



kneat.com, inc.

Annual Information Form

For the year ended December 31, 2023

Dated February 21, 2024

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EXPLANATORY NOTES

Unless otherwise noted or the context otherwise indicates, “Kneat”, “kneat.com”, “we”, “us”, “our” and the “Company” refers to kneat.com, inc. and its subsidiaries as constituted on December 31, 2023. This Annual Information Form is dated February 21, 2024 which is the date it was approved by the Company’s Board of Directors, and, unless specifically stated otherwise, all information disclosed in this Annual Information Form is provided as at December 31, 2023, the end of Kneat’s most recently filed fiscal year.

Presentation of Financial Information and Other Information

The reporting currency for Kneat is the Canadian dollar. All financial information presented herein is expressed in Canadian dollars, unless otherwise stated. United States dollars are indicated by the symbol “US\$”. Euros are indicated by the symbol “€”.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form contains "forward-looking information", as such term is defined in applicable Canadian securities legislation. Forward-looking information is necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies. All statements other than statements which are reporting results, as well as statements of historical fact set forth or incorporated herein by reference, are forward looking information that may involve a number of known and unknown risks, uncertainties and other factors, many of which are beyond kneat.com’s ability to control or predict. Forward-looking information can be identified by the use of words such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “intends”, “continues”, or the negative of such terms, or other comparable terminology.

This forward-looking information includes, but is not limited to, statements and comments regarding:

- the development plans for the Kneat Gx platform (“Kneat Gx”);
- the Company’s business strategy;
- the ability of Kneat Gx to demonstrate compliance with life sciences regulations under regulatory audit and inspection;
- the Company’s strategy for protecting its intellectual property;
- the Company’s ability to obtain necessary funding on favorable terms or at all, to fund future expenditures, including product development and capital requirements;
- the Company’s plan and ability to secure additional customers and additional revenues;
- the ability to scale Kneat Gx within the customers’ sites and processes;
- the Company’s estimate that existing customers have the potential to contribute more than \$65 million in Annual Recurring Revenue if fully scaled;
- the risk of competitors entering the market;
- the Company’s ability to hire and retain skilled staff;
- the Company’s expected use of the net proceeds from the IPF Facility and the public equity funding completed in February 2024;
- the anticipated effects of the IPF Facility and the February 2024 public equity funding on the

business and operations of the Company

- the estimate of the market size and market potential for Kneat Gx;
- the use of Kneat Gx within the customers' sites and processes; and
- the impact of the adoption of new accounting standards.

Although the Company believes that the plans, intentions and expectations reflected in this forward-looking information are reasonable, actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking information contained in this Annual Information Form. Factors that could cause or contribute to such differences include, but are not limited to, unexpected changes in business and economic conditions, including the global financial and capital markets, rising inflation, and rising interest rates; the Company's inability to continually develop technologically advanced products; the inability of the Company's products and services to gain broader market acceptance; the Company's failure to protect its intellectual property; unauthorized disclosures and breaches of security data; changes in interest and currency exchange rates; changes in operating revenues and costs; political or economic instability, either globally or in the countries in which the Company operates; competitive factors; availability of external financing at reasonable rates or at all; and the other factors discussed in this Annual Information Form under the heading Risk Factors. Many of these factors are beyond kneat.com's ability to control or predict. These factors are not intended to represent a complete list of the general or specific factors that may affect kneat.com. kneat.com may note additional factors elsewhere in this Annual Information Form. All forward-looking statements and information speak only as of the date made. All subsequent written and oral forward-looking statements attributable to kneat.com, or persons acting on kneat.com's behalf, are expressly qualified in their entirety by these cautionary statements. Readers are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. kneat.com disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by securities legislation.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on December 12, 2013 under the *Canada Business Corporations Act*. On June 27, 2016, the Company completed a court-approved plan of arrangement in Ontario resulting in the acquisition of Kneat Solutions Limited by way of a concurrent scheme of arrangement in Ireland.

The Company commenced trading on the TSX Venture Exchange ("TSXV") as kneat.com on July 5, 2016 under the symbol KSI and the Company graduated to the main Toronto Stock Exchange ("TSX") on November 15, 2021. kneat.com's head office is located at Hawthorn House, Plassey Business Campus, Castletroy, Limerick, Ireland. The registered office of kneat.com is located at Suite 2001, 1969 Upper Water Street, Halifax, Nova Scotia, Canada, B3J 3R7.

As at December 31, 2023 and as of the date of this Annual Information Form, kneat.com has the following subsidiaries:

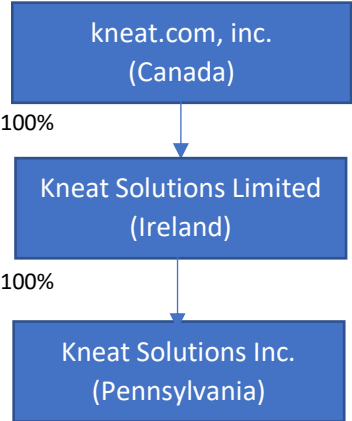
Subsidiary	Principal Activity	Country of Incorporation	Ownership percentage
Kneat Solutions Limited	Operations	Ireland	100%
Kneat Solutions Inc.	Operations	United States	100%

Kneat Solutions Limited is a wholly owned subsidiary of kneat.com, inc. and is incorporated under the laws of the Republic of Ireland. Kneat Solutions Limited is the location of the Chief Executive Officer, Chief

Information Officer, Chief Product Officer, Chief Financial Officer, Chief Technology Officer, Chief People and Culture Officer, SVP of Operations, product development activities, professional services and administrative activities.

Kneat Solutions Inc. is a wholly owned subsidiary of Kneat Solutions Limited and is incorporated under the laws of Pennsylvania in the United States. Kneat Solutions Inc. operates as a distributor of licenses and professional services in the United States. As at December 31, 2023 kneat.com and its subsidiaries had 293 employees, with the majority of the employees being part of the R&D team.

The following chart sets out the organizational structure of the Company as at December 31, 2023 and the date of this Annual Information Form:



GENERAL DEVELOPMENT OF THE BUSINESS

Kneat develops and markets software that allows companies in regulated industries deliver products and services to the highest safety standard. Currently focusing on the life science industry, Kneat’s software manages multiple data-intensive processes, ranging from equipment commissioning, operation and maintenance, to computer system validation to management of quality assurance documents, providing powerful oversight into systems, projects and processes globally.

Three-year History

Recent Events

On February 14, 2024, the Company announced that it closed its bought deal offering, including the full exercise of the over-allotment option. As such, a total of 6,153,880 common shares of the Company were sold at a price of \$3.25 per common share for aggregate gross proceeds of \$20,000,110.

Financial year ended December 31, 2023

Customer and partner news:

In January 2023, the Company announced the signing of a three-year Master Services Agreement with Fresenius Kabi, a global healthcare company that specializes in lifesaving medicines and technologies for infusion, transfusion, and clinical nutrition.

In February 2023, the Company announced the signing of a three-year Master Services Agreement with a global healthcare leader whose product portfolio spans multiple therapeutic divisions from medical devices through to pharmaceuticals.

In April 2023, the Company also announced the signing of a three-year Master Services Agreement with a division of one of the 20 largest pharmaceutical companies in the world, as ranked by 2021 revenue.

In April, 2023, the Company announced the signing of a Master Services Agreement with one of the top 20 contract development and manufacturing organizations (“CDMO”) in the world, as ranked by 2022 revenue. The Agreement, which is initially for computer systems validation and does not expire, affirms Kneat’s progress consolidating its leadership in validation for the life science space, particularly with companies in the pharmaceutical supply chain.

In June 2023, Kneat announced the signing of a three-year Master Services Agreement with a division of a leading global pharmaceutical company, effective immediately and allowing the company to scale Kneat across all its business divisions and affiliates.

In July 2023, Kneat announced the signing of a three-year Master Services Agreement with a fully integrated contract development and manufacturing organization (CDMO) headquartered in Asia. The Agreement, which initially is for equipment validation, allows the CDMO to scale Kneat to all its validation processes.

In August 2023, the Company announced the signing of three-year Master Services Agreement with a U.S. headquartered manufacturer and distributor of medical supplies. The Agreement, which initially is for computer system validation (CSV) for software utilized in medical devices, allows the company to scale Kneat to all its global validation processes.

In November 2023, the Company announced that a US-headquartered manufacturer of consumer health and wellness products had chosen Kneat to digitize its equipment Commissioning and Qualification process across more than 25 global sites.

Organizational news:

In June 2023, Kneat secured up to €15 million in secured debt financing from IPF Partners (the “IPF Facility”), a leading financing provider focused exclusively on the healthcare sector. Kneat intends to use the financing alongside its own funds from operations for general corporate purposes.

Also in June 2023, Kneat announced the appointment of Colum McNamara as its Senior Vice President of Global Operations, an accomplished business leader, with more than 25 years' experience in information technology, having served in varying leadership positions including Customer Success, Technical Support, Network Operations, and overall general management.

Financial year ended December 31, 2022

In 2022, Kneat continued to consolidate its leadership position for e-Validation in the life sciences industry while investing to strengthen its foundation for growth into the future.

Customer and partner news:

In January 2022, the U.S. subsidiary of one of the world's top fifteen Consumer Packaged Goods companies signed a four-year Master Services Agreement with Kneat, driving expansion into verticals outside of life sciences. Initially for the deployment of software for Computer System Validation to manage the validation lifecycle of its IT systems in the United States, the agreement allows the company to scale Kneat to all its validation processes across all its divisions and affiliates.

