

## ASX Announcement

30 April 2024

# Q3 FY24 Activity Report and Appendix 4C

### Key Highlights:

- **Positive operating cash flow:** Positive net operating cash flow of \$507K in Q3 FY24. YTD positive net operating cashflow of \$1.2m and a cash balance of \$3.1m at 31 March 2024.
- **Maintaining revenue on lower cost base:** The Annual Recurring Revenue (ARR) of \$9.4m as at April 2024, is steady year-on-year, with a 25% reduction in the cost base in Q3 FY24 on pcp.
- **Strategic focus on Library Management Solutions (LMS):** Prioritising product development activities on multiple next generation LMS offerings, with a focus on a mobile application and enhanced functionality requested by current and prospective customers, especially in Public Libraries and Academic Libraries.
- **Outlook for 2H FY24:** On track to deliver a strong maiden annual positive EBITDA and positive cashflow in FY24, whilst continuing to invest in solutions with the highest growth potential.

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

### Q3 FY24 Overview

In Q3 FY24, Knosys continued to benefit from revenue stability together with increased operational efficiency and a significantly lower cost base. Knosys generated positive operating cash flow in Q3 FY24 of \$507k, building on the positive operating cash flow of \$739k in 1H FY24 and giving a Year to date positive net operating cashflow of \$1.2m.

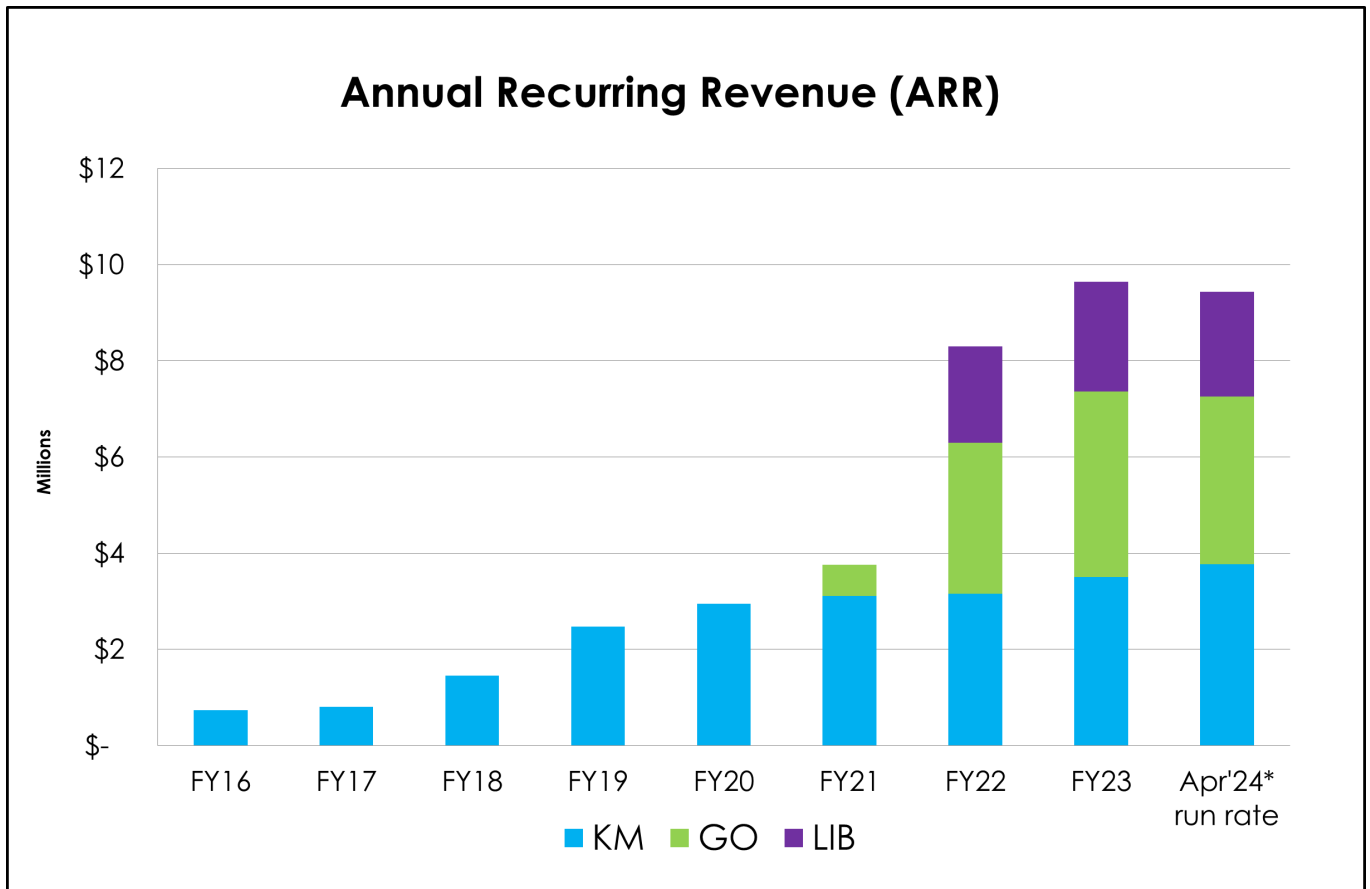
In Q3 FY24, total cash receipts were \$2.9 million, including receipt of large annual licence and support payments from Optus and Singtel. The third quarter is seasonally one of Knosys' stronger quarters for cash receipts.

