

Kneat Announces Record Revenue for Second Quarter 2025

LIMERICK, Ireland, August 05, 2025 – kneat.com, inc. (TSX: KSI) (OTC: KSIOF) (“Kneat” or the “Company”) a leader in digitizing and automating validation and quality processes, today announced financial results for the three-month period ended June 30, 2025. All dollar amounts are presented in Canadian dollars unless otherwise stated.

- Second-quarter 2025 total revenue reaches \$15.4 million, an increase of 32% year over year
- Gross margin for the quarter ended June 30, 2025 reaches 75%
- Annual Recurring Revenue (ARR)¹ at June 30, 2025, grows 43% year over year to \$64.8 million.

“We continue on our trajectory towards profitability. New customer wins in the past quarter reached new highs, proving Kneat Gx is the platform of choice. We welcomed new leadership in finance, product and engineering and continued the unrelenting development of our platform.”

- Eddie Ryan, Chief Executive Officer of Kneat.

Q2 2025 Highlights

- Total revenues increased 32% to \$15.4 million in the second quarter of 2025, compared to \$11.7 million for the second quarter of 2024.
- SaaS revenue for the second quarter of 2025 grew 31% to \$14.1 million, versus \$10.8 million for the second quarter of 2024.
- Second-quarter 2025 gross profit was \$11.6 million, up 34% from \$8.7 million in gross profit for the second quarter of 2024.
- Gross margin in the second quarter of 2025 was 75%, compared to 74% for the second quarter of 2024.
- EBITDA¹ in the second quarter of 2025 was \$3.8 million, compared with \$0.5 million for the second quarter of 2024.
- Adjusted EBITDA¹ in the second quarter of 2025 was \$0.4 million, compared with \$1.6 million for the second quarter of 2024.
- Net loss for the second quarter of 2025 was \$0.4 million, compared with a net loss of \$3.1 million for the second quarter of 2024.
- Total ARR¹, which includes SaaS license and recurring maintenance fees, was \$64.8 million at June 30, 2025, an increase of 43% from \$45.4 million at June 30, 2024.

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

First Half of 2025 Financial Highlights

- Total revenues for the six-month period ended June 30, 2025 increased 34% to \$30.2 million, compared to \$22.4 million for the comparable six-month period in 2024.
- SaaS revenue grew 36% to \$28.0 million for the six months ended June 30, 2025, versus \$20.6 million for the comparable period in 2024.
- Gross profit was \$22.6 million, up 36% from \$16.6 million in gross profit for the first half of 2024.
- Gross margin for the first half of 2025 was 75%, compared to 74% for the first half of 2024.
- EBITDA¹ for the first half of 2025 was \$9.7 million, compared with \$0.0 million for the first half of 2024.
- Adjusted EBITDA¹ for the first half of 2025 was \$2.7 million, compared with \$2.2 million for the first half of 2024.
- Net income for the first half of 2025 was \$1.8 million, compared with (\$6.4) million for the first half of 2024.

Recent Business Highlights

- In April 2025, Kneat announced that it signed a Services Agreement with a multinational producer of generic pharmaceuticals. The Company, which operates more than a dozen manufacturing facilities around the world and employs more than 20,000 people, will initially use Kneat to digitize its drawing management process.
- In early May 2025, Kneat saw record attendance at VALIDATE, its annual event convening validation and quality professionals from around the world. One of the world's largest events for validation experts to discover, share and apply validation technologies, regulations, and best practices, VALIDATE enabled participants to witness the power of the Kneat Gx platform.
- In May 2025, Kneat announced that it signed a three-year Master Services Agreement with a leading manufacturer of clinical diagnostics for the healthcare industry. The Company, which operates in more than 40 countries and employs over 14,000 people, will use Kneat Gx initially to digitize its equipment validation process.
- Also in May 2025, Kneat announced the expansion of its executive leadership team with the addition of a Chief Innovation Officer Role. Co-founder and Chief Product Officer Kevin Fitzgerald transitioned out of his current role and into the Chief Innovation Officer role on June 9th. Donal O'Sullivan, an executive with extensive software development and product management leadership, joined Kneat at that time as Chief Product Officer.
- In June 2025, Kneat announced that it signed a multi-year Master Services Agreement with a leading global healthcare technology company. The Company, which employs over 50,000 people and manufactures in more than a dozen countries worldwide, will use the Kneat Gx platform initially to digitize its Commissioning, Qualification and Validation workflows for facilities, equipment and computer systems at several lead manufacturing sites.
- Also in June 2025, Kneat announced the retirement of its CFO Hugh Kavanagh. The role will be filled by Dave O'Reilly, who joined Kneat in July. Dave served most recently as CFO of Ekco, a leading European managed security service provider, which he helped scale from startup to a business with \$200 million in annual revenue. Prior to his time at Ekco he lead the international finance function for a \$4 billion-SaaS business, Consensus Cloud Solutions/Ziff Davis Inc., formerly J2 Global.
- In July, Kneat launched Kneat Gx 9.5, which advances the data management capabilities of our platform. New features include greater management and control over discrete datasets; deeper functionality for defining, regulating and tracing datasets to align with risk-based validation; and more advanced filtering

