

Knosys Limited

ABN 96 604 777 862

Appendix 4D

Half-year report

31 December 2020

Reporting period

Report for the half-year ended 31 December 2020.

Previous corresponding period is the half-year ended 31 December 2019.

Results for announcement to the market

	Increase/(decrease) over previous corresponding period		
	\$	\$	%
Revenue from ordinary activities	2,385,426	446,424	23%
Profit from ordinary activities after tax attributable to members	248,246	910,860	137%
Profit for the period attributable to members	248,246	910,860	137%

Dividends

No dividends were paid or declared during the financial period and it is not proposed to pay dividends.

No dividends have previously been declared or paid in prior financial periods and there are no dividend reinvestment plans in place.

Explanation of results for the half year

- **Licence, Support and Project fee revenues of \$1,983,725**, a 26% increase on December 2019 half year.
- Total revenue (including grants and R&D incentive) of \$2,385,426, a 23% increase on December 2019 half year.
- **Net profit of \$248,246** is a 137% turnaround from the \$662,614 loss in the comparable half year period to December 2019.

A review of operations and further narrative on the above figures is contained in the half year consolidated financial report, which has been subject to independent audit review and which is lodged with this Appendix 4D.

Net tangible asset backing

	Current period	Previous corresponding period
Net tangible assets per ordinary security	3.32 cents	1.86 cents

Signed:



Stephen Kerr
CFO & Company Secretary

24 February 2021
Melbourne



Knosys Limited

ABN 96 604 777 862

ASX CODE: KNO

Half-Year Report 31 December 2020

The information in this half-year report should be read in conjunction with the annual report of Knosys Limited for the year ended 30 June 2020 and any announcements to the market by Knosys Limited for the half-year ended 31 December 2020

Corporate Information

Directors

Hon. Alan Stockdale – Chairman & Non-Executive Director
John Thompson – Managing Director
Peter Pawlowitsch – Non-Executive Director
Kathrin Mutinelli – Non-Executive Director
Neil Wilson – Non-Executive Director

Company Secretary

Stephen Kerr

Registered Office

Part Level 8
31 Queen Street
MELBOURNE VIC 3000

Auditors

William Buck
Level 20, 181 William Street
MELBOURNE VIC 3000

Bankers

National Australia Bank Limited

Stock Exchange

Australian Securities Exchange
525 Collins Street
MELBOURNE VIC 3000

Stock Code

KNO

Share Register

Automic Registry Services
Suite 310, Level 3
50 Holt Street
Surry Hills NSW 2010

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Knosys Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Knosys Limited during the reporting period and to the date of this report, unless otherwise stated:

Hon. Alan Stockdale – Non-Executive Chairman

John Thompson – Managing Director

Peter Pawlowitsch – Non-Executive Director

Kathrin Mutinelli – Non-Executive Director (appointed 1 September 2020)

Neil Wilson – Non-Executive Director (appointed 1 December 2020)

Principal activities

During the financial period the principal continuing activities of the consolidated entity were computer software development and licencing.

Dividends

No dividends were paid or declared during the financial period.

Review of operations for half year

Summary

- **Licence, Support and project fee revenues** of \$1,983,725, a 26% increase on December 2019 half year
- **Total revenue** (including R&D incentives) of \$2,385,425, a 23% increase on December 2019 half year
- **Net profit of \$248,246** is a 137% turnaround from the \$662,614 loss in the comparable half year period to December 2019.
- **Knosys 2.0:** Knosys has redefined its brand essence to “Empowering Smarter Information Connections” in line with its strategy of being a multi solution company
- **Executing Acquisition Strategy:** Knosys supported its growth strategy by announcing the proposed acquisition of leading SaaS intranet provider GreenOrbit
- **Growing Solution Revenues:** With combined annualized revenue of GreenOrbit and KnowledgeIQ, ARR is tracking at circa. \$5.8m
- **Strong cash position:** \$5.9m of cash on hand at 31 December 2020, following \$2.9m in new capital raised via placement and positive net cash from operating activities of \$0.86m for the 6 months to 31 December 2020
- **Solid Pipeline of opportunities** in the GreenOrbit and Knowledge management in ANZ, UK and USA
- **Expanded Board** aligns with growth strategy: Board expanded further, with appointment of Neil Wilson in December

