



# Connecting People and Information

Acquisition of LIBERO

Investor Presentation (ASX:KNO)

1 July 2021

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# The Knosys Vision

Our mission is to empower organisations to make smart connections with their information, thereby elevating business information from a source of complexity to a clear business advantage.

# Acquisition of LIBERO: Key Highlights



## New SaaS pillar:

Adding Library Management Systems (LMS) as third pillar to multi-SaaS offering



## Expanding global footprint:

Customers across 8 countries, with significant presence in Australia and Germany



## New customer vertical:

Access to customers across local council and tertiary education **with potential to cross-sell existing SaaS solutions**



## Accelerate recurring revenues:

Consolidated entity expected to generate \$8m ARR in FY22, including \$2.2m in ARR from LIBERO

# Benefits of the Deal



## Highly Complementary Solution

- Cloud product enabling organisations to manage internally their physical and digital information assets and allow their end users to remotely access all resources
- Strong customer value proposition in the mid-market and enterprise
- Solution based on same Microsoft core technology
- Strategic alignment

## Global Footprint

- Expands Sales offices in Germany
- Customer Success and Development Centre in Brisbane



## Customers

- Global customer base including Australia and Europe
- Clients across multiple similar industries – Local Government, larger corporates
- Extends our addressable market

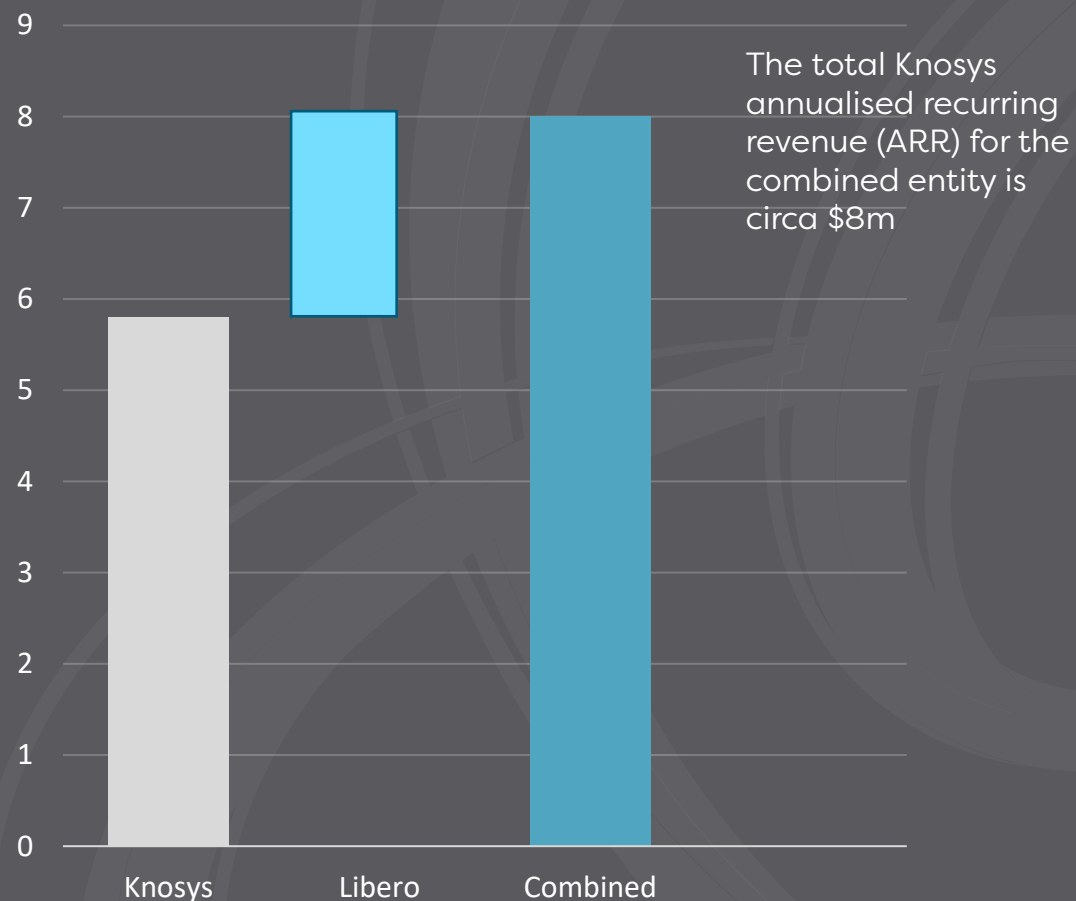
## Revenue & Earnings

- Profitable business
- SaaS business model
- Strong Recurring Revenue profile
- 25% increase in group ARR to \$8m
- Revenue diversification

