



Kneat Reports First Quarter Results

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HALIFAX, May 28, 2019/CNW/ – kneat.com, inc. (TSX-V: KSI) (“Kneat”) today announced its financial results for the quarter ended March 31, 2019. All dollar amounts are presented in Canadian dollars unless otherwise stated.

First Quarter Highlights

- Revenue of \$414,272 was recognized during the first quarter of 2019. Annualized recurring revenues at March 31, 2019 increased by 80% to \$664,980 from \$369,791 at March 31, 2018. This growth reflects a 215% increase in SaaS annualized recurring revenue as customers go-live and begin the early phase of product rollout. On-premise license fees and professional service revenue decreased over the same quarter in 2018 as our customer mix shifts towards the SaaS model.
- Kneat announced a new biotechnology customer win during the quarter to add to the seven multinational customers announced in 2018. This customer has over 20,000 employees globally across four continents and will use the Kneat Gx platform (“Kneat Gx”) to take their facilities, utilities and equipment commissioning and qualification processes fully digital.
- Kneat’s current customer base has over 200 sites and represents a revenue opportunity for expansion over the coming years. At December 31, 2018, three of the recently signed customers were live on the platform and all three have started to scale; including two expansions announced during the current quarter. These customers purchased additional licenses to increase their number of users and sites on Kneat Gx.
- Of the eight recent customer wins, two customers went live during the first quarter of 2019 on our SaaS platform. Kneat’s professional services team continues to deploy Kneat Gx for three other recently signed customers with go-live dates set for the coming months.
- Kneat released software version 8.0, enhancing the platform’s capabilities while simplifying and reducing the cost and time to implement. Responses by the industry to this new release have been positive.
- Kneat completed an overnight marketed equity financing for gross proceeds of \$6,339,376 and a concurrent non-brokered private placement for gross proceeds of \$2,178,160. Net proceeds from the financings of approximately \$7.8 million will be used to fund the expansion of the professional service and development teams and ongoing operations to meet the growing demand for Kneat’s solution.
- Kneat signed a partnership agreement with HCL Technologies (“HCL”), a global digital consulting and implementation firm, to provide end-to-end digital validation solutions to customers in the life sciences industry by bringing Kneat Gx and HCL’s experienced delivery model to customers around the world.
- The sales pipeline of opportunities is robust and continues to grow. We will continue to report on wins and expansions as they occur.

Chief Executive Officer Commentary

“Building on a productive year of customer wins in 2018, Kneat continued in the first quarter to deliver high quality services, taking new customers live, releasing significant software enhancements and building our teams to deal with anticipated future demand,” said Eddie Ryan, Chief Executive Officer of Kneat. “With growing market awareness of Kneat and a more powerful platform, we are excited by the level of engagement that we are seeing. In 2019 we anticipate adding new clients while investing in the business to serve our growing list of customers and adding new functionality to our platform to address a broader market.”

Financial Results Summary for the First Quarter

Net loss for the first quarter of 2019 was \$1,970,470 as compared to a net loss of \$560,499 for the same period in 2018. The increase in net loss of

\$1,409,931 was due primarily to an increase in unrealized foreign exchange loss of \$1,030,021 on intercompany and cash balances denominated in foreign currencies. In addition, net loss was increased by higher headcount and related overhead costs across all operating teams compared to the quarter ended March 31, 2018. Kneat invested heavily in hiring key team members and will continue to do so throughout 2019 to meet the demands of our growing customer list and expanding addressable market. The majority of our customers are still in the early stages of implementing and scaling Kneat's platform.

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 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 world wide. 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.

Non-GAAP measure

Annualized recurring revenues 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 contracted 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 contracted 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 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, the ability to sign new customer contracts, the recognition of the expected ARR 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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