

ASX Announcement

29 August 2024

Revenue stability, reduced costs and positive NPAT

FY24 Highlights:

- **Successful execution of strategy:** In FY24, Knosys' strategy was to protect and grow current revenue streams on a lower cost base with improved operational efficiency to deliver positive NPAT and cash flow, positioning itself to invest in its product to grow market share.
- **Stable revenue and Annual Recurring Revenue (ARR):** Revenue of \$9.6 million and ARR of \$9.5 million, with focus on migrated existing customers to longer term contracts.
- **Lower cost base:** Operating expenses were down 19% on the prior year.
- **Improved profitability and cash flow:** Positive NPAT of \$0.2 million and positive net operating cash flow of \$2.3 million. Cash balance of \$4.2 million at 30 June 2024.
- **Organic growth:** New customer acquisitions across all solutions.
- **Build on capability in key markets:** Developing and positioning next generation solutions in the global Library Management Solution (LMS) market.
- **Outlook for FY25:** Increased investment in market leading LMS, with revenue contribution from this program of work expected from FY26 onwards.

Knosys Limited (ASX:KNO) ("Knosys" or the "Company"), is pleased to provide its financial results for the financial year ended 30 June 2024 ("FY24").

	FY24	FY23	Δ
Revenue	\$9.6m	\$9.9m	Down \$0.3m
EBITDA*	\$1.1m	\$(1.3)m	Up \$2.4m
Net Profit/(Loss) After Tax	\$0.2m	\$(2.2)m	Up \$2.4m
Operating cash (out) flow	\$2.3m	\$(784)k	Up \$3.1m
Cash balance	\$4.2m	\$2.0m	Up \$2.2m

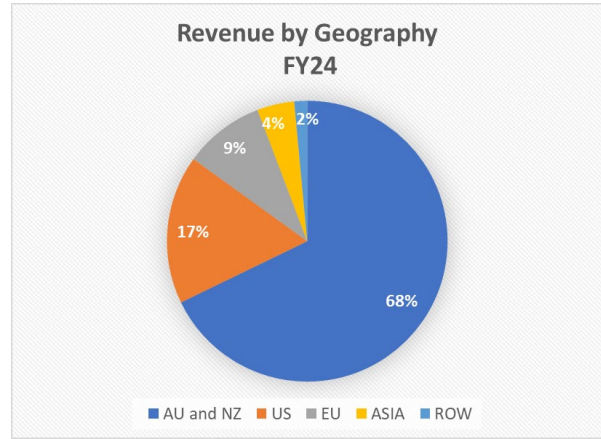
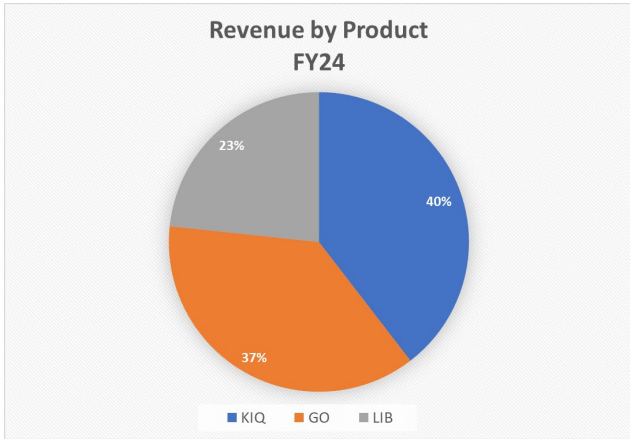
*EBITDA represents earnings before interest, tax, depreciation and amortisation

Knosys Managing Director, John Thompson said, "Over the past year, we have successfully delivered on our business strategy to stabilise revenue, reduce the cost base, deliver a full year profit, whilst continuing to acquire new customers. In addition, we prioritised solution investment to our highest growth potential solutions and we made solid progress on the development of our new product, Libero X, which represents the next generation in LMS. We will continue to invest in these market leading LMS products in FY25 and then expand market share with an aim to deliver additional revenue growth from FY26 onwards."

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Overview of FY24 Results

In FY24, despite a softer trading environment, Knosys stabilised revenue at \$9.6 million, down 3% on the prior year. In FY24, 40% of revenue was from KnowledgeIQ, 37% from GreenOrbit and 23% from Libero. Over the past year, the geographic diversification of revenue has continued with around 68% of revenue from Australia and New Zealand, 17% from the US and 9% from Europe.