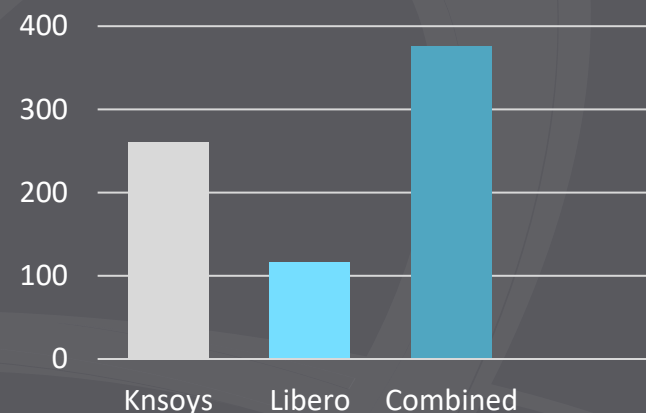
# Diversification in FY22



ARR (\$m)

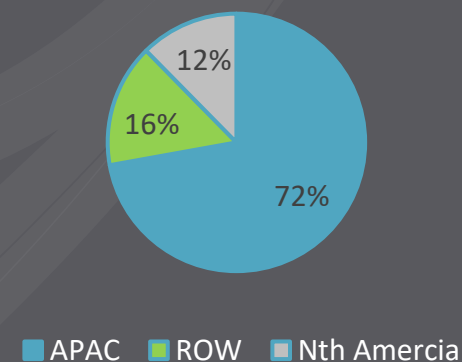


Customer Diversification



The Knosys customer base is primarily Enterprise and the Libero customer base is primarily mid-market. Key client risk is reduced from 16% of revenue to 12%.

