP strategy. The Company has not been involved in any other significant IP related disputes and does not anticipate further disputes of this nature, except as generally disclosed in "Risk and uncertainties" above.

During the year ended December 31, 2024 we incurred expenses for termination benefits associated with a restructuring initiative. These costs are recorded in Cost of revenue and Operating expenses in the Consolidated Statement of Comprehensive Income. These expenses are not considered to be reflective of ordinary operations because they are part of a discrete initiative completed in the third quarter. Therefore we believe the exclusion of the costs associated with this discrete initiative as non-recurring items will better aid readers in the understanding and comparability of our operating results and underlying operational trends.

We have reconciled Adjusted profit and Adjusted EBITDA to the most comparable IFRS financial measure as follows:

	Three months ended		Year ended December 31,		
	2024	2023	2024	2023	2022
	(In thousands of USD)				
Profit (loss)	$ (16,316)	$ 4,021	$ 56	$ 10,060	$ 20,080
Change in fair value of contingent consideration	—	—	—	1,951	(826)
Share-based compensation	10,228	8,388	39,581	34,507	26,238
Special charges[1]	18,191	—	21,365	—	—
Non-recurring item[2]	(71)	—	7,249	—	—
Adjusted profit	$ 12,032	$ 12,409	$ 68,251	$ 46,518	$ 45,492
Income tax expense	17,068	4,791	25,096	9,676	11,406
Depreciation and amortization	6,046	6,424	24,928	26,284	25,060
Foreign exchange loss (gain)	(927)	(797)	(682)	1,236	(1,499)
Net finance income	(2,757)	(3,100)	(11,508)	(8,842)	(1,013)
	19,430	7,318	37,834	28,354	33,954
Adjusted EBITDA	$ 31,462	$ 19,727	$ 106,085	$ 74,872	$ 79,446
Adjusted EBITDA as a percentage of revenue	25.4%	17.6%	22.0%	17.5%	21.7%

Notes:

(1) Costs associated with business transformation activities.

(2) Costs associated with the restructuring initiative.

Revenue

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
			(In thousands of USD)			
SaaS	$ 81,856	$ 69,891	17%	$ 309,243	$ 265,080	17%
Subscription term license	1,592	2,899	(45)%	11,951	19,548	(39)%
Professional services	35,092	34,318	2%	141,501	123,728	14%
Maintenance and support	5,395	4,882	11%	20,416	18,615	10%
	123,935	111,990	11%	483,111	426,971	13%

Total revenue for the three months and year ended December 31, 2024 was $123.9 million and $483.1 million, an increase of $11.9 million and $56.1 million compared to the same periods in 2023. The increases result from continued strong growth in both SaaS and Professional services revenue. These increases more than offset the expected decline in subscription term license revenue for the three months and year ended December 31, 2024 that occurs with the regular cycle of contract renewals with our customers.

SaaS revenue

SaaS revenue for the three months and year ended December 31, 2024 was $81.9 million and $309.2 million, an increase of $12.0 million and $44.2 million compared to the same periods in 2023. These increases were due to contracts secured with new customers, as well as the expansion of existing customer subscriptions.

Subscription term license revenue

Subscription term license revenue for the three months and year ended December 31, 2024 was $1.6 million and $12.0 million, a decrease of $1.3 million and $7.6 million compared to the same periods in 2023. These changes were expected as subscription term license revenue varies quarter to quarter due to the timing of renewals and expansions for on-premise and hybrid subscription arrangements. The decreases were due to the regular renewal cycle, partly offset by existing customer expansions.

Professional services revenue

Professional services revenue for the three months and year ended December 31, 2024 was $35.1 million and $141.5 million, an increase of $0.8 million and $17.8 million compared to the same periods in 2023. The increases were due to increased deployment activity driven by new subscription customers and expansion work with existing customers. Professional services revenue can vary quarter to quarter due to the size, timing and scheduling of customer engagements and the level of partner-led engagements.

