



Kneat Achieves Record Revenue for Fourth Quarter and Full Year 2024

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LIMERICK, Ireland, Feb. 26, 2025 (GLOBE NEWSWIRE) -- **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- and twelve-month periods ended December 31, 2024. All dollar amounts are presented in Canadian dollars unless otherwise stated.

- Total revenue reaches \$13.7 million in the fourth quarter, an increase of 40% year over year
- Fourth-quarter gross profit grew 48% year over year to \$10.4 million
- Annual Recurring Revenue (ARR)¹ at December 31, 2024, reaches \$59.7 million, an increase of 60% year over year

“Our sustained revenue growth, expanding margins and solid traction across all areas of Validation demonstrate the durability of our business model. With companies throughout the Life Sciences adopting new technologies to drive business value, Validation’s transition to digital is set to continue, with Kneat leading the way.”

- said Eddie Ryan, Chief Executive Officer of Kneat.

Q4 2024 Highlights

- Total revenues increased 40% to \$13.7 million in the fourth quarter of 2024, compared to \$9.8 million for the fourth quarter of 2023.
- SaaS revenue for the fourth quarter of 2024 grew 41% to \$12.5 million, versus \$8.9 million for the fourth quarter of 2023.
- Fourth-quarter 2024 gross profit was \$10.4 million, up 48% from \$7.0 million (adjusted)² in gross profit for the fourth quarter of 2023.
- Gross margin in the fourth quarter of 2024 was 75%, compared to 71% (adjusted)² for the fourth quarter of 2023.
- EBITDA³ in the fourth quarter of 2024 was \$1.1 million, compared with (\$0.1) million (adjusted)² for the fourth quarter of 2023.
- Adjusted EBITDA³ in the fourth quarter of 2024 was \$2.6 million, compared with (\$0.3) million (adjusted)² for the fourth quarter of 2023.
- Total ARR¹, which includes SaaS license and recurring maintenance fees, was \$59.7 million at December 31, 2024, an increase of 60% from \$37.4 million at December 31, 2023.
- SaaS ARR¹, the proportion of ARR attributable to SaaS licenses, was \$59.6 million at December 31, 2024, an increase of 60% from \$37.3 million at December 31, 2023.

Full Year 2024 Highlights

- Total revenues for the full year 2024 increased 43% to \$48.9 million, compared to \$34.2 million for 2023.
- SaaS revenue grew 48%, reaching \$44.6 million for the full year 2024, versus \$30.1 million for 2023.

- Full-year 2024 gross profit was \$36.8 million, an increase of 59% compared to \$23.1 million (adjusted)² for the full year 2023.
- Gross margin for the full year 2024 was 75%, compared to 68% (adjusted)² for all of 2023.
- EBITDA³ for the full year 2024 was \$5.6 million, compared with (\$5.7) million (adjusted)² for all of 2023.
- Adjusted EBITDA³ for the full year 2024 was \$7.0 million, compared with (\$3.2) million (adjusted)² for all of 2023.
- Net Revenue Retention Rate (NRR)¹, which reflects the expansion of ARR by customers on the platform at the start of 2024 over the course of the year, was 151% for the year ended December 31, 2024.

2024 Business Highlights

- Over the course of 2024, Kneat announced the addition of five large strategic customers, including a consumer products company; a critical care company; pharmaceutical company; a contract development and manufacturing organization; and a medical device maker.
- In 2024, Kneat formalized its partner program further, exceeded its goal of new partner additions, and welcomed two large strategic partners, Körber and ALTEN Group, which plan to leverage Kneat Gx to digitize their own processes as well as those of their customers.
- Throughout 2024, a number of business functions within Kneat leveraged AI tools to enhance productivity, including Customer Success, Support and R&D. Concurrently, our product team have been evaluating the potential for AI to enhance the efficiency of the Kneat Gx platform, and we expect to incorporate some AI capabilities into it this year.
- Kneat completed two equity financings in 2024, in February and October. In total, 13,653,880 common shares of the Company were sold for aggregate gross proceeds of \$55,625,110.
- For the fourth consecutive year, Kneat was recognized as one of Ireland's fastest-growing technology companies. At the 2024 Deloitte Technology Fast 50 Awards, which ranks the 50 fastest-growing technology companies across Ireland, Kneat was also honoured with the 2024 Scale Ireland award for global expansion.

