



Kneat Announces Record Revenue for First Quarter 2025

LIMERICK, Ireland, May 07, 2025 -- **kneat.com, inc. (TSX: KSI) (OTC: KSIOF)** (“Kneat” or the “Company”) a leader in digitizing and automating validation and quality processes, today announced financial results for the three months ended March 31, 2025. All dollar amounts are presented in Canadian dollars unless otherwise stated.

- Total revenue reaches \$14.7 million in the first quarter, an increase of 37% year over year
- Annual Recurring Revenue (ARR)¹ at March 31, 2025, reaches \$63.5 million, an increase of 51% year over year
- Gross profit and operating expense grow 38% and 21% respectively year over year as progress toward profitability continues

“Kneat is off to a solid start in 2025, both in terms of continued strong growth and progress toward profitability. We are encouraged by our customers’ continued intention to orchestrate their validation processes enterprise-wide; and we are committed to enhancing the Kneat Gx platform to help them complete their vision for efficiency, speed and trust in their validation processes.”

- Eddie Ryan, Chief Executive Officer of Kneat.

Q1 2025 Highlights

- Total revenues increased 37% to \$14.7 million in the first quarter of 2025, compared to \$10.8 million for the first quarter of 2024.
- SaaS revenue for the first quarter of 2025 grew 42% to \$13.8 million, versus \$9.7 million for the first quarter of 2024.
- First-quarter 2025 gross profit was \$10.9 million, up 38% from \$7.9 million in gross profit for the first quarter of 2024.
- Gross margin in the first quarter of 2025 was 74%, as it was in the first quarter of 2024.
- EBITDA¹ in the first quarter of 2025 was \$5.9 million, compared with (\$0.5) million for the first quarter of 2024.
- Adjusted EBITDA¹ in the first quarter of 2025 was \$2.3 million, compared with \$0.6 million for the first quarter of 2024.
- Total ARR¹ was \$63.5 million at March 31, 2025, an increase of 51% from \$42.1 million at March 31, 2024.

¹ ARR is a supplementary measure. EBITDA and Adjusted EBITDA are non-IFRS measures and are not recognized, defined or standardized measures under IFRS. These measures are defined in the “Supplementary and Non-IFRS Measures” section of this news release.

Recent Business Highlights

- In January 2025, Kneat announced that it has partnered with Capgemini. The collaboration brings together Capgemini’s expertise in enterprise IT systems integration with Kneat’s digital validation platform, Kneat Gx. The partnership is designed to enable life sciences companies to seamlessly deploy Kneat Gx enterprise-wide; connect with core systems such as ERP, QMS, and DMS; and scale digital validation processes with ease.
- Also in January 2025, Kneat announced that a European-headquartered leader in specialty therapeutics selected Kneat for commissioning, qualification and validation of its manufacturing equipment and facilities.
- In February 2025, Kneat announced that a European-headquartered global consumer products company selected Kneat to digitize its validation processes within a specialized health sciences division.
- In April 2025, Kneat announced that a multinational producer of generic pharmaceuticals signed a Services Agreement with Kneat to digitalize its drawing management process.
- In May 2025, Kneat saw record attendance at VALIDATE, its annual event convening validation and quality professionals from around the world. One of the world’s largest events for validation experts to discover, share and apply validation technologies, regulations, and best practices, VALIDATE enabled participants to witness the power of the Kneat Gx platform.
- Also in May 2025, Kneat announced the expansion of its executive leadership team with the addition of a Chief Innovation Officer Role. Co-founder and Chief Product Officer Kevin Fitzgerald will transition out of his current role and into the Chief Innovation Officer role on June 9. Donal O’Sullivan, an executive with extensive software development and product management leadership, will join Kneat at that time as Chief Product Officer.

“Kneat closed the quarter with ample cash and a strong balance sheet. Our high-retention customer base continues to grow, and we remain confident in our financial outlook.”

- Hugh Kavanagh, Chief Financial Officer of Kneat.

Quarterly Conference Call

Eddie Ryan, Chief Executive Officer of Kneat, and Hugh Kavanagh, Chief Financial Officer of Kneat, will host a conference call to discuss Kneat's first quarter of 2025 results and hold a Q&A session for analysts and investors via webcast on May 08, 2025, at 9:00 a.m. ET.

