Kinaxis Inc. Reports Fiscal First Quarter 2015 Results

- Reports 36% Subscription Revenue Growth, 28% Adjusted EBITDA and Adjusted diluted EPS of $0.13 per share -

OTTAWA, CANADA – May6, 2015 –Kinaxis®(TSX:KXS), provider of RapidResponse®, delivering cloud-based SCM and S&OP applications,reported results for its fiscal first quarter ended March 31, 2015. All figures are in U.S. dollars and prepared in accordance with International Financial Reporting Standards (IFRS).

First Quarter 2015Highlights

(Comparisons made between fiscal Q1 2015 and fiscal Q1 2014 results, unless otherwise noted)

- Subscription revenue was $15.4 million, up 36%
- Revenue totaled $19.7 million, up 26%
- Gross profit was $13.9 million (71% of total revenue), up 29%
- Adjusted EBITDA totaled $5.6 million (28% of total revenue), up 47%
- Adjusted diluted earnings per share of $0.13

"We've continued to see strong demand for our innovative supply chain management solutions, particularly in the first quarter which drove record quarterly growth in our subscription revenue base," said Doug Colbeth, President and CEO of Kinaxis. "Giventhe results of the first quarter and the strong forward revenue visibilityof our business model, we are confident to revise our overall subscription growth outlook for 2015 from 25% to a range of 26 to 28%. We remain in an excellent position within our market and see opportunity to enter new verticals and grow our customer base to continue to deliver solid results."

Fiscal Q1 2015 Financial Results

Total revenue for the three months ended March 31, 2015 (Q1 2015) was $19.7 million, an increase of 26% compared to the same period in 2014.

Subscription revenue was $15.4 million in Q1 2015,an increase of36%from $11.3 million for the same period in 2014.The increase in subscription revenue is due to revenue from contracts secured with new customers during the third and fourth quarters of 2014 and expansion of existing customer subscriptions.

Professional services revenue was $4.0 million in Q1 2015, compared to $4.0 million for the same period in 2014. Growth was in-line with the prior year due to the timing of new customer project commencement engagements coupled with the completion of other customer deployment projects. In addition, our partners continue to play an increasing role in supporting new customer deployment.

Gross profit was $13.9 million inQ1 2015,compared to $10.8 million for the same period in 2014.As a percentage of revenue, gross profitwas71% in Q1 2015 compared to69% in the prior year quarter. The improvement in gross margin in the first quarter of 2015 was due to the growth in subscription revenue in the period compared to the first quarter of 2014 while the growth in cost of revenue was lower in the first quarter of 2015.

Adjusted EBITDA was $5.6million in Q1 2015,compared to Adjusted EBITDA of $3.8 million in the same period last year.The increase in Adjusted EBITDA in Q1 2015 is the result of an increase in operating profits which was driven primarily by increased subscription revenues and higher gross margin.

Profit for Q1 2015 was $2.4 million or $0.10 per basic and diluted share compared to a profit of $2.0 million or $0.15 per basic and 0.10 per diluted share for the same period in 2014. The increase in profit was primarily driven by higher operating profits.

Cash generated by operating activities was $23.6 million for Q1 2015compared to $0.3 million in Q1 2014. The increase in cash provided by operating activities was due primarily to the receipt of prepayment of subscription arrangements and the increase in net income, share based compensation, and income tax expense.

Cash and cash equivalents were $78.8 million as at March 31, 2015as compared to $56.7 million as at December 31, 2014. The increase is primarily due to the receipt of a prepayment of a multi-year subscription of approximately $20.0 million as well as other subscription arrangements.

Please refer to the section regarding forward-looking statements which forms an integral part of this release. These results, along with the unaudited condensed consolidated interim financial statements and the company's unaudited MD&A, are available on the company's website atwww.kinaxis.com and on SEDAR at www.sedar.com.

Full Year 2015 Financial Guidance

For the full year 2015, Kinaxisexpects to grow annual subscription revenue in the 26 to 28% range and to achieve Adjusted EBITDA in excess of 20% of total revenue.Furthermore, Kinaxis expects professional services revenue will grow between 10% and 15%.

Conference Call

The company will host a conference call tomorrow (Thursday, May 7, 2015) to discuss these results. Doug Colbeth, President & CEO and Richard Monkman, CFO will host the call starting at 8:30 a.m. Eastern time. A question and answer session will follow management's presentation.