In March 2022, Kneat's e-Validation platform was selected by a European National Health Service, while a Top Ten Biopharmaceutical company and a leading Canadian generics pharmaceutical manufacturer both signed three-year Master Services Agreements.

In October 2022, we announced that we signed a three-year Master Services Agreement with one of the world's largest healthcare companies. Also in October 2022, we closed a significant expansion and transition to SaaS with one of our top ten global pharmaceutical customers.

Organizational news:

In January 2022, we added Carol Leaman, CEO of SaaS-based training and communications platform Axonify, to our Board of Directors. Carol replaced Paul Breen, who had served on our Board since 2007.

In March 2022, we officially opened a new 13,000-square foot LEED GOLD-standard office at Hawthorn House in Limerick's National Technology Park. Contemporaneously, we announced the creation of up to 100 new jobs across Sales and Marketing, Research and Development and Customer Success.

Also in March 2022, Kneat shares commenced trading on the OTCQX Best Market, under the symbol "FBAYF". At the same time, Kneat announced the eligibility of its shares for electronic trading and settlement through the Depository Trust Company, to simplify the process of trading and enhance the liquidity of its shares in the United States. In August 2022, the Company's symbol on the OTCQX® changed from "FBAYF" to "KSIOF".

In June 2022, we added a seasoned executive, Jacob Michelsen, to lead our growing sales team, which now covers most of the US and Europe. Kneat selected Jacob to accelerate our go-to-market efforts globally due to his demonstrated experience leading international sales, strategy and execution at leading companies, including NNIT and Thermo Fisher Denmark.

In December 2022, we announced the appointment of Katie Keita to lead our investor relations program.

Financial year ended December 31, 2021

In 2021, Kneat made substantial progress driving revenue growth by focusing on scaling its technology within existing customers, new customer acquisition and ongoing product development.

Customer and partner news:

In March 2021, we announced the signing of a five-year Master Services Agreement with one of the world's largest contract development and manufacturing organizations (CDMO) to digitize its global computer System Validation, Commissioning and Qualification processes.

We signed a five-year corporate Master Services Agreement with another top ten biopharma company in May 2021. In 2020, we announced that our SaaS platform was chosen by this research and development-focused biopharma leader for a single site, however in May 2021, this company selected Kneat as its corporate-wide manufacturing e-Validation platform. The customer's goal is to roll Kneat out in phases for multiple processes across all its manufacturing sites.

Furthermore, in June 2021 we signed a three-year Master Services Agreement with one of the world's leading engineering, consultancy and design firms to digitize Commissioning, Qualification and Validation services ("CQV") to both their food and life sciences clients. This was followed by the signing of a three-year Master Services Agreement to be the corporate enterprise e-validation solution for one of the world's leading healthcare brands, in July 2021.

In December 2021, we announced that we had signed a three-year Master Services Agreement with an industry leading global biopharmaceutical company

Organizational news:

In March, we appointed Laura Sweet as our Vice President of Marketing. Ms. Sweet is an accomplished marketing and growth executive who has spent her last fourteen years focused on the IT, financial, and B2B SaaS industries. We also confirmed Ms. Nutan Behki's election to the Board of Directors following the annual and special meeting of shareholders in May 2021, strengthening our Board.

We closed our short form prospectus offering in April 2021, including the full exercise of the over-allotment option and a concurrent private placement. As such, a total of 7,375,193 common shares of the Company were sold at a price of \$3.00 per common share for aggregate gross proceeds of \$22,125,579.

On November 15, 2021, the Company announced its graduation to the main TSX and that as of market open on November 15, its common shares would begin trading on the TSX under the symbol "KSI".

[Operational Overview](#)

Kneat designs, develops and supplies software for data and document management within regulated environments. The Company's current product is Kneat Gx, a configurable, off-the-shelf application focused on validation lifecycle management and testing primarily within the life sciences industry (i.e. biotechnology, pharmaceutical and medical device manufacturing). Complete and comprehensively documented validation of processes, products, equipment and software is a significant and costly regulatory requirement in this industry. Kneat Gx provides a compliant digital solution that enables

companies in the life sciences industry to become efficient and compliant with an automated process that has traditionally been manual, inefficient and paper-based.

Every manufacturing process, piece of equipment and computer system involved in the manufacturing of pharmaceutical, biotechnology and medical device products must be validated in accordance with current Good Manufacturing Practice (“cGMP”) regulations. Validation necessitates extensive signed and time-stamped documentary evidence that all aspects of these systems are designed and tested, to ensure that they will repeatedly produce products to the approved specifications. This documentation is subject to audit by global regulatory authorities such as the U.S. Food and Drug Administration and the European Medicines Agency.

Traditionally, validation testing has been a manual, paper-intensive activity whereby test documents have to be developed, printed, approved, executed, post approved, filed and ready for regulatory audit in the future. In many companies in the life sciences industry much of this is still done on paper using wet ink to record test results, apply proof of signature and date stamp. This process can leave life sciences companies susceptible to production delays, high costs associated with data and document management, and at risk of non-compliance. Non-compliance can lead to regulatory recalls, threats to patient safety and delays to market. In addition, non-compliance may result in significant penalties, remediation costs, lost revenues and loss of trust in a company’s brand.

The solution that Kneat Gx provides has taken a dedicated professional team of industry specialists years of research and development. Kneat’s customers cite Kneat Gx’s innovation, ease of use, its central and dynamic data management, its configurability (without coding knowledge), and its electronic records and signatures capabilities as the key differentiators that set it apart in the market. In addition, we believe that kneat.com’s services and support teams are considered best in class by its customers.

Kneat possesses a top-tier quality management system (“QMS”) and is certified to ISO 9001:2015. Kneat also possesses an information security management system (“ISMS”) and is accredited to ISO 27001:2017. In addition, it adheres to all applicable life sciences regulations such as all current cGMPs, GAMP5, EU Annex 11, FDA CFR Title 21 Part 11 governing Electronic Records and Electronic Signatures. Adhering to these regulations and guidelines is a mandatory requirement in order to supply to this highly regulated industry. Potential customers often perform extensive audits to verify compliance prior to purchasing the Company’s software and services.

The Company’s focus is to service the facilities, equipment and computer systems (“CSV”) validation market initially within the global life sciences industry. Kneat initially targeted large tier-one companies in the life sciences industry primarily in the United States and Europe and is now also targeting medium and smaller companies in the life sciences industry. The Company believes this market has significant potential for a digital solution due to a number of factors, including increased compliance standards required by regulators globally and the ongoing campaign by manufacturers to reduce costs and increase control while maintaining data integrity to a high standard. Additionally, competing in today’s era of rapid innovation that digitization has enabled, requires companies to modernize the processes that enable them to bring these innovations to market at scale, with speed, and in a trusted way. Using Kneat’s current customer penetration rates, the estimated number of manufacturing sites globally, current list prices and other assumptions, Kneat estimates that the potential market size for Kneat Gx for Validation process digitalization exceeds US \$2 billion within the life science industry, including Pharmaceutical, Medical Devices, Chemical, Health and Personal Care Wholesale and Diagnostics. As the Company continues to

enhance the Kneat Gx platform through added functionality, management expects the potential market for the platform to increase significantly.

Principal Product

Kneat Gx is a platform software that has the ability to meet the stringent pharmaceutical industry regulatory requirements across multiple business processes. It has been designed to allow the customer to configure and manage regulated data and document solutions; therefore, there are no restrictions regarding process structure, look and feel are not forced on an individual customer and no coding knowledge is needed to set up solutions on the platform. The platform functionality can be leveraged to create many configurable, regulated solutions and Kneat Gx offers full global enterprise scalability. Kneat Gx can be used to tailor a solution to implement many business processes including the following:

- all forms of validation, such as:
 - equipment and facilities;
 - utilities;
 - computer systems;
 - cleaning;
 - laboratory instruments;
 - process;
 - test method; and
 - cold chain;
- periodic review and re-validation management;
- engineering data lifecycle management;
- equipment changeover management;
- automation lifecycle management;
- deviation management; and
- new capital project commissioning and qualification.

As Kneat Gx gains momentum and functionality, Kneat may expand into other adjacent areas within the life sciences industry such as manufacturing and regulatory information management. Kneat's existing customers are currently expanding their use of the Kneat Gx platform into some of these areas within their businesses.

Kneat Gx is an enterprise software as a service (SaaS) application which is developed using the latest technologies. It can be accessed via personal computer, laptop or tablet. It is secure, high-performing and feature-rich with data integrity and electronic signature capability ingrained into its architecture. It is fully configurable, which allows trained users to set up or modify many business processes with no coding skills required. This allows customers to expand Kneat Gx to multiple processes across many business functions.

Kneat Gx is relevant for regulated processes, where the ability to enforce best practices and to have real-time global visibility is valued, thereby increasing compliance, driving efficiency and speed to market for products. These needs are also present in many other industries such as consumer goods, aviation, energy, automation and semiconductor. In the near term, Kneat is focused on the life sciences industry, where there is significant opportunity. However, other industries, such as consumer packaged goods, have

started to leverage Kneat’s functionality, and these other highly regulated industries may be targeted in the long-term growth strategy of Kneat.