and visibility for Requirements, Risks and Test evidence, critical pillars of effective and efficient validation. These features enable users to save time by leveraging data across more projects than ever before; empowering risk-based validation processes such as Computer Software Assurance; and exerting greater control over traceability that adapts to any workflow.

“Kneat’s long history of solid execution is extended with the results reported today. I look forward to continuing the disciplined financial stewardship that precedes me in this role, and with it, Kneat’s continuous scaling of the value we deliver for the Life Sciences industry.”

- Dave O’Reilly, Chief Financial Officer of Kneat.

Quarterly Conference Call

Eddie Ryan, Chief Executive Officer of Kneat and Dave O’ Reilly, Chief Financial Officer of Kneat, along with outgoing Chief Financial Officer, Hugh Kavanagh, will host a conference call to discuss Kneat’s second-quarter results and hold a Q&A for analysts and investors via webcast on Wednesday, August 6, 2025, at 9:00 a.m. ET.

Interested parties can register for the live webcast via the following link: [Register Here](#)

About Kneat

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

Supplementary and Non-IFRS Financial Measures

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

Annual Recurring Revenue (“ARR”)

Kneat management use ARR to evaluate and assess the Company’s performance, identify trends affecting its business, formulate financial projections and make financial decisions. The Company believes that ARR is a useful metric for investors as it provides a measure of the value of the recurring revenue at a point in time (end date of the relevant quarter). ARR is based on signed agreements and indicates the level of recurring revenue that the Company would anticipate reporting in a 12-month period based on the full annual SaaS and maintenance fees for existing customers. In specific circumstances, the Company may utilize pricing incentives for limited contract periods. These incentives are not included in the calculation of ARR. ARR is used by Kneat to assess the expected recurring revenues from the customers that are live on the Kneat Gx platform at the end of the period. ARR is calculated using the licenses delivered to customers at the period end, multiplied by the expected customer retention rate of 100% and multiplied by the full agreed annual SaaS license or maintenance fee. Since many of the customer contracts are in currencies other than the Canadian dollar, the Canadian dollar equivalent is calculated using the related period end exchange rate multiplied by the contracted currency amount.

Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”)

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

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

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

Cautionary and Forward-Looking Statements

Except for the statements of historical fact contained herein, certain information presented constitutes “forward-looking information” within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, the relationship between Kneat and the customer, Kneat’s business development activities, the use and implementation timelines of Kneat’s software within the customer’s validation processes, the ability and intent of the customer to scale the use of Kneat’s software within the customer’s organization, our ability to win business from new customers and expand business from existing customers, our expected use of the net proceeds from the IPF Facility and the public equity financing completed in both February and October 2024 and the anticipated effects thereof on the business and operations of the company, and the compliance of Kneat’s platform under regulatory audit and inspection. These and other assumptions, risks and uncertainties may cause Kneat’s actual results, performance, achievements and developments to differ materially from the results, performance, achievements or developments expressed or implied by forward-looking statements.