The consolidated entity is the owner of KnowledgeIQ, a state of the art knowledge solution designed to allow employees and customers to source answers and information when they need it. The platform provides employees, agents, and customers on all channels with real-time access to answers and information they need to optimize customer service and transform customer experience. The consolidated entity's business model is software-as-a-service (SaaS), with a recurring subscription fee payable by clients on a per User basis.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and, while the impact has not been financially negative for the consolidated entity for the half year to December 2020, it is not practicable to estimate the impact of the pandemic, positive or negative, for this period or after the reporting date. The situation continues to develop and is dependent on a variety of measures imposed by the Australian Government and other countries, including the rollout of vaccines. The consolidated entity has noted that some prospective new customers have been deferring decisions to contract Knosys products because of concerns about the pandemic and its economic and business effects. This trend is still evident to some extent. Against this background, Knosys' Board and management consider that the results set out below and the progress in our M&A plans are encouraging in respect of the business outlook when, eventually, the pandemic is under control around the world.

The profit for the consolidated entity for the half year period after providing for income tax amounted to \$248,246 (31 December 2019 loss of \$662,614). The consolidated entity had net assets of \$5,637,470 at 31 December 2020 (30 June 2020: \$2,591,180) and had cash on hand of \$5,903,593 (30 June 2020: \$2,335,909).

Knosys Limited
Directors' report
31 December 2020

The Company is pleased to report an improvement in revenue on the prior comparative period. Revenue from the Company's core fee activities of Licencing, Support and Projects increased by 26%, compared to the prior December 2019 half year. This was due mainly to the impact of professional services fee revenues in the current six months related to the ANZ Bank NZ contract for the deployment of a standalone Knowledge IQ system in New Zealand. This contributed to a 23% increase in total revenue (including government grants and R&D incentive) for the December 2020 half year, compared to the December 2019 half year.

The Company generated net cash from operating activities of \$864,126 for the half year (December 2019: \$25,338 outflow). This strong cashflow, combined with the successful capital raising of \$2.9m, has produced a strong cash balance of \$5,903,593 at December 2020, compared to \$2,335,909 at 30 June 2020. For further narrative of the Company's cashflow performance, refer to the Company's Quarterly cash flow announcement and Appendix 4C, lodged with ASX on 29 January 2021.

Knosys Brand Re-envisioned

During the half year the company has worked on enhancing its brand to better reflect its growth strategy of becoming a multi solution company to better serve its global customer base. Knosys' new essence is about "Empowering Smarter Information Connections"

We are well progressed in refreshing the Knosys brand to better articulate our value proposition to customers and investors alike. With our consultants, we have focused on defining the 'what', 'how' and 'why' of the Knosys offerings to align it with the growing company, as follows:

- Easier, faster, more efficient access to information;
- Allow people to share information, collaborate and connect more effectively; and
- To deliver a clear business advantage to our clients (Better outcomes for our clients across customer service, productivity, compliance, employee experience).

Agreement to acquire of GreenOrbit Pty Ltd

As announced to ASX on 15 December 2020, Knosys executed a conditional sale and purchase agreement to acquire all the issued shares in GreenOrbit Pty Ltd ("GO"), a leading SaaS Intelligent Intranet software provider. At the General Meeting of Shareholders held on 27 January 2021, Shareholders approved the issue of 36,978,000 shares to the vendor of GreenOrbit, as consideration for the acquisition. Subject to the completion of conditions precedent, the acquisition is expected to complete in March 2021.