Geographic Diversification

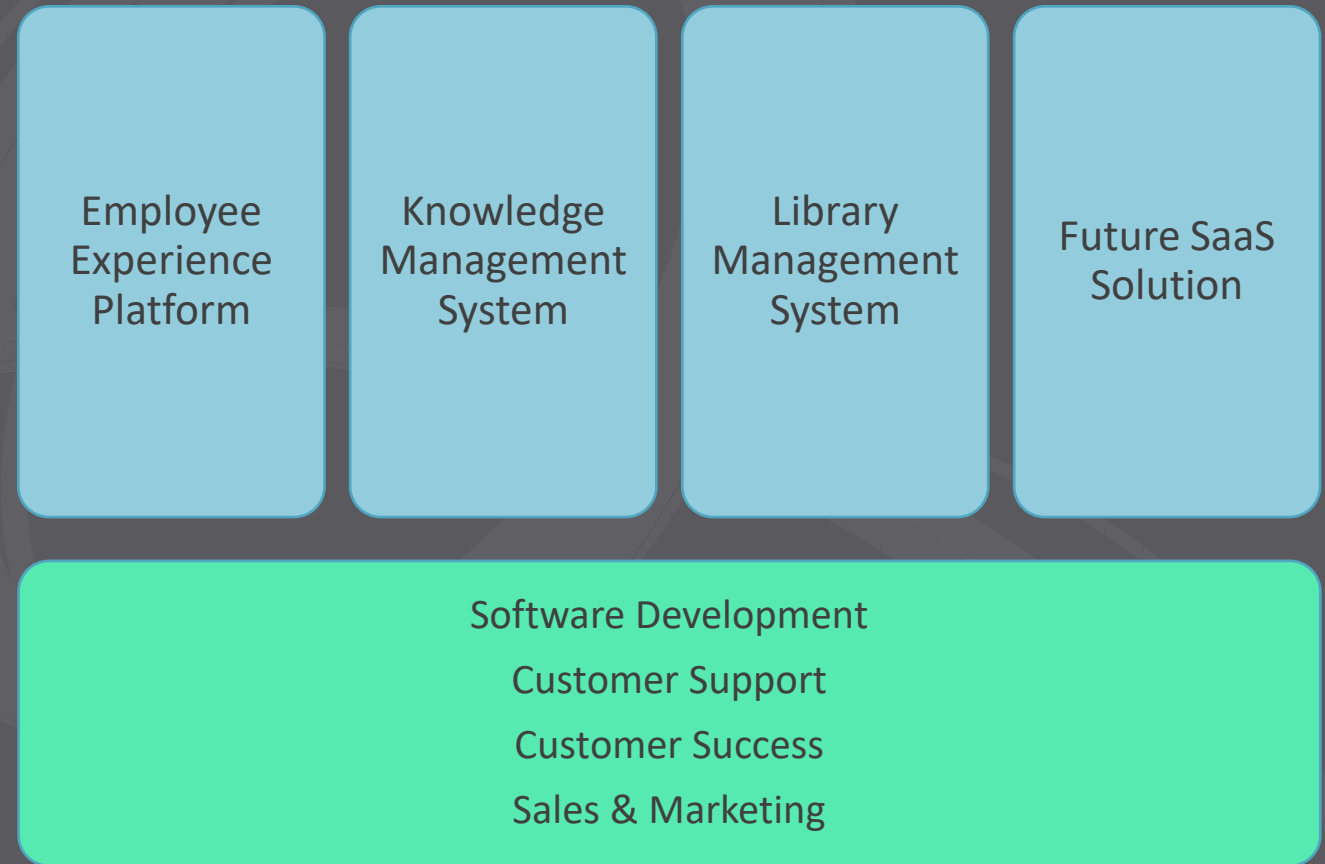


Moving forward, we expect a greater contribution from Europe, North America and ROW as our diversified product range is sold globally.

# M&A Growth Strategy



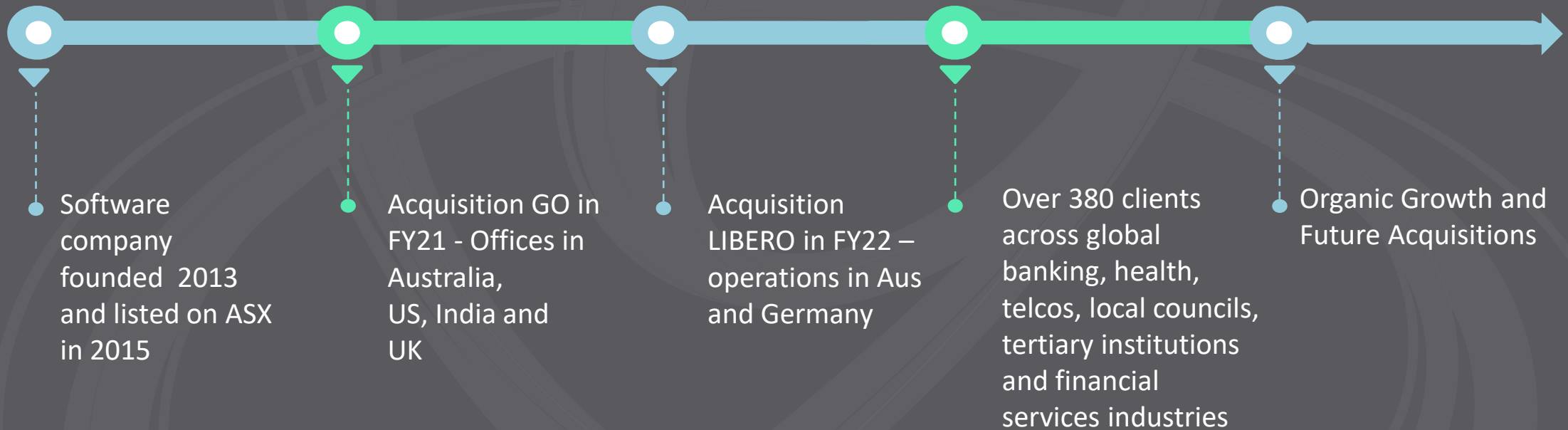
- Acquire multiple SaaS solutions
- Focus on acquisition opportunities with operational scale and corporate services
- Preference for companies with a global footprint
- Operating in a growing and addressable market
- Clear opportunity to accelerate growth by integrating into Knosys



# Global reach, global scale



Knosys is a global software-as-a-service (SaaS) information technology company offering a range of software solutions designed to boost productivity, collaboration and connectivity in the digital workplace.