Material risks and uncertainties relating to our business are described under the headings “Cautionary Note Regarding Forward-Looking Statements and Information” and “Risk Factors” in our MD&A dated August 5, 2025, under the heading “Risk Factors” in our Annual Information Form dated February 26, 2025 and in our other public documents filed with Canadian securities regulatory authorities, which are available at www.sedarplus.ca. Forward-looking statements are provided to help readers understand management’s expectations as at the date of this release and may not be suitable for other purposes. Readers are cautioned not to place undue reliance on forward-looking statements. Kneat assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as expressly required by law. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at an investor’s own risk.

For further information:

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

| | Three-month period ended June 30, 2025 | Three-month period ended June 30, 2024 | Six-month period ended June 30, 2025 | Six-month period ended June 30, 2024 |
|--|--|--|--|--|
| | \$ | \$ | \$ | \$ |
| Revenue | 15,405,109 | 11,675,734 | 30,152,750 | 22,442,735 |
| Cost of revenue | <u>(3,777,809)</u> | <u>(2,982,094)</u> | <u>(7,600,954)</u> | <u>(5,816,109)</u> |
| Gross profit | 11,627,300 | 8,693,640 | 22,551,796 | 16,626,626 |
| Expenses | | | | |
| Research and development | (5,702,497) | (4,761,889) | (10,401,162) | (8,807,437) |
| Sales and marketing | (6,129,942) | (4,368,485) | (11,246,419) | (8,400,169) |
| General and administrative | <u>(3,792,405)</u> | <u>(2,194,999)</u> | <u>(6,304,034)</u> | <u>(4,300,588)</u> |
| Operating loss | (3,997,544) | (2,631,733) | (5,399,819) | (4,881,568) |
| Finance expense | (877,545) | (870,905) | (1,766,090) | (1,738,356) |
| Interest income | 151,053 | 172,999 | 349,692 | 208,075 |
| Foreign exchange gain | <u>4,429,193</u> | <u>258,049</u> | <u>8,691,793</u> | <u>19,286</u> |
| (Loss) income before income taxes | (294,843) | (3,071,590) | 1,875,576 | (6,392,563) |
| Income tax expense | <u>(84,299)</u> | <u>(28,553)</u> | <u>(108,729)</u> | <u>(44,440)</u> |
| Net (loss) income for the period | (379,142) | (3,100,143) | 1,766,847 | (6,437,003) |
| Other comprehensive loss | | | | |
| Foreign currency translation adjustment to presentation currency | <u>(1,833,771)</u> | <u>(234,170)</u> | <u>(3,832,292)</u> | <u>(43,276)</u> |
| Comprehensive loss for the period | <u>(2,212,913)</u> | <u>(3,334,313)</u> | <u>(2,065,445)</u> | <u>(6,480,279)</u> |
| (Loss)/Earnings per share - Basic and diluted | (0.00) | (0.04) | 0.02 | (0.08) |
| Weighted-average number of common shares outstanding: | | | | |
| Basic | 94,728,598 | 85,581,420 | 94,469,559 | 83,293,224 |
| Diluted | 94,728,598 | 85,581,420 | 97,985,267 | 83,293,224 |
| Reconciliation: | | | | |
| Net (loss) income for the period | (379,142) | (3,100,143) | 1,766,847 | (6,437,003) |
| Finance expense | 877,545 | 870,905 | 1,766,090 | 1,738,356 |
| Interest income | (151,053) | (172,999) | (349,692) | (208,075) |
| Income tax expense | 84,299 | 28,553 | 108,729 | 44,440 |
| Depreciation charge | 181,718 | 190,394 | 358,719 | 381,615 |
| Amortization of intangible assets charge | <u>3,155,635</u> | <u>2,688,851</u> | <u>6,002,381</u> | <u>4,523,062</u> |
| EBITDA | 3,769,002 | 505,561 | 9,653,074 | 42,395 |
| Adjustments to EBITDA | | | | |
| Foreign exchange gain | (4,429,193) | (258,049) | (8,691,793) | (19,286) |
| Stock based compensation | <u>1,090,175</u> | <u>1,338,990</u> | <u>1,787,193</u> | <u>2,151,163</u> |
| Adjusted EBITDA | 429,984 | 1,586,502 | 2,748,474 | 2,174,272 |

