

ASX Announcement

28 October 2021

## September 2021 Quarterly Activity Report and Appendix 4C

### Key Highlights:

- **Positive operating cash flow:** Q1 receipts from customers of \$2.9m, up 42% from \$2.1m on pcp, primarily due to the contribution from GreenOrbit, acquired in March 2021. Cash inflow is normally higher in Q1 due to the timing of annual renewals.
- **Building global scale:** The Libero acquisition was completed on 31 August 2021, which represents the third pillar of the Company's multi-SaaS offering. The Company is currently tracking at an Annualised Recurring Revenue (ARR) of over \$8.3m.
- **Organic growth:** Three pilot projects in Knowledge Management were completed in Q1 with further market updates expected in Q2. Annual renewals in GreenOrbit are strong, with an uplift in annual subscription rates and minimal churn.
- **Solid cash position:** The cash balance at 30 September was \$5.3m, which reflected \$2m of investing cash outflows relating to the Libero acquisition.
- **Investing for growth:** The investment in sales and marketing increased in Q4 FY21 into Q1 FY22 to accelerate customer acquisition and revenue growth.
- **Continue to assess complementary acquisitions:** Supporting our market positioning as a SaaS solution provider helping businesses manage information and knowledge.

**Knosys Limited (ASX:KNO)** ("Knosys" or the "Company"), 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, is pleased to provide its September 2021 quarterly activity report and update on the Company's operations and business.

### September 2021 Quarter

In the September 2021 quarter, Knosys received \$2.9m in cash receipts from customers, up 42% on the \$2.1m received in the September 2020 quarter, principally due to the addition of the GreenOrbit business. Group cash inflows are typically higher in Q1 with a higher proportion of annual subscriptions occurring at the commencement of the financial year, increasing the level of collections relative to other financial quarters.

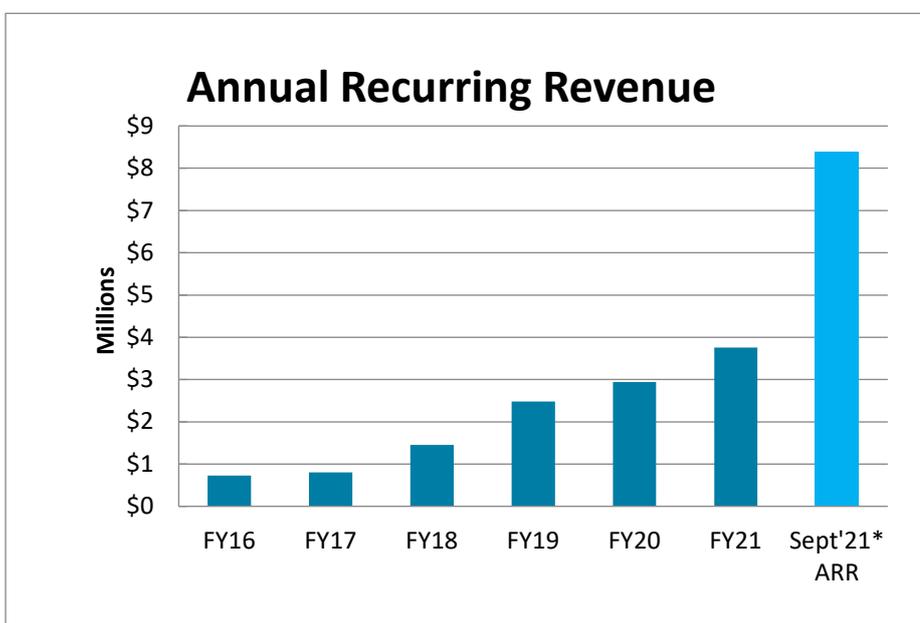
Knosys generated positive operating cash flow of \$897K in the September 2021 quarter. Staff costs increased to \$1.4m in the September 2021 quarter, reflecting the increased employee base.

### Successful integration of acquisitions

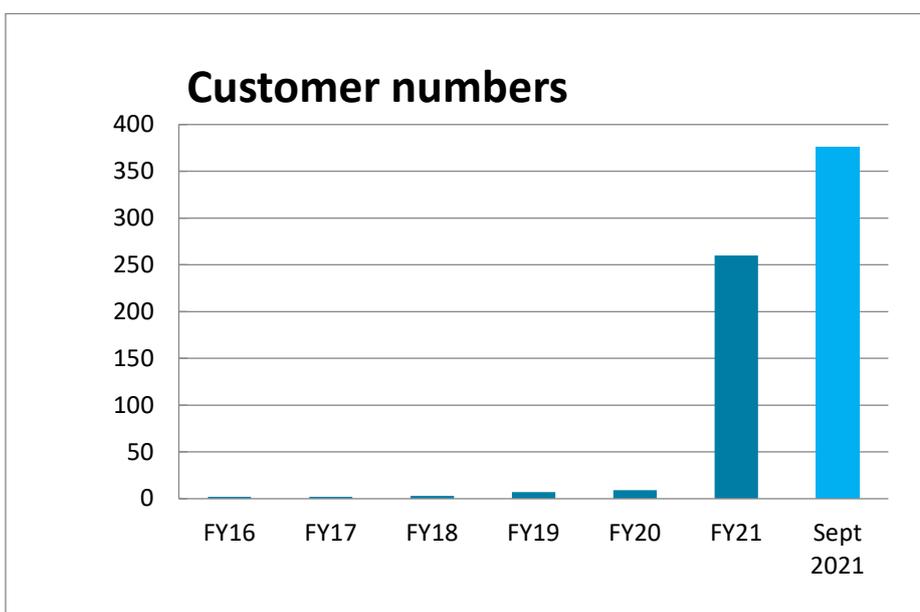
The Libero acquisition was completed on 31 August 2021. Libero is a leading Library Management Software (“LMS”) company which delivers a new digital experience in managing asset collections, employees and interactions with their members for public libraries, tertiary education institutions and other similar organisations.