Stage of Product Development

Kneat Gx has been implemented at multiple customer sites and the system continues to be developed as new functionality is added to build the product vision of a total quality management SaaS platform for customers of all sizes. The next phase in developing Kneat Gx over the next twelve to eighteen months includes new features to:

- increase customer return on investment;
- accelerate expansion into more of the customers' sites and business areas;
- reduce sales, deployment and global roll out cycle times;
- reduce post-sale support and maintenance cost and timelines; and
- accelerate the use of channel integration and service partners.

Revenue Streams

During the financial years ended December 31, 2023 and December 31, 2022, the Company recognized revenue from the following main sources: SaaS license fees; on-premise license fees; maintenance fees; and professional services & other fees.

i) Software as a service (“SaaS”) license fees

SaaS license agreements (also referred to as “subscription fees”) entitle the customer to utilize the Kneat Gx platform, which is hosted by the Company on a cloud server, for a specified number of users without taking possession. SaaS license fee revenue is recognized rateably over the contract term, commencing on the date when Kneat’s services are made available to the customer. Customers are typically invoiced and pay annually in advance for subscription fees upon execution of the initial contract or subsequent renewals.

ii) On-premise license fees

On-premise license fees entitle the customer to deploy the Kneat Gx platform on the customers’ own servers. Revenues from on-premise perpetual license sales are recognized at a point in time, upon delivery or go-live, when transfer of control of the software has passed to the customer, there are no uncertainties surrounding product acceptance and consideration is known and considered collectible.

iii) Maintenance fees

Maintenance fees for on-premise software licenses generally require the Company to provide technical support and unspecified software updates to customers. Maintenance revenues for technical support and unspecified software update rights are recognized rateably over the term of the contract. The Company typically invoices and collects maintenance fees annually in advance.

iv) Professional services & other

The Company provides consulting, training, process mapping, project management and other services for its customers that are distinct from the sale of licenses. Revenues from such services are generally recognized at the point in time when performance obligations are satisfied. The Company also performs services related to implementation. Services related to implementation are not a distinct performance obligation and thus are recognized consistent with the licenses to which they relate but are classified as professional services and other revenue in the consolidated statements of loss and comprehensive loss.

Revenue consisted of the following for the fiscal years ended December 31:

	2023	2022
	\$	\$
SaaS license fees	30,066,905	17,340,601
On-premise license fees	436,126	868,797
Maintenance fees	277,199	804,043
Professional services & other	<u>3,443,178</u>	<u>4,735,760</u>
	<u>34,223,408</u>	<u>23,749,201</u>

Kneat's customer base consists primarily of multi-national companies in the life sciences industry, including biopharmaceutical manufacturers, medical device manufacturers, laboratories, contract research and contract manufacturers and other supply chain service providers. Customers are quoting up to 100% increased productivity and up to 50% reductions in cycle times as a result of using Kneat Gx¹. The actual savings depend on the business process being automated on Kneat Gx. These efficiency improvements may also result in a quicker time to market for products, while still enhancing the compliance capability to the strict regulations of the industry.

kneat.com's contracts with customers are typically three years in length plus renewal terms and include license subscriptions (Software as a Service ("SaaS")) or legacy on-premise upfront licenses plus maintenance fees and professional service fees. kneat.com sells only SaaS licenses to new customers but it still retains one significant legacy on-premise customer. It expects this remaining on-premise customer to switch to SaaS over the next number of quarters. Once a new contract is signed, the deployment phase commences and typically takes four to six months for the new customer to go-live on the platform. However, the length of the deployment project will be specific to each customer's requirements. Some fees related to deployment and licenses may be collected up front, however Kneat's revenue recognition criteria is such that revenue is only recognized on completion of the deployment phase when the licenses are available for use by the customer. This results in a typical time lag of four to six months from the date of a new customer announcement to the date of initial revenue recognition. kneat.com provides professional services to assist customers with the deployment of Kneat Gx, scaling the system to new processes and locations, and training users. The Company also has a strategy to work with partner companies with a view to enabling those partners to provide these professional services to Kneat

¹ Source: Biogen and Merck case studies. Refer to kneat.com website for further information.

customers. The Kneat Partner Program is a network of professional service providers, consultants and technology firms that provide their clients with additional value by leveraging Kneat Gx. The program creates mutually beneficial partnerships that increase the availability and quality of Kneat related services and products. Currently, Kneat has relationships with 79 partner and service providers. Partners fall into different categories, from service providers requiring low levels of support from Kneat to strategic partners involving a deeper and broader relationship requiring greater support from Kneat.

Generally new customer contracts start with licenses for one process at one site with the ability to use the same contract to purchase additional licenses at the customer's request. Kneat's goal for each customer is to see them scale across various sites and processes through its "land and expand" strategy over a number of years. This is also the customer's indicated intent when they first purchase Kneat Gx, as Kneat Gx is being purchased as a corporate-wide solution. The potential expansion within Kneat's existing customer base represents a revenue opportunity and continues to be a focus for the sales and support teams. The ease with which a customer can increase the number of users, sites and regulated processes once deployed has been a benefit that a number of customers have experienced within their global operations.

The current pricing strategy for licenses is based on a number of factors including, but not limited to, the number and type of licenses purchased at a given time, competitive environment, strategic reasons and other factors. SaaS licenses are charged via a yearly subscription, in advance, and pricing is set in proportion to the number of seats licensed. Legacy on-premise licenses are charged upfront and include a yearly maintenance fee with pricing being set in proportion to the number of on-premise licenses purchased. Maintenance fees are charged to the customer per annum per license for on-premise licenses only. Pricing for services is determined on an individual customer basis depending on the type of service being performed and the number of hours required to complete the service. Typically, services are priced per day, depending on the service and the skill level required.

Other than some trends toward customers focusing on completing professional services projects in the fourth quarter before the end of the year, quarterly or seasonal trends or cycles are not a significant factor impacting the Company's business at this time.

[Sales and Marketing strategy](#)

Kneat has a Senior VP of Global Sales, VP of Marketing, marketing managers, marketing executives, VP of U.S. sales, U.S. and EU sales directors, pre-sale engineers, business development representatives and customer account managers in the United States and Europe. These individuals have been driving the customer acquisition strategy for Kneat, resulting in a record number of new customer announcements in 2023. They are also acquiring lower-tier customers and partners which Kneat does not announce.

The salesforce target large multi-national companies as these customers have the most potential for scaling Kneat Gx and thus the most licensing potential. With the ongoing focus on improving the ease of onboarding and servicing, Kneat is also targeting its sales and marketing effort on mid-and lower-tier companies.

Kneat's current focus is primarily on a direct sales and hybrid deployment model (mix of direct and service partners). Going forward, referral and deployment (integration) partners may become a more significant part of the Company's model. The Company also operates a formal Kneat Academy designed to train and

certify Kneat users globally within our customer and channel partner base to enable a more effective partner model. Kneat's intention is to develop and market leading-edge software and to leave aspects of services to key partners, who are established and have both local and global presence.

Competitive Conditions

Competition exists in three categories at this time. They are:

- Current legacy systems - hybrid paper-based systems. These systems leverage document management systems and Microsoft Word documents. They must resort to paper for much of the testing and data capture. In their current formats they cannot manage the process electronically. These solutions provide limited levels of control and oversight, no level of automation and they cannot remove paper from the process. These are the legacy paper-dominant systems that are being replaced.
- Transactional database systems which capture data via a form and report on that data via reports. These are data-centric systems and lack a data- and document-centric combination capability which is needed by the industry, to allow flexibility and context-driven visibility with regard to how it performs validation and captures and views the data. They tend to be based on more generic, legacy software systems and while they are enabling some value, they don't deliver sufficiently to be widely adopted across the industry for multiple validation processes.
- Other digital solutions come in the form of bundled software systems. These systems typically integrate with other software systems to meet the business needs. Integrating with other systems to capture and manage data for these critical regulatory processes can impact their usability and robustness from a data integrity and compliance perspective.

With increasing regulatory demands and the paperwork that comes with it, the life sciences industry is actively seeking solutions to reduce this burden and contain escalating costs.

Kneat believes its competitive advantages over paper and other electronic solutions is

- that it provides an end-to-end easy to use and easy to deploy paperless solution for all validation processes, thereby meeting all the business needs in one fully integrated homogenous platform.
- that it is designed from the ground up specifically as a digital signature system to meet the high regulatory requirements of the global life sciences industry. In the industry such systems are categorized as electronic record electronic signature systems (ERES). For this reason, they must comply with stringent regulations such as FDA 21CFR Part 11 and EU Annex 11. Generic software systems cannot comply to these regulations, and they fall down for this reason.
- that it provides a dynamic data lifecycle management capability. As data is entered into Kneat Gx via documents or forms, an underlying structured data model is created. The data is centrally managed and can be instantly shared across multiple documents in a structured manner. This capability is valued by customers, as it delivers data lifecycle management and resultant data integrity that is a focus during regulatory audits.

Given the success of Kneat and the market potential that the Company believes its product has, Kneat anticipates that there will be increased competition from both existing competitors and potential new entrants to the market. Kneat sees its technology platform, continuous innovation and its ability to execute as its pillars of competitive advantage.

Proprietary Protection

All source code is copyright protected and obfuscated so it cannot be accessed. Kneat typically licenses software pursuant to software license and master service agreements that restrict our customers' use of the software, such as prohibitions related to reverse engineering, limitations of the use of copies of the software and related documentation and restrictions on and access to source code.

