

Condensed Consolidated Interim Financial Statements of

Kinaxis Inc.

Six months ended June 30, 2015 and June 30, 2014
(Unaudited)

Kinaxis Inc.

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2015 and December 31, 2014

(Expressed in thousands of U.S. dollars)

(Unaudited)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 85,166	\$ 56,725
Trade and other receivables (note 4)	10,407	17,023
Investment tax credits receivable	1,858	1,974
Prepaid expenses	1,703	1,926
	99,134	77,648
Non-current assets:		
Property and equipment (note 5)	6,888	4,744
Investment tax credits recoverable	3,595	3,091
Deferred tax assets	1,917	5,726
	\$ 111,534	\$ 91,209
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 3,434	\$ 6,945
Deferred revenue	37,380	35,740
	40,814	42,685
Non-current liabilities:		
Lease inducement	86	109
Deferred revenue	13,841	1,778
	13,927	1,887
Shareholders' Equity		
Share capital (note 7)	88,043	87,219
Contributed surplus	7,928	6,152
Accumulated other comprehensive loss	(483)	(453)
Deficit	(38,695)	(46,281)
	56,793	46,637
	\$ 111,534	\$ 91,209

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 June 30, 2015 and 2014

(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,	
	2015	2014	2015	2014
Revenue (note 9)	\$ 23,704	\$ 17,930	\$ 43,415	\$ 33,553
Cost of revenue	6,287	5,628	12,092	10,457
Gross profit	17,417	12,302	31,323	23,096
Operating expenses:				
Selling and marketing	3,922	3,954	7,721	7,007
Research and development (note 10)	3,955	3,563	7,626	6,522
General and administrative	1,800	2,417	3,988	4,050
	9,677	9,934	19,335	17,579
	7,740	2,368	11,988	5,517
Other income (expense):				
Loss due to change in fair value of redeemable preferred shares	–	(6,581)	–	(6,760)
Foreign exchange (loss) gain	(47)	81	(526)	128
Net finance income (expense)	42	(253)	66	(510)
	(5)	(6,753)	(460)	(7,142)
Profit (loss) before income taxes	7,735	(4,385)	11,528	(1,625)
Income tax expense:				
Current	(138)	188	132	394
Deferred	2,675	701	3,810	1,298
	2,537	889	3,942	1,692
Profit (loss)	5,198	(5,274)	7,586	(3,317)
Other comprehensive (loss) income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations	(15)	9	(30)	24
Total comprehensive profit (loss)	\$ 5,183	\$ (5,265)	\$ 7,556	\$ (3,293)
Basic earnings (loss) per share	\$ 0.22	\$ (0.34)	\$ 0.32	\$ (0.23)
Weighted average number of basic Common Shares (note 8)	23,835,000	15,636,918	23,797,678	14,422,822
Diluted earnings (loss) per share	\$ 0.20	\$ (0.34)	\$ 0.30	\$ (0.23)
Weighted average number of diluted Common Shares (note 8)	25,394,345	15,636,918	25,273,997	14,422,822

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

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

For the six months June 30, 2015 and 2014

(Expressed in thousands of U.S. dollars)

(Unaudited)

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity (deficiency)
Balance, December 31, 2013	\$ 9,902	\$ 3,948	\$ (360)	\$ (87,070)	\$ (73,580)
Loss	—	—	—	(3,317)	(3,317)
Other comprehensive income	—	—	24	—	24
Total comprehensive income (loss)	—	—	24	(3,317)	(3,293)
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	419	—	—	—	419
Share based payments	—	1,019	—	—	1,019
Total shareholder transactions	76,614	1,019	—	41,010	118,643
Balance, June 30, 2014	\$ 86,516	\$ 4,967	\$ (336)	\$ (49,377)	\$ 41,770
Balance, December 31, 2014	\$ 87,219	\$ 6,152	\$ (453)	\$ (46,281)	\$ 46,637
Profit	—	—	—	7,586	7,586
Other comprehensive loss	—	—	(30)	—	(30)
Total comprehensive income	—	—	(30)	7,586	7,556
Share options exercised	824	(271)	—	—	553
Share based payments	—	2,047	—	—	2,047
Total shareholder transactions	824	1,776	—	—	2,600
Balance, June 30, 2015	\$ 88,043	\$ 7,928	\$ (483)	\$ (38,695)	\$ 56,793

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the three and six months June 30, 2015 and 2014

(Expressed in thousands of U.S. dollars)

