



## Kneat Reports 2021 First Quarter Results

May 26, 2021 12:00 PM EDT

LIMERICK, Ireland, May 25, 2021 /CNW/ – kneat.com, inc. (TSXV: KSI) (“Kneat”) a company focused on digitizing and automating validation processes for Life Sciences, today announced its financial results for the three-month period ended March 31, 2021. All dollar amounts are presented in Canadian dollars unless otherwise stated.

- Q1 Revenues of \$2.35 million, up 147% year-over-year
- Q4 SaaS Revenues of \$1.29 million, up 215% year-over-year
- Annualized Recurring Revenue was \$5.74 million at 31 March, 2021, up 120% year-over-year

*“We are proud of our team as they continue to execute to plan across all areas of our business. During the quarter, we were successful in signing additional top tier companies while increasing utilization metrics within our existing base. The recent addition of another global leader brings the number of top ten biopharma manufacturers that have selected Kneat Gx as their corporate e-validation platform to seven. In parallel we have been focused on strengthening our corporate structure and developing our management teams, as we enhance the Kneat SaaS platform in preparation for accelerated growth in the future.”*

*-Eddie Ryan, Chief Executive Officer of Kneat.*

### Fiscal 2021 First Quarter Results

- **Revenues:** Total revenues for the first quarter were \$2.36 million, up from \$0.95 million for the same period in 2020, an increase of 147%. SaaS revenues for the first quarter were \$1.29 million, up from \$0.41 million for the same period in 2020, an increase of 215%.
- **Gross Margin:** First quarter gross margin was \$1.09 million, compared to \$0.05 million for the same period in 2020.
- **Net Loss:** Net loss for the first quarter of 2021 was \$4.07 million, up from \$0.46 million for the same period in 2020. The increase in net loss mainly reflects adverse unrealised foreign currency movements, primarily on intercompany balances, resulting in a foreign currency loss of \$1.97 million in the first quarter of 2021 versus a foreign currency gain of \$1.48 million in the same period in 2020.

### Annualized recurring revenue (“ARR”)

- **Total ARR:** Total ARR, a Key Performance Indicator, which includes SaaS license fees and maintenance fees was \$5.74 million at March 31, 2021, up from \$2.62 million as of March 31, 2020, an increase of 120%. Quarter-over-quarter growth in total ARR was 21%, up from \$4.76 million as of December 31, 2020.
- **SaaS ARR:** Within this total ARR the proportion attributable to SaaS license fees was \$4.89 million at March 31, 2021, up from \$1.88 million as of March 31, 2020, an increase of 161%. Quarter-over-quarter growth in SaaS ARR was 25%, up from \$3.90 million as of December 31, 2020.

*“Quarter 1, 2021 revenues were 147% higher than Quarter 1, 2020. SaaS license revenues have increased 215% and now represent more than half of total revenue for the quarter. Our goal for the rest of 2021 is to continue to grow our ARR base as we onboard new customers, expand existing customers, and transition legacy on-premise customers onto our SaaS platform.”*

*-Hugh Kavanagh, Chief Financial Officer of Kneat.*

### Recent Highlights

- In May, accomplished executive Nutan Behki was elected to the Company’s board of directors at its AGM. Ms. Behki is being granted Deferred Share Units (DSUs) worth \$100,000.
- In May, the Company announced it signed a five-year corporate Master Services Agreement (MSA) with another top ten biopharma company. This brings the number of top ten global biopharma manufacturers who have selected Kneat Gx as their corporate e-validation platform

to seven.

- In April, the Company announced it closed a short form prospectus offering and a parallel non-brokered private placement leading to total proceeds of \$22,125,575. Total cash at the end of April 2021, after receipt of proceeds from the financing, was approximately \$27.5 million.
- In March, the Company announced that it signed a five-year MSA with one of the world's largest contract development and manufacturing organizations (CDMO) to digitize its global computer system validation, commissioning and qualification processes.
- In March, the Company announced it had appointed Ms. Laura Sweet, as its Vice President of Marketing.

Kneat continues to operate remotely and effectively during the pandemic. Momentum is building as customers scale the Kneat Gx platform across their global networks for multiple business processes.

#### 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, May 26, 2021 at 09:00 EDT (14:00 BST).

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

*Or, attend via teleconference:*

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The unaudited condensed interim consolidated financial statements for the period ended March 31, 2021 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](http://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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