Maintenance and support revenue

Maintenance and support revenue for the three months and year ended December 31, 2024 was $5.4 million and $20.4 million, an increase of $0.5 million and $1.8 million compared to the same periods in 2023. The increase largely reflects the expansion of new or existing on-premise customers.

Cost of revenue

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
			(In thousands of USD)			
Cost of revenue	$ 48,833	$ 43,100	13%	$ 188,528	$ 168,074	12%
Gross profit	75,102	68,890	9%	294,583	258,897	14%
Gross margin	61%	62%		61%	61%	
Software(1)	73%	76%		75%	76%	
Professional services	29%	29%		28%	22%	

Note:
(1) Software gross margin corresponds to SaaS, subscription term license and maintenance and support revenue.

Cost of revenue for the three months and year ended December 31, 2024 was $48.8 million and $188.5 million, an increase of $5.7 million and $20.5 million compared to the same periods in 2023. The increase is consistent with revenue growth and was due to higher headcount and related compensation costs, IT and public cloud costs, and partner and third-party provider costs.

Gross margin for the three months and year ended December 31, 2024 was 61%, compared to 62% and 61% for the same periods in 2023. Gross margin is driven by a mix of software and professional services gross margins. Software gross margins for the three months and year ended December 31, 2024 were 73% and 75%, compared to 76% for the same periods in 2023. For the three months ended December 31, 2024, the decrease in software margin mainly reflects the impact of an impairment of intangible assets related to retiring a legacy technology. For the year ended December 31, 2024, the decrease in software margin primarily reflects the transition from private to public cloud service arrangements, costs associated with the Company's restructuring initiative, an impairment of legacy technology, and the impact of lower subscription term license revenue due to the timing of on-premise renewals. Professional services gross margins for the three months and year ended December 31, 2024 were 29% and 28%, compared to 29% and 22% for the same periods in 2023. The higher margin on a year-to-date basis reflects improved billing rates and efficiencies in service operations.

Selling and marketing expenses

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
			(In thousands of USD)			
Selling and marketing	$ 25,624	$ 26,606	(4%)	$ 100,531	$ 102,719	(2%)
As a percentage of revenue	21%	24%		21%	24%	

Selling and marketing expenses for the three months and year ended December 31, 2024 were $25.6 million and $100.5 million, a decrease of $1.0 million and $2.2 million compared to the same periods in 2023. The decrease in both periods resulted from lower marketing program costs, and from cost improvements resulting from the Company's restructuring initiative.

Research and development expenses

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
			(In thousands of USD)			
Research and development	$ 21,310	$ 20,665	3%	$ 87,653	$ 81,707	7%
As a percentage of revenue	17%	18%		18%	19%	

Research and development expenses for the three months and year ended December 31, 2024 were $21.3 million and $87.7 million, an increase of $0.6 million and $5.9 million compared to the same periods in 2023. The increase on a year-to date basis primarily reflects continued investment to drive further innovation in our Maestro Supply Chain Management platform and to ensure sustainable market leadership.

General and administrative expenses

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
			(In thousands of USD)			
General and administrative	$ 31,172	$ 16,703	87%	$ 93,661	$ 60,369	55%
As a percentage of revenue	25%	15%		19%	14%	

General and administrative expenses for the three months and year ended December 31, 2024 were $31.2 million and $93.7 million, an increase of $14.5 million and $33.3 million compared to the same periods in 2023. The increases were due to specific costs associated with business transformation and restructuring activities incurred during the year. These included professional fees for financial advice and shareholder communications, settlement of a long-standing dispute with a competitor, severance costs, and retirement allowances.

Other income and expense

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
			(In thousands of USD)			
Other income:						
Foreign exchange gain (loss)	$ 927	$ 797	16%	$ 682	$ (1,236)	—(1)
Net finance and other income	2,829	3,099	(9%)	11,732	8,821	33%
Change in fair value of contingent consideration	—	—	—(1)	—	(1,951)	—(1)
Total other income	3,756	3,896	(4%)	12,414	5,634	120%

Note:
(1) The percentage change has been excluded as it is not meaningful.

