

## Kinaxis Inc. Reports Fourth Quarter and Full Year 2018 Results

Reports 21% growth in annual subscription revenue and annual Adjusted EBITDA<sup>(2)</sup> of 26% of revenue<sup>(1)</sup>

**Ottawa, Canada, February 28, 2019** – [Kinaxis](#)® (TSX:KXS) , the leader in empowering people to make confident supply chain decisions, today reported results for its fiscal fourth quarter and year ended December 31, 2018. Kinaxis has adopted IFRS 15 and 16<sup>1</sup> (or "the Standards") with an initial date of application of January 1, 2018. The information for Q4 and FY 2018 has been presented both before and after adoption of the Standards, while the information presented for 2017 has not been restated.

Prior to the effect of the Standards and on a comparative basis, Q4 2018 total revenue increased 15% to \$39.5 million; total subscription revenue grew by 18% to \$31.8 million; Adjusted EBITDA<sup>(2)</sup> was down 22% to \$8.7 million (22% of revenue); and profit declined to \$3.0 million from \$5.5 million. Giving effect to the Standards, Q4 2018 total revenue was \$38.3 million, total subscription revenue was \$30.6 million, Adjusted EBITDA<sup>(2)</sup> was \$9.0 million (23% of revenue) and profit was \$2.9 million. Prior to the impact of the Standards full year 2018 revenue grew 16% to \$155.0 million; total subscription revenue grew 21% to \$122.0 million; and Adjusted EBITDA<sup>(2)</sup> grew 2% to \$40.9 million (26% of revenue). After giving effect to the standards, full year 2018 revenue was \$150.7 million, total subscription revenue was \$117.8 million and Adjusted EBITDA<sup>(2)</sup> was \$41.7 million (28% of revenue). All amounts are in U.S. dollars. All figures are prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise indicated.

"We continued to deliver high revenue growth and strong profitability in 2018, reflecting the sustained strength of our business. Throughout the year, we executed on a number of strategic investments including the expansion of our global sales team and key product innovations. These investments helped drive our strong financial performance and will position Kinaxis for continued growth in 2019 and beyond," said John Sicard, Kinaxis CEO. "Our stronger focus in Europe supported a number of recent blue-chip customer wins, including Novartis, Unilever and Dyson. Our partner network continues to expand, as demonstrated by the recent announcement of a partnership with EY. We continued to scale our global workforce and strengthen the management team, most recently adding Anne Robinson as Chief Strategy Officer. Finally, since product innovation remains the key to success at Kinaxis, we continued to add new product capabilities and win industry recognition for our unique product differentiation. We expect to accelerate our investments in product innovation even further in 2019."

### Q4 2018 Highlights

|                                                | Under IFRS 15/16 <sup>(1)</sup> | Prior to IFRS 15/16 <sup>(1)</sup> |                        |        |
|------------------------------------------------|---------------------------------|------------------------------------|------------------------|--------|
|                                                | Q4 2018                         | Q4 2018                            | Q4 2017                | Change |
| \$ USD millions, except as otherwise indicated |                                 |                                    |                        |        |
| <b>Total Revenue</b>                           | <b>38.3</b>                     | <b>39.5</b>                        | 34.4                   | 15%    |
| <b>Subscription services</b>                   | <b>28.2</b>                     | <b>31.8</b>                        | 27.0                   | 18%    |
| <b>Subscription term licenses</b>              | <b>2.4</b>                      | -                                  | -                      | -      |
| <b>Total subscription revenue</b>              | <b>30.6</b>                     | <b>31.8</b>                        | 27.0                   | 18%    |
| <b>Gross profit</b>                            | <b>25.9</b>                     | <b>27.0</b>                        | 24.7                   | 9%     |
|                                                | (68%)                           | (68%)                              | (72%)                  |        |
| <b>Profit</b>                                  | <b>2.9</b>                      | <b>3.0</b>                         | 5.5                    | (46%)  |
|                                                | (\$0.11/diluted share)          | (\$0.11/diluted share)             | (\$0.21/diluted share) |        |
| <b>Adjusted EBITDA<sup>(2)</sup></b>           | <b>9.0</b>                      | <b>8.7</b>                         | 11.2                   | (22%)  |
|                                                | (23%)                           | (22%)                              | (32%)                  |        |