GO is a leading provider and operator of intranet solutions which facilitate efficient and secure internal communications and information sharing for over 260 clients, with more than 340,000 licenced users across more than 20 countries. GO has a diverse revenue base targeting both SMEs and blue-chip clients such as Harvey Norman, Webjet, Cotton-On and Audi. Clients typically pay an annual subscription licence fee based on the number of licences.

GO currently generates approximately \$2.8m in annualised recurring revenue (ARR) and is headquartered in Melbourne. GO has 20 employees across sales offices in Australia, US and UK and also a support operation in India with 20 engineers providing shared services for GO, covering customer support, customer success and specialised Microsoft development capabilities.

The acquisition of GO is in line with the Knosys growth strategy to deliver multiple SaaS offerings with a shared services model. Knosys' KnowledgeIQ solution and the GreenOrbit Intelligent Intranet solution will form the first 2 pillars of this diversified SaaS product offering. This growth strategy will assist Knosys to scale into a global operation using its expanded sales office footprint and a cost-effective shared services model.

Capital raising

Following the announcement of the GreenOrbit acquisition, Knosys raised \$2.9m in additional capital (before costs) through a placement of fully paid ordinary shares at an issue price of \$0.14, which was at a premium to the prior days closing price.

These funds will be used to accelerate growth in the GreenOrbit business, funding increased investment in sales and marketing, product development, IT infrastructure and general working capital requirements for the expanded global operations.

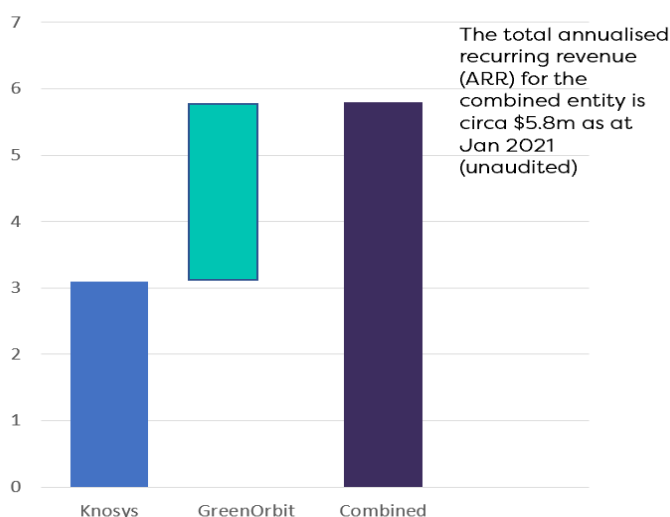
Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

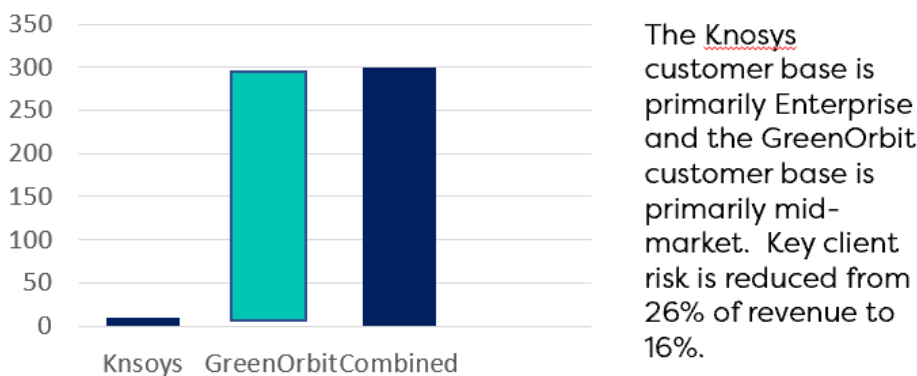
Knosys Business performance and market conditions

During the December 2020 half-year, Knosys has continued to deliver a stable revenue stream from its \$3m per annum recurring revenue base, principally from long standing Enterprise customers on multi-year contracts. When combined with GreenOrbit's annualized recurring revenue base of \$2.8m (subject to completion), Knosys will significantly increase its total annualized recurring revenue to approximately \$5.8m, an increase of 93%. Its customer base will all transform dramatically once the transaction is complete, increasing by an outstanding 3,000%, delivering significant customer diversity.