Total other income and expense for the three months and year ended December 31, 2024 was income of $3.8 million and $12.4 million, compared to income of $3.9 million and $5.6 million in the same periods in 2023. Finance income decreased in the three months ended December 31, 2024 due to lower interest rates earned on investments. For the year ended December 31, 2024, finance income increased due to higher interest income on investments, reflecting both improved interest rates and additional funds invested. Also contributing to the changes in other income were non-cash revaluations of the fair value of contingent consideration in the prior period following the acquisition of MP Objects B.V., as well as foreign exchange gains from a relative strengthening of the USD.

Income taxes

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
	(In thousands of USD)					
Income tax expense:	$ 17,068	$ 4,791	256%	$ 25,096	$ 9,676	159%

Income tax expense for the three months and year ended December 31, 2024 was $17.1 million and $25.1 million compared to an income tax expense of $4.8 million and $9.7 million for the same periods in 2023. For the three months and year ended December 31, 2024, the increase in tax expense is primarily attributable to tax arising from a one-time capital gain resulting from the strategic transfer of certain regional market rights within the corporate group. This transaction was undertaken to support the Company's international growth strategy.

Profit (loss)

	Three months ended December 31,		2023 to 2024	Year ended December 31,		2023 to 2024
	2024	2023	%	2024	2023	%
	(In thousands of USD except earnings per share)					
Profit (loss)	$ (16,316)	$ 4,021	—[1]	$ 56	$ 10,060	—[1]
Adjusted profit[2]	12,032	12,409	(3%)	68,251	46,518	47%
Adjusted EBITDA[2]	31,462	19,727	59%	106,085	74,872	42%
Basic earnings (loss) per share	$ (0.58)	$ 0.14		$ —	$ 0.36	
Diluted earnings (loss) per share	$ (0.58)	$ 0.14		$ —	$ 0.35	
Adjusted diluted earnings per share[1]	$ 0.43	$ 0.43		$ 2.36	$ 1.60	

Notes:

(1) The percentage has been excluded as it is not meaningful.

(2) Adjusted profit, Adjusted EBITDA and Adjusted diluted earnings per share are non-IFRS measures and ratios. See "Non-IFRS measures and ratios". For a reconciliation of these measures to the closest IFRS measure, where a comparable IFRS measure exists, see "Reconciliation of non-IFRS measures and ratios".

The profit (loss) for the three months and year ended December 31, 2024 was ($16.3) million and $0.1 million, or ($0.58) and $0.00 per basic and diluted share, compared to a profit of $4.0 million and $10.1 million, or $0.14 and $0.36 per basic share, and $0.14 and $0.35 per diluted share for the same periods in 2023. For the three months and year ended December 31, 2024, profit (loss) was impacted by higher tax expense associated with a capital gain from transferring certain regional market rights within the corporate group, higher general and administrative costs associated with business transformation activities, the impairment of intangible assets relating to legacy technology and the settlement of a long-standing dispute with a competitor. These costs were partly offset by the increase in gross profit in 2024.

Adjusted EBITDA for the three months and year ended December 31, 2024 was $31.5 million and $106.1 million, an increase of $11.7 million and $31.2 million compared to the three months and year ended December 31, 2023. This strong growth in Adjusted EBITDA was due to higher revenue and improved gross margin combined with a relative decrease in operating expenses as a percentage of revenue.

Key balance sheet items

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Total assets	$ 685,336	$ 691,981
Total liabilities	289,825	237,153

An analysis of the key balance sheet items driving the change in total assets and liabilities is as follows:

Trade and other receivables

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Trade accounts receivable	$ 118,461	$ 118,084
Unbilled receivables	34,212	34,913
Taxes receivable	508	1,114
Other	3,478	3,539
Loss allowance	(265)	(1,041)
Total trade and other receivables	156,394	156,609

Trade accounts receivable at December 31, 2024 were $118.5 million, an increase of $0.4 million compared to the balance at December 31, 2023. The aging of trade receivables is generally current or within 30 days past due and overdue amounts have been provided for in a loss allowance if required. The balance at any point in time is impacted by the timing of the annual subscription billing cycle for each customer and when new customer contracts are secured. Unbilled receivables at December 31, 2024 were $34.2 million, a decrease of $0.7 million compared to December 31, 2023, due to a decrease in subscription term license and professional services revenue recorded in advance of billing.

