



Kinaxis Inc. Reports Fiscal Second Quarter 2015 Results

- Reports 32% Total Revenue Growth and 39% Adjusted EBITDA -

OTTAWA, CANADA – August 6, 2015 – [Kinaxis®](#) (TSX:KXS), provider of [RapidResponse®](#), delivering cloud-based SCM and S&OP applications, reported results for its fiscal second quarter ended June 30, 2015. All figures are in U.S. dollars and prepared in accordance with International Financial Reporting Standards (IFRS).

Second Quarter 2015 Highlights

(Comparisons made between fiscal Q2 2015 and fiscal Q2 2014 results, unless otherwise noted)

- Revenue totaled \$23.7 million, up 32%
- Subscription revenue was \$16.3 million, up 29%
- Gross profit was \$17.4 million (73% of total revenue), up 42%
- Adjusted EBITDA⁽¹⁾ totaled \$9.2 million (39% of total revenue), up 183%
- Adjusted diluted earnings per share⁽¹⁾ of \$0.25

(1) “Adjusted EBITDA” and “Adjusted diluted earnings per share” are non-IFRS measures and are not recognized, defined or standardized measures under IFRS. These measures as well as other non-IFRS financial measures reported by Kinaxis are defined in the “Non-IFRS Measures” section of this news release.

“Our second quarter results showed impressive growth in many areas, demonstrating the earnings power of our business model as overall revenues increase,” said Doug Colbeth, President and CEO of Kinaxis. “The combination of revenue growth and strong Adjusted EBITDA results highlights the uniqueness of our supply chain solutions. Given the forward revenue visibility of our business, we have raised our fiscal 2015 professional services revenue guidance to a range of \$22 million to \$23 million. The increase in professional services revenue combined with our strong 26%-28% annual growth in subscription revenue, also supports the upgrading of our annual Adjusted EBITDA range to between 26%-29% of total revenues.”

Fiscal Q2 2015 Financial Results

Total revenue for the three months ended June 30, 2015 (Q2 2015) was \$23.7 million, an increase of 32% compared to the same period in 2014.

Subscription revenue was \$16.3 million in Q2 2015, an increase of 29% from \$12.6 million for the same period in 2014. The increase in subscription revenue is due to revenue from contracts secured with new customers during the second half of 2014 and first quarter of 2015, in addition to expansion of existing customer subscriptions.

Professional services revenue was \$7.1 million in Q2 2015, compared to \$5.0 million for the same period in 2014. Growth was primarily driven by the commencement of project engagements for new customers secured in the second half of 2014 and first quarter of 2015, as well as additional engagements with existing customers.

Gross profit was \$17.4 million in Q2 2015, compared to \$12.3 million for the same period in 2014. As a percentage of revenue, gross profit was 73% in Q2 2015 compared to 69% in the prior year quarter. The improvement in gross profit in the second quarter of 2015 was due to the revenue growing at a higher rate than cost of revenue in the comparative period.

Adjusted EBITDA was \$9.2 million in Q2 2015, compared to Adjusted EBITDA of \$3.3 million in the same period last year. The increase in Adjusted EBITDA in the quarter was primarily the result of the growth rate of revenues exceeding the growth rate in cost of revenue and operating costs for the corresponding period.

Profit for Q2 2015 was \$5.2 million or \$0.22 per basic and \$0.20 per diluted share compared to a loss of \$5.3 million or \$0.34 per basic and diluted share for the same period in 2014. The increase in profit was primarily driven by higher revenue and the lower fair value adjustment on redeemable preferred shares which were converted to common shares at the time of the company’s initial public offering in June 2014. In addition, profit increased due to

a favourable impact on operating expenses from a weakened Canadian dollar versus the U.S. dollar for Q2 2015 compared to 2014.

Cash generated by operating activities was \$7.3 million for Q2 2015 compared to \$6.9 million in 2014. The increase in cash provided by operating activities was due primarily to the increase in profit before taxes and share based compensation partially offset by the fair value adjustment recorded in Q2 2014 on redeemable preferred shares which were converted to common shares at the time of our initial public offering in June 2014.

Cash and cash equivalents were \$85.2 million as at June 30, 2015 as 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 at www.kinaxis.com and on SEDAR at www.sedar.com.

Full Year 2015 Financial Guidance

For the full year 2015, the company reaffirms its expectation to grow annual subscription revenue in the 26% to 28% range and is pleased to revise its expectations for full year professional services revenue to between \$22.0 million and \$23.0 million.

Given the continued growth of the business and planned key investments scheduled for the remainder of the year, the company expects Adjusted EBITDA performance for fiscal 2015 to range between 26% to 29% of total revenues.

Conference Call

The company will host a conference call today (Thursday, August 6, 2015) to discuss these results. Doug Colbeth, President & CEO and Richard Monkman, CFO, will host the call starting at 6:00 p.m. Eastern time. A question and answer session will follow management's presentation.

Date: Thursday, August 6, 2015
Time: 6:00 p.m. Eastern time
Dial-In Number: 1 (888) 231-8191
International: 1 (647) 427-7450
Conference ID#: 81807148

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 until 12:00 midnight Eastern time on Thursday August 13, 2015.

Toll-Free Replay Number: 1 (855) 859-2056
International Replay Number: 1 (416) 849-0833
Replay PIN: 81807148

Live Webcast: <http://bit.ly/1UKHx74>
Webcast will be archived for 90 days

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 profit, Adjusted diluted earnings per share, 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		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Statement of Operations	(In thousands of U.S. dollars)			
Profit (loss).....	\$ 5,198	\$ (5,274)	7,586	\$ (3,317)
Loss due to change in fair value of redeemable preferred shares				
	–	6,581	–	6,760
Share-based compensation	1,083	631	2,047	1,019
	1,083	7,212	2,047	7,779
Adjusted profit.....	<u>\$ 6,281</u>	<u>\$ 1,938</u>	<u>9,633</u>	<u>\$ 4,462</u>
Income tax expense	2,537	889	3,942	1,692
Depreciation	412	260	766	500
Foreign exchange loss (gain).....	47	(81)	526	(128)
Net finance (income) expense	<u>(42)</u>	<u>253</u>	<u>(66)</u>	<u>510</u>

	2,954	1,321	5,168	2,574
Adjusted EBITDA	\$ 9,235	\$ 3,259	14,801	7,036

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 expectations for growth of annual subscription revenue, and updated expectations for 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, planned key investments scheduled for the remainder of the year 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 "Forward Looking Statements" in our interim MD&A dated August 6, 2015, under the heading "Risk Factors" in our Annual Information Form dated March 2, 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.

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