## FY 2018 Highlights

|                                                | Under IFRS 15/16 <sup>(1)</sup>       | Prior to IFRS 15/16 <sup>(1)</sup>    |                                |        |
|------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------|--------|
| \$ USD millions, except as otherwise indicated | FY 2018                               | FY 2018                               | FY 2017                        | Change |
| <b>Total Revenue</b>                           | <b>150.7</b>                          | <b>155.0</b>                          | 133.3                          | 16%    |
| <b>Subscription services</b>                   | <b>107.9</b>                          | <b>122.0</b>                          | 100.8                          | 21%    |
| <b>Subscription term licenses</b>              | <b>9.9</b>                            | -                                     | -                              | -      |
| <b>Total subscription revenue</b>              | <b>117.8</b>                          | <b>122.0</b>                          | 100.8                          | 21%    |
| <b>Gross profit</b>                            | <b>103.7</b><br>(69%)                 | <b>107.8</b><br>(70%)                 | 93.5<br>(70%)                  | 15%    |
| <b>Profit</b>                                  | <b>14.4</b><br>(\$0.54/diluted share) | <b>15.8</b><br>(\$0.59/diluted share) | 20.4<br>(\$0.77/diluted share) | (22%)  |
| <b>Adjusted EBITDA<sup>(2)</sup></b>           | <b>41.7</b><br>(28%)                  | <b>40.9</b><br>(26%)                  | 40.1<br>(30%)                  | 2%     |

- (1) Kinaxis has adopted IFRS 15, using the cumulative effect method, and IFRS 16, using the modified retrospective approach, and an initial date of application of January 1, 2018. Accordingly, the information presented for 2017 has not been restated. The impact of the adoption of IFRS 15 relates primarily to accounting for Kinaxis' revenue from on-premise, fixed term subscription arrangements and capitalization of contract acquisition costs. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. See the Kinaxis financial statements and MD&A for the three months and year ended December 31, 2018 for further information.
- (2) "Adjusted EBITDA" is a non-IFRS measure and is not a recognized, defined or a standardized measure under IFRS. This measure as well as other non-IFRS financial measures reported by Kinaxis are defined in the "Non-IFRS Measures" section of this news release.

## Analysis of Q4 2018 vs Q4 2017 and FY 2018 vs FY 2017 Financial Highlights

As noted in our financial statements and management's discussion and analysis (MD&A) for the three and twelve months ended December 31, 2018, Kinaxis adopted the Standards on January 1, 2018. We have not restated the 2017 comparative information but have also presented the 2018 results prior to giving effect to the Standards, to create a basis for this comparative analysis.

Prior to the effect of the Standards, in the fourth quarter and full year of 2018, subscription services revenue grew by 18% to \$31.8 million, and by 21% to \$122.0 million, respectively, due to contracts secured with new customers, as well as expansion of existing customer subscriptions. Over the same periods, total revenue grew by 15% to \$39.5 million and 16% to \$155.0 million, respectively. After applying the Standards, in the fourth quarter and full year of 2018, subscription services revenue was \$28.2 million and \$107.9 million, respectively, and subscription term license revenue was \$2.4 million and \$9.9 million, respectively (for total subscription revenue of \$30.6 million and \$117.8 million, respectively). After applying the Standards, total revenue was \$38.3 million in Q4 2018 and \$150.7 million in FY 2018.

Prior to the effect of the Standards, in the fourth quarter and full year of 2018, respectively, gross profit grew 9% to \$27.0 million (gross margin: 72% to 68%) and grew 15% to \$107.8 million (gross margin: consistent at 70%). The lower gross margin in Q4 2018 reflects increases in headcount and related compensation costs, and higher depreciation costs associated with the expansion of data center capacity, including new data centers in Japan, to support new and ongoing customer engagements as well as global expansion. After applying the Standards, gross profit was \$25.9 million (gross margin: 68%) in the fourth quarter, and \$103.7 million (gross margin: 69%) for the full year of 2018.