ARR (\$m) as at Jan 2021



Customer Diversification



Sales pipeline

Despite the effects of the Covid-19 pandemic noted above, the half-year was reasonably active in terms of new business opportunities for KnowledgeIQ and GreenOrbit solutions. Knosys signed up multiple pilots towards the end of the period and is shortlisted on 3 enterprise projects related to knowledge management. Similarly, GreenOrbit is also reporting solid new sales opportunities in its pipeline originating from ANZ, UK and the US markets.

In relation to GreenOrbit, whilst we await transaction completion, information provided during the period to December 2020 shows good progress with new customer engagement across its core of ANZ, UK and the US markets. Post closure we look to grow this further with investment in aggressive marketing activities aligned with economic recovery in the regions. GreenOrbit also continues to make good progress in up selling its latest version of software to existing customers, providing greater value to customers and improved recurring revenue metrics. Knosys looks forward to sharing greater information on new and existing customers in the next half of this financial year.

Outlook

The Knosys directors are committed to building a leading SaaS information management business and have expanded the Board with appropriate talent to oversee the next growth phase of the business.

Neil Wilson, with extensive business experience in the IT and software sector, was appointed a director in December 2020 and this follows Kathrin Mutinelli's appointment in September 2020, strengthening the Board's corporate strategic capabilities. Together, these new Board members provide the Knosys Board with additional perspective and experience and a mix of strong and diverse skills, as the directors collectively focus on maximising shareholder value.

The GreenOrbit acquisition is a significant step in the Company's development and is expected to accelerate the growth of Knosys' Intelligent information management and workplace platform by delivering an exciting new solution to current and future customers. This acquisition fast-tracks the Company product roadmap with an aligned technology solution.

The global market for corporate SaaS solutions is expanding rapidly, driven by increased demand for digital workplace 'cloud' solutions and the increasing need for high employee efficiency, engagement, and greater flexibility in operations. The combination of the joint capabilities of GO and Knosys will create an enhanced information management and digital workplace solution. As the business continues to return to the new norm, post COVID, the management team will focus on the following key areas:

- Prioritise the safety and wellbeing of its employees as they return to offices around the world.
- Invest in marketing activities to drive quality leads across its global markets for intranet and knowledge management.
- Build out the sales and customer success teams to deliver new sales and to foster customer renewals .
- Specific focus on driving growth in its knowledge management and intranet across the ANZ, US and UK.
- Remain focused on our cash management and maintain a strong cash balance.
- Continue to pursue highly complementary acquisitions that drive future growth and extend our solutions offering and expand our customer base.

Matters subsequent to the end of the financial period

On 27 January 2021 at a general meeting of shareholders, shareholders approved the issue of 36,978,000 ordinary shares to the vendor of GreenOrbit Pty Ltd and the issue of 650,000 ordinary shares to Directors.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration, which forms part of this Directors' Report, is set out on the following page.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Hon. Alan Stockdale
Chairman
24 February 2021
Melbourne

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF KNOSYS LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director

Melbourne, 24 February 2021

ACCOUNTANTS & ADVISORS

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Knosys Limited
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31 December 2020

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General information

The financial statements cover Knosys Limited as a consolidated entity consisting of Knosys Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Knosys Limited's functional and presentation currency.

Knosys Limited is an ASX listed public company limited by shares. Its registered office and principal place of business are:

Registered office

Part Level 8
31 Queen Street
Melbourne VIC 3000

Principal place of business

Part Level 8
31 Queen Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2021. The directors have the power to amend and reissue the financial statements.

