

Knosys Limited

ACN 604 777 862

Notice of 2022 Annual General Meeting and Explanatory Statement

Notice is given that the 2022 Annual General Meeting of
Knosys Limited ACN 604 777 862
will be held at the offices of Norton Rose Fulbright
Level 38, Olderfleet, 477 Collins Street, Melbourne, Victoria
on Wednesday, 30 November 2022
commencing at 10:00 am (Melbourne time)

NOTICE OF 2022 ANNUAL GENERAL MEETING

Notice is given that the 2022 Annual General Meeting (**Meeting**) of the Shareholders of Knosys Limited ACN 604 777 862 (**Company**) will be held at the offices of Norton Rose Fulbright Level 38, Olderfleet, 477 Collins Street, Melbourne, Victoria on Wednesday, 30 November 2022 commencing at 10:00 am (Melbourne time).

AGENDA

The Explanatory Statement which accompanies, and forms part of, this Notice of Meeting sets out further information on the various Resolutions to be considered at the Meeting.

Capitalised terms and expressions used in this Notice of Meeting have the meaning given to them in the “Definitions” section located at the end of the Explanatory Statement.

ORDINARY BUSINESS

Item 1: Financial and other Reports

To receive and consider the Annual Financial Report of the Company, the Directors’ Report and the Auditor’s Report in respect of the financial year ended 30 June 2022.

There is no vote on this item of business.

Item 2: Adoption of the Remuneration Report for the year ended 30 June 2022 (Resolution 1) – advisory resolution only

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the Remuneration Report for the Company for the year ended 30 June 2022 be adopted.”

Under the Corporations Act, this Resolution is advisory only and does not bind the Company or its Directors. The Directors will consider the outcome of the vote and any comments made by Shareholders at the Meeting when considering the Company’s future remuneration policies. However, Shareholders are referred to the Explanatory Statement for an explanation of the consequences of 25% or more of eligible votes being cast against this advisory Resolution 1.

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast:

- in any capacity, by or on behalf of, a member of the Company’s Key Management Personnel, details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; or
- as a proxy by a member of the Company’s Key Management Personnel at the date of the Meeting or a Closely Related Party of such member.

However, this voting exclusion does not prevent those KMP or any of their Closely Related Parties from voting on Resolution 1 as a proxy for a person entitled to vote if:

- they are appointed as a proxy by writing and the person specifies the way the proxy is to vote on Resolution 1 in the proxy form; or
- the person voting as a proxy is chairing the Meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on Resolution 1; and
 - expressly authorises the chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP.

Item 3: Re-election of Director – Hon. Alan Stockdale (Resolution 2)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the Honourable Mr Alan Stockdale, a Director retiring by rotation in accordance with the Company’s Constitution and ASX Listing Rules 14.4 and 14.5, and being eligible for re-election, be re-elected as a Director of the Company.”

Item 4: Approval for additional 10% placement capacity (Resolution 3)

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue Equity Securities provided for in ASX Listing Rule 7.1A.”

Resolution 3 is proposed as a special resolution and requires approval of at least 75% of votes cast by Shareholders entitled to vote on Resolution 3.

No Voting Exclusion

As at the date of this Notice of Meeting or its despatch to Shareholders, the Company is not proposing to make an issue of Equity Securities under ASX Listing Rule 7.1A.2 and accordingly no Shareholder is precluded from voting on Resolution 3.

OTHER BUSINESS

To consider any other business that may be lawfully brought forward.

BY ORDER OF THE BOARD



Stephen Kerr
Company Secretary
24 October 2022

Information regarding voting and proxies

Snapshot Date – Eligibility to Vote

For the purposes of voting at the Meeting, the Directors have determined that the Shareholding of each Shareholder will be as it appears in the share register at 7.00 pm (Melbourne time) on Monday, 28 November 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlement to attend and vote at the Meeting.

Important voting information Each Resolution considered at the Meeting will be conducted by poll. Voting at the physical meeting must be in person or by proxy form delivered in accordance with this Notice of Meeting.

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

The Chair of the Meeting intends to vote all undirected proxies in favour of each Resolution subject to any voting restrictions or exclusions. If there is a change in how the Chair intends to vote undirected proxies at the Meeting, the Company will make an appropriate announcement to ASX stating that fact and explaining the reasons for the change.

Shareholders should note that the Chair of the Meeting is not permitted to vote an undirected proxy on Resolution 1 (Adoption of the Remuneration Report) unless the proxy expressly authorises the Chair to exercise the proxy in respect of such Resolution even if, for the purpose of Resolution 1, it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote by marking any one of "For", "Against" or "Abstain" on the proxy form for that item of business. If you have appointed the Chair as your proxy and you do not mark any of "For", "Against" or "Abstain" on the proxy form, you will be authorising the Chair to exercise any proxies held by him in respect of each Resolution even if that Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Shareholders' Questions and Comments

The Chair of the Meeting will give Shareholders as a whole at the Meeting a reasonable opportunity to ask questions about or make comments on the Company's 2022 Annual Report which includes the Remuneration Report and the management or performance of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or their representative (who should be present at the Meeting) questions relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The way to ask the Company or the Auditor questions is detailed below. Questions submitted in writing to the Company must relate to matters which are relevant to the Annual General Meeting including matters arising from the Company's 2022 Annual Report or the management or performance of the Company. Written questions to the Auditor must relate to the content of the Auditor's Report or the conduct of the audit.