(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Cash flows from (used in) operating activities:				
Profit (loss)	\$ 5,198	\$ (5,274)	\$ 7,586	\$ (3,317)
Items not affecting cash:				
Depreciation of property and equipment (note 5)	412	260	766	500
Loss due to change in fair value of redeemable preferred shares	–	6,581	–	6,760
Share-based compensation	1,083	631	2,047	1,019
Amortization of lease inducement	(12)	(11)	(23)	(23)
Long-term investment tax credits recoverable	(165)	(227)	(504)	(476)
Income tax expense	2,537	889	3,942	1,692
Change in operating assets and liabilities (note 11)	(1,633)	8,755	17,577	6,196
Interest paid	–	(465)	–	(518)
Income taxes paid	(108)	(4,226)	(464)	(4,576)
	7,312	6,913	30,927	7,257
Cash flows used in investing activities:				
Purchase of property and equipment (note 5)	(1,226)	(1,548)	(2,910)	(2,437)
Cash flows from (used in) financing activities:				
Non-Voting Common Shares issued and share subscriptions received	–	126	–	991
Common Shares issued	363	13	553	13
Common shares issued per offering	–	59,562	–	59,562
Share issuance cost net of tax	–	(3,837)	–	(3,837)
Issuance of long-term debt	–	–	–	5,000
Repayment of long-term debt	–	(30,000)	–	(30,000)
	363	25,864	553	31,729
Increase in cash and cash equivalents	6,449	31,229	28,570	36,549
Cash and cash equivalents, beginning of period	78,764	19,188	56,725	13,804
Effects of exchange rates on cash and cash equivalents	(47)	35	(129)	99
Total comprehensive profit (loss)	\$ 85,166	\$ 50,452	\$ 85,166	\$ 50,452

See accompanying notes to condensed consolidated interim financial statements.

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

1. Corporate information:

Kinaxis Inc. (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, 2015 and for the three and six months ended June 30, 2015 and 2014 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; 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* and 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, 2014. 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, 2014.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 6, 2015.

(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, 2014.

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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(Unaudited)

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, 2014.

Standards and interpretations in issue not yet adopted:

The following is a list of standards and amendments that have been issued but not yet adopted by the Company.

IFRS 15: Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board issued IFRS 15, Revenue from Contracts with Customers, which provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures. This standard is effective January 1, 2017 and allows early adoption. On July 22, 2015, the IASB unanimously affirmed its proposal to defer the effective date of IFRS 15 to January 1, 2018. Earlier application of IFRS 15 continues to be permitted. The Company does not intend to adopt this standard in fiscal 2015 and is currently evaluating the impact of adopting this standard on the consolidated financial statements.

4. Accounts receivable:

	June 30, 2015	December 31, 2014
Trade accounts receivable	\$ 9,028	\$ 16,387
Other	1,379	636
	<u>\$ 10,407</u>	<u>\$ 17,023</u>

There have been no balances written off for the three and six months ended June 30, 2015 or June 30, 2014 or any allowance for doubtful accounts recorded as at June 30, 2015 or December 31, 2014.

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

5. Property and equipment:

Cost	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2014	\$ 7,052	\$ 959	\$ 894	\$ 2,196	\$ 11,101
Additions	2,594	244	12	60	2,910
Balance, June 30, 2015	\$ 9,646	\$ 1,203	\$ 906	\$ 2,256	\$ 14,011

Accumulated depreciation	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
Balance, December 31, 2014	\$ 2,915	\$ 509	\$ 846	\$ 2,087	\$ 6,357
Depreciation	667	72	9	18	766
Balance, June 30, 2015	\$ 3,582	\$ 581	\$ 855	\$ 2,105	\$ 7,123

Carrying value	Computer equipment	Computer software	Office furniture and equipment	Leasehold improvements	Total property and equipment
December 31, 2014	\$ 4,137	\$ 450	\$ 48	\$ 109	\$ 4,744
June 30, 2015	6,064	622	51	151	6,888

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,	
	2015	2014	2015	2014
Cost of revenue	\$ 274	\$ 118	\$ 485	\$ 229
Selling and marketing	–	1	1	4
Research and development	76	67	153	127
General and administrative	62	74	127	140
	\$ 412	\$ 260	\$ 766	\$ 500

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

6. Accounts payable and accrued liabilities:

	June 30, 2015	December 31, 2014
Trade accounts payable	\$ 474	\$ 637
Accrued liabilities	2,960	6,308
	\$ 3,434	\$ 6,945

7. Share capital:

Authorized

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

Issued:

	Common shares		Non-voting common shares	
	Shares	Amount	Shares	Amount
Shares outstanding at December 31, 2013	7,674,049	\$ 4,252	5,332,504	\$ 5,650
Shares issued for cash	–	–	60,000	585
Shares issued from exercised options	13,128	13	396,471	406
Conversion of non-voting common to Common Shares	5,788,975	6,641	(5,788,975)	(6,641)
Fractional shares cancelled upon conversion	(67)	–	–	–
Conversion of preferred shares to Common Shares	5,111,917	60,895	–	–
Reduction of share capital	–	(41,010)	–	–
Shares issued per offering	5,000,000	59,562	–	–
Share issuance costs	–	(3,837)	–	–
Shares outstanding at June 30, 2014	23,588,002	\$ 86,516	–	\$ –
Shares outstanding at December 31, 2014	23,739,342	\$ 87,219	–	\$ –
Shares issued from exercised options	161,863	824	–	–
Shares outstanding at June 30, 2015	23,901,205	\$ 88,043	–	\$ –

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

7. Share capital (continued):

Stock option plans

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

	Six months ended June 30, 2015		Year ended December 31, 2014	
	Shares	Weighted average exercise price - USD	Shares	Weighted average exercise price - USD
Options outstanding, beginning of period	2,170,802	\$ 5.74	1,945,580	\$ 2.21
Granted	263,000	22.21	865,000	10.91
Exercised	(161,863)	3.41	(534,272)	1.25
Forfeited	(22,818)	8.41	(102,506)	5.58
Expired	–	–	(3,000)	3.20
Options outstanding, end of period	2,249,121	\$ 7.67	2,170,802	\$ 5.74
Options exercisable, end of period	1,072,676	\$ 3.31	880,642	\$ 2.26

The following table summarizes information about stock options outstanding at June 30, 2015:

Options outstanding				Options exercisable	
Range of exercise prices - USD	Number outstanding at 06/30/15	Weighted average remaining contractual life	Weighted average exercise price - USD	Number exercisable at 06/30/15	Weighted average exercise price - USD
\$ 0.95 to 1.20	175,923	1.84	\$ 1.06	175,923	\$ 1.06
1.55 to 3.20	974,074	6.60	2.60	735,629	2.49
6.60 to 9.75	648,624	8.56	9.52	161,124	9.52
10.50 to 15.35	187,500	9.29	13.46	–	–
15.70 to 20.65	147,000	9.67	20.63	–	–
23.12 to 24.60	116,000	9.96	24.20	–	–
	2,249,121	7.39	\$ 7.67	1,072,676	\$ 3.31

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

7. Share capital (continued):

Stock option plans (continued)

At June 30, 2015, there were 855,582 stock options available for grant under the Plan. During the six months ended June 30, 2015, the Company granted 263,000 (year ended December 31, 2014 - 865,000) options and recorded share-based compensation expense for the six months ended June 30, 2015 of \$1,313 (six months ended June 30, 2014 - \$940) related to the vesting of options granted in 2015 and previous years. The per share weighted-average fair value of stock options granted during the six months ended June 30, 2015 was \$9.36 (December 31, 2014 - \$5.73) 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 0%, risk-free interest rate of 1.86% (2014 - 1.92%), an expected life of 6 to 8 years (2014 - 8 years), and estimated volatility of 43% (2014 - 46%). Volatility is estimated based on Kinaxis's historical volatility and also by benchmarking to comparable publicly traded companies operating in a similar market segment. The forfeiture rate was estimated at 10% (2014 - 5%). During the quarter ended June 30, 2015, optionholders that had options with USD strike prices were given the option to convert them to CAD strike prices based on the exchange rate that would be in effect on the date of the election, being May 7, 2015. The conversion was accounted for as a modification. As the fair value of the options was the same immediately prior to and after the conversion there was no accounting impact resulting from the modification.

Share Unit Plan

At June 30, 2015, there were 566,000 share units available for grant under the Plan. During the six months ended June 30, 2015, the Company granted 95,000 RSUs. There were 148,333 RSUs outstanding at June 30, 2015. 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, 2015 was \$17.35 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, 2015 of \$578 (six months ended June 30, 2014 - \$79) related to the RSUs.

During the six months ended June 30, 2015, the Company granted 9,000 DSUs. There were 9,000 DSUs outstanding at June 30, 2015. 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 \$17.35 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, 2015 of \$156 (six months ended June 30, 2014 - \$NIL) related to the DSUs.