Knosys Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Consolidated	
	December	December
	2020	2019
	\$	\$
Revenue		
Licence and support fees	1,501,805	1,465,660
Rendering of services	481,920	107,000
Other income	401,701	366,342
Expenses		
Third party support costs	(271,991)	(332,305)
Employment costs and directors' fees	(1,254,908)	(1,534,696)
Legal and accounting	(72,046)	(69,294)
Professional advisory	(182,007)	(91,787)
Travel and accommodation	(6,559)	(148,195)
Marketing	(110,397)	(138,135)
Administrative and corporate	(135,780)	(177,349)
Depreciation and amortisation	(95,234)	(100,154)
Finance costs	(8,258)	(9,701)
Profit / (Loss) before income tax	248,246	(662,614)
Income tax (expense) credit	-	-
Profit / (Loss) after income tax expense for the year attributable to owners of the parent	248,246	(662,614)
Other comprehensive income		
Other comprehensive income for the year, net of tax	-	-
Total comprehensive Income / (Loss) for the year attributable to owners of the parent	248,246	(662,614)
Profit / (Loss) per share attributable to the owners of the parent	Cents	Cents
Basic earnings / (loss) per share	0.17	(0.46)
Diluted earnings / (loss) per share	0.16	(0.46)
Weighted average number of shares used in determining basic earnings per share	149,626,065	144,209,489
Weighted average number of shares used in determining diluted earnings per share	152,409,489	144,209,489

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Knosys Limited
Statement of financial position
As at 31 December 2020

	Note	Consolidated December 2020 \$	June 2020 \$
Assets			
Current assets			
Cash and cash equivalents		5,903,593	2,335,909
Trade and other receivables		140,043	1,711,032
Accrued research and development tax refund receivable		830,958	495,958
Prepayments		47,338	77,452
Total current assets		<u>6,921,932</u>	<u>4,620,351</u>
Non-current assets			
Buildings - right of use asset		240,486	295,986
Plant and equipment		87,305	127,040
Total non-current assets		<u>327,791</u>	<u>423,026</u>
Total assets		<u>7,249,723</u>	<u>5,043,377</u>
Liabilities			
Current liabilities			
Trade and other payables		261,667	364,809
Provisions for employee benefits		239,048	223,479
Lease Liability		134,853	132,401
Revenue billed in advance		792,714	1,490,640
Total current liabilities		<u>1,428,282</u>	<u>2,211,329</u>
Non-current liabilities			
Provisions for employee benefits		37,702	35,023
Lease liability		146,269	205,845
Total non-current liabilities		<u>183,971</u>	<u>240,868</u>
Total liabilities		<u>1,612,253</u>	<u>2,452,197</u>
Net assets		<u>5,637,470</u>	<u>2,591,180</u>
Equity			
Issued capital	4	11,073,091	8,312,409
Reserves		353,154	556,216
Accumulated losses		<u>(5,788,775)</u>	<u>(6,277,445)</u>
Total equity		<u>5,637,470</u>	<u>2,591,180</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Knosys Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	<u>8,312,409</u>	<u>695,229</u>	<u>(5,593,830)</u>	<u>3,413,808</u>
Loss after income tax expense for the half year	-	-	(662,614)	(662,614)
Total comprehensive loss for the half year	<u>-</u>	<u>-</u>	<u>(662,614)</u>	<u>(662,614)</u>
<i>Transactions with owners in their capacity as owners:</i>				
Equity based payments (note 5)	-	24,209	-	24,209
Transfer from share based payments reserve to accumulated losses on expiry of share based remuneration instruments	-	(221,641)	221,641	-
Balance at 31 December 2019	<u>8,312,409</u>	<u>497,797</u>	<u>(6,034,803)</u>	<u>2,775,403</u>
Consolidated				
Balance at 1 July 2020	<u>8,312,409</u>	<u>556,216</u>	<u>(6,277,445)</u>	<u>2,591,180</u>
Profit after income tax expense for the half year	-	-	248,246	248,246
Total comprehensive profit for the half year	<u>-</u>	<u>-</u>	<u>248,246</u>	<u>248,246</u>
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,760,682	-	-	2,760,682
Equity based payments (note 5)	-	37,362	-	37,362
Transfer from share based payments reserve to accumulated losses on expiry of share based remuneration instruments	-	(240,424)	240,424	-
Balance at 31 December 2020	<u>11,073,091</u>	<u>353,154</u>	<u>(5,788,775)</u>	<u>5,637,470</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Knosys Limited
Statement of cash flows
For the half-year ended 31 December 2020

