

Kneat Announces Record SaaS Revenue in Q2 2022

Q2 revenues increase 76% YoY to \$5.5 million

Q2 SaaS revenue up 126% YoY to \$3.9 million

Annual recurring revenue (ARR) grows 104% to \$16.3 million

LIMERICK, Ireland, Aug. 10, 2022 /CNW/ - **kneat.com, inc.** (TSX: KSI) (OTC: FBAYF) ("**Kneat**" or the "**Company**") a leader in digitizing and automating validation processes, today announced financial results for the three and six-month periods ended June 30, 2022. All dollar amounts are presented in Canadian dollars unless otherwise stated.

"Our team delivered another great quarter, highlighted by 126% growth in SaaS revenue and 104% growth in annual recurring revenue¹ over Q2 2021," **said Eddie Ryan, Chief Executive Officer of Kneat**. "We continue to add new customers and expand within our existing base, driven by a powerful digital transformation value proposition, enabling cost reduction, real time visibility and superior compliance capabilities."

During the quarter, Kneat strengthened its executive team by the addition of Jacob Michelsen, a proven sales leader, to head global sales.

Today, Kneat has 62 contracted customers and the largest pipeline in its history. Within its customer base Kneat counts 8 of the top 10 and the majority of the top 20 largest pharmaceutical companies. In addition, customers include several top tier consumer packaged goods companies and a growing number of smaller FDA regulated manufacturers and service providers.

Kneat is committed to continuing its strong growth while also maintaining a focus on expenditure and financial flexibility.

Q2 2022 Financial Highlights

- Total revenues increased 76% to \$5.5 million, as compared to \$3.1 million for the second quarter of 2021.
- SaaS revenue grew 126% to \$3.9 million, versus \$1.7 million for the second quarter of 2021. Gross margin was \$3.3 million an increase of 87% compared to \$1.8 million for the second quarter of 2021.
- Gross profit margin was 59%, compared to 56% for the second quarter of 2021. The improvement in gross margin reflects significant growth in SaaS revenue. This is offset by lower one-time on-premise license revenues and by a smaller increase in related cost of revenue. Total ARR¹, which includes SaaS license and recurring maintenance fees, was \$16.2 million at June 30, 2022, an increase of 104% from \$8.0 million at June 30, 2021.
- SaaS ARR¹, the proportion of ARR attributable to SaaS licenses, was \$15.2 million at June 30, 2022, an increase of 108% from \$7.3 million at June 30, 2021.

"It was a strong quarter of financial performance with impressive execution across the business," **said CFO Hugh Kavanagh**. "I am confident Kneat is poised for continued growth in the coming years, supported by a strong financial position."

Quarterly Conference Call

Mr. Eddie Ryan, Chief Executive Officer of Kneat, and Mr. Hugh Kavanagh, Chief Financial Officer of Kneat, will host a conference call to discuss Kneat's second-quarter results and hold a Q&A for analysts and investors via webcast on August 11, 2022, at 9:00 a.m. ET.

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

[Register](#)

Or, attend via teleconference

Ireland +353 15 360 755

Canada +1 (647) 497-9385

United States +1 (951) 384-3421

United Kingdom +44 330 221 9922

If attending via teleconference, please register at the link above to access the dial-in pin code required to attend. The dial-in pin code is available in your confirmation email.

Supplementary 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 financial measures as key performance indicators when planning, monitoring and evaluating the Company's performance.

Annual Recurring Revenue ("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 as the licenses delivered to customers at the period end, multiplied by the expected customer retention rate of 100% and multiplied by the full agreed 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.

About Kneat

Kneat, a Canadian company with operational headquarters in Limerick, Ireland, develops and markets the next generation Kneat Gx SaaS platform. Multiple business work processes can be configured on the platform from equipment to computer system validation, through to quality document management. Kneat's software allows users to author, review, approve, execute testing online, manage any exceptions, and post approve final deliverables in a controlled FDA 21 CFR Part 11/ Eudralex Annex 11 compliant platform. Macro and micro report dashboards enable powerful oversight into all systems, projects and processes globally. Customer case studies are reporting productivity improvements in excess of 100% and a higher data integrity and compliance standard. For more information visit www.kneat.com

Cautionary and Forward-Looking Statements

Except for the statements of historical fact contained herein, certain information presented constitutes "forward-looking information" within the meaning of applicable Canadian securities laws. Such forward-looking information includes, but is not limited to, the relationship between Kneat and the customer, Kneat's business development activities, the use and implementation timelines of Kneat's software within the customer's validation processes, the ability and intent of the customer to

scale the use of Kneat's software within the customer's organization and the compliance of Kneat's platform under regulatory audit and inspection. While such forward-looking statements are expressed by Kneat, as stated in this release, in good faith and believed by Kneat to have a reasonable basis, they are subject to important risks and uncertainties. As a result of these risks and uncertainties, the events predicted in these forward-looking statements may differ materially from actual results or events. These forward-looking statements are not guarantees of future performance, given that they involve risks and uncertainties.

The forward-looking information in this press release does not include a full assessment or reflection of the unprecedented impacts of the COVID-19 pandemic occurring since the first quarter of 2020 and the ongoing and developing resulting indirect global and regional economic impacts. This has resulted in significant economic uncertainty and even though the Company has to date experienced no significant impact to its operations, any potential impact on our future is difficult to understand or measure at this time.

Kneat does not undertake any obligation to release publicly revisions to any forward-looking statement, except as may be required under applicable securities laws. Investors should not assume that any lack of update to a previously issued forward-looking statement constitutes a reaffirmation of that statement. Continued reliance on forward-looking statements is at an investors' own risk.

¹ Annual Recurring Revenue ("ARR") is a supplementary financial measure. See 'Supplementary Financial Measures' section below and the MD&A for additional information

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For further information: Hugh Kavanagh, Chief Financial Officer, +353 61 203826, investors@kneat.com; James Bowen, Kneat Investor Relations, +1 416 519 9442, james.bowen@loderockadvisors.com

CO: kneat.com, inc.

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