Kneat requires all employees to sign non-disclosure agreements to avoid disclosure of intellectual property and proprietary information. These agreements also require employees to assign to Kneat all intellectual property developed during their employment with the Company. Kneat also utilizes non-disclosure agreements when interacting with business partners, potential business partners and other business relationships which may result in the disclosure of proprietary information.

The ability of the Company to enforce intellectual property rights depends on any legal actions against any infringers being successful, but these actions may not be successful or may be prohibitively expensive, even when our rights have been infringed. Please see "Risk Factors" below.

RISK FACTORS

The Company's operations and financial performance are subject to the normal risks of its industry and are subject to various factors which are beyond the control of the Company. Certain of these risk factors are described below. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that it currently considers immaterial, may also adversely impact the Company's business, operations, financial results or prospects, should any such other events occur.

kneat.com has a limited commercial history and its future profitability is uncertain

kneat.com has a limited commercial history and its business is subject to all of the risks inherent in a growing software company. The Company's likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with a company at this stage of growth. If kneat.com continues to incur operating losses and fails to become a profitable company, it may be unable to continue its operations. kneat.com may continue to operate at a net loss for the next several years, as it continues its software development efforts and continues to further develop its sales, marketing and distribution capabilities.

kneat.com's financial resources depend on a variety of dynamic factors

The Company's future capital requirements will depend on many factors, including its ability to maintain and expand its customer base, implement its cost optimization plans and implement its strategic plans. For the foreseeable future, kneat.com may have to fund a significant proportion of its operations and capital expenditures from the net proceeds of future offerings and grants of securities. Any additional

equity financing may be dilutive to holders of the Company's common shares and any debt financing, if available, may require restrictions to be placed on the Company's future financing and operating activities. The Company may be unable to obtain additional financing on acceptable terms if the market and economic conditions, financial condition or operating performance of the Company or investor sentiment are unfavorable. The Company's inability to raise further funds may hinder its ability to implement its strategy to grow in the future or pay its obligations when they become due.

kneat.com has a history of losses and may never achieve or sustain profitability

kneat.com has incurred substantial losses since its inception, and it may not achieve profitability in the foreseeable future, if at all. kneat.com expects to incur net losses and negative cash flows due in part to increasing research and development expenses, marketing expenses, hiring additional personnel, cloud hosting and other costs. As a result, kneat.com will need to generate additional revenues in order to achieve and maintain profitability. kneat.com may not be able to generate these revenues or achieve profitability in the future. Even if kneat.com does achieve profitability, it may not be able to sustain or increase profitability.

The length of kneat.com's sales cycle can fluctuate significantly which could result in significant fluctuations in license and other revenues being recognized from quarter to quarter

The decision by a customer to purchase licenses for kneat.com's software product or purchase its services often involves a comprehensive implementation process across the customer's network or networks. As a result, the licensing and implementation of kneat.com's software product and any related services may entail a significant commitment of resources by prospective customers, accompanied by the attendant risks and delays frequently associated with significant technology implementation projects. Given the significant investment and commitment of resources required by an organization to implement kneat.com's software product, its sales cycle may be longer compared to other companies within kneat.com's own industry, as well as companies in other industries. Also because of changes in customer spending habits, it may be difficult for kneat.com to budget, forecast and allocate its resources properly. In weak economic environments, it is not uncommon to see reduced information technology spending. It may take several months, or even several quarters, for marketing opportunities to materialize. If a customer's decision to license kneat.com's software is delayed or if the implementation of the software product takes longer than originally anticipated, the date on which kneat.com may recognize revenues from these licenses would be delayed. Such delays and fluctuations could cause kneat.com's revenues to be lower than expected in a particular period and kneat.com may not be able to adjust its costs quickly enough to offset such lower revenues, potentially negatively impacting its business, operating results and financial condition.

If kneat.com does not continue to develop technologically advanced product functionality, future revenues and its operating results may be negatively affected

kneat.com's success depends upon its ability to design, develop, test, market, license and support new software functionality, services and enhancements of current functionality and services on a timely basis in response to both competitive threats and marketplace demands. Examples of significant trends in the software industry include cloud computing, mobility and artificial intelligence. In addition, kneat.com's software product, services and enhancements must remain compatible with standard platforms and file

formats. Moreover, if new industry standards emerge that kneat.com does not anticipate or adapt to, or with rapid technological change occurring, if alternatives to its services and solutions are developed by its competitors, kneat.com's software and services could be rendered obsolete, causing kneat.com to lose market share and, as a result, harm its business and operating results and its ability to compete in the marketplace.

If kneat.com's software and services do not gain market acceptance, its operating results may be negatively affected

kneat.com intends to pursue the goal for Kneat Gx to be the global standard for regulated data and documentation management across industries where sound data management, documentation practices and regulatory compliance are keys to success. kneat.com intends to pursue its strategy through, among other things, its proprietary research and the development of new software functionality and service offerings. In response to customer demand, it is important to kneat.com's success that it continues to enhance its software product and services and to seek to set the standard for Kneat Gx capabilities. The primary market for its software product and services is rapidly evolving, which means that the level of acceptance of software functionality and services that have been released recently or that are planned for future release by the marketplace is not certain. If the markets for kneat.com's software product and services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, kneat.com may be unable to: (i) successfully market its current product and services; (ii) develop new software product functionalities and services and enhancements to current software product functionalities and services; (iii) complete customer implementations on a timely basis; or (iv) complete software upgrades and services currently under development. In addition, increased competition could put significant pricing pressures on kneat.com's product which could negatively impact its margins and profitability. If kneat.com's software product and services are not accepted by its customers or by other businesses in the marketplace, kneat.com's business, operating results and financial condition will be materially affected.

A small number of customers compose a proportionately large percentage of revenue

The Company has been dependent, and expects that during the current fiscal year it will continue to be dependent, on a relatively small number of customers for a large percentage of its revenue. For the year ended December 31, 2023, the Company's top 10 customers made up 53% of the Company's revenues (2022 55%). If one or more of the Company's customers discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchases of the Company's products or services, the Company's business, results of operations and financial condition could be materially adversely affected.

kneat.com relies on third-party service providers

The Company's success depends upon relationships with third-party service providers, including providers of cloud hosting infrastructure, customer relationship management systems, financial reporting systems, human resource management systems, marketing automation systems, and payroll processing systems. If any of these third parties experience difficulty meeting the Company's requirements or standards, become unavailable due to extended outages or interruptions, temporarily or permanently cease operations, face financial distress or other business disruptions, increase their fees; or if the Company's

relationships with any of these providers deteriorate; or if any of the agreements entered into with such third parties are terminated or not renewed without adequate transition arrangements, the Company could suffer liabilities, penalties, fines, increased costs and delays in its ability to provide customers with the Company's products, the Company's ability to manage its finances could be interrupted, receipt of payments from customers may be delayed, the Company's processes for managing sales of its offerings could be impaired, the Company's ability to generate and manage sales leads could be weakened, or the Company's business operations could be disrupted. Any of such disruptions may adversely impact the Company's business and its financial condition, results of operations, or cash flows until the Company replaces such providers or develops replacement technology or operations. In addition, if the Company is unsuccessful in identifying high-quality service providers, negotiating cost-effective relationships with them, or effectively managing these relationships, it could adversely affect the Company's business and financial results.

kneat.com depends on suppliers

The Company licenses certain technologies used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could delay the Company's ability to supply its products while the Company seeks to implement alternative technology offered by other sources which may require significant unplanned investments on its part. In addition, alternative technology may not be available on commercially reasonable terms or may not be available at all. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of the Company's products or relating to current or future technologies to enhance the Company's product offerings. There is a risk that the Company will not be able to obtain licensing rights to the required technology on commercially reasonable terms, if at all.

kneat.com's investment in its current research and development efforts may not provide a sufficient, timely return

The development of Kneat Gx is a costly, complex and time-consuming process and the investment in kneat.com's software product development often involves a long wait until a return is achieved on such an investment. kneat.com is making, and will continue to make, significant investments in software research and development and related product opportunities. Investments in new technology and processes are inherently speculative. Commercial success depends on many factors, including the degree of innovation of the software product and services developed through kneat.com's research and development efforts, sufficient support from its strategic partners and effective distribution and marketing. Accelerated software product introductions and short product life cycles require high levels of expenditures for research and development. These expenditures may adversely affect kneat.com's operating results if they are not offset by revenue increases. kneat.com believes that it must continue to dedicate a significant amount of resources to its research and development efforts in order to maintain its competitive position. However, significant revenues from new software product and service investments may not be achieved for a number of years, if at all. Moreover, new software functionality and services may not be profitable, and even if they are profitable, operating margins for new software product functionality and services may not be as high as projected.