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

[Register Here](#)

Supplementary and Non-IFRS Financial Measures

The Company uses supplementary financial measures as key performance indicators in its MD&A and other communications. Management uses both IFRS measures and supplementary, non-IFRS financial measures as key performance indicators when planning, monitoring and evaluating the Company's performance.

Annual Recurring Revenue ("ARR")

Kneat management use ARR to evaluate and assess the Company's performance, identify trends affecting its business, formulate financial projections and make financial decisions. The Company believes that ARR is a useful metric for investors as it provides a measure of the value of the recurring revenue at a point in time (end date of the relevant quarter). ARR is based on signed agreements and indicates the level of recurring revenue that the Company would anticipate reporting in a 12-month period based on the full agreed annual SaaS and maintenance fees for existing customers. In specific circumstances, the Company may utilize pricing incentives for limited contract periods. ARR is used by Kneat to assess the expected recurring revenues from the customers that are live on the Kneat Gx platform at the end of the period. ARR is calculated using the licenses delivered to customers at the period end, multiplied by the expected customer retention rate of 100% and multiplied by the full annual SaaS license or maintenance fee. 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.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is calculated as net income (loss) attributable to kneat.com excluding interest income (expense), provision for income taxes, depreciation and amortization. We provide and use this non-IFRS measure of our operating performance to highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures and to inform financial comparisons with other companies. A reconciliation of EBITDA to IFRS financial measures is provided in the financial statements accompanying this press release.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is calculated as net income (loss) attributable to kneat.com excluding interest income (expense), provision for income taxes, depreciation and amortization, foreign exchange gain (loss) and stock-based compensation expense. We provide and use this non-IFRS measure of our operating performance to highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures and to inform financial comparisons with other companies. A reconciliation of Adjusted EBITDA to IFRS financial measures is provided in the financial statements accompanying this press release.

About Kneat

Kneat Solutions provides leading companies in highly regulated industries with unparalleled efficiency in validation and compliance through its digital validation platform Kneat Gx. As an industry leader in customer satisfaction, Kneat boasts an excellent record for implementation, powered by our user-friendly design, expert support, and on-demand training academy. Kneat Gx is an industry-leading digital validation platform that enables highly regulated companies to manage any validation discipline from end-to-end. Kneat Gx is fully ISO 9001 and ISO 27001 certified, fully validated, and 21 CFR Part 11/Annex 11 compliant. Multiple independent customer studies show up to 40% reduction in documentation cycle times, up to 20% faster speed to market, and a higher compliance standard.

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, our ability to win business from new customers and expand business from existing customers, our expected use of the net proceeds from the IPF Facility and the public equity financing completed in both February and October 2024 and the anticipated effects thereof on the business and operations of the company, and the compliance of Kneat's platform under regulatory audit and inspection. These and other assumptions, risks and uncertainties may cause Kneat's actual results, performance, achievements and developments to differ materially from the results, performance, achievements or developments expressed or implied by forward-looking statements.

Material risks and uncertainties relating to our business are described under the headings “Cautionary Note Regarding Forward-Looking Statements and Information” and “Risk Factors” in our MD&A dated May 7, 2025, under the heading “Risk Factors” in our Annual Information Form dated February 26, 2025 and in our other public documents filed with Canadian securities regulatory authorities, which are available at www.sedarplus.ca. Forward-looking statements are provided to help readers understand management’s expectations as at the date of this release and may not be suitable for other purposes. Readers are cautioned not to place undue reliance on forward-looking statements. Kneat assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as expressly required by law. 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 investor’s own risk.

For further information:

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Unaudited Condensed Interim Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss)