Prior to the effect of the Standards, profit for the fourth quarter was \$3.0 million (\$0.11 per diluted share), compared to \$5.5 million (\$0.21 per diluted share) in Q4 2017. For the full year of 2018, profit was \$15.8 million (\$0.59 per diluted share), compared to \$20.4 million (\$0.77 per diluted share) in 2017. The decrease in profit in

both periods reflects an increase in operating expenses incurred to support expansion of our global operations and ongoing product innovation, net of increases in revenue and gross profit. After applying the Standards, profit for the fourth quarter and full year of 2018 was \$2.9 million (\$0.11 per diluted share) and \$14.4 million (\$0.54 per diluted share), respectively.

Prior to the effect of the Standards, Adjusted EBITDA<sup>(2)</sup> for the fourth quarter and full year of 2018 declined 22%, to \$8.7 million (22% of revenue), and grew 2% to \$40.9 million (26% of revenue), respectively. The decrease in Q4 2018 Adjusted EBITDA was due to an increase in operating expenses net of an increase in revenue and gross profit. The increase in Adjusted EBITDA for the full year was due to an increase in revenue and gross profit. After applying the Standards, for the fourth quarter and full year of 2018 Adjusted EBITDA<sup>(2)</sup> was \$9.0 million (23% of revenue) and \$41.7 million (28% of revenue), respectively.

Cash generated by operating activities for the fourth quarter and full year of 2018, respectively, was \$6.7 million, compared to \$12.5 million, and \$27.9 million, compared to \$33.6 million. The decrease for the three months and year was due to an increase in trade and other receivables. Cash and cash equivalents and short-term investments were \$181.5 million at December 31, 2018, compared to \$158.5 million at December 31, 2017.

### Financial Guidance

In order to better show revenue growth related to the company's core SaaS business, in 2019 Kinaxis will be presenting SaaS (or cloud-based) revenue separately while combining the maintenance and support revenue related to Subscription term licenses (currently reported as part of "Subscription services", together with SaaS revenue) with the maintenance and support related to its legacy perpetual licenses. On this basis, the company provides the following guidance for 2019.

|                                                            | 2018 Actual         | 2019 Guidance        |
|------------------------------------------------------------|---------------------|----------------------|
| <b>Total revenue</b>                                       | 150.7               | <b>\$183-188</b>     |
| <b>SaaS</b>                                                | 97.2 <sup>(3)</sup> | <b>22-24% growth</b> |
| <b>Subscription term licenses</b>                          | 9.9                 | <b>\$20-22</b>       |
| <b>Maintenance and support, Subscription term licenses</b> | 10.7 <sup>(3)</sup> |                      |
| <b>Maintenance and support, legacy perpetual licenses</b>  | 1.1                 |                      |
| <b>Total Maintenance and support</b>                       | 11.8                |                      |
| <b>Professional services</b>                               | 31.9                |                      |
| <b>Adjusted EBITDA margin</b>                              | 28%                 | <b>23-25%</b>        |

(3) FY 2018 Subscription services revenue of \$107.9 million is composed of \$97.2 million in SaaS revenue plus \$10.7 million in Maintenance and support related to Subscription term licenses.

"We are pleased to provide guidance for fiscal 2019 that reflects accelerating revenue growth and continued strong profitability. Key 2019 investments will include the accelerated growth of our engineering team to further drive product innovation, together with the continued expansion of our global sales, marketing and support teams," said Richard Monkman, Chief Financial Officer.

