



Kneat Reports Fourth Quarter Results

April 24, 2019 12:00 PM EDT

HALIFAX, April 24, 2019/CNW/ – kneat.com, inc. (TSX-V: KSI) ("Kneat") today announced its financial results for the quarter and year ended December 31, 2018. All dollar amounts are presented in Canadian dollars unless otherwise stated.

Fourth Quarter Highlights

- Revenue of \$465,205 was recognized during the fourth quarter. Total revenue for the 2018 financial year was \$1,307,295 which was an increase of 210% over the previous year. Revenue in all categories increased quarter over quarter and year over year.
- During the fourth quarter Kneat announced two new software as a service ("SaaS") customer wins within the life sciences supply chain. Both customers have chosen Kneat to implement paperless computer systems validation ("CSV") processes. This is an important market for Kneat as data integrity and compliance regulations govern the entire supply chain to the life sciences industry.
- Kneat's customer service team successfully completed the implementation of Kneat Gx at two multi-national customers during the quarter; both of which have subsequently scaled their use of Kneat Gx. The team continues to work with other recently signed customers to meet go-live milestones in the coming months.
- Development of new product functionality and enhancements continued to be a key focus during the fourth quarter.

Chief Executive Officer Commentary

"During the fourth quarter, Kneat ensured seamless implementations at its new client sites, secured additional customers and advanced the functionality of our platform," said Eddie Ryan, Chief Executive Officer of Kneat. "I am pleased with the progress we made during 2018 and plan to build on this momentum in 2019 as we work toward milestones and scaling within our current customer base, build and invest in our team and deliver on a strong pipeline of targets."

Financial Results Summary for the Fourth Quarter

Kneat generated revenue of \$465,205 during the fourth quarter, compared to \$76,925 in the fourth quarter of 2017. Revenue in all categories increased over the prior year. Kneat gained traction in both SaaS and on-premise licenses through new customers and expansion of existing customers. Due to the implementation phase required for deploying our software, revenues for new customers are recognized on the go-live date, which is typically five to six months following the announcement of a new customer win.

Net loss for the fourth quarter of 2018 was \$623,936, a decrease in net loss of \$406,135 for the same period in 2017. This was driven primarily by higher revenues and non-cash gains on foreign exchange, offset by increases in non-cash amortization of the intangible asset and higher labour, cloud hosting and sales and marketing costs associated with increases in headcount in key functions and an enhanced sales and marketing strategy.

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Overview of Financial Results for the year ended December 31, 2018

For the year ended December 31, 2018 Kneat recorded \$1,307,295 in revenue, an increase of \$886,029 over the year ended December 31, 2017. This increase was driven primarily by customers scaling their use of Kneat Gx through the purchase of additional licenses and new customers going live on the platform.

Cost of revenues for the year ended December 31, 2018 was \$976,707 compared to \$530,890 for the year ended December 31, 2017. This increase

was due to signing of new customers requiring increased headcount on the professional services team and increased hosting costs associated with the SaaS platform.

Research and development expenses for the year ended December 31, 2018 were \$2,555,418 compared to \$1,759,661 for the year ended December 31, 2017. The increase was a result of additional headcount on the development team and increased non-cash amortization of the intangible asset.

Sales and marketing expenses for the year ended December 31, 2018 were \$1,644,366 compared to \$1,223,332 for the year ended December 31, 2017. The increase in sales and marketing expense was due to higher headcount on the sales team, amortization of contract acquisition costs and an increase in marketing costs associated with the website and branding initiatives.

General and administrative expenses for the year ended December 31, 2018 were \$1,299,379 compared to \$1,189,235 for the year ended December 31, 2017. The increase over the prior year was due primarily to an increased headcount on the administrative team and an increase in professional fees.

This press release should be read in conjunction with the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2018 which have been filed on SEDAR at www.sedar.com and Kneat's website at www.kneat.com.

About Kneat

Kneat, develops and markets the next generation Kneat Gx software platform. Multiple business processes can be configured on the platform from equipment to computer system validation, through to production record execution and quality document management. Kneat Gx 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 world wide. Customer case studies are reporting productivity improvements in excess of 100% and a higher compliance standard. For more information visit www.kneat.com.

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 its customers, Kneat's business development activities, the use of Kneat's software within its customers' validation processes, the ability to scale the use of Kneat's software within its customers' organizations 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. 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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