Kneat's business momentum continues into 2025:

- In January 2025, Kneat announced that it has partnered with Capgemini. The collaboration brings together Capgemini's expertise in enterprise IT systems integration with Kneat's digital validation platform, Kneat Gx. The partnership is designed to enable life sciences companies to seamlessly deploy Kneat Gx enterprise-wide; connect with core systems such as ERP, QMS, and DMS; and scale digital validation processes with ease.
- Also in January 2025, Kneat announced that a European-headquartered leader in specialty therapeutics selected Kneat to digitize its validation processes.
- In February 2025, Kneat announced that a European-headquartered global consumer products company selected Kneat to digitize its validation processes within a specialized health sciences division.

"We expected 2024 to be a year of material progress toward profitability, and it was. Gross profit grew at almost four times the rate of operating expense in 2024 as our land and expand strategy continued to deliver. We enter 2025 with a solid balance sheet and well-positioned to invest in ways

that best serve the needs of companies looking to modernize their data-intensive work processes.”

- said Hugh Kavanagh, Chief Financial Officer of Kneat.

¹ ARR, SaaS ARR, and NRR are supplementary 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.

² The Company has adjusted the comparative consolidated financial information for immaterial errors related to the accounting for share-based compensation. Refer to note 21 to the audited consolidated financial statements for the year ended December 31, 2024 for further details.

³ 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.

Quarterly Conference Call

Eddie Ryan, Chief Executive Officer of Kneat, and Hugh Kavanagh, Chief Financial Officer of Kneat, will host a conference call to discuss Kneat's fourth-quarter and full-year 2024 results and hold a Q&A session for analysts and investors via webcast on February 27, 2025, at 9:00 a.m. ET.

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

[Register Here](#)

Supplementary and Non-IFRS Financial Measures

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

Annual Recurring Revenue (“ARR”)

ARR is used by Kneat to assess the expected recurring annual 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 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.

Software-as-a-Service Annual Recurring Revenue (“SaaS ARR”)

SaaS ARR is a component of ARR that is used by Kneat to assess the expected recurring revenues exclusively from license subscriptions to the Kneat Gx platform at the end of the period. SaaS ARR is calculated as the SaaS 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 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.

Net Revenue Retention Rate (“NRR”)

We believe that our Net Revenue Retention Rate is a key measure to provide insight into the long-term value of our customers and our ability to retain and expand revenue from our customer base over time. Our Net Revenue Retention Rate is calculated over a trailing twelve-month period by considering the cohort of customers on our platform as of the beginning of the period and dividing the ARR attributable to this group of customers at the end of the period by the ARR at the beginning of the period. By implication, this ratio excludes any ARR from new customers acquired during the period but includes revenue changes for this cohort base of customers during the period being measured. This measure provides insight into customer expansions, downgrades, and churn, and illustrates the level of scaling by those customers.

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 loss (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.

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 a 40% or more reduction in validation cycle times, nearly 20% faster speed to market, and 80% reduced changeover time. 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, 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 February 26, 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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Consolidated Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

	Three-month period ended		Year ended	
	December 31, 2024	December 31, 2023 (Adjusted)	December 31, 2024	December 31, 2023 (Adjusted)
Revenue				
SaaS License fees	12,537,109	8,922,491	44,569,846	30,066,905
On-premise license fees	-	-	-	436,126
Maintenance fees	123,667	46,819	322,335	277,199
Professional services and other	1,072,835	844,689	4,046,238	3,443,178
Total Revenue	13,733,611	9,813,999	48,938,419	34,223,408
Cost of Revenue	(3,372,387)	(2,811,181)	(12,179,880)	(11,091,576)
Gross Profit	10,361,224	7,002,818	36,758,539	23,131,832
Gross Margin	75%	71%	75%	68%
Expenses				
Research and development	(4,545,776)	(3,733,887)	(17,268,722)	(15,387,726)
Sales and marketing	(4,828,335)	(4,500,992)	(17,163,189)	(14,266,739)
General and administrative	(1,823,992)	(1,925,415)	(8,273,995)	(7,411,540)
Total Expenses	(11,198,103)	(10,160,294)	(42,705,906)	(37,066,005)
Operating Loss	(836,879)	(3,157,476)	(5,947,367)	(13,934,173)
Finance Expense	(1,034,424)	(629,794)	(3,665,098)	(1,081,853)
Interest income	298,308	621	678,388	6,635
Foreign exchange loss/(gain)	(828,354)	1,083,675	1,399,547	545,776
Income (loss) before income taxes	(2,401,349)	(2,702,974)	(7,534,530)	(14,463,615)
Income tax expense	(61,907)	(47,342)	(192,598)	(55,891)
Net loss for period	(2,463,256)	(2,750,316)	(7,727,128)	(14,519,506)
Other comprehensive loss				
Foreign currency translation adjustment to presentation currency	411,921	750,382	(995,322)	(263,950)
Comprehensive loss for the period	(2,051,335)	(1,999,934)	(8,722,450)	(14,783,456)
Loss per share - Basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.09)	\$ (0.19)
Weighted Average Number of Common Shares Outstanding - Basic and diluted	93,005,493	78,093,350	86,545,119	77,833,268
Reconciliation:				
Total income (loss) for the period	(2,463,256)	(2,750,316)	(7,727,128)	(14,519,506)
Interest expense	863,766	629,794	3,494,441	1,081,853
Interest income	(298,308)	(621)	(678,388)	(6,635)
Income taxes	61,907	47,342	192,598	55,891