This guidance is provided to enhance visibility into Kinaxis' expectations for financial targets for the periods indicated. Please refer to the section regarding forward-looking statements which forms an integral part of this release. The nature of the company's long-term contracts provides visibility into future, contracted revenue. The following table presents revenue, based on the Standards, expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2018.

|                                          | 2019         | 2020 | 2021<br>and thereafter | Total        |
|------------------------------------------|--------------|------|------------------------|--------------|
| <b>SaaS</b>                              | <b>100.4</b> | 62.1 | 59.8                   | <b>222.3</b> |
| <b>Subscription term license support</b> | <b>8.4</b>   | 3.2  | 2.2                    | <b>13.8</b>  |
| <b>Subscription term license</b>         | <b>0.2</b>   | -    | -                      | <b>0.2</b>   |
| <b>Maintenance and support</b>           | <b>0.9</b>   | 0.2  | 0.1                    | <b>1.2</b>   |
| <b>Total</b>                             | <b>109.9</b> | 65.5 | 62.1                   | <b>237.5</b> |

This press release, along with the financial statements and Kinaxis' MD&A for the three and twelve months ended December 31, 2018, are available on Kinaxis' website and on SEDAR at [www.sedar.com](http://www.sedar.com).

### Conference Call

Kinaxis will host a conference call tomorrow, March 1, 2019, to discuss these results. John Sicard, Chief Executive Officer, and Richard Monkman, Chief Financial Officer, will host the call starting at 8:30 a.m. Eastern time. A question and answer session will follow management's presentation.

Date: Friday, March 1, 2019  
 Time: 8:30 a.m. Eastern Time  
 Webcast: <https://bit.ly/2RNQTGD>  
 Dial-in number: (647) 427-7450 or (888) 231-8191  
 Replay: (416) 849-0833 or (855) 859-2056  
 Available until 12:00 midnight Eastern Time Friday, March 8, 2019  
 Reference number: 9191697

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

### About Kinaxis Inc.

Eliminating volatility in your supply chain is impossible, but managing it is not. Trusted by top brands, Kinaxis® gives people the confidence to know they are making the best supply chain planning decisions to maximize business performance. We solve complex business problems in easy-to-understand ways by combining human and machine intelligence to plan for any future, monitor risks and opportunities and respond at the pace of change. With the support of our community of supply chain experts and using our unique concurrent planning technique and single integrated planning platform, customers can realize higher revenue, lower costs and fewer risks. For more Kinaxis news, follow us on [LinkedIn](#), [Twitter](#) or [Facebook](#).

### 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 share based compensation 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 diluted earnings per share and Adjusted EBITDA 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. Kinaxis has reconciled Adjusted profit and Adjusted EBITDA to the most comparable IFRS financial measure as follows:

|                                                  | Three months ended December 31, |          |           | Year ended December 31, |           |           |           |
|--------------------------------------------------|---------------------------------|----------|-----------|-------------------------|-----------|-----------|-----------|
|                                                  | Pre-IFRS 15/16                  |          |           | Pre-IFRS 15/16          |           |           |           |
|                                                  | 2018                            | 2018     | 2017      | 2018                    | 2018      | 2017      | 2016      |
| (In thousands of USD)                            |                                 |          |           |                         |           |           |           |
| Profit.....                                      | \$ 2,925                        | \$ 2,978 | \$ 5,485  | \$ 14,408               | \$ 15,846 | \$ 20,383 | \$ 10,745 |
| Share-based compensation.....                    | 2,924                           | 2,924    | 2,334     | 11,568                  | 11,568    | 9,746     | 8,140     |
| Adjusted profit .....                            | \$ 5,849                        | \$ 5,902 | \$ 7,819  | \$ 25,976               | \$ 27,414 | \$ 30,129 | \$ 18,885 |
| Income tax expense.....                          | 1,796                           | 2,028    | 2,584     | 8,068                   | 8,788     | 7,375     | 7,258     |
| Depreciation .....                               | 2,571                           | 1,894    | 1,101     | 9,272                   | 6,728     | 3,618     | 2,494     |
| Foreign exchange loss (gain).....                | (22)                            | 117      | 31        | 181                     | 507       | 84        | 198       |
| Net finance income .....                         | (1,208)                         | (1,270)  | (378)     | (1,810)                 | (2,583)   | (1,131)   | (307)     |
|                                                  | 3,137                           | 2,769    | 3,338     | 15,711                  | 13,440    | 9,946     | 9,643     |
| Adjusted EBITDA.....                             | \$ 8,986                        | \$ 8,671 | \$ 11,157 | \$ 41,687               | \$ 40,854 | \$ 40,075 | \$ 28,528 |
| Adjusted EBITDA as a percentage of revenue ..... | 23%                             | 22%      | 32%       | 28%                     | 26%       | 30%       | 25%       |

