



Kinaxis Inc. Reports Fourth Quarter 2015 and Full Year 2015 Results

- Reports more than 30% growth in annual revenue and annual Adjusted EBITDA of 33% of revenue -

OTTAWA, CANADA – February 17, 2016 – [Kinaxis®](#) (TSX:KXS), provider of [RapidResponse®](#), delivering cloud-based SCM and S&OP applications, reported results for its fiscal fourth quarter and year ended December 31, 2015. All amounts are in U.S. dollars. All figures are prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise indicated.

Fiscal 2015 Highlights

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

- Revenue totaled \$91.3 million, up 30%
- Subscription revenue was \$65.2 million, up 28%
- Gross profit was \$65.5 million (72% of total revenue), up 33%
- Adjusted EBITDA⁽¹⁾ totaled \$30.0 million (33% of total revenue), up 86%
- Adjusted diluted earnings per share⁽¹⁾ of \$0.67

Fourth Quarter 2015 Highlights

(Comparisons made between fiscal Q4 2015 and fiscal Q4 2014 results, unless otherwise noted)

- Revenue totaled \$24.2 million, up 29%
- Subscription revenue was \$17.0 million, up 22%
- Gross profit was \$17.4 million (72% of total revenue), up 30%
- Adjusted EBITDA⁽¹⁾ totaled \$7.1 million (30% of total revenue), up 88%
- Adjusted diluted earnings per share⁽¹⁾ of \$0.10

(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.

"Fiscal 2015 demonstrates the ability of our RapidResponse platform to deliver consistent topline growth together with strong EBITDA and profit," said John Sicard, CEO of Kinaxis. "Subscription revenue continues to drive our underlying fundamentals as we add new accounts and current accounts expand their applications. The recent announcement of our Leaders quadrant position in the Gartner, Magic Quadrant for Supply Chain Planning System of Record strengthens the message we take to accounts. We enter 2016 with strong momentum and look to continue to deliver on the full promise of our supply chain management technology while driving continued value both for our customers and shareholders."

Fiscal Q4 2015 and Full Year 2015 Financial Results

Total revenue for the three months ended December 31, 2015 (Q4 2015) was \$24.2 million, an increase of 29% from \$18.8 million for the same period in 2014. Total revenue was \$91.3 million for the year ended December 31, 2015 (FY 2015), an increase of 30% from \$70.1 million in 2014.

Subscription revenue was \$17.0 million in Q4 2015, an increase of 22% from \$13.9 million for the same period in 2014. Subscription revenue was \$65.2 million in FY 2015, an increase of 28% from \$51.1 million in 2014. The increases were driven by contracts secured with new customers and expansion of existing customer subscriptions. For FY 2015, approximately 73% of subscription revenue growth was derived from new customers acquired in fiscal 2014 and 2015.

Professional services revenue was \$7.0 million in Q4 2015, an increase of 49% from \$4.7 million for the same period in 2014. Professional services revenue was \$25.0 million in FY 2015, an increase of 41% from \$17.8 million in 2014. Professional services revenue varies quarter to quarter due to the size, timing and scheduling of customer engagements. The increases in professional services revenue were primarily driven by the commencement of project engagements for new customers secured in the second half of 2014 and FY 2015.

Gross profit was \$17.4 million in Q4 2015, an increase of 30% from \$13.4 million for the same period in 2014. As a percentage of revenue, gross profit was 72% in Q4 2015, relatively unchanged from 71% in same period last year. Gross profit was \$65.5 million in FY 2015, an increase of 33% from \$49.3 million in 2014. Gross profit was 72% as a percentage of revenue in FY 2015 compared to 70% in 2014. The increase in gross profit margin in FY 2015 was due to the growth in total revenue which leveraged earlier investments the Company made in its capacity to support customer engagements.

Adjusted EBITDA was \$7.1 million in Q4 2015, an increase of 88% from \$3.8 million in the same period last year. Adjusted EBITDA was \$30.0 million in FY 2015, an increase of 86% from \$16.1 million in 2014. The increases were primarily due to increased operating profit, which was driven mainly by higher revenue and higher gross margin, as well as favourable foreign exchange rates on Canadian dollar operating expenses.

Profit for Q4 2015 was \$1.3 million or \$0.05 per basic and diluted share compared to \$0.6 million or \$0.02 per basic and diluted share for the same period in 2014. Profit was \$12.7 million or \$0.53 per basic and \$0.50 per diluted share for FY 2015 compared to a loss of \$0.2 million or \$0.01 per basic and diluted share for 2014. The increases in profit were primarily driven by higher revenue coupled with the impact on operating expenses from the weakened Canadian dollar compared to the U.S. dollar. Profit for fiscal 2014 was impacted by a fair value adjustment on redeemable preferred shares that were converted to common shares at the time of the Company's initial public offering in June 2014.

