

Condensed Consolidated Interim Financial Statements of

Kinaxis Inc.

Six months ended June 30, 2017 and June 30, 2016

(Unaudited)

Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2017 and December 31, 2016
(Expressed in thousands of U.S. dollars)
(Unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 150,425	\$ 127,910
Trade and other receivables (note 5)	21,928	23,820
Investment tax credits receivable	–	1,583
Investment tax credits recoverable	1,597	755
Prepaid expenses	3,105	3,333
	<u>177,055</u>	<u>157,401</u>
Non-current assets:		
Property and equipment (note 4)	10,769	10,652
Deferred tax assets	189	239
	<u>\$ 188,013</u>	<u>\$ 168,292</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities (note 6)	\$ 9,679	\$ 10,495
Deferred revenue	57,828	55,458
	<u>67,507</u>	<u>65,953</u>
Non-current liabilities:		
Lease inducement	–	18
Deferred revenue	11,668	13,198
Deferred tax liability	1,097	1,412
	<u>12,765</u>	<u>14,628</u>
Shareholders' equity:		
Share capital (note 7)	105,524	97,164
Contributed surplus	16,599	13,924
Accumulated other comprehensive loss	(390)	(519)
Deficit	(13,992)	(22,858)
	<u>107,741</u>	<u>87,711</u>
	<u>\$ 188,013</u>	<u>\$ 168,292</u>

See accompanying notes to condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) Douglas Colbeth Director (signed) John (Ian) Giffen Director

Kinaxis Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share data)
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Revenue (note 9)	\$ 32,866	\$ 28,734	\$ 65,408	\$ 55,766
Cost of revenue	9,985	8,713	20,362	16,818
Gross profit	22,881	20,021	45,046	38,948
Operating expenses:				
Selling and marketing	7,367	7,783	14,298	13,762
Research and development (note 10)	5,874	4,736	12,097	9,473
General and administrative	3,255	2,623	7,265	5,628
	16,496	15,142	33,660	28,863
	6,385	4,879	11,386	10,085
Other income (expense):				
Foreign exchange (loss) gain	(12)	(188)	(23)	78
Net finance income	310	59	477	133
	298	(129)	454	211
Profit before income taxes	6,683	4,750	11,840	10,296
Income tax expense (note 11)	1,043	1,510	2,974	3,687
Profit	5,640	3,240	8,866	6,609
Other comprehensive income (loss)				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations	(17)	73	129	134
Total comprehensive income	\$ 5,623	\$ 3,313	\$ 8,995	\$ 6,743
Basic earnings per share	\$ 0.22	\$ 0.13	\$ 0.35	\$ 0.27
Weighted average number of basic Common Shares (note 8)	25,331,522	24,570,593	25,188,312	24,508,111
Diluted earnings per share	\$ 0.21	\$ 0.13	\$ 0.34	\$ 0.26
Weighted average number of diluted Common Shares (note 8)	26,523,749	25,900,028	26,427,595	25,825,290

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2017 and 2016

(Expressed in thousands of U.S. dollars)

(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2015	\$ 90,808	\$ 8,873	\$ (474)	\$ (33,603)	\$ 65,604
Profit	—	—	—	6,609	6,609
Other comprehensive income	—	—	134	—	134
Total comprehensive income	—	—	134	6,609	6,743
Share options exercised	2,614	(846)	—	—	1,768
Share based payments (note 7)	—	4,130	—	—	4,130
Total shareholder transactions	2,614	3,284	—	—	5,898
Balance, June 30, 2016	\$ 93,422	\$ 12,157	\$ (340)	\$ (26,994)	\$ 78,245
Balance, December 31, 2016	\$ 97,164	\$ 13,924	\$ (519)	\$ (22,858)	\$ 87,711
Profit	—	—	—	8,866	8,866
Other comprehensive income	—	—	129	—	129
Total comprehensive income	—	—	129	8,866	8,995
Share options exercised	8,360	(2,438)	—	—	5,922
Share based payments (note 7)	—	5,113	—	—	5,113
Total shareholder transactions	8,360	2,675	—	—	11,035
Balance, June 30, 2017	\$ 105,524	\$ 16,599	\$ (390)	\$ (13,992)	\$ 107,741

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three and six months ended June 30, 2017 and 2016

(Expressed in thousands of U.S. dollars)