## 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 SaaS and Subscription term licenses revenue, and our expectations for Adjusted EBITDA margin achievement, in each case looking forward for our fiscal year ending December 31, 2019, 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 2019 annual total revenue, annual SaaS and Subscription term licenses revenue and annual Adjusted EBITDA margin, 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 28, 2019, under the heading "Risk Factors" in our Annual Information Form dated March 29, 2018, and in our other public documents filed with Canadian securities regulatory authorities, which are available at [www.sedar.com](http://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 Statements of Financial Position

As at December 31 2018 and December 31, 2017

(Expressed in thousands of USD)

|                                             | 2018       | 2017*      |
|---------------------------------------------|------------|------------|
| <b>Assets</b>                               |            |            |
| Current assets:                             |            |            |
| Cash and cash equivalents                   | \$ 126,144 | \$ 103,392 |
| Short-term investments                      | 55,404     | 55,138     |
| Trade and other receivables                 | 64,330     | 31,651     |
| Investment tax credits recoverable          | —          | 911        |
| Prepaid expenses                            | 5,815      | 4,196      |
|                                             | 251,693    | 195,288    |
| Non-current assets:                         |            |            |
| Property and equipment                      | 22,785     | 17,350     |
| Right-of-use assets                         | 8,873      | —          |
| Contract acquisition costs                  | 13,902     | —          |
| Unbilled receivables                        | 457        | —          |
| Deferred tax assets                         | 49         | 55         |
|                                             | \$ 297,759 | \$ 212,693 |
| <b>Liabilities and Shareholders' Equity</b> |            |            |
| Current liabilities:                        |            |            |
| Trade payables and accrued liabilities      | \$ 21,623  | \$ 11,176  |
| Deferred revenue                            | 78,496     | 67,040     |
| Lease obligations                           | 2,572      | —          |
|                                             | 102,691    | 78,216     |
| Non-current liabilities:                    |            |            |
| Deferred revenue                            | —          | 7,745      |
| Lease obligations                           | 6,311      | —          |
| Deferred tax liabilities                    | 4,075      | 1,944      |
|                                             | 10,386     | 9,689      |
| Shareholders' equity:                       |            |            |
| Share capital                               | 124,951    | 108,253    |
| Contributed surplus                         | 24,284     | 19,294     |
| Accumulated other comprehensive loss        | (319)      | (284)      |
| Retained earnings (deficit)                 | 35,766     | (2,475)    |
|                                             | 184,682    | 124,788    |
|                                             | \$ 297,759 | \$ 212,693 |

\* The Company adopted IFRS 15 and 16 as described in Note 4 to the Consolidated Financial Statements, which are available on [sedar.com](http://sedar.com). Under this adoption, the comparative information is not restated.