Failure to protect kneat.com's intellectual property could harm its ability to compete effectively

kneat.com is highly dependent on its ability to protect its proprietary technology. kneat.com relies on a combination of trade secret laws, copyright protection, as well as non-disclosure agreements and other contractual provisions to establish and maintain its proprietary rights. kneat.com currently does not own any patents or have any patents pending. kneat.com intends to protect its intellectual property rights vigorously; however, there can be no assurance that these measures will, in all cases, be successful. Software piracy has been, and is expected to be, a persistent problem for the software industry and piracy of its software product may represent a loss of revenue to kneat.com. Where applicable, certain of kneat.com's license arrangements have required it to place such source code into escrow for the protection of another party. Despite the precautions kneat.com has taken, unauthorized third parties, including its competitors, may be able to copy certain portions of kneat.com's software product or reverse engineer or obtain and use information that kneat.com regards as proprietary. Also, kneat.com's competitors could independently develop technologies that are perceived to be substantially equivalent or superior to its technologies. kneat.com's competitive position may be adversely affected by its possible inability to effectively protect kneat.com's intellectual property. In addition, certain of its products may from time to time contain open source software. Licensees of open source software may be required to make public certain source code or to make certain derivative works available to others. While kneat.com monitors and controls the use of open source software in its product and in any third-party software that is incorporated into its product, and kneat.com tries to ensure that no open source software is used in such a way as to require it to disclose the source code for the related product or service, there can be no guarantee that such use could not inadvertently occur. If this happened it could harm kneat.com's intellectual property position and have a material adverse effect on its business, results of operations and financial condition.

Other companies may claim that kneat.com infringes their intellectual property, which could materially increase costs and materially harm its ability to generate future revenues and profits

Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents, are applied to software products. Although kneat.com does not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against it in the future. Although most of kneat.com's technology is proprietary in nature, kneat.com may include certain third party and/or open source software in its software product. In the case of third-party software, kneat.com believes this software is licensed from the entity holding the intellectual property rights. Although kneat.com believes that it has secured proper licenses for all third-party intellectual property that is integrated into its product, third parties may assert infringement claims against kneat.com in the future, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies such as kneat.com. Any such assertion, regardless of merit, may result in litigation or may require kneat.com to obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms. In addition, as kneat.com continues to develop software product functionality and expand its portfolio using new technology and innovation, kneat.com's exposure to threats of infringement may increase. Any infringement claims and related litigation could be time-consuming, disruptive to kneat.com's ability to generate revenues or enter into new market opportunities and may result in significantly increased costs as a result of kneat.com's

defense against those claims or its attempt to license the intellectual property rights or rework kneat.com's product to avoid infringement of third-party rights. Typically, kneat.com's agreements with its partners and customers contain provisions which require kneat.com to indemnify them for damages sustained by them as a result of any infringement claims involving kneat.com's product. Any of the foregoing infringement claims and related litigation could have a significant adverse impact on kneat.com's business and operating results as well as its ability to generate future revenues and profits.

kneat.com is subject to a variety of laws, changes in which may adversely impact its ability to operate effectively

kneat.com operates in Canada, the United States and various European countries including Ireland where its head office is based. The Company continues to offer its product and services in the European Union, Canada, the United States and other countries. kneat.com is and will be subject to a variety of laws in the European Union, Canada, the United States and other countries, including laws regarding consumer protection, privacy, intellectual property, taxation and content suitability, distribution and antitrust, that are continuously evolving and developing. The scope, enforcement and interpretation of the laws that are or may be applicable to kneat.com and its subsidiaries are often uncertain and may be conflicting, particularly laws outside of Ireland, Canada and the United States. It is also likely that as business grows and evolves to a greater number of countries, kneat.com will become subject to laws and regulations in additional jurisdictions. Compliance with applicable laws or regulations could be very difficult or liability could arise under these laws or regulations due to amendments to or evolving interpretation and enforcement of such laws and regulations. As a result, kneat.com could be directly harmed, and may be forced to implement new measures to reduce the exposure to this liability. This may require substantial resources to be expended or a modification of its product and services, which would harm the business, financial condition and results of operations of kneat.com.

Fluctuations in exchange rates of foreign currency could impact kneat.com's operating results

kneat.com currently reports its results in the Canadian dollar. Fluctuations in the exchange rates between the European Euro, United States dollar and Canadian dollar may have a material adverse effect on the business, financial condition and operating results of the Company. To date, kneat.com has not engaged in exchange rate hedging activities and may not do so in the foreseeable future.

Current and future competitors could have a significant impact on kneat.com's ability to generate future revenues and profits

The markets for kneat.com's software product and services are competitive and are subject to technological change and other pressures created by changes in its industry. The convergence of many technologies may result in unforeseen competitors arising from companies that were traditionally not viewed as threats to kneat.com's marketplace. kneat.com expects competition to increase and intensify in the future as the pace of technological change and adaptation quickens and as additional companies enter its markets, including those competitors who offer similar solutions as kneat.com does, but offer it through a different form of delivery. kneat.com could lose market share if its current or prospective competitors: (i) introduce new competitive products or services; (ii) add new functionality to its existing product and services; (iii) acquire competitive products and services; (iv) reduce prices; (v) form strategic alliances with other companies and/or (vi) undertake other activities to weaken the Company's position

in the market place. If other businesses were to engage in aggressive pricing policies with respect to competing products, or if the dynamics in kneat.com's marketplace resulted in increasing bargaining power by the consumers of kneat.com's software product and services, kneat.com would need to lower the prices it charges for the product and services it offers. This could result in lower revenues or reduced margins, either of which may materially and adversely affect kneat.com's business and operating results. Additionally, if prospective consumers choose other methods of data and document management within regulated environments, different from that which we offer, kneat.com business and operating results could also be materially and adversely affected.

kneat.com must continue to manage its internal resources during periods of company growth or its operating results could be adversely affected

kneat.com's growth, coupled with the rapid evolution of its markets, may place significant strains on kneat.com's administrative and operational resources and increased demands on its internal systems, procedures and controls. kneat.com's administrative infrastructure, systems, procedures and controls may not adequately support its operations. In addition, kneat.com's management may not be able to achieve the rapid, effective execution of the product and business initiatives necessary to successfully implement kneat.com's operational and competitive strategy. If kneat.com is unable to manage growth effectively, its operating results will likely suffer which may, in turn, adversely affect its business.

If kneat.com loses the services of its executive officers or other key employees or if it is not able to attract or retain top employees, kneat.com's business could be significantly harmed

kneat.com's performance is substantially dependent on the performance of its executive officers and key employees. kneat.com does not maintain "key person" life insurance policies on any of its employees. kneat.com's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified management, technical, sales and marketing personnel. In particular, the recruitment of top developers and experienced salespeople remains critical to its success. Competition for such people is intense, substantial and continuous, and kneat.com may not be able to attract, integrate or retain highly qualified technical, sales or managerial personnel in the future. In addition, in its effort to attract and retain critical personnel, kneat.com may experience increased compensation costs that are not offset by either improved productivity or higher prices for its software product or services.

kneat.com may fail to achieve its financial forecasts due to inaccurate sales forecasts or other factors

kneat.com's revenues, particularly newly added software license revenues, are difficult to forecast and as a result its quarterly operating results can fluctuate substantially. kneat.com uses a "pipeline" system, a common industry practice, to forecast sales and trends in its business. By reviewing the status of outstanding sales proposals to its customers and potential customers, kneat.com makes an estimate as to when a customer will make a purchasing decision involving its software product. These estimates are aggregated periodically to make an estimate of kneat.com's sales pipeline, which kneat.com uses as a guide to plan its activities and make financial forecasts. kneat.com's sales pipeline is only an estimate and may be an unreliable predictor of actual sales activity, both in a particular quarter and over a longer period of time. Many factors may affect actual sales activity, such as weakened economic conditions, which may cause kneat.com's customers and potential customers to delay, reduce or cancel software and service related purchasing decisions and the tendency of some of kneat.com's customers to wait until the end of

a fiscal period in the hope of obtaining more favourable terms from kneat.com. If actual sales activity differs from kneat.com's pipeline estimate, then kneat.com may have planned its activities and budgeted incorrectly and this may adversely affect its business, operating results and financial condition.

kneat.com's software product and services may contain defects that could harm its reputation, be costly to correct, delay revenues, and expose kneat.com to litigation

kneat.com's software product and services are highly complex and sophisticated and, from time to time, may contain design defects, software errors, hardware failures or other computer system failures that are difficult to detect and correct. If these defects are discovered, kneat.com may not be able to successfully correct such errors in a timely manner. In addition, despite the extensive tests kneat.com conducts on all its software product or services, kneat.com may not be able to fully simulate the environment in which its product or services will operate and, as a result, kneat.com may be unable to adequately detect the design defects or software or hardware errors which may become apparent only after the product is installed in an end-user's network, and users have transitioned to kneat.com's services. The occurrence of errors and failures in kneat.com's software product or services could result in the delay or the denial of market acceptance of its product and alleviating such errors and failures may require kneat.com to make significant expenditure of its resources. Customers often use kneat.com services and solutions for critical business processes and as a result, any defect or disruption in kneat.com's solutions, any data breaches or misappropriation of proprietary information, or any error in execution, including human error or intentional third-party activity such as denial of service attacks or hacking, may cause customers to reconsider renewing their contract with kneat.com. The errors in or failure of kneat.com's software product and services could also result in kneat.com losing customer transaction documents and other customer files, causing significant customer dissatisfaction and possibly giving rise to claims for monetary damages. The harm to kneat.com's reputation resulting from product and service errors and failures may be materially damaging. kneat.com's agreements with its strategic partners and end-users typically contain provisions designed to limit its exposure to claims. However, such provisions may not effectively protect kneat.com against claims and the attendant liabilities and costs associated with such claims. Any claims for actual or alleged losses to kneat.com's customers' businesses may require kneat.com to spend significant time and money in litigation or arbitration or to pay significant settlements or damages. Defending a lawsuit, regardless of merit, can be costly and would divert management's attention and resources. Although kneat.com maintains insurance coverage, such coverage may not be adequate to cover all such claims. Accordingly, any such claim could negatively affect its business, operating results or financial condition.