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

7. Share capital (continued):

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,	
	2015	2014	2015	2014
Cost of revenue	\$ 218	\$ 61	\$ 408	\$ 103
Selling and marketing	199	164	363	297
Research and development	249	147	393	248
General and administrative	417	259	883	371
	\$ 1,083	\$ 631	\$ 2,047	\$ 1,019

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

8. Earnings (loss) 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,	
	2015	2014	2015	2014
Issued Common Shares at beginning of period	23,806,888	13,338,358	23,739,342	13,006,553
Effect of shares issued for cash	–	–	–	40,442
Effect of shares issued per offering	–	1,098,901	–	552,486
Effect of preferred shares converted to Common Shares	–	1,123,498	–	564,853
Effect of fractional shares cancelled upon conversion	–	(15)	–	(7)
Effect of shares issued from exercise of options	28,112	76,176	58,336	258,495
Weighted average number of basic and diluted Common Shares at June 30	23,835,000	15,636,918	23,797,678	14,422,822
Effect of share options on issue	1,469,337	–	1,409,061	–
Effect of share units on issue	90,008	–	67,258	–
Weighted average number of diluted Common Shares	25,394,345	15,636,918	25,273,997	14,422,822

For the three and six months ended June 30, 2015, 263,000 and 363,000 options were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive. Due to loss for the three and six months ended June 30, 2014, all outstanding options and redeemable preferred shares, as applicable, were excluded from the diluted weighted average number of shares because their effect would have been anti-dilutive.

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

9. Revenue:

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Subscription	\$ 16,284	\$ 12,645	\$ 31,692	\$ 23,965
Professional services	7,137	4,979	11,155	8,980
Maintenance and support	283	306	568	608
	\$ 23,704	\$ 17,930	\$ 43,415	\$ 33,553

10. Research and development:

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Research and development expenses	\$ 4,300	\$ 4,008	\$ 8,310	\$ 7,541
Investment tax credits	(345)	(445)	(684)	(1,019)
	\$ 3,955	\$ 3,563	\$ 7,626	\$ 6,522

11. Statement of cash flows:

Changes in operating assets and liabilities:

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Trade and other receivables	\$ 4,919	\$ (6,921)	\$ 6,550	\$ (3,215)
Investment tax credit receivable	(42)	(280)	116	(565)
Prepaid expenses	682	512	220	(345)
Trade payable and accrued liabilities	(397)	6,720	(3,159)	(1,340)
Deferred revenue	(6,795)	8,724	13,850	11,661
	\$ (1,633)	\$ 8,755	\$ 17,577	\$ 6,196

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

12. Financial instruments:

(a) Fair value of financial instruments:

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

	June 30, 2015		December 31, 2014	
Financial assets	Carrying value	Fair value	Carrying value	Fair value
Loans and receivables, measured at amortized cost:				
Cash and cash equivalents	\$ 85,166	\$ 85,166	\$ 56,725	\$ 56,725
Trade and other receivables	10,407	10,407	17,023	17,023
Investment tax credits receivable	1,858	1,858	1,974	1,974
	\$ 97,431	\$ 97,431	\$ 75,722	\$ 75,722

	June 30, 2015		December 31, 2014	
Financial liabilities	Carrying value	Fair value	Carrying value	Fair value
Other financial liabilities, measured at amortized cost:				
Accounts payables and accrued liabilities	\$ 3,434	\$ 3,434	\$ 6,945	\$ 6,945
	\$ 3,434	\$ 3,434	\$ 6,945	\$ 6,945

Kinaxis Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

12. Financial instruments (continued):

(b) Credit risk:

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

	June 30, 2015	December 31, 2014
Canada	\$ 1,391	\$ 430
United States	6,047	15,049
Other foreign	1,590	908
	<u>\$ 9,028</u>	<u>\$ 16,387</u>

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

	June 30, 2015	December 31, 2014
Current	\$ 7,340	\$ 13,757
Past due:		
0 – 30 days	\$ 1,073	\$ 2,250
31 – 60 days	589	195
Greater than 60 days	26	185
	<u>\$ 9,028</u>	<u>\$ 16,387</u>

As at June 30, 2015, two customers accounted for greater than 10% of total trade receivables (December 31, 2014 - one customer).

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Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015

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

(Unaudited)

13. 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,	
	2015	2014	2015	2014
United States	\$ 19,655	\$ 14,205	\$ 35,796	\$ 26,642
Canada	2,264	1,295	4,160	2,574
Europe	857	1,441	1,539	2,398
Japan	911	957	1,872	1,895
Other foreign	17	32	48	44
	\$ 23,704	\$ 17,930	\$ 43,415	\$ 33,553

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

	June 30, 2015	December 31, 2014
Canada	\$ 4,792	\$ 3,453
United States	2,090	1,284
Japan	6	7
	\$ 6,888	\$ 4,744