Depreciation expense	174,751	192,038	745,639	786,085
Amortization expense	2,791,627	1,803,172	9,560,000	6,889,552
EBITDA	1,130,487	(78,591)	5,587,162	(5,712,760)
Adjustments to EBITDA				
Foreign exchange (gain) loss	828,354	(1,083,675)	(1,399,547)	(545,776)
Stock-based compensation expense	669,201	834,569	2,785,906	3,049,967
Adjusted EBITDA	2,628,042	(327,697)	6,973,521	(3,208,569)

kneat.com, inc.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

	December 31, 2024	December 31, 2023 (Adjusted)
Assets		
Current assets		
Cash	58,889,572	15,252,526
Amounts receivable	18,377,009	11,601,558
Prepayments	1,870,095	1,138,382
	<u>79,136,676</u>	<u>27,992,466</u>
Non-current assets		
Amounts receivable	2,368,006	1,650,795
Property and equipment	6,782,179	7,209,953
Intangible assets	36,290,869	29,005,092
	<u>45,441,054</u>	<u>37,865,840</u>
Total Assets	<u>124,577,730</u>	<u>65,858,306</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	8,580,104	7,874,332
Contract liabilities	21,631,416	13,647,071
Loan payable and accrued interest	4,116,723	-
Lease liabilities	434,096	535,832
	<u>34,762,339</u>	<u>22,057,235</u>
Non-current liabilities		
Contract liabilities	33,393	41,084
Lease liabilities	5,671,952	5,976,380
Loan payable and accrued interest	19,038,203	21,657,423
	<u>24,743,548</u>	<u>27,674,887</u>
Total Liabilities	<u>59,505,887</u>	<u>49,732,122</u>
Equity		
Shareholders' equity	65,071,843	16,126,184
	<u>65,071,843</u>	<u>16,126,184</u>
Total Liabilities and Equity	<u>124,577,730</u>	<u>65,858,306</u>

kneat.com, inc.
Consolidated Statement of Cash Flows
(expressed in Canadian dollars)
For the years ended

	December 31, 2024	December 31, 2023 (Adjusted)
Operating activities		
Net loss for the year	(7,727,128)	(14,519,506)
Charges to loss not involving cash:		
Depreciation of property and equipment	745,639	786,085
Share-based compensation	3,825,512	3,998,749

Interest Expense	3,494,441	1,081,853
Tax expense	192,598	55,891
Amortization of the intangible asset	9,389,343	6,828,213
Amortization of loan issuance costs	171,593	61,164
Write-off of property and equipment	-	26,721
Impact of lease termination	-	(67,600)
Foreign exchange (gain)	(1,399,547)	(545,776)
Decrease in non-current contract liabilities	(9,436)	(905,846)
Net change in non-cash working capital related to operations	1,107,145	2,868,609
Net cash provided by/(used in) operating activities	9,790,160	(331,443)
Financing activities		
Payment of principal and interest on loans payable	(2,475,283)	(630,410)
Proceeds from the exercise of stock options	2,086,699	295,350
Repayment of lease liabilities	(744,061)	(752,802)
Proceeds received from loan financing	-	21,978,000
Issuance costs associated with loan financing	-	(624,596)
Proceeds received from public equity financing	55,625,110	-
Share issuance costs associated with public equity financing	(3,869,212)	-
Net cash provided by financing activities	50,623,253	20,265,542
Investing activities		
Additions to the intangible asset	(19,716,562)	(17,879,014)
Collection of research and development tax credits	2,360,342	1,185,720
Additions to property and equipment	(165,592)	(181,358)
Net cash used in investing activities	(17,521,812)	(16,874,652)
Effects of exchange rates on cash	745,445	(89,399)
Net change in cash during the year	43,637,046	2,970,048
Cash - Beginning of year	15,252,526	12,282,478
Cash - End of year	58,889,572	15,252,526



Source: kneat.com