# LIBERO Overview



116

Customers

8

Countries

17

Employees

\$2.2m

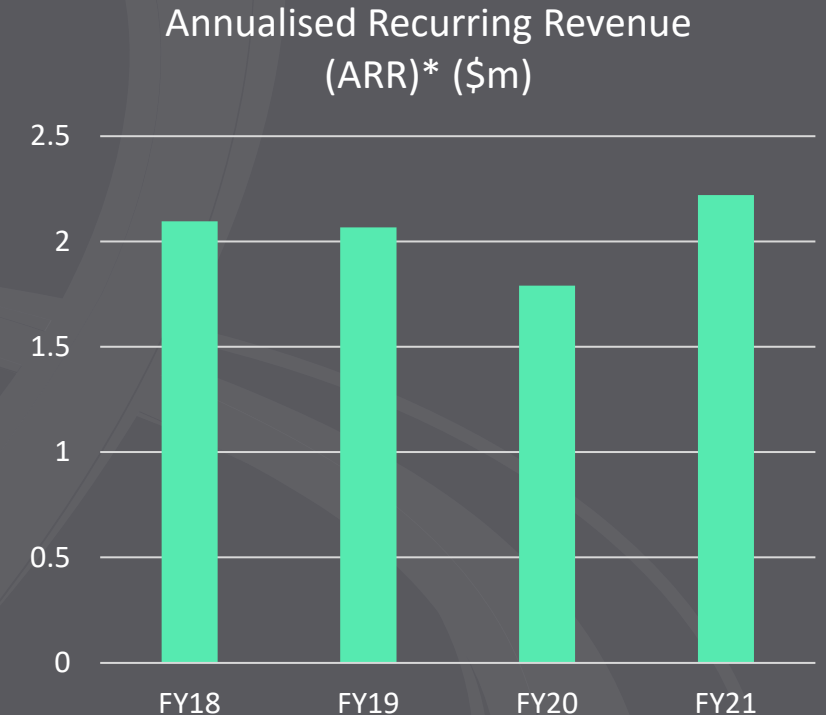
ARR

\$600k+

EBITDA

\* Above metrics based upon FY21 management accounts

- LIBERO library management solution delivers a new digital experience in managing asset collections, employees and interactions with their members.
- LIBERO is a profitable leading Library Management Software business with 116 customers across 8 countries
- Over 90% of revenue comes from Australia and Germany
- The average annual spend per customer is around \$19K, with a handful of customers spending over \$100K per year
- Clients pay an annual subscription license fee and are predominately Public Libraries and Tertiary Education Institutions



\* Calculated as contracted license & support fee revenue for the month, multiplied by 12

# LIBERO Transaction Summary



## Offer

- Knosys will acquire the Libero business assets from Libero Software Pty Ltd and Insights Informatics Pty Ltd
- LIBERO vendor will receive \$4m in cash plus \$1m worth of fully paid ordinary shares in Knosys
- The net cash component of the consideration will be funded from Knosys' existing cash resources
- The 1m shares will be subject to a 12 month voluntary escrow period
- Knosys to acquire certain assets and liabilities from the Vendor with a minimum net working capital of \$300k
- This implies a valuation of \$5m

## Strategic Rationale

- Building a diversified SaaS product offering
- Leveraging the existing global footprint to drive growth
- Increasing combined ARR
- Potential cross-sell opportunities in Local Council and Enterprises
- Attractive acquisition multiple of 2.3 x FY22 ARR (estimated)
- Profitable and expected EBITDA accretive

## Timing

- Acquisition completion, subject to the satisfaction of certain agreed conditions, is expected to be no later than 31 August 2021

# LIBERO customer base



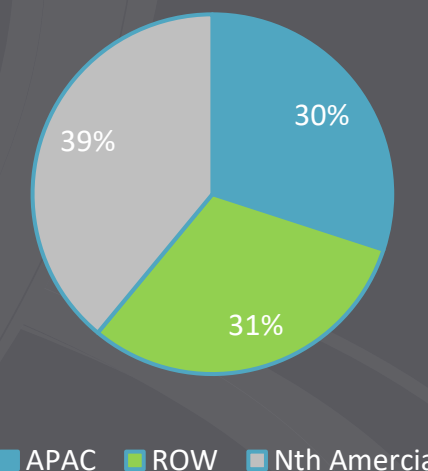
**Local Government,  
Tertiary Educational,  
Banking Customer Base**



# Library Management Industry (LMS)

- The global LMS market is expected to reach Revenue of US\$2.40b by 2024, indicating growth of US\$436.7m during 2020-2024<sup>1</sup>.
- A LMS is typically used by library staff to organise internal catalogues of information assets such as books, articles and other digital media, track customer borrowing and returns, and coordinate invoicing and payment
- The most common target markets for LMS are public libraries, educational institutions and large corporates.
- The global LMS sector has undergone consolidation over the past decade, with a number of larger vendors seeking geographic expansion via acquisition.

