

ASX Announcement

30 January 2025

Q2 FY25 Activity Report and Appendix 4C

Key Highlights:

- **Strong enterprise client contract renewals:** Contract renewals secured for several large enterprise clients including Optus, Service Tasmania and Healthdirect, underpinning future recurring revenue
- **Record ARR:** The Annual Recurring Revenue (ARR) run rate of \$9.7m at January 2025, is a record high, reflecting organic growth from enterprise client contract renewals and new client acquisitions
- **Launch of Libero Library App on track:** Increased investment in prioritising library-tech will see the planned release of the Libero Library App in March 2025
- **Solid cash position:** Cash balance of \$3.5m at 31 December 2024 with a further \$2m in cash receipts due in January 2025
- **Outlook for 2H FY25:** Continued priority investment in library-tech to deliver more capability to drive increased pipeline and revenue from the Libero solutions locally and internationally from FY26.

Knosys Limited (ASX:KNO) ("Knosys" or the "Company") is pleased to provide its December 2024 quarterly activity report and Appendix 4C ("Q2 FY25").

Q2 FY25 Overview

In Q2 FY25, Knosys successfully renewed several large enterprise client contracts for its market leading knowledge management platform, KnowledgeIQ, including Optus, Service Tasmania and Healthdirect. The combined contract value of these renewals exceeds \$3 million over the next two years.

These contract extensions, combined with the commencement of new customers signed since June 2024, underpin recurring revenue over the years ahead and have led to a record high Annual Recurring Revenue (ARR) run rate of \$9.7m as at January 2025.

In the past quarter, Knosys continued to invest in new product development in library-tech, with an increase in R&D spending to \$575k, in preparation for the planned commercial launch of the Libero Library App in March 2025.

Knosys incurred net operating cash out flow in Q2 of \$906k and ended the December quarter with a cash balance of \$3.5m. The second quarter is typically the weakest cash flow quarter for the year. Knosys is on track for cash receipts exceeding \$2m by the end of January 2025, due to annual license billings for several large enterprise clients.

Introducing the Libero Library App

Knosys is making significant progress on its plans to enhance its Libero Library Management Solution (LMS) and to make available SaaS solutions for commercial use and application in the library-tech industry.

The commercial launch of the Libero Library App is on track for March 2025. This App is designed to enhance and extend the library member experience beyond the physical library, so members can access their library's resources and services wherever they may be.

The new Libero Library App has many advantages for both the library and its members. In addition, the new Discovery feature provides a single access point for managing and promoting resources by customer libraries. From integration to search, Libero provides optimal discovery across desktop and mobile for members in real-time, offering advanced search algorithms and relevance ranking.

Libero
by Knosys

Libero Library App

Enhance and extend member engagement and experience beyond the library to wherever they may be with the Libero Library App.

With a Libero Library App, your members can access and connect digitally with your library 24 hours a day, every day of the year.

For your library

- Tailored and flexible with customisation
- Keep members up-to-date with the latest news, events and other important communications
- Provide a consistent online presence
- Comprehensive search
- Direct access to digital items
- Custom carousels
- Barcode scanning
- Detailed record display

For your members

- Member account management from joining to updating contact details and password management
- Digital library card
- Manage loans and renewals
- Facilitate interlibrary loan requests
- Sign up for new title notifications
- Reading history tracking
- Reservation management
- Provide purchase requests suggestions
- Submit reviews and ratings
- View and manage fines and charges
- Self-checkout option

Visit libero.com.au to find out more about how we can elevate your library experience today

© Knosys Pty Ltd Level 8, 31 Queen Street, Melbourne, Victoria, 3000 | LIB108 08.24

By FY27, Knosys is expected to have a complete suite of market-leading software solutions for the key library market segments of public and academic libraries. This is designed to meet the established demands of customers and grow market share in the industry globally with a broader range of solutions.