The Libero acquisition represents the third pillar of the multi-SaaS product offering, adding to the Company’s existing Knosys Knowledge IQ solution and the GreenOrbit Intelligent Intranet solution, acquired 30 March 2021. Knosys is building a strong foundation of recurring revenue with diversified revenue streams.

The consolidated business now has 60+ employees and approximately 380 customers and has annualised recurring revenue (ARR) of over \$8.3m as of September 2021.



\*annualised recurring revenue including acquired businesses, GreenOrbit and Libero





### **Organic growth**

In the past quarter, Knosys has focused on increasing the annual revenue per unit (ARPU) of the GreenOrbit customer base and this has translated to a material uplift on subscription fees upon renewal. Over 60% of the GreenOrbit customer base has now transitioned to the latest product release and there has been no material churn from a revenue perspective. The legacy Intranet ID product will reach end of life in December 2022, and we are confident that this transition process will continue to run smoothly.

Knosys' strong relationship with its customer base continues to provide opportunities for increased usage and expansion of the Knowledge IQ licence base within its enterprise and mid-tier customers.

In Q1, Knosys commenced work on consolidating its global customer base to a single cloud service provider to improve operating margins and minimise the need for additional cloud resources going forward. Customers are expected to transition to this global cloud service in Q2 and Q3.

### **Investing for growth**

Knosys has a global revenue footprint and a diverse customer base across multiple SaaS verticals. The investment in sales and marketing increased in Q4 FY21 into Q1 FY22 in order to accelerate customer acquisition and revenue growth.

In Q1, Knosys completed three major Knowledge IQ enterprise pilots in APAC and will update the market on progress in Q2.

A focus on digital marketing and local sales strategies has led to an increase in the Company's pipeline which has been maintained during the quarter. This strong pipeline will drive sales growth in FY22 and beyond.

### **Solid cash position**

The cash balance of \$5.3m at 30 September 2021 reflects the impact of strong net operational cash inflows and \$2.0m in investing cash out flows related to the Libero acquisition and associated costs. Final payments of approximately \$0.9m related to the Libero acquisition will occur at end of October 2021. Knosys remains well funded to execute on its growth strategy.

Knosys Managing Director, John Thompson said, "We have had a solid quarter of acquisition and organic growth and we are now focused on the integration of the Libero acquisition. Our sales teams are now prospecting strategic cross-selling opportunities and up-selling the expanded product portfolio to our combined customer base. We are already seeing an increase in enquiries as Australian businesses emerge from the COVID lockdowns and transition to a normalised operating environment. In addition, we continue to assess complementary acquisitions to further accelerate our growth in this fast growing market for digital solutions."



## ABOUT KNOSYS

Knosys is a leading SaaS provider based in Melbourne, with 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”

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*This announcement was approved for release to ASX by the Board of Directors.*

## 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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,949	2,949
1.2 Payments for		
(a) research and development	(82)	(82)
(b) product manufacturing and operating costs	(242)	(242)
(c) advertising and marketing	(141)	(141)
(d) leased assets	-	-
(e) staff costs	(1,400)	(1,400)
(f) administration and corporate costs	(183)	(113)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	(6)	(6)
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>897</b>	<b>897</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses – net of cash acquired	(1,743)	(1,743)
(c) property, plant and equipment	(13)	(13)
(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	(339)	(339)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2,095)</b>	<b>(2,095)</b>

<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	(31)	(31)
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>(31)</b>	<b>(31)</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	6,532	6,532
4.2 Net cash from / (used in) operating activities (item 1.9 above)	897	897
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,095)	(2,095)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	(31)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,303</b>	<b>5,303</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	2,392	1,556
5.2	Call deposits	1,665	1,480
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	1,246	3,496
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,303</b>	<b>6,532</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	203
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.*

<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)	190	190
<b>7.4 Total financing facilities</b>	<b>190</b>	<b>190</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)	897
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,303
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,303
<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.

28 October 2021

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.