(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Cash flows from operating activities:				
Profit	\$ 5,640	\$ 3,240	\$ 8,866	\$ 6,609
Items not affecting cash:				
Depreciation of property and equipment (note 4)	818	543	1,606	1,063
Share-based payments (note 7)	2,397	1,850	5,113	4,130
Amortization of lease inducement	(4)	(11)	(18)	(22)
Investment tax credits recoverable	(1,051)	122	(842)	544
Income tax expense	1,043	1,510	2,974	3,687
Change in operating assets and liabilities (note 12)	(168)	(218)	3,166	525
Income taxes paid	(1,156)	(276)	(3,087)	(989)
	7,519	6,760	17,778	15,547
Cash flows used in investing activities:				
Purchase of property and equipment (note 4)	(1,327)	(2,055)	(1,644)	(2,413)
Cash flows from financing activities:				
Common shares issued on exercise of stock options	1,952	1,395	5,922	1,768
Increase in cash and cash equivalents	8,144	6,100	22,056	14,902
Cash and cash equivalents, beginning of period	141,989	108,348	127,910	99,390
Effects of exchange rates on cash and cash equivalents	292	388	459	544
Cash and cash equivalents, end of period	\$ 150,425	\$ 114,836	\$ 150,425	\$ 114,836

See accompanying notes to condensed consolidated interim financial statements.

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Unaudited)

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 700 Silver Seven Road, Ottawa, Ontario. The consolidated financial statements of the Company as at June 30, 2017 and for the three and six months ended June 30, 2017 and 2016 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 offices in Chicago, United States; Tokyo, Japan; Hong Kong, China; Eindhoven, The Netherlands; Seoul, South Korea; and Ottawa, Canada.

2. Basis of preparation:

(a) Statement of compliance:

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2016.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 8, 2017.

(b) Use of estimates and judgments:

In preparing these unaudited condensed consolidated interim financial statements, Management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share amounts)
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3. Significant accounting policies:

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ending December 31, 2016.

(a) Standards and interpretations in issue not yet adopted:

IFRS 9: Financial Instruments ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to the multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities. IFRS 9 is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early application is permitted. The Company does not intend to adopt this standard early and is currently evaluating the impact of adopting this standard and accordingly cannot yet reasonably estimate its effect on the consolidated financial statements.

IFRS 15: Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15, with amendments in 2016, which provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. The standard also provides guidance relating to recognition of customer contract acquisition and fulfillment costs. In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance. This standard will be effective January 1, 2018 and allows early adoption. The Company does not intend to adopt this standard early. IFRS 15 may be applied retrospectively to each prior period presented (full retrospective method) or with the cumulative effect of adoption recognized as at the date of initial application (modified retrospective method).

The Company continues its implementation plan for IFRS 15. The project plan includes developing the necessary accounting policies, estimates and judgments required to adopt IFRS 15, as well as any changes required to business processes, systems and internal controls to implement the policies and disclosures required upon adoption of IFRS 15. While the Company is continuing to assess all potential impacts of the new revenue recognition standard, the Company currently believes that the most significant impacts will relate to accounting for our on-premise, fixed term subscription arrangements, capitalization of contract acquisition costs and expanded disclosure on revenue, performance obligations and

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3. Significant accounting policies (continued):

contract balances. Under current revenue recognition policies, license revenue from on-premise, fixed term subscription arrangements is deferred and recognized ratably over the contract term. Under IFRS 15, the Company expects the timing of license revenue recognition for on-premise, fixed term subscription arrangements to change. Under the Company's current accounting policies, incremental commissions paid to employees are expensed upon commencement of the related revenue. Under IFRS 15, the Company expects to capitalize and amortize certain incremental commission costs that are paid to employees. The Company is currently evaluating the impact of adopting this standard and accordingly cannot yet reasonably estimate its effect on the consolidated financial statements.

IFRS 16: Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which 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 leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17, the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 has also been applied. The Company does not intend to adopt this standard early. The Company is currently evaluating the impact of adopting this standard; however, it expects the adoption of this standard to increase assets and liabilities as it will be required to record a right-of-use asset and a corresponding lease liability in its financial statements.

(b) Standards and interpretations in issue:

Amendments to IAS 7: Statement of Cash Flows ("IAS 7")

In January 2016, the IASB issued amendments to IAS 7. These amendments require entities to provide disclosures that help users of the financial statements to better understand changes in liabilities that arise from financing activities, including both changes arising from cash flow and non-cash changes. These amendments became effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments did not have a material impact on the consolidated financial statements.