	Three-month period ended March 31, 2025	Three-month period ended March 31, 2024
	\$	\$
Revenue		
SaaS license fees	13,805,973	9,718,501
Maintenance fees	22,095	70,589
Professional services and other	919,573	977,910
Total Revenue	14,747,641	10,767,000
Cost of revenue	(3,823,145)	(2,834,015)
Gross profit	10,924,496	7,932,985
Gross margin	74%	74%
Expenses		
Research and development	(4,698,665)	(4,045,548)
Sales and marketing	(5,116,477)	(4,031,684)
General and administrative	(2,511,629)	(2,105,589)
Total Expenses	(12,326,771)	(10,182,821)
Operating loss	(1,402,275)	(2,249,836)
Finance expense	(888,545)	(867,451)
Interest income	198,639	35,076
Foreign exchange gain (loss)	4,262,600	(238,763)
Income (loss) before income taxes	2,170,419	(3,320,974)
Income tax expense	(24,430)	(15,887)
Net income (loss) for the period	2,145,989	(3,336,861)
Other comprehensive (loss) income		
Foreign currency translation adjustment to presentation currency	(1,998,521)	190,894
Comprehensive income (loss) for the period	147,468	(3,145,967)
Earnings (loss) per share: Basic and diluted	0.02	(0.04)
Weighted-average number of common shares outstanding:		
Basic	94,221,072	81,005,029
Diluted	97,738,261	81,005,029
Reconciliation:		
Net income (loss) for the period	2,145,989	(3,336,861)
Finance expense	888,545	867,451
Interest income	(198,639)	(35,076)
Income tax expense	24,430	15,887
Depreciation charge	177,001	191,221
Amortization of intangible assets charge	2,846,747	1,834,211

EBITDA	5,884,073	(463,167)
Adjustments to EBITDA		
Foreign exchange gain/loss	(4,262,600)	238,763
Stock based compensation	697,019	812,173
Adjusted EBITDA	2,318,492	587,769

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Unaudited Condensed Interim Consolidated Statements of Financial Position

	March 31, 2025	December 31, 2024
	\$	\$
Assets		
Current assets		
Cash	74,132,378	58,889,572
Amounts receivable	10,958,849	18,377,009
Prepayments	2,081,208	1,870,095
	<u>87,172,435</u>	<u>79,136,676</u>
Non-current assets		
Amounts receivable	3,544,947	2,368,006
Property and equipment	6,914,606	6,782,179
Intangible asset	39,158,433	36,290,869
	<u>136,790,421</u>	<u>124,577,730</u>
Total Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	9,080,206	8,580,104
Contract liabilities	31,037,419	21,631,416
Loan payable	5,122,755	4,116,723
Lease liabilities	386,207	434,096
	<u>45,626,587</u>	<u>34,762,339</u>
Non-current liabilities		
Contract liabilities	42,339	33,393
Loan payable and accrued interest	18,384,423	19,038,203
Lease liabilities	5,800,955	5,671,952
	<u>69,854,304</u>	<u>59,505,887</u>
Total Liabilities		
Equity		
Shareholders' equity	66,936,117	65,071,843
	<u>136,790,421</u>	<u>124,577,730</u>
Total Liabilities and Equity		

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Unaudited Condensed Interim Consolidated Statement of Cash Flows

Three-month	Three-month
period ended	period ended

	March 31, 2025	March 31, 2024
Operating activities	\$	\$
Net income (loss) for the period	2,145,989	(3,336,861)
Charges to loss not involving cash:		
Depreciation of property and equipment	177,001	191,221
Share-based compensation	697,019	812,173
Interest expense	842,563	867,451
Tax expense	24,430	15,887
Amortization of the intangible asset	2,846,747	1,834,211
Amortization of loan issuance costs	45,982	36,957
Foreign exchange (gain) loss	(4,262,600)	238,763
Increase in non-current contract liabilities	7,553	58,319
Net change in non-cash operating working capital related to operations	14,951,929	7,684,397
Net cash provided by operating activities	17,476,613	8,402,518
Financing activities		
Proceeds received from public equity financing	-	20,000,110
Share issuance costs associated with public equity financing	-	(1,626,257)
Payment of principal and interest on loans payable	(1,348,282)	(621,996)
Proceeds from the exercise of stock options	774,591	641,700
Repayment of lease liabilities	(192,894)	(181,158)
Net cash (used in)/provided by financing activities	(766,585)	18,212,399
Investing activities		
Additions to the intangible asset	(5,157,268)	(4,515,850)
Additions to property and equipment	(62,917)	(8,163)
Collection of research and development tax credits	1,850,702	-
Net cash used in investing activities	(3,369,483)	(4,524,013)
Effects of foreign exchange rates on cash	1,902,261	164,519
Net change in cash during the period	15,242,806	22,255,423
Cash – Beginning of period	58,889,572	15,252,526
Cash – End of period	74,132,378	37,507,949