Cash generated by operating activities was \$8.5 million and \$45.2 million for Q4 2015 and FY 2015, respectively, compared to \$1.3 million and \$16.3 million for the corresponding periods in 2014. The quarterly increase was due to an increase in the change in working capital driven by a decrease in accounts receivable which was partially offset by a decrease in deferred revenue. These changes were coupled with higher net income and an increase in share based compensation. The FY 2015 increase was due primarily to the receipt of prepayment of subscription arrangements, the timing of subscription billings, and the increase in net income, share based compensation and income tax expense.

Cash and cash equivalents were \$99.4 million as at December 31, 2015 as compared to \$56.7 million as at December 31, 2014. The increase is due to cash generated from operations and the receipt of prepayment of a multi-year subscription of approximately \$20.0 million in the first quarter of 2015, as well as other subscription arrangements.

Full Year 2016 Financial Guidance

Kinaxis has set the following 2016 full year financial targets:

- Annual total revenue to be in the range of \$107 million to \$110 million.
- Annual subscription revenue to grow 20% to 22%
- Annual Adjusted EBITDA as a percentage of total revenue to be between 24% and 28% of total revenue

This guidance is provided to enhance visibility into the Company's expectations for financial targets for the year ending December 31, 2016. Please refer to the section regarding forward-looking statements which forms an integral part of this release.

This press release, along with the audited condensed consolidated annual financial statements and the Company's annual MD&A, are available on the Company's website at www.kinaxis.com and on SEDAR at www.sedar.com.

Conference Call

The Company will host a conference call today, February 17, 2016 to discuss these results. John Sicard, 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: Wednesday, February 17, 2016

Time: 6:00 p.m. Eastern time

Dial-In Number: 1 (888) 231-8191

International: 1 (647) 427-7450

Conference ID#: 46090711

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 Wednesday February 24, 2016.

Toll-Free Replay Number: 1 (855) 859-2056

International Replay Number: 1 (416) 849-0833

Replay PIN: 46090711

Live Webcast: <http://bit.ly/1VRDC73>

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 removes the impact of our redeemable preferred shares and share based compensation plans, to measure our performance as this measurements better aligns 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.

The Company has reconciled Adjusted profit and Adjusted EBITDA to the most comparable IFRS financial measure as follows:

	Three months ended December 31,		Years ended December 31,	
	2015	2014	2015	2014
(In thousands of U.S. dollars)				
Profit (Loss)	\$ 1,286	\$ 584	\$ 12,678	\$ (221)
Loss due to change in fair value of redeemable preferred shares.....	—	—	—	6,760
Share-based compensation	1,229	845	4,452	2,658
	1,229	845	4,452	9,418
Adjusted profit	\$ 2,515	\$ 1,429	\$ 17,130	\$ 9,197
Income tax expense	4,146	1,592	10,216	4,642
Depreciation	499	334	1,726	1,151
Foreign exchange loss (gain)	18	465	1,041	599
Net finance (income) expense	(32)	(17)	(128)	490
	4,631	2,374	12,855	6,882
Adjusted EBITDA	\$ 7,146	\$ 3,803	\$ 29,985	\$ 16,079

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 total revenue, annual subscription revenue, and our expectations for Adjusted EBITDA achievement, in each case looking forward for the balance of our fiscal year ending December 31, 2016, 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. We have provided this guidance

In particular, our guidance for 2016 annual revenue total revenue, annual subscription revenue and Adjusted EBITDA, 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 headings "Forward Looking Statements" and "Risks and Uncertainties" in our annual MD&A dated February 17, 2016, 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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Kinaxis Inc.

Consolidated Statements of Financial Position

As at December 31

(Expressed in thousands of U.S. dollars)

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	99,390	56,725
Trade and other receivables	15,833	17,023
Investment tax credits receivable	1,532	1,974
Investment tax credits recoverable	2,083	-
Prepaid expenses	1,906	1,926
	120,744	77,648
Non-current assets:		
Property and equipment	7,352	4,744
Investment tax credits recoverable	-	3,091
Deferred tax assets	-	5,726
	128,096	91,209
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	6,794	6,945
Deferred revenue	40,442	35,740
	47,236	42,685
Non-current liabilities:		
Lease inducement	62	109
Deferred revenue	14,191	1,778
Deferred tax liability	1,003	-
	15,256	1,887
Shareholders' Equity		
Share capital	90,808	87,219
Contributed surplus	8,873	6,152
Accumulated other comprehensive loss	(474)	(453)
Deficit	(33,603)	(46,281)
	65,604	46,637
	128,096	91,209

Kinaxis Inc.

