Kneat Achieves Record Revenues in Q3 2021 Driven by Customer Expansion

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LIMERICK, Ireland, November 9, 2021 /CNW/ – kneat.com, inc. (TSXV: KSI) ("Kneat" or **"the Company")** a leader in digitizing and automating validation processes, today announced strong financial results for the three and nine-month periods ended September 30th, 2021. All dollar amounts are presented in Canadian dollars unless otherwise stated.

- Q3 revenues increase 91% to $3.7 million
- SaaS revenues increase 276% to $2.6 million
- Annual recurring revenue (ARR) increases 217% to $12.0 million

"Our team delivered another quarter of high growth, with annual recurring revenue increasing to $12.0 million, up 217% year-over-year. Our customer base is growing across all tiers and more than half of the top 20 global pharmaceutical companies have selected Kneat as their enterprise e-validation platform,"

-said Eddie Ryan, Chief Executive Officer of Kneat.

"New customer acquisition and the expansion of existing customers continue to drive our growth. As customers scale their use of Kneat, our technology is becoming an integral part of their operations. While our growth trajectory continues upward, these large scaling events are somewhat unpredictable in their timing and given the early growth stage of the company, they can result in period-to-period variability in ARR growth rates," **continued Mr. Ryan.**

"During the quarter we added to our list of top-tier companies with another of the world's leading healthcare brands selecting Kneat as their enterprise e-validation platform. We are also experiencing significant success in the supply chain and in the mid-market. We expect these segments will be contributing drivers of future growth. Despite the challenges presented by the pandemic, we are experiencing no significant adverse effects on our business across customer acquisition, fulfilment, and operations. Our customers tell us that our technology:

- is aiding their business continuity efforts during the pandemic because it allows them to manage a large proportion of their validation process remotely, and
- is supporting their green goals because it can reduce travel and remove volumes of paper records and the associated printing, storage and management

I'm very proud of our dedicated employees as they continue to execute across all functions, ensuring ongoing growth and value creation for our shareholders," **Mr. Ryan added.**

Q3 2021 Financial Highlights

- Total revenue increased 91% to $3.7 million, compared with $2.0 million for the third quarter of 2020. Revenue fluctuates quarter over quarter and its growth is driven by the addition of SaaS licenses from new and existing customers. Some revenue fluctuation is also due to the timing of professional services delivery and the sale of one-time, on-premise licenses to customers who have not yet transitioned to SaaS.
- SaaS revenues increased 276% to $2.6 million, compared with $0.7 million for the third quarter of 2020.
- Gross margin increased 182% to $2.0 million compared with $0.7 million for the third quarter of 2020 and gross profit margin increased to 54% compared with 37% for the third quarter of 2020. The increase in gross profit margin was driven by a significant increase in revenue, coupled with a smaller increase in related cost of revenue.

Non-GAAP Financial Measure – Annual Recurring Revenue ("ARR")

- **Total ARR**, which includes SaaS license and maintenance fees, was $12.0 million at September 30th, 2021, an increase of 217% from $3.8 million at September 30th, 2020.
- **SaaS ARR**, the proportion of ARR attributable to SaaS licenses, was $11.3 million, an

increase of 274% from $3.0 million at September 30th, 2020.

"Our third-quarter results demonstrated strong progress across the business. A portion of the proceeds from our recent financing has been deployed to strengthen our go-to-market strategy. We believe additional investments in both sales and marketing will drive future growth, create value for our shareholders, and solidify the Kneat Gx platform as the leading digital validation solution on the market. Subsequent to quarter end, we received conditional approval to list on the Toronto Stock Exchange (TSX). We believe this listing will help broaden the Company's visibility and access to domestic and institutional investors."

-Hugh Kavanagh, Chief Financial Officer of Kneat.

Recent Business Highlights

In 2021, Kneat is making substantial progress driving revenue growth by continuing to add licenses for existing customers and winning new customers. A summary of recent corporate highlights includes:

- Subsequent to third-quarter end, on October 25th, 2021, the Company announced it had received conditional approval to uplist its common shares to the Toronto Stock Exchange from the TSX Venture Exchange.
- In July, the Company signed a three-year agreement to be the corporate enterprise e-validation solution for one of the world's leading healthcare brands.
- Deferred Stock Units (DSUs) worth $71,250 were granted to the Company's directors during the quarter.

Conference Call

Mr. Eddie Ryan, Chief Executive Officer of Kneat, and Mr. Hugh Kavanagh, Chief Financial Officer of Kneat, will host a conference call to discuss our third-quarter results and Q&A for analysts and investors via webcast on November 10th, 2021 at 9:00 a.m. ET.

Interested parties can register for the live webcast via the following link:

Register Here

Or, attend via teleconference:
Ireland +353 15 360 736
Canada +1 (647) 497-9429
United States +1 (213) 929-4221
United Kingdom +44 20 3713 5022

If attending via teleconference, please register via the link above to access dial-in pin code required to attend. The dial-in pin code is available in your confirmation email.

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.

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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