Unauthorized disclosures and breaches of security data may adversely affect kneat.com's operations

kneat.com relies heavily on its information technology systems including, without limitation, its networks, equipment, hardware, software, telecommunications, and other information technology (collectively, "IT systems"), and the IT systems of its vendors and third-party service providers, to operate its business as a whole. kneat.com has strict measures to protect its IT systems against unauthorized access and disclosure of personal information and of kneat.com's confidential information and confidential information belonging to its customers. kneat.com has policies and procedures in place dealing with data security and records retention. However, there is no assurance that the security measures kneat.com has put in place will be effective in every case. Breaches in security could result in a negative impact for kneat.com and for its customers, affecting kneat.com's and its customers' businesses, assets, revenues, brands and

reputations and resulting in penalties, fines, litigation and other potential liabilities, in each case depending on the nature of the information disclosed. Security breaches could also affect kneat.com's relations with its customers, injure kneat.com's reputation and harm its ability to keep existing customers and to attract new customers. These risks to kneat.com's business may increase as it expands the number of web-based and cloud-based product and services kneat.com offers.

kneat.com may become involved in litigation that may materially adversely affect the Company

From time to time in the ordinary course of kneat.com's business, it may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause kneat.com to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on kneat.com's business, operating results or financial condition.

kneat.com's operating results could be adversely affected by any weakening of economic conditions

kneat.com's overall performance depends in part on worldwide economic conditions. Certain economies have experienced periods of downturn as a result of a multitude of factors, including, but not limited to, turmoil in the credit and financial markets, concerns regarding the stability and viability of major financial institutions, declines in gross domestic product, rising inflation and interest rates, increases in unemployment and volatility in commodity prices and worldwide stock markets, and excessive government debt. The severity and length of time that a downturn in economic and financial market conditions may persist, as well as the timing, strength and sustainability of any recovery, are unknown and are beyond kneat.com's control. During such downturns, many customers may delay or reduce technology purchases. Contract negotiations may become more protracted or conditions could result in reductions in the licensing of kneat.com's software product and the sale of cloud and other services, longer sales cycles, pressure on kneat.com's margins, difficulties in collection of accounts receivable or delayed payments, increased default risks associated with kneat.com's accounts receivables, slower adoption of new technologies and increased price competition. In addition, deterioration of the global credit markets could adversely impact kneat.com's ability to complete licensing transactions and services transactions, including maintenance and support renewals. In addition, impacts related to global political instability may heighten many risks and uncertainties and could have a material adverse impact on our business. Any of these events, as well as a general weakening of, or declining corporate confidence in, the global economy, or a curtailment in government or corporate spending could delay or decrease kneat.com's revenues, and therefore have a material adverse effect on its business, operating results and financial condition.

Risks associated with debt financing

The Company's ability to satisfy its liabilities, including under the IPF Facility, and make payments when due and payable will be contingent, in part, upon its success in achieving significant revenues from its products. While the Company was successful in securing financing under the IPF Facility, there is no assurance that the Company will be able to secure additional financing to repay its liabilities under the IPF Facility should cash flows from operations be insufficient to repay these liabilities. The Company's inability to repay outstanding debt when due would have a material adverse impact on its business. Kneat's Irish subsidiary, Kneat Solutions Limited, is the borrower, and the Company and its U.S. wholly owned

subsidiary are guarantors under the IPF Facility. The IPF Facility is secured by a perfected, sole first-priority security interest in all existing and after acquired tangible and intangible assets of Kneat Solutions Limited, the Company and its U.S. wholly owned subsidiary. The IPF Facility is subject to a financial covenant required adherence to a minimum cash balance at all times. Non-compliance with this covenant would result in an event of default. In the event of a default in payment on or the acceleration of repayment under the IPF Facility, or upon the exercise of the remedies on behalf of the lender pursuant to the terms of IPF Facility, such enforcement would have a material adverse effect on the business, operations, financial condition and prospects of the Company.

Cyber security incidents and privacy breaches could result in important remediation costs, increased cyber security costs, litigation and reputational harm

Cyber security incidents can result from deliberate attacks or unintentional events. Cyber-attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company's information, systems and networks, the introduction of computer viruses and other malicious codes and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. Cyber-attacks in particular vary in technique and sources, are persistent, frequently change and are increasingly more targeted and difficult to detect and prevent. Disruptions due to cyber security incidents could adversely affect the Company's business. In particular, a cyber security incident could result in the loss or corruption of data from the Company's research and development activities. Also, the Company's trade secrets, including unpatented know how, technology and other proprietary information could be disclosed to competitors further to a breach, which would harm the Company's business and competitive position. If the Company is unable to protect the confidentiality of its trade secrets, the Company's business and competitive position would be harmed. The Company relies on a third-party to provide Infrastructure as a Service (IaaS) for the Kneat Gx SaaS product. Management and control of the Company's third-party providers are executed in accordance with the Company's vendor approval and control procedure which categorises its third-party providers based on risk. Oversight of the performance of third-party providers is performed at management review meetings in accordance with the Company's quality management system requirements. The third-party provides System and Organization Controls (SOC) reports (SOC 1 reports provided quarterly and SOC 2 and SOC 3 reports provided bi-annually), which are independent third-party examination reports that demonstrate how the entity achieves key compliance controls and objectives. All changes to infrastructure and configurations associated with the Company's SaaS cloud are governed by the Company's change control procedure and are specified, implemented and qualified according to GxP best practices. All activities within the third-party provider account are monitored and logged. The servers, services and applications running within the Company's SaaS cloud are monitored in real-time with alerts for failure and potential causes of impending failure. A cyber security incident may have a material adverse impact on kneat.com's business, operations, financial condition and prospects.

kneat.com must successfully upgrade and maintain its information technology systems

The Company relies on various information technology systems to manage its operations. There are inherent costs and risks associated with maintaining, modifying and/or changing these systems and implementing new systems, including potential disruption of the Company's internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate its systems, demands on management time and

other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into the Company's current systems. In addition, the Company's information technology system implementations may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. The implementation of new information technology systems may also cause disruptions in the Company's business operations and have an adverse effect on its business, prospects, financial condition and operating results.

kneat.com is subject to changes in its tax status or in taxation legislation in jurisdictions where it operates.

Any change in the Company's tax status or in taxation legislation in any jurisdiction in which the Company operates could affect the Company's financial condition and results and its ability (if any) to provide returns to shareholders of the Company. The taxation of an investment in the Company depends on the individual circumstances of investors.

kneat.com is subject to possible audit by tax authorities in the countries in which it operates

The Company is subject to possible audit by tax authorities in the countries in which it operates and/or sells its products and services. The outcome of an audit could result in the relevant authorities taking a different position to the Company on a taxation issue which could have an adverse effect on the Company as it may result in the Company being subject to fines and penalties, being liable to pay higher taxes or to repay amounts previously received, and/or not being eligible to receive amounts which are accrued in the financial statements but which have not yet been received.

CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of fully paid Common Shares, without par value. On December 31, 2023 there were 78,298,796 Common Shares issued and outstanding. As of February 21, 2024 there are 84,462,718 issued and outstanding. The Company has no other classes of shares.

Each Common Share entitles the holder to one vote at all meetings of holders of shares. The holders of the Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares. The holders of Common Shares will be entitled to receive Kneat's remaining property and assets available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

The summary above of the rights, privileges, restrictions and conditions attached to the Common Shares is subject to and qualified in its entirety by reference to our articles and by-laws which are available under our profile on the SEDAR website at www.sedar.com.

Options

At the annual and special meeting of shareholders of the Company held on May 23, 2023, the board approved to amend the Omnibus equity incentive plan (the '**Omnibus Plan**') in order to (a) decrease the maximum number of common shares issuable upon exercise of options from 15% to 6% of the total issued and outstanding common shares of the Corporation; and (b) amend the maximum number of common

shares issuable with respect to the grants of RSUs and DSUs from 4 million to 9% of the total issued and outstanding common shares of the Corporation.

The following table sets forth all options that are outstanding as of the date of this Annual Information Form:

Number of Options	Exercise Price (\$)	Expiry Date
225,000	\$1.06	07-Mar-24
10,000	\$1.22	04-Apr-24
200,000	\$1.52	23-Sep-24
40,000	\$2.84	01-Jan-25
40,000	\$2.84	06-Feb-25
20,000	\$1.94	22-Apr-25
240,170	\$2.50	26-Aug-25
3,500	\$2.55	01-Oct-25
200,000	\$2.20	26-Nov-25
20,000	\$2.98	27-May-26
707,481	\$3.45	12-Aug-26
85,000	\$4.10	23-Sep-26
280,000	\$3.60	07-Jan-27
42,000	\$2.93	24-Feb-27
95,000	\$3.05	12-Aug-27

Restricted Share Units

The Omnibus Plan also provides the Board with the authority to grant restricted share units (RSUs). There were 2,213,391 RSUs granted and outstanding as of December 31, 2023. As at the date of this Annual Information Form there are 2,205,644 restricted share units outstanding. RSUs typically vest over a three-year period and will be settled through the issuance of common shares on a one-for-one basis.

Deferred Share Units

Under the Omnibus Plan the Board also have the authority to grant deferred share units (DSUs) to eligible directors of the Company, allowing such directors to receive all or part of their annual retainer in DSUs.