	Consolidated	
	December 2020	December 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,959,653	2,512,988
Payments to suppliers and employees	(2,151,310)	(2,587,554)
Grant revenue	50,000	36,047
Interest received	14,041	22,882
Interest paid	(8,258)	(9,701)
	<u>864,126</u>	<u>(25,338)</u>
Net cash from / (used) in operating activities		
Cash flows used in investing activities		
Payments for plant and equipment	-	(8,344)
	<u>-</u>	<u>(8,344)</u>
Net cash used in investing activities		
Cash flows (used in)/from financing activities		
Repayment of lease liabilities	(57,124)	(53,850)
Proceeds from issue of shares	2,909,000	-
Share issue transaction costs	(148,318)	-
	<u>2,703,558</u>	<u>(53,850)</u>
Net cash from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents	3,567,684	(87,532)
Cash and cash equivalents at the beginning of the half year	<u>2,335,909</u>	<u>2,911,318</u>
Cash and cash equivalents at the end of the half year	<u><u>5,903,593</u></u>	<u><u>2,823,786</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Knosys Limited
Notes to the financial statements
31 December 2020

Note 1. Significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, which ensures compliance with IAS 34.

The interim financial statements are intended to provide users with an update on the latest annual financial statements of Knosys Limited. As such, the interim financial statements do not contain information that represents relatively insignificant changes occurring during the half-year of the company. It is therefore recommended that the interim financial statements be read in-conjunction with the annual financial statements of the company for the year ended 30 June 2020, together with any public announcements made during the half-year.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim half-yearly financial statements are consistent with those followed in the preparation of the consolidated entity's annual consolidated financial statements for the year ended 30 June 2020. The consolidated entity has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time for the year to 30 June 2021, but do not have an impact on the half yearly financial statements of the consolidated entity.

Note 2. Commitments and contingent liabilities

The consolidated entity has no contingent liabilities at the date of this report (June 2020: Nil).

Note 3. Segment Reporting

During the half year the consolidated entity operated in one segment, as a developer and licensor of computer software in the APAC region.

The concentration of customers for the half year was as follows:

- A major customer in Australia and New Zealand in the finance sector represented 55% of operating revenue
- A major customer in Australia in the Telecommunications sector represented 27% of operating revenue
- A major customer in Singapore in the telecommunications sector represented 7% of operating revenue

Note 4. Equity - issued capital

	December 2020 Shares	June 2020 Shares	December 2020 \$	June 2020 \$
Ordinary shares - fully paid	<u>169,614,147</u>	<u>148,835,576</u>	<u>11,073,091</u>	<u>8,312,409</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Knosys Limited
Notes to the financial statements
31 December 2020

Note 4. Equity - issued capital (continued)

Movements in ordinary share capital		No. of shares
		Legal Parent
Balance as at 30 June 2020	Date	148,835,576
Issue of share capital to shareholders pursuant to placement	24 Dec 2020	<u>20,778,571</u>
Balance as at 31 December 2020		<u><u>169,614,147</u></u>

\$

Balance as at 30 June 2020	Date	8,312,409
Issue of share capital to shareholders pursuant to placement	24 Dec 2020	2,909,000
Costs of issuing shares		<u>(148,318)</u>
Balance as at 31 December 2020		<u><u>11,073,091</u></u>

Note 5. Equity based payments

Equity instruments issued to Directors, senior management, staff, consultants and resellers

Options

As at 31 December 2020 the following options over ordinary shares in Knosys Limited had been issued (Options).