Date: Thursday, May 7, 2015
Time: 8:30 a.m. Eastern time
Dial-In Number: 1 (888) 231-8191
International: 1 (647) 427-7450
Conference ID#: 27385248

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization.

A replay of the call will be available after 11:30 a.m. Eastern time on the same day through May14, 2015.

Toll-Free Replay Number: 1 (855) 859-2056
International Replay Number: 1 (416) 849-0833
Replay PIN: 27385248

Live Webcast: http://bit.ly/1FTlvGY
Webcast will be archived for one year

About Kinaxis Inc.

Kinaxis is a leading provider of cloud-based subscription software that enables our customers to improve and accelerate analysis and decision-making across their supply chain operations. The supply chain planning and analytics capabilities of our product, RapidResponse, create the foundation for managing multiple, interconnected supply chain management processes. By using the single RapidResponse product instead of combining individual disparate software solutions, our customers gain visibility across their supply chains, can respond quickly to changing conditions, and ultimately realize significant operating efficiencies.

Non-IFRS Measures

This news release contains non-IFRS measures, specifically, Adjusted diluted earnings per share (which is derived from Adjusted profit) and Adjusted EBITDA. We use Adjusted profit and Adjusted diluted earnings per share, which remove the impact of our redeemable preferred shares and stock option plans, to measure our performance as these measurements better align the reporting of our results and improve comparability against our peers. We use Adjusted EBITDA to provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our capital expenditure and work capital requirements. Adjusted profit, Adjusted diluted earnings per share and Adjusted EBITDA are not recognized, defined or standardized measures under IFRS. Our definition of Adjusted profit, Adjusted EBITDA and Adjusted diluted earnings per share will likely differ from that used by other companies (including our peers) and therefore comparability may be limited. Non-IFRS measures should not be considered a substitute for or in isolation from measures prepared in accordance with IFRS. Investors are encouraged to review our financial statements and disclosures in their entirety and are cautioned not to put undue reliance on non-IFRS measures and view them in conjunction with the most comparable IFRS financial measures.

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

	Three months ended March 31,	
	2015	**2014**
Statement of Operations	(In thousands of U.S. dollars)	
Profit	$ 2,388	$ 1,957
Loss due to change in fair value of redeemable preferred shares	–	179
Share-based compensation	964	388
	964	567
Adjusted profit	$ 3,352	$ 2,524
Income tax expense	1,405	803
Depreciation	354	240
Foreign exchange loss (gain)	479	(47)
Net finance (income) expense	(24)	257
	2,214	1,253
Adjusted EBITDA	$ 5,566	$ 3,777

Forward-Looking Statements

Certain statements in this release constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include statements as to our updated expectations for growth of annual subscription revenue, Adjusted EBITDA achievement, and growth in professional services revenue, in each case looking forward for the balance of our fiscal year ending December 31, 2015, as well as statements as to Kinaxis' growth opportunities and the potential benefits of, and markets and demand for, Kinaxis' products and services. These statements are subject to certain assumptions, risks and uncertainties, including our view of the relative position of Kinaxis' products and services compared to competitive offerings in the industry.

In particular, our guidance for 2015 subscription revenue, Adjusted EBITDA, and professional services revenue is subject to certain assumptions, including:

- our ability to win business from new customers and expand business from existing customers;
- the timing of new customer wins and expansion decisions by our existing customers;
- maintaining our current customer retention levels; and
- with respect to Adjusted EBITDA, our ability to contain expense levels while expanding our business.

These and other assumptions, risks and uncertainties may cause Kinaxis' actual results, performance, achievements and developments to differ materially from the results, performance, achievements or developments expressed or implied by forward-looking statements. Material risks and uncertainties relating to our business are described under the heading "Risks and Uncertainties" in the MD&A dated February 24, 2015 and in our other public documents filed with Canadian securities regulatory authorities, which are available at www.sedar.com. Forward-looking statements are provided to help readers understand management's expectations as at the date of this release and may not be suitable for other purposes. Readers are cautioned not to place undue reliance on forward-looking statements. Kinaxis assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

Investor Relations:

