

ASX Announcement

24 February 2022

Highlights for the Half Year ending 31 December 2021

- **ARR of \$8.9m:** Annual Recurring Revenue ("ARR") is now tracking at an \$8.9m run rate
- **Licence, subscription and support revenues up 156% :** License, subscription and support fee revenue was \$3.8m in 1H FY22, up 156% from \$1.5m in 1H FY21.
- **Revenue growth through acquisitions:** In 1H FY21, Knosys received a full contribution from the GreenOrbit acquisition (March 2021) and a four-month contribution from the Libero acquisition (August 2021). Both acquisitions continue to track ahead of initial expectations.
- **KM business growth:** New customer wins in Knowledge Management (KM) and expansion from existing customers increased ARR run rate by over \$230K. Tendering activity continues to be strong.
- **Positive operating cash flow:** Operating cash flow of \$150K in 1H FY22, was down from \$864K in 1H FY21, due to increased sales & marketing spend and expanded operations. The cash balance as at 31 December 2021 was \$3.6m.
- **Complementary acquisitions:** Continuing investigation of acquisition targets that enhance the SaaS solution portfolio, 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 report on its first half FY2022 financial results for the period ending 31 December 2021.

| | 1H FY22 | 1H FY21 | Δ |
|--|----------|---------|-------------|
| Total Revenue | \$4.5m | \$2.4m | Up 88% |
| License, subscription and support fees (recurring rev) | \$3.8m | \$1.5m | Up 156% |
| Net loss before transaction costs, share based payments, intangibles amortisation and tax | \$(277K) | \$448K | Down \$725K |
| Net Loss After Tax | \$(1.3m) | \$248K | Down \$1.5m |
| Operating cash flow | \$150K | \$864K | Down \$714K |

Revenue from the core activities of License, Subscription and Support Fees, increased by 156% to \$3.8 million in 1H FY22, and total revenue (including professional services, project income and R&D incentive) increased by 88% to \$4.5 million compared to 1H FY21.

Over the past year, Knosys has successfully integrated the GreenOrbit and Libero businesses and both acquisitions are continuing to track ahead of initial expectations. These acquisitions have provided revenue diversity across three SaaS pillars; (1) Employee Experience, (2) Knowledge Management, and (3) Library Management Solutions.

Revenue has diversified by geography over the past year, with Australia and New Zealand now contributing 71% of total sales revenue in 1H FY22, compared to 92% in 1H FY21. The US accounted for 17% of sales revenue in 1H FY22, primarily from GreenOrbit. Cross selling and cost sharing opportunities throughout the business are being realised as planned.

Operating cash flow of \$150K in 1H FY22, was down from \$864K in 1H FY21, due to increased sales & marketing spend as well as expanded personnel and operational costs following the two acquisitions, consistent with the Company's enhanced growth strategy.

The cash balance of \$3.6m at 31 December 2021, is after the \$2.7m net cash payment to the Libero vendors and receipt of \$0.26m in equity contributions.

The net loss in 1H FY22 was \$1.3m, compared to the \$248K profit reported in 1H FY21. The reported loss includes the impact of M&A transaction costs of \$419K, non-cash charges of \$309K for share-based payments and \$274K for amortisation of intangible assets. The underlying net loss before tax was \$277K, including costs of the higher investment in accelerating domestic and global growth.

Outlook

New customer wins in Knowledge Management and increased purchase orders from existing customers have increased annualised revenue by over \$230K. In addition, tendering activity has continued to be strong across Knowledge Management and Library Management solutions.

John Thompson, Managing Director of Knosys said, "Over the past six months, we have seen the benefits of our acquisition growth strategy through the significant increase in our recurring revenue base, the expansion of our SaaS product suite as well as the geographic diversification of our revenues. Tendering activity has been strong in Q2 and in to Q3 of FY22 and we are focused on the steady increase of our Annual Recurring Revenues over time. We are building a solid foundation for sustainable long term revenue growth in a market which has significant ongoing growth potential."

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.



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