Regional Market Share % (2019)<sup>1</sup>



<sup>1</sup> Global Library Management Software Market 2020-2024 - Technavio

# **| Knosys Post LIBERO Transaction**

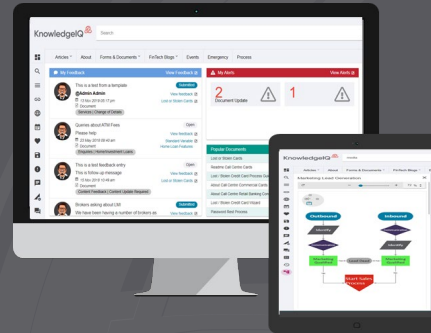
# SaaS Product Family



**GreenOrbit** 

Everything your employee needs built in

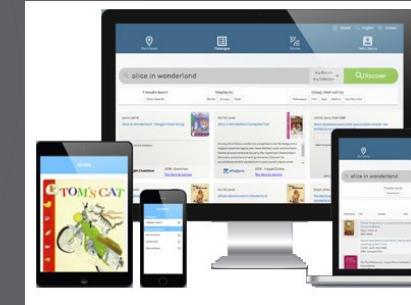
Empowering digital workplace with the best employee tools to communicate, collaborate, and engage through an intelligent intranet ... create inspiring experiences.



**KnowledgeIQ** 

Intuitive platform supporting your call center teams and customers

Unlocking knowledge to help employees and customers find answers and information quickly when they need it .... trusted single source of truth for everyone



**Libero** 

A powerful library management system to manage all your resources in the digital workspace.

Libero is a next generation solution is cloud based enabling your employees and members to access your library management solution anywhere, at anytime.

# Expanding Global Market Opportunity



Target Market	Employee Experience Platform	Knowledge Management System	Library Management System
Customer Profile	MID-MARKET 200-1000 staff	ENTERPRISE 1000-10,000 staff	MID-MARKET 200-300 staff
Growth Drivers	<ul style="list-style-type: none"><li>• Employee Efficiency &amp; Engagement</li><li>• Cloud-based, Digital Workplace Solutions</li><li>• Flexibility &amp; Remote Working</li></ul>	<ul style="list-style-type: none"><li>• Customer Engagement &amp; Experience</li><li>• Agent efficiency &amp; productivity</li><li>• Consistency &amp; compliance for single source of truth</li></ul>	<ul style="list-style-type: none"><li>• Effective library management via digital channels</li><li>• increasing demand for automation in the library</li><li>• rising number educational institutions</li></ul>

<sup>1</sup> <https://www.openpr.com/news/2000791/knowledge> Knowledge Management software market share size 2020 global

<sup>2</sup> Market Research Future April 2020

## Attractive Multiple Markets

Employee  
Experience  
Platform (EXP)

**\$25B<sup>2</sup>**

Knowledge  
Management  
System (KMS)

**\$2B<sup>1</sup>**

Library  
Management  
Software (LMS)

**\$2B<sup>3</sup>**

<sup>1</sup> <https://www.openpr.com/news/2000791/knowledge> Knowledge Management software market share size 2020 global

<sup>2</sup> Market Research Future April 2020

<sup>3</sup> Global Library Management Software Market 2020-2024 - Technavio



# Consolidated key metrics



Group Annualised  
Recurring Revenue\*

**\$8m**

FY21 Revenue Guidance

**\$5-5.3m**

Total Number of  
Customers

**380**

Q3 FY21 Cash balance

**\$6.5m**

Average Annual Revenue per  
Customer

**\$8-10k EXP**

**\$10-\$40k LMS**

**\$30-\$150k KMS**

\*ARR Forecast based on consolidated results and full year impact of LIBERO acquisition

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# Investment Opportunity



Market leading digital workplace SaaS platforms



Innovative Technologies - Natural Language Processing (NLP), Intelligent Search, Machine Learning (AI)



Positioned in >\$25B high growth markets of EXP, KMS and LMS



Substantial customer validation and diversified customer base across the globe



Focused Organic and Acquisition Growth Strategy in US and APAC



increasing SaaS Recurring Revenue business model supports financial growth

# Growth Strategies

1

New customer acquisition and expansion into key markets

- Invest in sales and marketing to accelerate pipeline growth and new customer acquisition in North America and APAC
- Expand solutions footprint to additional geographies (KM and LIBERO into US and EXP into APAC)

2

Expansions and upsells with existing customer base

- Increase number of solutions through upsells to existing customers
- Look for cross sell opportunities within existing customer base

3

Expand solutions offering

- Expand solutions offering through investment in additional features and capabilities
- Increase product capabilities to expand addressable market and support continued growth in the contracted revenue

4

Accelerating growth through aligned acquisitions

- Knosys remains open to pursuing strategic, technology aligned and operationally compatible acquisitions to accelerate its growth

## Knosys Capital Structure

ASX Code	KNO
Share Price (at 1 <sup>th</sup> July 2021)	\$0.135
Market Capitalisation	\$28m
Shares on Issue	207,242,147
Directors, Executive, Staff shareholding	7%
Cash (as at 31 March 2021)	\$6.5m (no debt)

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