Property and equipment

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Land	$ —	$ 18
Computer equipment	15,036	19,020
Computer software	151	542
Office furniture and equipment	363	1,676
Leasehold improvements	16,936	19,044
Total property and equipment	32,486	40,300

Property and equipment at December 31, 2024 was $32.5 million, a decrease of $7.8 million compared to December 31, 2023. The decrease is primarily due to depreciation.

Right-of-use assets & lease obligations

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Right-of-use assets	$ 46,705	$ 47,109
Lease obligations:		
Current	5,587	5,805
Non-current	43,348	45,985
	48,935	51,790

The right-of-use assets and lease obligations relate to our leases for office space and data centres. Right-of-use assets at December 31, 2024 were $46.7 million, a decrease of $0.4 million compared to December 31, 2023. Lease obligations at December 31, 2024 were $48.9 million, a decrease of $2.9 million compared to December 31, 2023. Decreases in right-of-use assets and in lease obligations reflects the amortization of right-of-use assets and payments made under our lease contracts, net of additions.

Contract acquisition costs

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Contract acquisition costs	$ 32,005	$ 27,438

Contract acquisition costs are capitalized and amortized over the expected life of the customer upon commencement of the related revenue. Contract acquisition costs consist of sales commissions paid to employees and third-party referral fees. Variable compensation plans are determined on an annual basis and may differ in how they correlate to revenue from year to year. Contract acquisition costs at December 31, 2024 were $32.0 million, an increase of $4.6 million compared to December 31, 2023. This increase was due to commissions incurred in the period on an increasing sales base, partly offset by amortization.

Trade payables and accrued liabilities

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Trade accounts payable	$ 15,624	$ 11,723
Accrued liabilities	59,891	26,263
Taxes payable	18,854	1,714
	94,369	39,700

Trade accounts payable at December 31, 2024 were 15.6 million, an increase of $3.9 million compared to December 31, 2023. The increase was primarily due to the costs associated with the transition from private to public cloud service arrangements. Accrued liabilities at December 31, 2024 were $59.9 million, an increase of $33.6 million compared to December 31, 2023. The increase was due to the obligation for the repurchase of shares of $18.2 million and the costs incurred for a long-standing dispute settlement with a competitor. Taxes payable at December 31, 2024 were $18.9 million, an increase of $17.1 million compared to December 31, 2023. This increase was primarily from the Company strategically transferring certain regional market rights within the corporate group which resulted in a one-time capital gain that triggered a current tax payable of $23.1 million and a deferred tax asset of $5.5 million. The ownership of the Company's current developed technology remains unchanged.

Deferred revenue

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Deferred revenue	$ 140,008	$ 137,598

Deferred revenue at December 31, 2024 was $140.0 million, an increase of $2.4 million compared to December 31, 2023. We generally bill our customers annually in advance for SaaS agreements resulting in initially recording the amount billed as deferred revenue which is subsequently recognized in revenue over the agreement term. The change in deferred revenue was due to variances in the timing of billings for new and existing customer contracts. There was no deferred revenue relating to subscription term periods beyond one year.