# Kinaxis Inc.

## Condensed Consolidated Statements of Comprehensive Income

For the three months and years ended December 31, 2018 and 2017

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

|                                                                          | For the three months<br>ended December 31, |            | For the year<br>ended December 31, |            |
|--------------------------------------------------------------------------|--------------------------------------------|------------|------------------------------------|------------|
|                                                                          | 2018                                       | 2017*      | 2018                               | 2017*      |
| Revenue                                                                  | \$ 38,299                                  | \$ 34,423  | \$ 150,727                         | \$ 133,317 |
| Cost of revenue                                                          | 12,390                                     | 9,737      | 47,032                             | 39,780     |
| Gross profit                                                             | 25,909                                     | 24,686     | 103,695                            | 93,537     |
| Operating expenses:                                                      |                                            |            |                                    |            |
| Selling and marketing                                                    | 10,285                                     | 7,882      | 35,055                             | 29,280     |
| Research and development                                                 | 7,105                                      | 5,608      | 27,626                             | 23,691     |
| General and administrative                                               | 5,028                                      | 3,474      | 20,167                             | 13,855     |
|                                                                          | 22,418                                     | 16,964     | 82,848                             | 66,826     |
|                                                                          | 3,491                                      | 7,722      | 20,847                             | 26,711     |
| Other income (expense):                                                  |                                            |            |                                    |            |
| Foreign exchange gain (loss)                                             | 22                                         | (31)       | (181)                              | (84)       |
| Net finance income                                                       | 1,208                                      | 378        | 1,810                              | 1,131      |
|                                                                          | 1,230                                      | 347        | 1,629                              | 1,047      |
| Profit before income taxes                                               | 4,721                                      | 8,069      | 22,476                             | 27,758     |
| Income tax expense                                                       | 1,796                                      | 2,584      | 8,068                              | 7,375      |
| Profit                                                                   | 2,925                                      | 5,485      | 14,408                             | 20,383     |
| Other comprehensive (loss) income:                                       |                                            |            |                                    |            |
| Items that are or may be reclassified<br>subsequently to profit or loss: |                                            |            |                                    |            |
| Foreign currency translation<br>differences - foreign operations         | 178                                        | (131)      | (35)                               | 235        |
| Total comprehensive income                                               | \$ 3,103                                   | \$ 5,354   | \$ 14,373                          | \$ 20,618  |
| Basic earnings per share                                                 | \$ 0.11                                    | \$ 0.22    | \$ 0.56                            | \$ 0.81    |
| Weighted average number of basic<br>Common Shares                        | 26,037,096                                 | 25,457,874 | 25,820,518                         | 25,314,091 |
| Diluted earnings per share                                               | \$ 0.11                                    | \$ 0.21    | \$ 0.54                            | \$ 0.77    |
| Weighted average number of diluted<br>Common Shares                      | 26,812,260                                 | 26,502,885 | 26,824,435                         | 26,479,621 |

\* The Company adopted IFRS 15 and 16 as described in Note 4 to the Consolidated Financial Statements, which are available on [sedar.com](http://sedar.com). Under this adoption, the comparative information is not restated.

# Kinaxis Inc.

## Condensed Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2018 and 2017

(Expressed in thousands of USD)

|                                                 |    | Share<br>capital | Contributed<br>surplus | Accumulated<br>other<br>comprehensive<br>income (loss) | Retained<br>earnings<br>(deficit) | Total equity* |
|-------------------------------------------------|----|------------------|------------------------|--------------------------------------------------------|-----------------------------------|---------------|
| Balance, December 31, 2016                      | \$ | 97,164           | \$ 13,924              | \$ (519)                                               | \$ (22,858)                       | \$ 87,711     |
| Profit                                          |    | —                | —                      | —                                                      | 20,383                            | 20,383        |
| Other comprehensive income                      |    | —                | —                      | 235                                                    | —                                 | 235           |
| Total comprehensive income                      |    | —                | —                      | 235                                                    | 20,383                            | 20,618        |
| Share options exercised                         |    | 9,437            | (2,724)                | —                                                      | —                                 | 6,713         |
| Restricted share units vested                   |    | 1,652            | (1,652)                | —                                                      | —                                 | —             |
| Share based payments                            |    | —                | 9,746                  | —                                                      | —                                 | 9,746         |
| Total shareholder transactions                  |    | 11,089           | 5,370                  | —                                                      | —                                 | 16,459        |
| Balance, December 31, 2017                      | \$ | 108,253          | \$ 19,294              | \$ (284)                                               | \$ (2,475)                        | \$ 124,788    |
| Adjustment on initial application<br>of IFRS 15 |    | —                | —                      | —                                                      | 23,833                            | 23,833        |
| Balance, January 1, 2018                        |    | 108,253          | 19,294                 | (284)                                                  | 21,358                            | 148,621       |
| Profit                                          |    | —                | —                      | —                                                      | 14,408                            | 14,408        |
| Other comprehensive loss                        |    | —                | —                      | (35)                                                   | —                                 | (35)          |
| Total comprehensive income (loss)               |    | —                | —                      | (35)                                                   | 14,408                            | 14,373        |
| Share options exercised                         |    | 14,012           | (3,892)                | —                                                      | —                                 | 10,120        |
| Restricted share units vested                   |    | 1,834            | (1,834)                | —                                                      | —                                 | —             |
| Deferred share units exercised                  |    | 852              | (852)                  | —                                                      | —                                 | —             |
| Share based payments                            |    | —                | 11,568                 | —                                                      | —                                 | 11,568        |
| Total shareholder transactions                  |    | 16,698           | 4,990                  | —                                                      | —                                 | 21,688        |
| Balance, December 31, 2018                      | \$ | 124,951          | \$ 24,284              | \$ (319)                                               | \$ 35,766                         | \$ 184,682    |