There were 599,550 deferred share units granted and outstanding as of December 31, 2023. As at the date of this Annual Information Form there are 599,550 deferred share units outstanding. These deferred share units were granted to directors as part of their annual retainer fees. The deferred share units vest over a three- or four-year period and cannot be redeemed until the holder is no longer a director of the Company. The deferred share units will be settled through the issuance of common shares on a one-for-one basis.

DIVIDEND POLICY

Kneat does not currently pay cash dividends on its Common Shares. The declaration and payment of dividends on its Common Shares is at the discretion of the Company's Board of Directors. Kneat's dividend

policy will be reviewed from time to time by the Board of Directors in the context of the Company's earnings, financial condition and other relevant factors.

MARKET FOR SECURITIES

Trading Price and Volume

The Company's Common Shares are listed on the TSX under the trading symbol "KSI". The following table shows the monthly range of high and low prices per Common Share at the close of market on the TSX as well as total monthly volume of the Common Shares traded on the TSX for the most recently completed financial year ended December 31, 2023, as well as the periods up to the date of this Annual Information Form.

Month	Monthly High Price Per Common Share	Monthly Low Price Per Common Share	Total Monthly Volume
January, 2023	\$3.06	\$2.47	466,120
February, 2023	\$3.03	\$2.66	902,947
March, 2023	\$2.80	\$2.54	406,263
April, 2023	\$2.77	\$2.54	330,121
May, 2023	\$2.73	\$2.47	466,488
June, 2023	\$2.96	\$2.60	773,610
July, 2023	\$3.22	\$2.93	468,258
August, 2023	\$3.44	\$2.92	499,261
September, 2023	\$3.16	\$2.98	422,292
October, 2023	\$3.04	\$2.72	209,062
November, 2023	\$3.33	\$2.72	1,120,907
December, 2023	\$3.15	\$2.94	429,933
January, 2024	\$3.58	\$2.95	1,159,699
February 1 - 20, 2024	\$3.76	\$3.37	1,661,114

DIRECTORS AND OFFICERS

The following tables set out, as of the date of this Annual Information Form, for each of the directors and officers, the person's name, place of residence, position with the Company, and the date on which the person became a director and/or officer. The Company's directors are elected annually at the annual general meeting of shareholders.

Name, Municipality of Residence, Date First Became a Director and/or Officer and Position with the Company	Present Principal Occupation
Ian Ainsworth, Chairman ⁽¹⁾ ⁽²⁾ Toronto, Ontario, Canada June 27, 2016	Chairman of the Company and General Partner of Extreme Venture Partners Inc.
Wade Dawe, Director ⁽²⁾ Halifax, Nova Scotia, Canada January 14, 2014	Chairman and Chief Executive Officer of Numus Financial Inc. and President of Brigus Capital Inc.
Nutan Behki, Director ⁽¹⁾ ⁽⁴⁾ Ottawa, Ontario, Canada May 20, 2021	Assistant Deputy Minister, Shared Services Canada, Government of Canada
Carol Leaman, Director ⁽³⁾ Kitchener, Ontario, Canada January 31, 2022	Chief Executive Officer of Axonify
Kevin Fitzgerald, Director Co. Clare, Republic of Ireland June 27, 2016	Co-founder and Chief Product Officer of the Company
Edmund Ryan, Director Cork, Republic of Ireland June 27, 2016	Co-founder and Chief Executive Officer of the Company
Hugh Kavanagh, CFO Galway, Republic of Ireland September 23, 2019	Chief Financial Officer of the Company
Brian Ahearne, Chief Information Officer Co. Clare, Republic of Ireland June 27, 2016	Co-founder and Chief Information Officer of the Company
Keith Holmes, Chief Technical Officer Dublin, Republic of Ireland November 9, 2020	Chief Technical Officer of the Company
Fiona McCarthy, Chief People & Culture Officer Co. Tipperary, Republic of Ireland December 1, 2021	Chief People and Culture Officer
Jacob Hahn Michelsen, SVP Global Sales Lyngby, Denmark June 1, 2022	Senior Vice President, Sales
Colum McNamara, SVP Operations Co. Offaly, Republic of Ireland June 9, 2023	Senior Vice President, Operations

1) Member of the Audit Committee.

2) Member of the Nominations and Compensation Committee.

3) Chairman of the Audit Committee.

4) Chairman of the Nominations and Compensation Committee.

As at the date hereof, the directors and executive officers of the Company as a group owned beneficially, directly or indirectly, controlled or exercised direction over 19,771,175 Common Shares representing approximately 23% of the outstanding Common Shares.

The following are brief profiles of the directors and officers of the Company, including a brief description of each individual's principal occupation within the past five years.

Mr. Ian Ainsworth – Chairman

Mr. Ainsworth has over thirty years of experience building and managing large investment teams, operating in both public and private markets in Europe and North America. He has managed large funds on behalf of private and institutional clients with a keen interest in healthcare and information technology. As former managing director and Chief Investment Officer of one of Canada's leading mutual fund companies, he won several awards for investment performance. Mr. Ainsworth has a Master of Business Administration in Finance and is a Chartered Financial Analyst.

Mr. Wade Dawe – Director

Mr. Dawe is an accomplished entrepreneur, financier and investor based in Halifax, Nova Scotia. During his career, he has completed transactions valued in excess of \$2 billion. As a founder or partner, he has successfully grown and sold companies in technology, medical services, mining, and oil & gas. He is currently the Chairman and CEO of Numus Financial Inc., and serves on corporate boards, public and private. He believes in giving back to his community and generously supports charitable causes each year. Mr Dawe is originally from Newfoundland, holds a Bachelor of Commerce degree from Memorial University (“MUN”) where he sits on the President’s Advisory Council, and he is also a fellow of the Creative Destruction Lab (CDL) in Halifax, Nova Scotia.

Mrs. Nutan Behki – Director

Mrs. Behki has managed global technology teams for more than 25 years, in companies ranging from small startups to large multinational corporations. She is experienced in developing cloud native products at scale, using modern quality processes and agile development methods. In her current position as Assistant Deputy Minister, Shared Services Canada, Mrs. Behki is responsible for managing large infrastructure and cybersecurity projects for the Government of Canada. She has held previous roles leading research and development, pre-sales, professional services, and as the general manager of a \$1 billion global wireless business. Mrs. Bekhi holds a Bachelor’s degree in Systems Engineering from the University of Waterloo, and a Master’s degree in Engineering from Queen’s University

Ms. Carol Leaman – Director

Ms. Leaman is the CEO of Axonify, a SaaS-based training and communications platform for the frontline used in over 150 countries. Over the past 20 years, Ms. Leaman has built a track record of successfully leading technology companies. Prior to Axonify, she was the CEO of PostRack Inc., a social engagement analytics platform that she sold to Google. She was also the CEO at a number of other technology firms, including RSS Solutions and Fakespace Systems. Ms. Leaman is a celebrated entrepreneur and award winning thought leader whose articles appear in leading learning, business, and technology publications. Ms Leaman sits on the Boards of several Canadian high-tech organizations. Ms. Leaman holds a BA, a Masters of Accounting (MAcc) and a Fellow of Chartered Professional Accountants (FCPA) designation.

Mr. Kevin Fitzgerald – Director and Chief Product Officer

Mr. Fitzgerald is a co-founder of the Company and currently serves as the Chief Product Officer. He has more than twenty five years of experience in design and project management within the pharmaceutical manufacturing industry and research and development of regulatory information technology products for the life sciences industry. Mr. Fitzgerald holds a Bachelor of Engineering (Electronic Engineering) from the University of Limerick.

Mr. Edmund Ryan – Director and Chief Executive Officer

Mr. Ryan is a co-founder of the Company and currently serves as the Chief Executive Officer. He has over fifteen years of experience in design, production and project management within pharmaceutical manufacturing and more than fifteen years of experience in regulated information technology development and sales to the life sciences industry. Mr. Ryan has managed multidisciplinary pharmaceutical projects on behalf of blue-chip companies. He also headed Irish sales for multi-national manufacturers of capital and consumable pharmaceutical equipment. Mr. Ryan holds a Bachelor of Engineering (Mechanical Engineering) from the University of Limerick and a post graduate diploma in International Sales and Marketing from the Dublin Institute of Technology.

Mr. Hugh Kavanagh – Chief Financial Officer

Mr. Kavanagh has been Chief Financial Officer of the Company since September 2019. Prior thereto, he held senior positions at several multi-national companies in the software and life sciences industries, most recently as Chief Financial Officer of Mainstay Medical during which time he completed an initial public offering and several rounds of funding. Mr. Kavanagh is a Chartered Accountant and holds a Bachelor of Commerce from University College Dublin.

Mr. Brian Ahearne – Chief Information Officer

Mr. Ahearne is co-founder of the Company and currently services as the Chief Information Officer. He has over thirty years of experience developing software applications, implementing and maintaining IT Quality Management Systems. For more than twenty of these years he has been involved in developing regulated software applications for the life sciences Industry. Mr. Ahearne holds a Bachelor of Engineering (Mechanical Engineering) and master's degree in software development from the University of Limerick. Mr. Ahearne also held lecturing roles at the University of Limerick.

Mr. Keith Holmes – Chief Technology Officer

Mr. Holmes has been the Chief Technology Officer since November 2020. Prior to this he held several senior positions at international software companies. Most recently he was Vice-President for R&D at CR2. Mr. Holmes has over 30 years of experience in the software industry including three international assignments, multiple patent awards, more than 20 years experience in charge of all software development activities in different companies and a period as CEO of an international software company. Mr. Holmes holds a Bachelor of Science in Computer Science and Mathematics from University College Dublin.