Summary of quarterly results

The following table summarizes selected results for the eight most recent completed quarters:

	Three months ended							
	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 30, 2024	Dec 31, 2023	Sept 30, 2023	Jun 30, 2023	Mar 31, 2023
	(In thousands of USD)							
Revenue:								
SaaS	$ 81,856	$ 78,621	$ 75,395	$ 73,371	$ 69,891	$ 67,940	$ 64,104	$ 63,145
Professional services	35,092	35,471	36,495	34,443	34,318	32,851	29,991	26,568
Maintenance and support	5,395	5,186	5,020	4,815	4,882	4,753	4,591	4,389
Subscription term license	1,592	2,250	1,368	6,741	2,899	2,535	7,086	7,028
	123,935	121,528	118,278	119,370	111,990	108,079	105,772	101,130
Cost of revenue	48,833	45,163	48,092	46,440	43,100	42,743	42,102	40,129
Gross profit	75,102	76,365	70,186	72,930	68,890	65,336	63,670	61,001
Operating expenses	78,106	68,753	67,825	67,161	63,974	57,741	64,196	58,884
	(3,004)	7,612	2,361	5,769	4,916	7,595	(526)	2,117
Foreign exchange gain (loss)	927	(411)	40	126	797	76	(2,374)	265
Net finance and other income	2,829	2,887	3,115	2,901	3,099	2,598	1,819	1,305
Change in fair value of contingent consideration	—	—	—	—	—	705	(462)	(2,194)
Profit (loss) before income taxes	752	10,088	5,516	8,796	8,812	10,974	(1,543)	1,493
Income tax expense	17,068	3,337	2,082	2,609	4,791	3,584	997	304
Profit (loss)	$ (16,316)	$ 6,751	$ 3,434	$ 6,187	$ 4,021	$ 7,390	$ (2,540)	$ 1,189
Change in fair value of contingent consideration	—	—	—	—	—	(705)	462	2,194
Share-based compensation	10,228	12,929	7,702	8,722	8,388	8,745	9,155	8,219
Special Charges	18,191	3,174	—	—	—	—	—	—
Non-recurring item(1)	(71)	22	5,546	1,752	—	—	—	—
Adjusted profit(2)	$ 12,032	$ 22,876	$ 16,682	$ 16,661	$ 12,409	$ 15,430	$ 7,077	$ 11,602
Income tax expense	17,068	3,337	2,082	2,609	4,791	3,584	997	304
Depreciation and amortization	6,046	6,209	6,268	6,405	6,424	6,456	6,517	6,887
Foreign exchange loss (gain)	(927)	411	(40)	(126)	(797)	(76)	2,374	(265)
Net finance income	(2,757)	(2,820)	(3,062)	(2,869)	(3,100)	(2,593)	(1,763)	(1,386)
	19,430	7,137	5,248	6,019	7,318	7,371	8,125	5,540
Adjusted EBITDA(2)	$ 31,462	$ 30,013	$ 21,930	$ 22,680	$ 19,727	$ 22,801	$ 15,202	$ 17,142
Basic earnings (loss) per share	$ (0.58)	$ 0.24	$ 0.12	$ 0.22	$ 0.14	$ 0.26	$ (0.09)	$ 0.04
Diluted earnings (loss) per share	$ (0.58)	$ 0.23	$ 0.12	$ 0.21	$ 0.14	$ 0.25	$ (0.09)	$ 0.04
Adjusted diluted earnings per share(2)	$ 0.43	$ 0.79	$ 0.58	$ 0.58	$ 0.43	$ 0.53	$ 0.25	$ 0.40

Notes:

(1) Costs (recovery) associated with restructuring initiative

(2) Adjusted profit, Adjusted EBITDA and Adjusted diluted earnings per share are non-IFRS measures and ratios. See "Non-IFRS measures and ratios". For a reconciliation of these measures to the closest IFRS measure, where a comparable IFRS measure exists, see "Reconciliation of non-IFRS measures and ratios"

Our quarterly revenue has generally trended upwards over the past eight quarters, primarily due to sales of new subscriptions for RapidResponse as well as new customer deployment activity. Subscription term license revenue varies quarter to quarter due to the timing of new contracts, expansions and renewals for on-premise and hybrid subscription arrangements.

Cost of revenue has increased as we continue to invest in personnel to support the growth in our business. Gross margin has ranged from 59% to 63% of revenue, with fluctuations due to the change in revenue mix between subscription term license and professional services compared to SaaS, our main contributor of revenue. Operating expenses have increased for the majority of the periods presented primarily due to the addition of personnel in connection with the expansion of our business.