kneat.com, inc.**Unaudited Condensed Interim Consolidated Statements of Financial Position**

| | June 30, 2025 | December 31, 2024 |
|--|--------------------------|------------------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 66,771,997 | 58,889,572 |
| Amounts receivable | 11,176,423 | 18,377,009 |
| Prepayments | 1,861,908 | 1,870,095 |
| | <hr/> | <hr/> |
| | 79,810,328 | 79,136,676 |
| Non-current assets | | |
| Amounts receivable | 4,798,361 | 2,368,006 |
| Property and equipment | 8,057,345 | 6,782,179 |
| Intangible asset | 41,999,419 | 36,290,869 |
| | <hr/> | <hr/> |
| Total Assets | 134,665,453 | 124,577,730 |
| | <hr/> | <hr/> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 11,071,328 | 8,580,104 |
| Contract liabilities | 26,550,906 | 21,631,416 |
| Loan payable | 6,012,075 | 4,116,723 |
| Lease liabilities | 401,739 | 434,096 |
| | <hr/> | <hr/> |
| | 44,036,048 | 34,762,339 |
| Non-current liabilities | | |
| Contract liabilities | 3,063 | 33,393 |
| Loan payable and accrued interest | 17,338,181 | 19,038,203 |
| Lease liabilities | 6,911,364 | 5,671,952 |
| | <hr/> | <hr/> |
| Total Liabilities | 68,288,656 | 59,505,887 |
| | <hr/> | <hr/> |
| Equity | | |
| Shareholders' equity | 66,376,797 | 65,071,843 |
| | <hr/> | <hr/> |
| Total Liabilities and Equity | 134,665,453 | 124,577,730 |
| | <hr/> | <hr/> |

kneat.com, inc.

Unaudited Condensed Interim Consolidated Statement of Cash Flows

| | Six-month period ended June 30, 2025 | Six-month period ended June 30, 2024 |
|--|---|---|
| Operating activities | \$ | \$ |
| Net income (loss) for the period | 1,766,847 | (6,437,003) |
| Charges to income (loss) not involving cash: | | |
| Depreciation of property and equipment | 358,719 | 381,615 |
| Share-based compensation | 1,787,193 | 2,151,163 |
| Interest expense | 1,672,870 | 1,738,356 |
| Tax expense | 108,729 | 44,440 |
| Amortization of the intangible asset | 6,002,381 | 4,523,062 |
| Amortization of loan issuance costs | 93,220 | 76,194 |
| Foreign exchange gain | (8,691,793) | (19,286) |
| (Decrease)/increase in non-current contract liabilities | (31,359) | 38,241 |
| Net change in non-cash operating working capital related to operations | 12,481,190 | 7,533,596 |
| Net cash provided by operating activities | <u>15,547,997</u> | <u>10,030,378</u> |
| Financing activities | | |
| Proceeds received from public equity financing | - | 20,000,110 |
| Share issuance costs associated with public equity financing | - | (1,626,257) |
| Payment of principal and interest on loans payable | (3,154,648) | (1,232,889) |
| Proceeds from the exercise of stock options | 989,061 | 1,051,787 |
| Repayment of lease liabilities | (394,650) | (364,423) |
| Net cash (used in)/provided by financing activities | <u>(2,560,237)</u> | <u>17,828,328</u> |
| Investing activities | | |
| Additions to the intangible asset | (10,599,886) | (9,675,371) |
| Additions to property and equipment | (96,462) | (50,397) |
| Collection of research and development tax credits | 1,887,789 | 2,336,619 |
| Net cash used in investing activities | <u>(8,808,559)</u> | <u>(7,389,149)</u> |
| Effects of exchange rates on cash | <u>3,703,224</u> | <u>170,762</u> |
| Net change in cash during the period | 7,882,425 | 20,640,319 |
| Cash – Beginning of period | <u>58,889,572</u> | <u>15,252,526</u> |
| Cash – End of period | <u>66,771,997</u> | <u>35,892,845</u> |