Amendments to IAS 12: Income Taxes ("IAS 12")

In January 2016, the IASB issued amendments to IAS 12. The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. These amendments became effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments did not have a material impact on the consolidated financial statements.

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For the three and six months ended June 30, 2017 and 2016
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4. Property and equipment:

The following table presents the property and equipment for the Company:

Cost	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2016	\$ 14,505	\$ 803	\$ 129	\$ 2,949	\$ 18,386
Additions	1,393	15	–	236	1,644
Effects of movement in exchange rates	85	–	–	–	85
Balance, June 30, 2017	\$ 15,983	\$ 818	\$ 129	\$ 3,185	\$ 20,115

Accumulated depreciation	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2016	\$ 4,893	\$ 503	\$ 97	\$ 2,241	\$ 7,734
Depreciation	1,447	79	9	71	1,606
Effects of movement in exchange rates	3	–	–	3	6
Balance, June 30, 2017	\$ 6,343	\$ 582	\$ 106	\$ 2,315	\$ 9,346

Carrying value	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
December 31, 2016	\$ 9,612	\$ 300	\$ 32	\$ 708	\$ 10,652
June 30, 2017	9,640	236	23	870	10,769

There were no asset dispositions in the six months ended June 30, 2017 (year ended December 31, 2016 – none).

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For the three and six months ended June 30, 2017 and 2016
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4. Property and equipment (continued):

The following table presents the depreciation expense by function for the three and six months ended June 30:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Cost of revenue	\$ 607	\$ 393	\$ 1,191	\$ 774
Selling and marketing	1	1	2	2
Research and development	142	101	276	193
General and administrative	68	48	137	94
	\$ 818	\$ 543	\$ 1,606	\$ 1,063

5. Trade and other receivables:

The following table presents the trade and other receivables for the Company:

	June 30, 2017	December 31, 2016
Trade accounts receivable	\$ 19,216	\$ 20,362
Other	3,203	3,696
	22,419	24,058
Allowance for doubtful accounts	(491)	(238)
	\$ 21,928	\$ 23,820

There have been no balances written off for the six months ended June 30, 2017 or the year ended December 31, 2016.

6. Trade payables and accrued liabilities:

The following table presents the trade payables and accrued liabilities for the Company:

	June 30, 2017	December 31, 2016
Trade accounts payable	\$ 2,530	\$ 2,201
Accrued liabilities	4,587	5,832
Taxes payable	2,562	2,462
	\$ 9,679	\$ 10,495

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Unaudited)

7. Share capital:

Authorized

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

Issued

	Common shares	
	Shares	Amount
Shares outstanding at December 31, 2015	24,420,004	\$ 90,808
Shares issued from exercised options	260,230	2,614
Shares outstanding at June 30, 2016	24,680,234	\$ 93,422
Shares outstanding at December 31, 2016	24,940,114	\$ 97,164
Shares issued from exercised options	465,030	8,360
Shares outstanding at June 30, 2017	25,405,144	\$ 105,524

Stock options plans

A summary of the status of the plans is as follows:

	Six months ended June 30, 2017		Year ended December 31, 2016	
	Shares	Weighted average exercise price (U.S. dollars)	Shares	Weighted average exercise price (U.S. dollars)
Options outstanding, beginning of period	2,459,872	\$ 21.42	2,571,206	\$ 15.62
Granted	217,500	56.35	336,000	44.64
Exercised	(465,030)	12.74	(435,334)	7.53
Forfeited	(194,563)	28.44	(12,000)	13.20
Options outstanding, end of period	2,017,779	\$ 27.36	2,459,872	\$ 21.42
Options exercisable, end of period	689,779	\$ 10.56	926,372	\$ 11.16

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Unaudited)

7. Share capital (continued):

Stock options plans (continued)

The following table summarizes information about stock options outstanding at June 30, 2017:

Options outstanding			Options exercisable		
Range of exercise prices	Number outstanding at 06/30/17	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 06/30/17	Weighted average exercise price
\$ 1.45 to 3.20	310,454	4.24	\$ 1.89	310,454	\$ 1.89
6.60 to 9.80	387,450	6.58	9.59	242,450	9.72
10.00 to 14.50	91,250	7.26	12.98	8,750	13.42
19.50 to 24.50	113,750	7.79	21.41	11,250	20.96
29.00 to 30.50	92,500	8.34	29.75	17,500	29.77
34.50 to 35.50	508,875	8.48	34.92	99,375	34.92
46.50 to 50.50	296,000	9.15	47.57	—	—
58.00 to 59.00	217,500	9.68	58.27	—	—
	2,017,779	7.59	\$ 27.36	689,779	\$ 10.56