Consolidated Statements of Comprehensive Income

(Expressed in thousands of U.S. dollars, except share and per share data)

	For the three months ended December 31,		For the year ended December 31,	
	2015	2014	2015	2014
Revenue	24,191	18,820	91,271	70,054
Cost of revenue	6,789	5,433	25,743	20,745
Gross profit	17,402	13,387	65,528	49,309
Operating expenses:				
Selling and marketing	6,175	5,275	18,264	15,296
Research and development	3,695	3,362	15,197	13,429
General and administrative	2,114	2,126	8,260	8,314
	11,984	10,763	41,721	37,039
	5,418	2,624	23,807	12,270
Other income (expense):				
Loss due to change in fair value of redeemable preferred shares	-	-	-	(6,760)
Foreign exchange loss	(18)	(465)	(1,041)	(599)
Net finance income (expense)	32	17	128	(490)
Profit before income taxes	5,432	2,176	22,894	4,421
Income tax expense:				
Current	3,143	193	3,487	819
Deferred	1,003	1,399	6,729	3,823
	4,146	1,592	10,216	4,642
Profit (loss)	1,286	584	12,678	(221)
Other comprehensive income (loss)				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations	(11)	(68)	(21)	(93)
Total comprehensive profit (loss)	1,275	516	12,657	(314)
Basic earnings (loss) per share	0.05	0.02	0.53	(0.01)
Weighted average number of basic common shares	24,256,793	23,648,402	23,953,609	19,076,464
Diluted earnings (loss) per share	0.05	0.02	0.50	(0.01)
Weighted average number of diluted common shares	25,719,972	24,891,096	25,465,632	19,076,464

Kinaxis Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Years ended December 31

(Expressed in thousands of U.S. dollars)

	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)
Loss	-	-	-	(221)	(221)
Other comprehensive loss	-	-	(93)	-	(93)
Total comprehensive loss	-	-	(93)	(221)	(314)
Conversion of Class A preferred shares to Common Shares	60,895	-	-	-	60,895
Shares issued per offering	59,562	-	-	-	59,562
Share issuance costs	(3,837)	-	-	-	(3,837)
Reduction of share capital	(41,010)	-	-	41,010	-
Shares issued for cash	585	-	-	-	585
Share options exercised	804	(136)	-	-	668
Restricted Shares Units vested	318	(318)	-	-	-
Share based payments	-	2,658	-	-	2,658
Total shareholder transactions	77,317	2,204	-	41,010	120,531
Balance, December 31, 2014	87,219	6,152	(453)	(46,281)	46,637
Profit	-	-	-	12,678	12,678
Other comprehensive loss	-	-	(21)	-	(21)
Total comprehensive income	-	-	(21)	12,678	12,657
Share options exercised	2,721	(863)	-	-	1,858
Restricted Share Units Vested	868	(868)	-	-	-
Share based payments	-	4,452	-	-	4,452
Total shareholder transactions	3,589	2,721	-	-	6,310
Balance, December 31, 2015	90,808	8,873	(474)	(33,603)	65,604

Kinaxis Inc.

Consolidated Statements of Cash Flows

Years ended December 31

(Expressed in thousands of U.S. dollars)

	2015	2014
Cash flows from operating activities:		
Profit (loss)	12,678	(221)
Items not affecting cash:		
Depreciation of property and equipment	1,726	1,151
Loss due to change in fair value of redeemable preferred shares	-	6,760
Share-based compensation	4,452	2,658
Amortization of lease inducement	(47)	(46)
Investment tax credits recoverable	1,008	(983)
Income tax expense	10,216	4,642
Change in operating assets and liabilities	16,100	7,800
Interest paid	-	(545)
Income taxes paid	(885)	(4,966)
	45,248	16,250
Cash flows used investing activities:		
Purchase of property and equipment	(4,334)	(3,487)
Cash flows from financing activities:		
Non-Voting Common Shares issued and share subscriptions received	-	991
Common Shares issued	1,858	262
Common shares issued per offering	-	59,562
Share issuance cost net of tax	-	(5,220)
Issuance of long-term debt	-	5,000
Repayment of long-term debt	-	(30,000)
	1,858	30,595
Increase in cash and cash equivalents	42,772	43,358
Cash and cash equivalents, beginning of period	56,725	13,804
Effects of exchange rates on cash and cash equivalents	(107)	(437)
Cash and cash equivalents, end of period	99,390	56,725