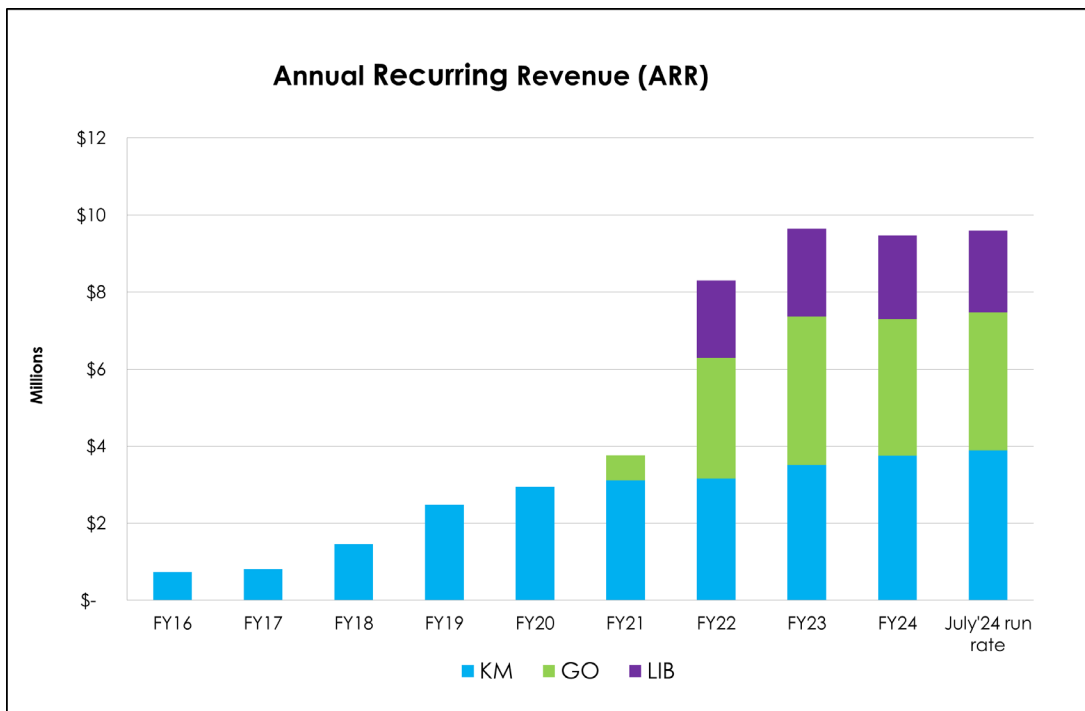


In FY24, Knosys reduced operating expenses by 19%. The significant reduction in operating expenses was primarily due to a 24% reduction in employee expenses to \$6.0 million in FY24, down from \$7.9 million in FY23.

Knosys generated positive net operating cash flow in FY24 of \$2.3 million, up from a net out flow of \$0.8 million in FY23.

The cash balance was \$4.2 million at 30 June 2024, up from \$2.0 million in the prior year.

In FY24, Annual Recurring Revenue (ARR) stabilised year on year at \$9.5m. At the end of July 2024 ARR run rate was \$9.6m.



* July'24 ARR reflects end of July'24 month recurring revenue annualised to give an annual run rate

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FY24 Year in Review

Over the past year, Knosys acquired new customers across all solutions and generally migrated existing customers to longer term contracts, while incurring a level of customer churn that is in line with industry averages. New customers include:

- An Australian-owned financial services group, based in Tasmania, is implementing KnowledgeIQ in their Contact Centre to improve organisational efficiencies, including call wait/handling times and effective onboarding of new staff.
- A major government agency in Western Australia, has committed to an initial 5-year term with KnowledgeIQ for use in a legal and best practice applications across the state.
- A major provider of health and aged care services in Central Gippsland, Victoria, is rolling out the all-in-one intranet solution, GreenOrbit, to provide an engaging, centralised hub to access information and processes.
- A leading health facility in Savannah, Georgia USA, signed a 3-year term with GreenOrbit Cloud. This facility offers comprehensive health services and state-of-the-art medical technologies.
- A large municipal city council in Victoria, signed a 2-year term with GreenOrbit Cloud.
- A Council Library in New South Wales, signed a 5-year term with Libero. The library is a stand-alone service with over 2100 members.
- A university in Düsseldorf, Germany, signed a 5-year term with Libero. This private, state-recognised university of Applied Sciences includes studies in Education / Psychology, Sociology / Social Work and Nursing / Medicine.

These new customers will contribute to our ARR and make a strong revenue contribution in FY25.

Protect, Grow and Invest Strategy

In FY24, Knosys commenced implementing its 'Protect, Grow and Invest Strategy' which includes the following components:

- Protect and grow the revenue from existing Knowledge IQ and GreenOrbit solutions.
- Build on existing capability and market share in Library Management Solutions (LMS) with the aim to become a leading LMS provider globally within 3-5 years.
- Prioritise and increase the investment of resources to achieve transformational product development in LMS to generate significant additional returns over the medium term..
- Where beneficial to the business, apply LMS innovations to other solutions to deliver tangible benefits to customers and end-users.

In FY24, Knosys completed the first stage of the implementation plan, which was to complete the strategic portfolio review, identify LMS as the solution with the greatest market opportunity, drive margin contributions of core solutions to create business efficiency and preserve business value, execute retention plans on existing Libero customers and commence reallocating investment capital into the LMS solution.



FY25 Outlook

Knosys enters FY25 with a clear growth strategy. The next stage of the implementation plan, to be completed in FY25, involves a focus on prioritising and increasing the development efforts on multiple next generation LMS offerings through increased capital investment. The Company will continue to work on organic growth across its solutions with a special emphasis on the library management solutions. Knosys' ambition is to be a global disruptor in the LMS market, through the improvements to its solutions, generating revenue growth from its existing customer base and attracting new customers, with additional new revenue from these investments expected from FY26 onwards.

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 authorised the release of this announcement to the market.

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