The Company has outstanding stock options issued under its 2010 and 2012 stock option plans. No further options may be granted under the 2010 and 2012 stock option plans. In June 2017, the Company adopted a new Canadian Resident Plan and a new Non-Canadian Resident Plan. There is an aggregate of 2,300,000 stock options available for grant under these plans. No grants have been made under these new plans. Stock options granted under the new plans will have an exercise price equal to or greater than the stock's TSX price at the date of grant as determined by the Board of Directors and the maximum term of these options will be five years. Options are granted periodically and typically vest over four years.

During the six months ended June 30, 2017, the Company granted 217,500 (year ended December 31, 2016 – 336,000) options and recorded share-based compensation expense for the six months ended June 30, 2017 of \$3,343 (six months ended June 30, 2016 – \$2,934) related to the vesting of options granted in 2017 and previous years. The per share weighted-average fair value of stock options granted during the six months ended June 30, 2017 was \$18.61 (year ended December 31, 2016 – \$14.14) on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: exercise price is equal to the price of the underlying share, expected dividend yield of 0%, risk-free interest rate of 1.90% (year ended December 31, 2016 – 1.16%), an expected life of 3 to 6 years (year ended December 31, 2016 – 3 to 6 years), and estimated volatility of 42% (year ended December 31, 2016 – 41%). Volatility is estimated by benchmarking to comparable publicly traded companies operating in a similar market segment. The forfeiture rate was estimated at 10% (year ended December 31, 2016 – 10%). The forfeiture rate is estimated based upon an analysis of actual forfeitures.

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(Expressed in thousands of U.S. dollars, except share and per share amounts)
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7. Share capital (continued):

Share Unit Plan

At June 30, 2017, there were 426,133 share units available for grant under the Plan. During the six months ended June 30, 2017, the Company granted 45,500 (year ended December 31, 2016 – 58,588) restricted share units (“RSU”) and 16,197 were forfeited (year ended December 31, 2016 – nil). There were 100,031 (year ended December 31, 2016 – 70,728) RSUs outstanding at June 30, 2017. Each RSU entitles the participant to receive one Common Share. The RSUs vest based over time in three equal annual tranches. The fair value of the RSUs granted during the six months ended June 30, 2017 was \$55.71 (year ended December 31, 2016 – \$25.27) per unit using the fair value of a Common Share at time of grant. The Company recorded share-based compensation expense for the six months ended June 30, 2017 of \$870 (six months ended June 30, 2016 – \$701) related to the RSUs.

During the six months ended June 30, 2017, the Company granted 16,194 (year ended December 31, 2016 – 19,585) deferred share units (“DSU”). There were 37,862 (year ended December 31, 2016 – 21,668) DSUs outstanding at June 30, 2017. Each 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 was \$55.71 (year ended December 31, 2016 – \$25.27) per unit using the fair value of a Common Share at time of grant. The Company recorded share-based compensation expense for the six months ended June 30, 2017 of \$900 (six months ended June 30, 2016 – \$495) related to the DSUs.

The following table presents the share-based payments expense by function for the three and six months ended June 30:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Cost of revenue	\$ 325	\$ 273	\$ 646	\$ 545
Selling and marketing	739	374	1,202	717
Research and development	287	274	573	594
General and administrative	1,046	929	2,692	2,274
	\$ 2,397	\$ 1,850	\$ 5,113	\$ 4,130

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share amounts)
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8. Earnings per share:

The following table summarizes the calculation of the weighted average number of basic and diluted common shares for the three and six months ended June 30:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Issued Common Shares at beginning of period	25,288,260	24,476,542	24,940,114	24,420,004
Effect of shares issued from exercise of options	43,262	94,051	248,198	88,107
Weighted average number of basic Common Shares at June 30	25,331,522	24,570,593	25,188,312	24,508,111
Effect of share options on issue	1,091,873	1,194,848	1,148,736	1,183,517
Effect of share units on issue	100,354	134,587	90,547	133,662
Weighted average number of diluted Common Shares	26,523,749	25,900,028	26,427,595	25,825,290