Option Issue date	Option Expiry date	Exercise price	Balance at 30 June 2020 Number	Issued during the period Number	Exercised during the period Number	Expired during the period Number	Balance at 31 December 2020 Number	Vested and exercisable at end of the period Number
05/04/2016	01/07/2020	\$0.29	300,000	-	-	300,000	-	-
25/10/2016	01/10/2020	\$0.25	1,250,000	-	-	1,250,000	-	-
26/11/2018	24/12/2021	\$0.12	2,000,000	-	-	-	2,000,000	2,000,000
Total			3,550,000	-	-	1,550,000	2,000,000	2,000,000
Weighted average exercise price			\$0.18				\$0.12	\$0.12

Loan Shares

As at 31 December 2020 the following loan funded shares in Knosys Limited had been issued (Loan Shares).

Loan Shares Grant date	Loan Shares Issue date	Loan Expiry date	Issue price	Balance at 30 June 2020 Number	Issued during the period Number	Sold during the period Number	Forfeited during the period Number	Balance at 31 Dec 2020 Number	Vested at end of the period Number
28/11/2017	19/02/2018	27/11/2022	\$0.06	1,200,000	-	-	-	1,200,000	1,200,000
30/01/2018	19/02/2018	18/02/2023	\$0.10	1,600,000	-	-	-	1,600,000	1,600,000
26/11/2018	24/12/2018	26/11/2023	\$0.08	250,000	-	-	-	250,000	250,000
24/12/2018	24/12/2018	24/12/2023	\$0.08	550,000	-	-	-	550,000	550,000
27/11/2019	29/11/2019	29/11/2024	\$0.101	6,500,000	-	-	-	6,500,000 ^a	1,625,000
27/11/2019	29/11/2019	29/11/2024	\$0.101	1,125,000	-	-	-	1,125,000 ^b	468,750
Total				11,225,000	-	-	-	11,225,000	5,693,750
Weighted average issue price				\$0.095				\$0.095	\$0.089

- a. 1,625,000 loan shares have not met their vesting criteria and are to be forfeited.
b. 600,000 loan shares are to be forfeited or sold in relation to staff who have left the Company.

Note 5. Equity based payments (continued)

Loan Shares issued to Directors, executives and staff

During the period there were no loan shares or options issued.

The total number of options outstanding at period end is as follows:

	December 2020 Options	June 2020 Options
Options issued under the employee share option plan	-	1,250,000
Options issued to external advisors	2,000,000	2,300,000
	<u>2,000,000</u>	<u>3,550,000</u>

The total number of loan funded shares outstanding at period end is as follows:

	December 2020 Loan funded shares	June 2020 Loan funded shares
Loan Shares issued under the loan funded share plan to a director, executives and staff.	5,225,000	5,225,000
Loan Shares issued to directors and executives, on the same terms as the loan funded share plan.	6,000,000	6,000,000
	<u>11,225,000</u>	<u>11,225,000</u>

Expenses arising from share based payment transactions

Net charges arising from share based payment transactions recognised during the financial period were \$37,362 (\$24,209 for prior comparative period). This was comprised of a vesting charge of \$37,362 to the profit and loss, in respect to Loan Shares.

Note 6. Fair value measurement

Due to the nature of the consolidated entity's operating profile, the Directors and management do not consider that the fair values of the consolidated entity's financial assets and liabilities are materially different from their carrying amounts at 31 December 2020.

Note 7. Matters subsequent to the financial period

On 27 January 2021 at a general meeting of shareholders, shareholders approved the issue of 36,978,000 ordinary shares to the vendor of GreenOrbit Pty Ltd and the issue of 650,000 ordinary shares to Directors.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Knosys Limited
Directors' declaration
31 December 2020

In the directors' opinion:

1. the attached consolidated financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and;
 - (a) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



Hon. Alan Stockdale
Chairman

24 February 2021
Melbourne

Knosys Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Knosys Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Knosys Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**William Buck Audit (Vic) Pty Ltd**

ABN: 59 116 151 136

**A. A. Finniss**

Director

Melbourne, 24 February 2021