Operating cash out flows in Q3 FY24 were \$2.4m, down 25% from \$3.1m in Q3 FY23, primarily driven by reduced staff costs. Knosys' operational efficiency has improved over the past year and the Company now operates with a structurally lower cost base.

Knosys remains on track to deliver a positive annual cashflow and a strong maiden full year EBITDA profit in FY24.

### Annual Recurring Revenue (ARR)

Annual Recurring Revenue is tracking in line with the previous quarter, with a run rate of \$9.4m as at April 2024, steady year-on-year and quarter-on-quarter.



\* Apr'24 ARR is derived by annualising Apr'24 monthly recurring revenue.

### Strategic Priority for Library Management Solutions (LMS)

Over the past six months, Knosys has prioritised product development activities on multiple next generation LMS offerings. This builds on the Company's existing capability and market share in LMS and provides the potential for Knosys to become a leading LMS provider globally.

Knosys is now focused on Public and Academic Libraries, with a Total Addressable Market (TAM) of \$1.2 billion and historically the highest annual growth rates <sup>(1)</sup>.

The key drivers of growth in the LMS industry include:

- Integration of Artificial Intelligence and Machine Learning
- Increasing focus on regulatory, data, privacy and security
- Rising adoption of open-source library management systems
- Mass adoptions of cloud-based solutions and remote accessibility
- Partnerships to enhance cross-sell and up-sell of services across markets

Knosys aims to expand and enhance its software-as-a-service (SaaS) solutions in the Library solution space with a customer-driven product roadmap starting with four back-end processing and mobility software solutions:

1. **Libero 6 (LMS):** Knosys library SaaS, in market for 15+ years with 100+ customers;
2. **Libero X (LMS):** Knosys AI library system, open-source and enhances automation;
3. **Libero X (Mobiii):** Knosys mobile app, Mobiii, enhances library staff engagement and customer experience; and
4. **Libero X Purple (Appliance):** Knosys "software appliance", a hardware-software combo.

(1) Verified Market Research 2023 - GLOBAL LIBRARY MANAGEMENT SOFTWARE MARKET



## Appendix 4C cashflow report – released with this activity report

In Q3 FY24, Knosys received \$2.9m in cash receipts from customers, reflecting a seasonally strong quarter for cash receipts which include the large annual payments from Optus and Singtel. Quarterly operating outflows decreased to \$2.4m, down 25% on pcp. Overall, Knosys generated positive operating cash flow of \$507k in Q3 FY24, up significantly on the net operating cash out flow of \$26k in Q3 FY23.

Year to date positive net operating cashflow to March 2024 was \$1.2m and the cash balance at 31 March 2024 was \$3.1m.

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 year, we have successfully restructured operations to preserve revenue, lay the foundations for future growth, and improve operational efficiency, whilst continuing to invest in next generation solutions. Our focus is now on expanding our capability in our highest growth potential area of library management solutions, and we have ambitions to be a leading global player in this industry. Our product development is guided by customer needs and driven by key technology trends including the rising adoption of open-source library management systems and the integration of Artificial Intelligence and Machine Learning. We are really excited about this next phase of our growth trajectory.”

## ABOUT KNOSYS

Knosys is a leading SaaS 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 knowledge management, intranet and library management solutions.

“Connecting People and Information”

*The Board of Knosys Ltd has approved this announcement to the market.*

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## 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 March 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,862	8,414
1.2 Payments for		
(a) research and development	(251)	(688)
(b) product manufacturing and operating costs	(580)	(1,558)
(c) advertising and marketing	(22)	(129)
(d) leased assets	-	-
(e) staff costs	(1,160)	(3,790)
(f) administration and corporate costs	(345)	(982)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	40
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	(4)	(59)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>507</b>	<b>1,246</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses – net of cash acquired		
(c) property, plant and equipment	-	(4)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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		
<b>2.6 Net cash from / (used in) investing activities</b>	-	(4)

<b>3. Cash flows from financing activities</b>		
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	(33)	(100)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(33)</b>	<b>(100)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,657	2,018
4.2 Net cash from / (used in) operating activities (item 1.9 above)	507	1,246
4.3 Net cash from / (used in) investing activities (item 2.6 above)	0	(4)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(33)	(100)
4.5	Effect of movement in exchange rates on cash held	16	(13)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,147</b>	<b>3,147</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	878	770
5.2	Call deposits	487	618
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	1,782	1,269
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,147</b>	<b>2,657</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1 – Director remuneration	140
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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)	221	221
<b>7.4 Total financing facilities</b>	<b>221</b>	<b>221</b>
<b>7.5 Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	507
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,147
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,147
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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 April 2024

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.