



Kneat Announces Fiscal 2020 Fourth Quarter and Fiscal Year 2020 Results

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LIMERICK, Ireland, February 23, 2021 /CNW/ – kneat.com, inc. (TSXV: KSI) (“Kneat”) a company focused on digitizing and automating Validation processes for Life Sciences today announced results for its fiscal fourth quarter and year ended December 31, 2020. All dollar amounts are presented in Canadian dollars unless otherwise stated.

- 2020 Total Revenues of \$7.42 million, up 88% Year-over-year
- Q4 Revenues of \$2.96 million, up 112% Year-over-year
- 2020 SaaS Revenues of \$2.88 million, up 243% Year-over-year
- Q4 SaaS Revenues of \$1.14 million, up 234% Year-over-year
- Annualized Recurring Revenue was \$4.76 million at Year End, up 149% Year-over-year

"We are proud of our team as they executed very well through 2020. During the year, we were successful in signing additional top tier Biopharma companies while increasing utilization metrics within our existing customer base. Our senior management team was expanded, and we strengthened our corporate structure as we continued to build out the Kneat SaaS platform. Business momentum is building and we are strongly positioned for continued execution in 2021 and beyond."

-Eddie Ryan, Chief Executive Officer of Kneat.

Fiscal 2020 Fourth Quarter Results

- **Revenues:** Total revenues for the fourth quarter were \$2.96 million, up from \$1.40 million one year ago, an increase of 112% year-over-year. SaaS revenues for the fourth quarter were \$1.14 million, up from \$0.34 million one year ago, an increase of 234% year-over-year.
- **Gross Margin:** Fourth quarter gross margin was \$1.60 million, compared to \$0.65 million one year ago, an increase of 147% year-over-year.
- **Net Loss:** Net loss for the fourth quarter of 2020 was \$1.59 million, up from \$1.12 million for the same period in 2019, an increase of 42% year-over-year.

Fiscal Year 2020 Results

- **Revenues:** Total revenues for the fiscal year ended December 31, 2020 were \$7.42 million, up from \$3.95 million one year ago, an increase of 88% year-over-year. SaaS revenues were \$2.88 million, up from \$0.84 million one year ago, an increase of 243% year-over-year.
- **Gross Margin:** Fiscal year 2020 gross margin was \$2.88 million, up from \$1.76 million one year ago, an increase of 63% year-over-year.
- **Net Loss:** Net loss for 2020 was \$5.69 million, down from \$6.20 million one year ago, a decrease of 8% year-over-year.

Annualized recurring revenue ("ARR")

- **Total ARR:** Total ARR, a Key Performance Indicator, which includes SaaS license fees and maintenance fees was \$4.76 million on December 31, 2020, up from \$1.91 million one year ago, an increase of 149% year-over-year.
- **SaaS ARR:** ARR from SaaS license fees was \$3.90 million on December 31, 2020, up from \$1.29 million one year ago, an increase of 203% year-over-year.

"Quarter 4, 2020 revenues of \$2.96 million were 51% higher than revenue of \$1.96 million during Quarter 3, 2020, in large part due to expansions within our existing base. Our goal for 2021 is to continue this expansion as we onboard new customers onto our SaaS platform."

-Hugh Kavanagh, Chief Financial Officer of Kneat.

Recent Highlights

- Kneat signed five top tier companies during 2020, including three of the top ten largest

companies globally. Today, our customer base includes seven of the top ten biopharma companies.

- In November, Kneat announced the appointment of Mr. Keith Holmes as Chief Technology Officer. Kneat will benefit from Keith's broad technology expertise and his considerable experience in product strategy and technical leadership as we continue to grow our operations globally.
- Our customers are in the process of scaling the Kneat Gx platform across their global networks for Computer System Validation, Equipment Qualification, Cleaning Validation and Cleaning, Equipment changeover, Sterilization, Process Validation, Validation Master Planning, Lab Instrument Qualification, Supplier Qualification process, Analytical Methods Transfer, Capital Project Delivery and Electronic Logbook.
- Kneat continues to operate remotely and effectively during the pandemic. We are optimistic about the future and proud of our team as they continue to fulfil our mission to help life sciences deliver therapies to the highest standards of quality and safety.

Conference Call

Mr. Eddie Ryan, Chief Executive Officer of Kneat, and Mr. Hugh Kavanagh, Chief Financial Officer of Kneat, will host a conference call and Q&A for analysts via webcast on Wednesday, February 24, 2020 at 09:00 EDT (14:00 GMT).

Interested parties can register for the live webcast via the following link: <https://bit.ly/3jH5Hkl>

Or, attend via teleconference:

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The 2020 Annual Financial Statements will be available from the Financial Information section of the Investors page on the Kneat Solutions website, at: <https://kneat.com/investors/>

About Kneat

Kneat, a Canadian company with operational headquarters in Limerick, Ireland, develops and markets the next generation Kneat Gx software platform. Multiple business work processes can be configured on the platform from equipment to computer system validation, through to quality document management. Kneat's software allows users to author, review, approve, execute testing online, manage any exceptions and post approve final deliverables in a controlled FDA 21 CFR Part 11/ Eudralex Annex 11 compliant platform. Macro and micro report dashboards enable powerful oversight into all systems, projects and processes globally. Customer case studies are reporting productivity improvements in excess of 100% and a higher data integrity and compliance standard. For more information visit www.kneat.com.

Key Performance Indicator

Annualized recurring revenue is used by Kneat to assess the expected annual recurring revenue from the customers that are live on Kneat Gx at the end of the period. Annualized recurring revenue is calculated as the licenses delivered to customers at the period end, multiplied by the expected customer retention rate of 100% and multiplied by the annual SaaS license fee or maintenance fee at the related quarter end. Since many of the customer contracts are in currencies other than the Canadian dollar, the Canadian dollar equivalent is calculated using the related period end exchange rate multiplied by the currency amount.

Cautionary and Forward-Looking Statements

Except for the statements of historical fact contained herein, certain information presented constitutes "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, the relationship between Kneat and the customer, Kneat's business development activities, the use and implementation timelines of Kneat's software within the customer's validation processes, the ability and intent of the customer to scale the use of Kneat's software within the customer's organization and the compliance of Kneat's platform under regulatory audit and inspection. While such forward-looking statements are expressed by Kneat, as stated in this release, in good faith and believed by Kneat to have a reasonable basis, they are subject to important risks and uncertainties. As a result of these risks and uncertainties, the events predicted in these forward-looking statements may differ materially from actual results or events. These forward-looking statements are not guarantees of future performance, given that they involve risks and uncertainties. The forward-looking information in this press release does not include a full assessment or reflection of the unprecedented impacts of the COVID-19 pandemic occurring since the first quarter of 2020 and the ongoing and developing resulting indirect global and regional economic impacts. This has resulted in significant economic uncertainty and even though the company has to date experienced no significant impact to its operations, any potential impact on our future is difficult to understand or measure at this time. Kneat does not undertake any obligation to release publicly revisions to any forward-looking statement, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at an investors' own risk.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts

responsibility for the adequacy or accuracy of this release.

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