\* The Company adopted IFRS 15 and 16 as described in Note 4 to the Consolidated Financial Statements, which are available on [sedar.com](http://sedar.com). Under this adoption, the comparative information is not restated.

# Kinaxis Inc.

## Condensed Consolidated Statements of Cash Flows

For the three months and years ended December 31, 2018 and 2017  
(Expressed in thousands of USD)

|                                                        | For the three months<br>ended December 31, |            | For the year<br>ended December 31, |            |
|--------------------------------------------------------|--------------------------------------------|------------|------------------------------------|------------|
|                                                        | 2018                                       | 2017*      | 2018                               | 2017*      |
| Cash flows from operating activities:                  |                                            |            |                                    |            |
| Profit                                                 | \$ 2,925                                   | \$ 5,485   | \$ 14,408                          | \$ 20,383  |
| Items not affecting cash:                              |                                            |            |                                    |            |
| Depreciation of property and equipment                 | 2,571                                      | 1,101      | 9,272                              | 3,618      |
| Share-based payments                                   | 2,924                                      | 2,334      | 11,568                             | 9,746      |
| Amortization of lease inducement                       | —                                          | —          | —                                  | (18)       |
| Investment tax credits recoverable                     | —                                          | 376        | 911                                | (156)      |
| Net finance income                                     | (1,208)                                    | (378)      | (1,810)                            | (1,131)    |
| Income tax expense                                     | 1,796                                      | 2,584      | 8,068                              | 7,375      |
| Change in operating assets and liabilities             | (4,089)                                    | 1,509      | (13,215)                           | (2,629)    |
| Interest received                                      | 1,100                                      | 378        | 2,413                              | 999        |
| Interest paid                                          | (62)                                       | —          | (773)                              | —          |
| Income taxes paid                                      | 697                                        | (875)      | (2,927)                            | (4,624)    |
|                                                        | 6,654                                      | 12,514     | 27,915                             | 33,563     |
| Cash flows used in investing activities:               |                                            |            |                                    |            |
| Purchase of property and equipment                     | (1,198)                                    | (5,845)    | (12,310)                           | (10,149)   |
| Purchase of short-term investments                     | (27,597)                                   | (20,000)   | (112,684)                          | (80,006)   |
| Redemption of short-term investments                   | 42,539                                     | 20,000     | 112,588                            | 25,000     |
|                                                        | 13,744                                     | (5,845)    | (12,406)                           | (65,155)   |
| Cash flows from financing activities:                  |                                            |            |                                    |            |
| Payment of lease obligations                           | (582)                                      | —          | (2,160)                            | —          |
| Common shares issued on exercise of stock options      | 478                                        | 281        | 10,120                             | 6,713      |
|                                                        | (104)                                      | 281        | 7,960                              | 6,713      |
| Increase in cash and cash equivalents                  | 20,294                                     | 6,950      | 23,469                             | (24,879)   |
| Cash and cash equivalents, beginning of period         | 106,040                                    | 96,429     | 103,392                            | 127,910    |
| Effects of exchange rates on cash and cash equivalents | (190)                                      | 13         | (717)                              | 361        |
| Cash and cash equivalents, end of period               | \$ 126,144                                 | \$ 103,392 | \$ 126,144                         | \$ 103,392 |

\* The Company adopted IFRS 15 and 16 as described in Note 4 to the Consolidated Financial Statements, which are available on [sedar.com](http://sedar.com). Under this adoption, the comparative information is not restated.

SOURCE: Kinaxis Inc.