Liquidity and capital resources

Our primary source of cash flow is sales of subscriptions for our software and sales of professional services. Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they come due. We do so by continuously monitoring cash flow and actual operating expenses compared to budget.

	As at December 31, 2024	As at December 31, 2023
	(In thousands of USD)	
Cash and cash equivalents	$ 172,192	$ 174,844
Short-term investments	126,307	118,118
	298,499	292,962

Cash and cash equivalents decreased by $2.7 million to $172.2 million at December 31, 2024. Short-term investments increased by $8.2 million to $126.3 million at December 31, 2024. Total cash, cash equivalents and short-term investments increased by $5.5 million to $298.5 million at December 31, 2024.

In addition to the cash, cash equivalents and short-term investment balances, we have a $20.0 million CAD revolving demand facility available to meet ongoing working capital requirements. A Standby Letter of Credit in the amount of $1.4 million CAD has been issued against this facility. The facility is secured by a general security agreement representing a first charge over the Company's assets. Our principal cash requirements are for working capital and capital expenditures. Excluding deferred revenue, working capital at December 31, 2024 was $372.6 million. Given the ongoing cash generated from operations and our existing cash and credit facilities, we believe there is sufficient liquidity to meet our contractual obligations of $294.0 million and finance our longer-term growth.

Cash flow

The following table provides a summary of cash inflows and outflows by activity:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
	(In thousands of USD)			
Cash inflow (outflow) by activity				
Operating activities	$ 24,117	$ 27,969	$ 99,213	$ 79,357
Investing activities	(17,729)	12,257	(13,619)	(67,312)
Financing activities	(13,630)	(27,505)	(83,688)	(12,035)
Effects of exchange rates	(3,794)	1,820	(4,558)	(513)
Net cash inflows (outflows)	(11,036)	14,541	(2,652)	(503)
Less: Net redemption (purchase) of short-term investments	(15,461)	12,546	(9,104)	(65,013)
Net inflows (outflows) excluding short-term investments	4,425	1,995	6,452	64,510

Cash provided by operating activities

Cash generated by operating activities for the three months ended December 31, 2024 was $24.1 million compared to $28.0 million in the same period in 2023. The decrease in cash generated is primarily due to the profit in the comparative three months of 2023. Cash generated by operating activities for the year ended December 31, 2024 was $99.2 million compared to $79.4 million for the same period in 2023. Higher cash inflow during the year ended December 31, 2024 primarily reflects improved cash inflow on working capital balances and higher interest income.

Cash provided by (used in) investing activities

Cash used in investing activities for the three months ended December 31, 2024 was $17.7 million compared to $12.3 million of cash generated in the same period in 2023. The cash used in the three months ended December 31, 2024 resulted from a net purchase of short-term investments of $15.5 million and purchases of property and equipment of $2.3 million. For the same period in 2023, cash generated included a net redemption of short-term investments of $12.5 million, partly offset by purchases of property and equipment of $0.3 million. Cash used in investing activities for the year ended December 31, 2024 was $13.6 million compared to $67.3 million for the same period in 2023. Cash used during the year ended December 31, 2024 included a net purchase of short-term investments of $9.1 million in addition to purchases of property and equipment of $4.5 million. Cash used for the same period in 2023 included a net purchase of short-term investments of $65.0 million and purchases of property and equipment of $2.3 million.

Cash provided by (used in) financing activities

Cash used in financing activities for the three months ended December 31, 2024 was $13.6 million compared to $27.5 million in the same period in 2023. The decrease in cash used was from a decrease in the repurchase of shares as part of our NCIB, and a decrease in the proceeds from the exercise of stock options. Cash used in financing activities for the year ended December 31, 2024 was $83.7 million compared to $12.0 million for the same period in 2023. The increase in cash used was from the repurchase of shares under the NCIB and a decrease in the proceeds received from the exercise of stock options.