Appendix 4C cashflow report – released with this activity report

In Q2 FY25, Knosys received \$1.6m in cash receipts from customers. Note that Q2 is a seasonally weak quarter for cash receipts due to the timing of large enterprise renewals, which typically occur around June/July or January of every year.

Net operating cash out flows for the quarter were \$0.9m, reflecting the lower cash receipts as well as an increase in R&D expenses. Note that cash outflows for staff costs were lower, at \$1.1m, in Q2 following higher staff cash outflows incurred in Q1, relating to changed ATO timing requirements for PAYG remittances, staff bonuses and recruitment costs.

The cash balance at 31 December 2024 was \$3.5m and Knosys is on track to receive over \$2m in cash receipts by the end of January 2025, from the annual license fees of several large clients paying annual fees in advance.

The aggregate payments to related parties, as disclosed in item 6.1 of the Appendix 4C, is comprised of director fees paid to the non-executive directors and salary payments to the managing director, in accordance with contractual arrangements.

Outlook

Knosys Managing Director, John Thompson said, "Over the past six months, we have successfully renewed contracts with several large enterprise clients, including Singtel, Optus and Healthdirect, in addition to acquiring several new customers. We have achieved a record high ARR run rate, which will underpin our recurring revenue over the next few years, as we continue our investment in the next generation of library-tech solutions.

Our increased investment in library-tech is focused on transitioning the company to be a world-class library technology provider by helping libraries adapt to and thrive in the digital age. Our broader development program is investing in several client proof-of-concepts based on Artificial Intelligence technologies for use in library-tech and knowledge management markets. I am very pleased with the significant progress that we are making on our product development pipeline and the upcoming launch of our Libero Library App represents a significant milestone for the company, with new commercial revenue streams to follow."

ABOUT KNOSYS

Knosys is a leading SaaS business services provider headquartered in Melbourne, with operations internationally, providing specialist expertise in helping businesses manage information and knowledge. We enable organisations to make sense of information and use it to connect, collaborate and drive strong business outcomes for customers, employees and stakeholders. Our focus is on developing solutions that enable businesses to make the most of information and knowledge assets that sit within their organisation. This currently includes library management, knowledge management and intranet solutions.

"Connecting People and Information"

The Board of Knosys Limited has authorised the release of this announcement to the market.

For further information please contact:

John Thompson, MD
Knosys Limited
T: +61 3 9046 9700
E: cosec@knosys.it

OR

Katie Mackenzie
Bellevue Investor Relations
T: 0455 502 197
E: kmackenzie@bellevueir.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Knosys Limited

ABN

96 604 777 862

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,594	3,787
1.2 Payments for		
(a) research and development	(575)	(998)
(b) product manufacturing and operating costs	(495)	(1,007)
(c) advertising and marketing	(43)	(101)
(d) leased assets	-	-
(e) staff costs	(1,132)	(2,705)
(f) administration and corporate costs	(262)	(791)
1.3 Dividends received (see note 3)		
1.4 Interest received	18	59
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	(9)	(21)
1.7 Government grants and tax incentives	-	1,126
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(906)	(655)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses – net of cash acquired		
(c) property, plant and equipment	(7)	(23)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other – M&A consulting and legal fees		
2.6	Net cash from / (used in) investing activities	(7)	(23)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings – ROU liability	(27)	(54)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(27)	(54)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,378	4,185
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(906)	(655)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(23)

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	(54)
4.5	Effect of movement in exchange rates on cash held	28	13
4.6	Cash and cash equivalents at end of period	3,466	3,466

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	879	1,837
5.2	Call deposits	1,293	1,259
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	1,294	1,282
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,466	4,378

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 – Director remuneration	155
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other – ROU lease liability (AASB16)	140	140
7.4 Total financing facilities	140	140
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The amount above is disclosed under AASB 16. This is the Right of Use lease liability relating to the company's property lease for its head office in Melbourne.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(906)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,466
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,466
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

30 January 2025

Date:

By the Board

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only