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Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2015 and December 31, 2014
(Expressed in thousands of U.S. dollars)
(Unaudited)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 78,764	$ 56,725
Trade and other receivables	15,328	17,023
Investment tax credits receivable	1,816	1,974
Prepaid expenses	2,387	1,926
	98,295	77,648
Non-current assets:		
Property and equipment	6,074	4,744
Investment tax credits recoverable	3,430	3,091
Deferred tax assets	4,591	5,726
	$ 112,390	$ 91,209
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,077	$ 6,945
Deferred revenue	42,330	35,740
	46,407	42,685
Non-current liabilities:		
Lease inducement	98	109
Deferred revenue	15,721	1,778
	15,819	1,887
Shareholders' Equity		
Share capital	87,496	87,219
Contributed surplus	7,029	6,152
Accumulated other comprehensive loss	(468)	(453)
Deficit	(43,893)	(46,281)
	50,164	46,637
	$ 112,390	$ 91,209

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Condensed Consolidated Interim Statements of Comprehensive Income

For the three months ended March 31, 2015 and 2014
(Expressed in thousands of U.S. dollars, except share and per share data)
(Unaudited)

	2015	2014
Revenue	$ 19,711	$ 15,623
Cost of revenue	5,805	4,829
Gross profit	13,906	10,794
Operating expenses:		
Selling and marketing	3,799	3,053
Research and development	3,671	2,959
General and administrative	2,188	1,633
	9,658	7,645
	4,248	3,149
Other income (expense):		
Loss due to change in fair value of redeemable preferred shares	–	(179)
Foreign exchange (loss) gain	(479)	47
Net finance income (expense)	24	(257)
	(455)	(389)
Profit before income taxes	3,793	2,760
Income tax expense:		
Current	270	206
Deferred	1,135	597
	1,405	803
Profit	2,388	1,957
Other comprehensive income (loss)		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations	(15)	15
Total comprehensive income	$ 2,373	$ 1,972
Basic earnings per share	$ 0.10	$ 0.15
Weighted average number of basic common shares	23,759,940	13,279,075
Diluted earnings per share	0.10	0.10
Weighted average number of diluted common shares	25,133,286	19,679,029

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Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the three months ended March 31, 2015 and 2014
(Expressed in thousands of U.S. dollars)
(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity (deficiency)
Balance, December 31, 2013	$ 9,902	$ 3,948	$ (360)	$ (87,070)	$ (73,580)
Profit	–	–	–	1,957	1,957
Other comprehensive income	–	–	15	–	15
Total comprehensive income	–	–	15	1,957	1,972
Shares issued for cash	585	–	–	–	585
Share options exercised	280	–	–	–	280
Share based payments	–	388	–	–	388
Total shareholder transactions	865	388	–	–	1,253
Balance, March 31, 2014	$ 10,767	$ 4,336	$ (345)	$ (85,113)	$ (70,355)
Balance, December 31, 2014	$ 87,219	$ 6,152	$ (453)	$ (46,281)	$ 46,637
Profit				2,388	2,388
Other comprehensive loss	–	–	(15)	–	(15)
Total comprehensive income	–	–	(15)	2,388	2,373
Share options exercised	277	(87)	–	–	190
Share based payments	–	964	–	–	964
Total shareholder transactions	277	877	–	–	1,154
Balance, March 31, 2015	$ 87,496	$ 7,029	$ (468)	$ (43,893)	$ 50,164

Kinaxis Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2015 and 2014
(Expressed in thousands of U.S. dollars)
(Unaudited)

	2015	2014
Cash flows from operating activities:		
Profit	$ 2,388	$ 1,957
Items not affecting cash:		
Depreciation of property and equipment	354	240
Loss due to change in fair value of redeemable preferred shares	–	179
Share-based compensation	964	388
Amortization of lease inducement	(11)	(12)
Long-term investment tax credits recoverable	(339)	(249)
Income tax expense	1,405	803
Change in operating assets and liabilities	19,210	(2,559)
Interest paid	–	(53)
Income taxes paid	(356)	(350)
	23,615	344
Cash flows from investing activities:		
Purchase of property and equipment	(1,684)	(889)
Cash flows from financing activities:		
Non-Voting Common Shares issued and share subscriptions received	–	865
Common Shares issued	190	–
Issuance of long-term debt	–	5,000
	190	5,865
Increase in cash and cash equivalents	22,121	5,320
Cash and cash equivalents, beginning of period	56,725	13,804
Effects of exchange rates on cash and cash equivalents	(82)	64
Cash and cash equivalents, end of period	$ 78,764	$ 19,188