Contractual obligations

Our lease commitments are primarily for office premises and secure data center facilities with expiry dates that range from February 2025 to February 2037. The largest lease commitment relates to our head office in Ottawa, Canada, the lease of which commenced September 2021 and expires in 2037. Given the ongoing cash generated from operations and our existing cash and credit facilities, we believe there is sufficient liquidity to meet our contractual obligations.

During the current and prior periods, the Company has signed partnership agreements that enhance the Company's go-to-market capabilities, professional services capacity, and cloud data services. These agreements include minimum purchase commitments ranging from three to five years.

The following table summarizes our contractual obligations as at December 31, 2024, including commitments relating to leasing contracts and cloud services agreements:

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total amount
			(In thousands of USD)		
Commitments					
Lease agreements	$ 7,070	$ 8,277	$ 5,377	$ 19,856	$ 40,580
Third party service agreements	39,702	61,166	58,167	—	159,035
Financial obligations					
Trade payables and accrued liabilities	94,369	—	—	—	94,369
Total contractual obligations	$ 141,141	$ 69,443	$ 63,544	$ 19,856	$ 293,984

The following table summarizes our contractual obligations as at December 31, 2023, including commitments relating to leasing contracts:

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total amount
			(In thousands of USD)		
Commitments					
Lease agreements	$ 6,539	$ 7,513	$ 5,928	$ 24,462	$ 44,442
Third party service agreements	7,634	39,682	47,925	15,000	110,241
Financial obligations					
Trade payables and accrued liabilities	39,700	—	—	—	39,700
Total contractual obligations	$ 53,873	$ 47,195	$ 53,853	$ 39,462	$ 194,383

Off-balance sheet arrangements

We have no off-balance sheet arrangements, other than variable payments related to operating leases with terms of twelve months or less (which have been included in the disclosed obligations under "Liquidity and capital resources – Contractual obligations"), that have, or are likely to have, a current or future material effect on our consolidated financial position, financial performance, liquidity, capital expenditures or capital resources.

Transactions with related parties

We did not have any transactions during the three months and year ended December 31, 2024 and 2023 between the Company and a related party outside the normal course of business.

Financial instruments and other instruments

We recognize financial assets and liabilities when we become party to the contractual provisions of the instrument. On initial recognition, financial assets and liabilities are measured at fair value plus transaction costs directly attributable to the financial assets and liabilities, except for financial assets or liabilities at fair value through profit and loss, whereby the transactions costs are expensed as incurred. The carrying amounts of our financial instruments approximate fair value due to the short-term maturity of these instruments.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our credit risk is primarily attributable to trade and other receivables.

The nature of our subscription-based business results in payments being received in advance of the majority of the services being delivered, as a result, our credit risk exposure is low.

We invest our excess cash in short-term investments with the objective of maintaining safety of principal and providing adequate liquidity to meet all current payment obligations and future planned capital expenditures with the secondary objective of maximizing the overall yield of the investment. We manage our credit risk on investments by dealing only with commercial banks and investing only in instruments that we believe have high credit ratings. Given these high credit ratings, we do not expect any counterparties to these investments to fail to meet their obligations.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect our income or the value of our holdings of financial instruments.

Currency risk

A portion of our revenues and operating costs are realized in currencies other than our functional currency, such as the Canadian dollar, Japanese Yen, Euro, and British Pound. As a result, we are exposed to currency risk on these transactions. Also, additional earnings volatility arises from the translation of monetary assets and liabilities, investment tax credits recoverable and deferred tax assets and liabilities denominated in foreign currencies at the rate of exchange on each date of our consolidated statements of financial position; the impact of which is reported as a foreign exchange gain or loss or as income tax expense for deferred tax assets and liabilities.

Our objective in managing our currency risk is to minimize exposure to currencies other than our functional currency. We manage currency risk by matching foreign denominated assets with foreign denominated liabilities and by entering into forward currency contracts for certain known Canadian dollar denominated expenses.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. We believe that interest rate risk is low for our financial assets as the majority of investments are made in fixed rate instruments. We do have interest rate risk related to our credit facilities. The rates on our Revolving Facility are variable and tied to Royal Bank prime rate and Royal Bank US base rate. No amounts have been drawn as at December 31, 2024.

