

ASX Announcement

31 October 2024

Q1 FY25 Activity Report and Appendix 4C

Key Highlights:

- **Positive operating cash flow of \$0.25m** with a cash balance of \$4.4m at 30 September 2024.
- **Solid organic growth:** Singtel contract extended for a further two years. New customer contract with the Office of the Director of Public Prosecutions in WA, for a five-year term with a two-year extension option.
- **Revenue stability:** The Annual Recurring Revenue (ARR) of \$9.4m at October 2024, is steady year-on-year
- **Increased investment in library-tech:** Substantial progress on product development program with new Libero mobile app beta launch in mid-September at the Libero User Group conference
- **Outlook for FY25:** Increased investment in market leading library-tech in FY25, with early revenue contribution from this program of work expected from FY26 onwards.

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

Q1 FY25 Overview

In Q1 FY25, Knosys signed a two-year contract extension with Singtel for a contract value of \$750k over the two years. Knosys has maintained its recurring revenue stability with a steady ARR of \$9.4m at October 2024.

During the quarter Knosys signed a new customer contract with the Office of the Director of Public Prosecutions in WA for the KnowledgeIQ solution. The contract is for an initial five-year term with a two-year extension option, for a total contract value of up to \$985k over seven years. Recurring revenue from this new customer is expected to commence early in the 2025 calendar year.

Knosys continued to invest in new product development in library-tech, in line with its growth strategy, resulting in operating cash outflows of \$3.1m in Q1 FY25, reflecting increased R&D and staff expenses.

Increased investment in library-tech

Knosys is implementing its plans to enhance its Libero library management solution and to produce SaaS solutions for commercial use/application in the library-tech industry, including a pipeline of back-end processing and mobile software solutions currently under development.

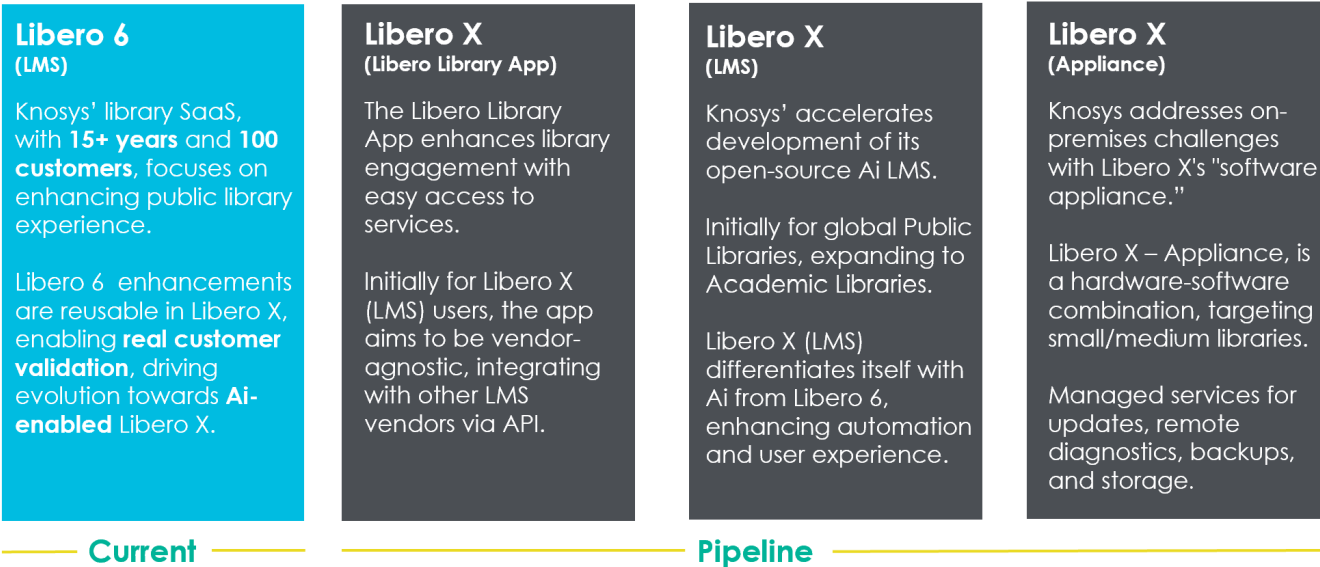
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By FY27, Knosys will have a complete market-leading software solution for the key library market segments of public and academic libraries, as shown below. This is designed to meet the demands of our customers and grow our market share in the industry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

Knosys is developing the following suite of library management solutions.

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Knosys completed the beta launch of the new Libero mobile library app in mid-September. This is the first product to be released as part of the library-tech product development program, which started in 2H FY24. Several libraries are now testing the app and the feedback from these user groups has been very positive. Sales of this product to libraries are planned for early 2025 and by Q4 FY25 Knosys will integrate with other library-tech vendor products.

We continue to accelerate enhancements to the current Libero 6 library management solution while, in parallel, working on the next generation Libero X solution which is expected to be fully complete and ready for commercial sale in FY27.

Appendix 4C cashflow report – released with this activity report

In Q1 FY25, Knosys received \$2.2m in cash receipts from customers. Each year, Knosys receives the annual license fees from its largest client and an R&D tax rebate in either June or July. The timing of this income significantly impacts cash receipts in both Q4 and Q1. In Q4 FY24, Knosys received the annual fees from its largest client and in Q1 FY25, Knosys received the R&D tax rebate of \$1.1m.

Quarterly operating cash out flows were \$3.1m, with increased investment in staff across R&D, general software development, support and sales and marketing. Although this quarter was impacted by cash outflows associated with staff bonuses and recruitment costs, this overall level of expense is expected to continue with the higher activity and staff levels associated with the pursuit of the Libero X program.

Knosys generated positive net operating cash flow in Q1 FY25 of \$250k and the cash balance at 30 September 2024 was \$4.4m (compared to \$3.5m at Sept'23).

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, "In the past quarter, we made significant progress on our product development program, Libero X, which represents a step change in library-tech and we are very pleased that we have completed the beta launch of our first new product, the mobile library app. The initial customer feedback has been very positive, and we are on track for the commercial launch of this product to drive new revenue in early 2025. In addition, we are continuing to make progress on our new open-source Ai library-tech solution, which incorporates enhanced automation and user experience. We expect our increased investment this year will deliver enhanced revenue growth 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 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.

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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")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,193	2,193
1.2 Payments for		
(a) research and development	(423)	(423)
(b) product manufacturing and operating costs	(512)	(512)
(c) advertising and marketing	(58)	(58)
(d) leased assets	-	-
(e) staff costs	(1,573)	(1,573)
(f) administration and corporate costs	(529)	(529)
1.3 Dividends received (see note 3)		
1.4 Interest received	41	41
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	(12)	(12)
1.7 Government grants and tax incentives	1,126	1,126
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	251	251

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	(16)	(16)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(16)	(16)

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)	(27)
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)	(27)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,185	4,185
4.2	Net cash from / (used in) operating activities (item 1.9 above)	251	251
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(16)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	(27)
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
4.6	Cash and cash equivalents at end of period	4,378	4,378

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	1,837	1,053
5.2	Call deposits	1,259	1,850
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	1,282	1,282
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,378	4,185

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	231
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. 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)	167	167
7.4 Total financing facilities	167	167
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)	251
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,378
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,378
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	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.

31 October 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.