

## ASX Announcement

23 February 2023

# Continued growth for Knosys with total revenue up 19% and license and support fees up 25%

### Key Highlights:

- **Strong revenue growth:** Total revenue of \$5.3m in 1H FY23, up 19% on 1H FY22, driven by a 25% increase in recurring license and support fees, due to increased average revenue per customer and revenue expansion across all solutions and geographies.
- **ARR of \$9.6m:** Annual Recurring Revenue ("ARR") is tracking at a run rate of \$9.6m, up 8% on prior comparative period (pcp).
- **Minimal net cash outflow:** Net operating cash out flow of \$160K in 1H FY23 and cash balance of \$2.8m at 31 December 2022.
- **Enterprise contract renewals:** ANZ Bank, Singtel and Optus signed contract extensions for the enterprise Knowledge Management solution, KnowledgeIQ, with a combined total contract value of over \$6.7m and an increase in Annual Recurring Revenue (ARR) of \$0.3m.
- **Positive outlook for 2H FY23:** The strong pipeline of enterprise and mid market opportunities across all solutions, together with disciplined cost control is expected to continue to increase ARR and improve cash flow over the next 6-12 months.

**Knosys Limited (ASX:KNO)** ("Knosys" or the "Company"), is pleased to report on its first half FY2023 financial results for the period ending 31 December 2022.

### 1H FY23 Results Overview

	1H FY23	1H FY22	Δ
<b>Total Revenue</b>	\$5.3m	\$4.5m	Up 19%
<b>Revenue from License and support fees</b>	\$4.8m	\$3.8m	Up 25%
<b>Net Profit/(Loss) before transaction costs, material non-cash items and tax</b>	\$(0.7m)	\$(0.3m)	Down \$0.4m
<b>Net Profit/(Loss) After Tax</b>	\$(1.3m)	\$(1.3m)	Down 5%
<b>Operating cash (out) flow</b>	\$(0.16m)	\$0.15m	Down \$0.3m
<b>Cash balance</b>	\$2.8m	\$3.6m	Down 23%



Knosys Managing Director, John Thompson said, “Over the past six months, we increased investment in solution development and we further refined our sales and marketing strategy, to build a portfolio of marketing leading SaaS solutions across key industry verticals. In addition, we successfully extended key contracts and increased average sales per customer with revenue expansion across all solutions and geographies. We have a strong pipeline and a focus on disciplined cost control, as we track toward cash flow breakeven in FY23.”

## **Overview of 1H FY23 Results**

Sales revenue of \$5.1m in 1H FY23, was up 20% from \$4.2m in 1H FY21. License and support fees, increased by 25% to \$4.8m in 1H FY23. The 1H FY23 results include the full half contribution from the Libero acquisition, compared to 4 months in 1H FY22 (Libero acquired in August 2021).

This strong revenue growth was driven by increased average revenue per customer, revenue expansion across all solutions and geographies and key enterprise contract renewals.

Key contract renewals for enterprise Knowledge Management solution, KnowledgeIQ include:

- ANZ Bank signing a 3-year contract extension with a total contract value over \$5m.
- Singtel signing a 2-year contract extension with a contract value of \$750K.
- Optus signing an additional one-year extension to January 2025, with a contract value expected to exceed \$1m.

In addition, Libero renewed 10 public library customers, signing them to multi-year contracts, commencing in 2023.

Over the past six months, Knosys has implemented initiatives to increase the average revenue per customer across the domestic and international customer base, including up-selling and relinquishing uneconomic accounts. Knosys is also transitioning more customers to multi-year contracts to build the lifetime contract value and ARR. Sales revenue increased in all geographies, including Australia, the United States, New Zealand, Europe, Asia and Rest of World.

Knosys generates revenue from three SaaS solutions across Employee Experience, Knowledge Management and Library Management and operates a shared services model for product development, customer support, and sales and marketing.

Operating expenses increased in 1H FY23, reflecting the continued increased level of investment in sales and marketing to pursue growth and in product research and development to keep the Company's solutions competitive. Over the past six months, the Product Roadmap for each solution has been updated and the target markets for each solution have been further refined to key industry verticals.

In July 2022, Knosys restructured and consolidated its support and testing capability. This has improved customer support and enhanced product development capability. Operating expenses are now expected to trend downwards, with Q2 FY23 operating expenses down 7% on Q1 FY23, reflecting operating efficiencies.

Operating cash flow continues to track towards cash flow breakeven, with an out flow of \$160K in 1H FY23, compared to an operating cash inflow of \$150K in 1H FY22. The cash balance of \$2.8m, at 31 December 2022 is expected to be maintained in 2H FY23. The Company remains committed to funding its growth strategy.

The reported net loss in 1H FY23 was \$1.3m, up 2% on 1H FY22, which includes the impact of non-cash charges of \$0.6m for share-based payments and the amortisation of intangible assets. The underlying net loss before transaction costs, material non-cash items and tax was \$0.7m.



## Outlook

Knosys is focused on building sustainable long term revenue growth in a market with favourable industry trends for the solutions being offered, supporting significant ongoing growth potential.

The pipeline of enterprise opportunities in Knowledge Management remains strong and we have a full schedule of business development activities including the development of corporate proposals and responding to government tenders. The Company is also exploring new partnerships to drive new growth and expand sales reach for all of its solutions, complementing direct sales activities for 2H FY23 and into FY24.

We remain very optimistic about the future demand for the Knosys suite of solutions given the increasing focus and demand for improvements in employee productivity and increased connectedness across corporate and government organisations.

## 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”

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

For further information please contact:

John Thompson, MD  
Knosys Limited  
T: +61 3 9046 9700  
E: [cosec@knosys.it](mailto:cosec@knosys.it)

OR

Katie Mackenzie  
Bellevue Investor Relations  
T: 0455 502 197  
E: [kmackenzie@bellevueir.com.au](mailto:kmackenzie@bellevueir.com.au)