For the three and six months ended June 30, 2017, 217,500 and 513,500 (three and six months ended June 30, 2016 – 746,000 and 825,000) options were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

9. Revenue:

The following table presents the revenue of the Company for the three and six months ended June 30:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Subscription	\$ 24,202	\$ 19,935	\$ 48,056	\$ 38,425
Professional services	8,395	8,538	16,836	16,842
Maintenance and support	269	261	516	499
	\$ 32,866	\$ 28,734	\$ 65,408	\$ 55,766

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For the three and six months ended June 30, 2017 and 2016
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10. Research and development:

The following table presents the research and development expenses of the Company for the three and six months ended June 30:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Research and development expenses	\$ 6,422	\$ 5,238	\$ 12,981	\$ 10,314
Investment tax credits	(548)	(502)	(884)	(841)
	\$ 5,874	\$ 4,736	\$ 12,097	\$ 9,473

11. Income tax expense:

The Company's consolidated effective tax rate for the six months ended June 30, 2017 was 25% (six months ended June 30, 2016 – 36%). The decrease in effective tax rate was mainly due to one-time adjustments to filed positions and estimates included in tax provisions, as well as foreign exchange losses incurred upon converting results to Canadian dollars for Canadian tax purposes.

12. Statement of cash flow:

Changes in operating assets and liabilities:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Trade and other receivables	\$ 5,455	\$ 280	\$ 1,909	\$ 2,121
Investment tax credit receivable	1,593	–	1,583	(111)
Prepaid expenses	429	(904)	233	(1,478)
Trade payables and accrued liabilities	(937)	3,343	(1,188)	521
Deferred revenue	(6,708)	(2,937)	629	(528)
	\$ (168)	\$ (218)	\$ 3,166	\$ 525

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
 (Expressed in thousands of U.S. dollars, except share and per share amounts)
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13. Financial instruments:

(a) Fair value of financial instruments:

The fair value of financial assets and liabilities, together with their carrying amounts are as follows:

Financial assets	June 30, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
Loans and receivables, measured at amortized cost:				
Cash and cash equivalents	\$ 150,425	\$ 150,425	\$ 127,910	\$ 127,910
Trade and other receivables	21,928	21,928	23,820	23,820
Investment tax credits receivable	–	–	1,583	1,583
	\$ 172,353	\$ 172,353	\$ 153,313	\$ 153,313

Financial liabilities	June 30, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
Other financial liabilities, measured at amortized cost:				
Trade payables and accrued liabilities	\$ 9,679	\$ 9,679	\$ 10,495	\$ 10,495
	\$ 9,679	\$ 9,679	\$ 10,495	\$ 10,495

(b) Credit risk:

The maximum exposure to credit risk for net trade receivables by geographic region was as follows:

	June 30, 2017	December 31, 2016
United States	\$ 15,883	\$ 17,969
Canada	–	1,164
Other foreign	2,842	991
	\$ 18,725	\$ 20,124

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Unaudited)

13. Financial instruments (continued):

(b) Credit risk (continued):

The aging of the net trade receivables at the reporting date was as follows:

	June 30, 2017	December 31, 2016
Current	\$ 11,134	\$ 11,806
Past due:		
0 – 30 days	4,586	5,746
31 – 60 days	2,668	1,603
Greater than 60 days	337	969
	\$ 18,725	\$ 20,124

At June 30, 2017, one customer accounted for greater than 10% of total trade receivables (December 31, 2016 – two customers). For the three and six months ended June 30, 2017 one customer accounted for greater than 10% of revenue (2016 – one customer).

14. Segmented information:

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

Geographic information

Revenue from external customers is attributed to geographic areas based on the location of the contracting customers. External revenue on a geographic basis for the three and six months ending June 30 is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
United States	\$ 29,127	\$ 24,805	\$ 57,180	\$ 48,275
Asia	2,241	1,686	5,419	2,911
Europe	914	665	1,551	1,360
Canada	584	1,578	1,258	3,220
	\$ 32,866	\$ 28,734	\$ 65,408	\$ 55,766

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016
(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Unaudited)

14. Segmented information (continued):

Total property and equipment on a geographic basis is as follows:

	June 30, 2017	December 31, 2016
Canada	\$ 7,524	\$ 7,410
United States	1,714	1,741
Asia	1,531	1,501
	<hr/>	<hr/>
	\$ 10,769	\$ 10,652