Ms. Fiona McCarthy – Chief People and Culture Officer

Ms. McCarthy joined the Company in December 2021 and serves as Chief People and Culture Officer. She has over 30 years experience in global organisations such as Dell Technologies, Analog Devices, Boston Scientific, AST and Digital Equipment Corp where she held varying Senior Vice President and Executive Director roles. Throughout her career she has had responsibility for the leadership of large global teams and progressing the people agenda. Ms. McCarthy graduated with an honours degree in Economics from

University College Cork, she holds an MBA from the University of Limerick and a post-graduate diploma in Systems Analysis from University College Galway as well as a diploma in French language and culture from L'Institute Catholique de Paris.

Mr. Jacob Hahn Michelsen – Senior Vice President Global Sales & Marketing

Mr. Michelsen has been SVP of Global Sales since June 2022. An experienced and accomplished business leader, Mr Michelsen has held various executive roles in information technology and life sciences, with positions spanning sales, operations, and general management. Prior to joining Kneat, Mr Michelsen worked in global IT service provider NNIT where he held the roles of Senior Vice President – Public and Private, Senior Vice President – Client Management and Global Sales, and Vice President – Life Sciences division. Prior to joining NNIT, Mr. Michelsen also served as VP of Operations and Managing Director for Thermo Fisher Denmark. Mr. Michelsen holds a Masters in Computer Science (civil engineering) from Denmark's Technical University.

Mr. Colum McNamara – Senior Vice President, Operations

Mr. McNamara joined the Company in June 2023 and is responsible for the Customer & Partner Success, Consulting & Training, Technical Support, and Compliance teams for the company. Mr. McNamara has more than 20 years' experience of leading teams in IT & SaaS Operations across various Global Fortune 500 companies in Europe, US, and Asia. Prior to joining Kneat, Mr. McNamara held the position of Senior Director of Customer Success for the EMEA region in Citrix, a cloud computing and virtualization technology company. Before joining Citrix, Mr. McNamara was Senior Director of Network Operations with cybersecurity company Irdeto. Mr. McNamara holds a Master of Science in Operations from Dublin City University and Bachelor of Business Studies & Japanese from the University of Limerick.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

The following information has been furnished by the directors or officers of the Company.

Cease Trade Orders

To the Company's knowledge, no director or executive officer is, at the date of this Annual Information Form, or was within the ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any issuer (including the Company) that:

- (a) while such person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days (an "**Order**"); or
- (b) was subject to an Order that was issued, after such person ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties or Sanctions

To the Company's knowledge, no director or executive officer, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Bankruptcies

To the Company's knowledge, no director or officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

CONFLICTS OF INTEREST

Certain directors and officers of the Company are and may continue to be involved in other private and public companies through their direct and indirect participation in entities that are potential competitors. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Company. As required by law, each of the directors and officers of the Company is required to act honestly, in good faith and in the best interests of the Company. Any conflicts which arise are required to be disclosed by the directors and officers in accordance with the Canada Business Corporations Act and they are required to govern themselves in respect thereof to the best of their ability with the obligations imposed on them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management is not aware of any existing or contemplated legal proceedings or regulatory actions that would be considered material to the Company to which it is a party or to which its property is subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise stated herein and as described below, to our knowledge, no director, executive officer or any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Company's Common Shares, or any of their respective associates or affiliates has any material interest, direct or indirect, in any transaction within the three years prior to the date of this Annual Information Form, or any proposed transaction, that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Company is Computershare Investor Services, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

There are no material contracts, other than those contracts entered into in the ordinary course of business, which we have entered into since the beginning of the last financial year, or entered into prior to such date, but which are still in effect and which are required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

EXPERTS

KPMG, LLP audited the consolidated financial statements of the Company for the years ended December 31, 2023 and December 31, 2022. KPMG, LLP has confirmed that they are independent with respect to the Company in accordance with the ethical requirements that are relevant to their audit of the financial statements in Canada.

AUDIT COMMITTEE

Composition

As of the date of this Annual Information Form, the Company's audit committee (the "Audit Committee") is composed of three directors being Carol Leaman (Chair), Nutan Behki and Ian Ainsworth. All of the Company's Audit Committee members are considered to be independent directors. The relevant education and experience of each member of the Audit Committee is described as part of their respective biography. See "*Directors and Officers*". Each member of the Audit Committee possesses: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

Audit Committee Charter

The Board of Directors has adopted a written charter for the Audit Committee (the "Audit Committee Charter") which sets out the Audit Committee's responsibilities, and includes among other things, the following: (i) reviewing and recommending to the Board of Directors for approval of our Company's quarterly and annual financial statements and related management discussion and analysis; (ii) recommending to the Board of Directors and overseeing the external auditors of our Company; (iii) reviewing significant accounting estimates and judgments; (iv) reviewing and approving, if appropriate, major changes to our Company's accounting principles and practices; and (v) pre-approving all audit and non-audit services to be provided to us or our subsidiaries by the external auditors in a manner consistent

with NI 52-110. A copy of the Audit Committee Charter is attached to this annual information form as Appendix "A".

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed fiscal year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Company's external auditors not been adopted by the Board of Directors of the Company.

Pre-Approval Policies and Procedures

All non-audit services to be provided by the Company's external auditor to the Company must be pre-approved by the Audit Committee.

External Auditor Service Fees

For the fiscal years ended on December 31, 2023 and 2022, fees billed for audit, audit-related, tax and all other services provided to the Company by the auditor of the Company as follows:

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2022
Audit fees ^{(1) (2)}	\$340,560	\$208,990
Audit-related	-	-
Tax ⁽²⁾	\$188,494	\$170,032
Other	-	-
Total	\$529,054	\$379,022

Notes:

- (1) Audit fees relate to professional services rendered for the audit of the annual financial statements of the Company and its subsidiaries, for the reviews of quarterly reporting, and for services normally provided in connection with statutory and regulatory filings or engagements.
- (2) KPMG provided assistance services to the company relating to the preparation of the R&D tax credit claims for 2023 and 2022.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on the Company's website at www.kneat.com. You can also obtain a copy of our audited consolidated financial statements and the management's discussion & analysis of the Company for the fiscal year ended December 31, 2023 by visiting the Investor Relations section on the Company's website at www.kneat.com or by contacting the Company directly:

Hugh Kavanagh, Chief Financial Officer
P: +353 61 203826
E: investors@kneat.com

Katie Keita, Kneat Investor Relations
P: + 1 902-706-9074
E: katie.keita@kneat.com

Additional information including directors' and executive officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity

compensation plans, is contained in the Company's management information circular dated April 18, 2023 for its annual meeting of shareholders held on May 23, 2023.

Additional financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2023.

kneat.com, Inc.
AUDIT COMMITTEE CHARTER

1. INTRODUCTION

The Audit Committee (the "**Committee**" or the "**Audit Committee**") of kneat.com, inc. (the "**Corporation**") is a committee of the Board of Directors (the "**Board**"). The Committee shall oversee the accounting and financial reporting practices of the Corporation and the audits of the Corporation's financial statements and exercise the responsibilities and duties set out in this Mandate.

2. MEMBERSHIP

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

The Committee shall have a sufficient number of independent directors to comply with National Instrument 52-110 Audit Committees. "Independent" shall have the meaning, as the context requires, given to it in National Instrument 52-110 Audit Committees, as may be amended from time to time, subject to any exemptions or relief that may be granted from such requirements.

Chair

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this Mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. MEETINGS

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Corporation's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Audit Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

Meetings without Management

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

Access to Management

The Committee shall have unrestricted access to the Corporation's management and employees and the books and records of the Corporation.

4. DUTIES AND RESPONSIBILITIES

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "Applicable Requirements").

Financial Reports

(a) General

The Audit Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The auditors are responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) [Review of Annual Financial Reports](#)

The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation ("MD&A"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) [Review of Interim Financial Reports](#)

The Audit Committee shall review the interim consolidated financial statements of the Corporation, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) [Review Considerations](#)

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report prepared by the auditors;
- (iv) discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the accounting policies followed and critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under IFRS Accounting Standards ("IFRS");
- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review the factors identified by management as factors that may affect future financial results; and
- (x) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) [Approval of Other Financial Disclosures](#)

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases

disclosing, or based upon, financial results of the Corporation and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

Auditors

(a) General

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) Nomination and Compensation

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) Resolution of Disagreements

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) Discussions with Auditors

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) Audit Plan

At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) Quarterly Review Report

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Corporation.

(g) Independence of Auditors

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Corporation; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) Evaluation and Rotation of Lead Partner

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) *Requirement for Pre-Approval of Non-Audit Services*

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Corporation that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) *Approval of Hiring Policies*

The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(k) *Financial Executives*

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) *General*

The Audit Committee shall review the Corporation's system of internal controls.

(b) *Establishment, Review and Approval*

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in, the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the Corporation's regulators;
- (iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Corporation's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Corporation; the effectiveness of the Corporation's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Hotline Whistleblower Procedures

The Audit Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. NO RIGHTS CREATED

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee, functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's By-laws, it is not intended to establish any legally binding obligations.

6. MANDATE REVIEW

The Committee shall review and update this Mandate annually and present it to the Board for approval.