Capital management

Our capital is composed of shareholders' equity which includes our common shares. Our objective in managing our capital is financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in sales, marketing and product development. Our senior management team is responsible for managing the capital through regular review of financial information to ensure sufficient resources are available to meet operating requirements and investments to support our growth strategy. The Board of Directors of Kinaxis (the "Board") is responsible for overseeing this process. In order to maintain or adjust our capital structure, we could issue new shares, repurchase shares, approve special dividends or issue debt.

Critical accounting policies and estimates

See our annual consolidated financial statements for the year ended December 31, 2024 and the related notes thereto for a discussion of the accounting policies and estimates that are critical to the understanding of our business operations and the results of our operations.

Contingencies

In the last quarter of 2024 the Company reached an agreement in principle to settle its ongoing patent litigation with Blue Yonder Group, Inc. The settlement agreement, executed in the first quarter of 2025, fully resolves all pending litigation matters between the companies. At December 31, 2024 the Company has recognized a liability for amounts payable in respect of this settlement. The terms of the settlement agreement are confidential.

Controls and procedures

Disclosure controls and procedures

The Company's Interim Chief Executive Officer ("Interim CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining our disclosure controls and procedures. We maintain a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. Our Interim CEO, and CFO, have evaluated the design and effectiveness of our disclosure controls and procedures at the end of the quarter and based on the evaluation have concluded that the disclosure controls and procedures are effectively designed.

Internal controls over financial reporting

Our internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our management is responsible for establishing and maintaining adequate ICFR. Management, including our Interim CEO and CFO, does not expect that our ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation.

National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators requires our Interim CEO and CFO to certify that they are responsible for establishing and maintaining ICFR and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Our Interim CEO and CFO are also responsible for disclosing any changes to our internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Our management under the supervision of our Interim CEO and CFO has evaluated the design and effectiveness of our ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As at December 31, 2024, management assessed the design and effectiveness of our ICFR and concluded that our ICFR is appropriately designed and there are no material weaknesses that have been identified. There were no significant changes to our ICFR for the three months and year ended December 31, 2024.

Outstanding share information

As at December 31, 2024, our authorized capital consists of an unlimited number of common shares with no stated par value. Changes in the number of common shares, options, restricted share units, deferred share units and performance share units outstanding for the three months and year ended December 31, 2024 and as of February 26, 2025 are summarized as follows:

Class of Security	Number outstanding at December 31, 2023	Net issued	Number outstanding at December 31, 2024	Net issued	Number outstanding at February 26, 2025
Common shares	28,428,799	(373,585)	28,055,214	42,057	28,097,271
Stock options	1,193,430	(446,218)	747,212	(51,932)	695,280
Restricted Share Units	273,542	205,340	478,882	(6,857)	472,025
Deferred Share Units	84,866	(11,071)	73,795	—	73,795
Performance Share Units	148,311	24,028	172,339	—	172,339

Our outstanding common shares decreased by 373,585 shares in 2024 due to 881,454 shares repurchased for cancellation offset by the exercise of 326,533 stock options, the vesting of 33,815 performance share units resulting in 36,010 shares issued, the vesting of 123,566 restricted share units and 21,760 deferred share units.

Our outstanding stock options decreased by 446,218 options in 2024 due to the 326,533 options exercised and 131,174 options forfeited, offset by the grant of 11,489 options. Each option is exercisable for one common share.

Our outstanding restricted share units increased by 205,340 units in 2024 due to the grant of 399,649 units less 123,566 units vested and 70,743 units forfeited. Our outstanding deferred share units increased by 11,071 units in 2024 due to 10,689 units granted and 21,760 units exercised. Our outstanding performance share units increased by 24,028 units in 2024 due to 93,133 units granted less 33,815 units vested and 35,290 units forfeited. Upon vesting, each share unit can be paid out or settled in cash, an equivalent number of common shares, or a combination thereof, as elected by the Compensation Committee of the Board.

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