1. Post or email your question direct to the Company as follows:
Company Secretary
Knosys Limited
GPO Box 314
Melbourne, Victoria, 3001
Email: cosec@knosys.it
2. Attend the Annual General Meeting in person.

Please note that written questions must be received by post or by email no later than 2 business days before the Meeting i.e. by 10:00 am (Melbourne time) on Monday, 28 November 2022.

The Company is required by law to forward all questions to the Auditor from which the Auditor is required to prepare a list of those questions that are considered to be relevant to the conduct of the audit or the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions. The list of questions prepared by the Auditor will be available at the Meeting.

The Chair of the Meeting will answer as many of the questions submitted to the Company as possible at the Annual General Meeting. Individual replies will not be sent. The Auditor will also be given a reasonable opportunity at the Annual General Meeting to answer written questions submitted to the Auditor.

Proxies

A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. The proxy may be an individual or a body corporate. A proxy need not be a Shareholder.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions).

Proxy forms must be signed by the Shareholder or the Shareholder's attorney or, if the Shareholder is a company, must be signed by 2 directors or by a director and a secretary or, if it is a proprietary company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or a duly authorised officer. If the proxy form is signed by a person who is not the registered holder of the shares (e.g. an attorney), then the relevant authority (e.g. in the case of proxy forms signed by the attorney, the power of attorney or a certified copy of the power of attorney) must either have been exhibited previously to the Company or be enclosed with the proxy form.

For an appointment of a proxy to be effective, the form appointing the proxy and, if the form is signed under a power of attorney or other authority, the authority under which the form is signed (or a certified copy of the authority) must be received at least 48 hours prior to the Annual General Meeting at which the proxy intends to vote (i.e. 10:00 am (Melbourne time) Monday, 28 November 2022) as follows:

- a) **Hand Delivery** – Automic Registry Services, Level 5, 126 Phillip Street, Sydney NSW 2000;
- b) **Post** – Automic Registry Services, PO Box 5193, Sydney NSW 2001;
- c) **Online** – via our share registry at <https://investor.automic.com.au/#/loginsah> by following the instructions on the proxy form;
- d) **Email** – meetings@automic.com.au;
- e) **Facsimile** – +61 (02) 8583 3040; or
- f) **QR code** – by scanning the QR code on the proxy form with your smart phone and following the prompts.

A proxy form accompanies this Notice of Meeting. Additional proxy forms are available on request from the Company or its share registry. The proxy form contains important information and other instructions which Shareholders should carefully read.

Corporate Representatives

A Shareholder which is a body corporate and which is entitled to attend and vote at a meeting of Shareholders of the Company may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of a Company's Shareholders or in the capacity of a Shareholder's proxy. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a Resolution. The representative must present satisfactory evidence that they are authorised to act as the company's representative prior to admission to the Meeting.

EXPLANATORY STATEMENT

PURPOSE

The purpose of this Explanatory Statement (which accompanies, and forms part of, the Notice of Meeting) is to provide Shareholders with further information in respect of the business to be considered and the Resolutions to be proposed at the 2022 Annual General Meeting of Knosys Limited ACN 604 777 862 to be held at the offices of Norton Rose Fulbright Level 38, Olderfleet, 477 Collins Street, Melbourne, Victoria at 10:00 am (Melbourne time) on Wednesday, 30 November 2022 and to assist Shareholders to determine how they wish to vote on those Resolutions.

Capitalised terms and expressions used in this Explanatory Statement have the meaning given to them in the “Definitions” section located at the end of this Explanatory Statement.

Shareholders are encouraged to carefully read this Explanatory Statement and the Notice of Meeting in their entirety before deciding how to vote on each Resolution. Shareholders should consult their financial or other adviser, if they are undecided about what to do.

SUMMARY OF BUSINESS OF THE MEETING

- Item 1: Consideration of the 2022 Financial and other Reports of the Company.
- Item 2: Adoption of the Remuneration Report for the year ended 30 June 2022 (Resolution 1).
- Item 3: To re-elect Hon. Alan Stockdale as a Director of the Company (Resolution 2)
- Item 4: Approval for additional 10% placement capacity (Resolution 3)

ORDINARY BUSINESS

Item 1: Consideration of the 2022 Financial and other Reports

The Corporations Act requires the Directors to lay before the Annual General Meeting the Annual Financial Report of the Company (which includes the Financial Statements and Directors’ Declaration), Directors’ Report (which includes the Remuneration Report) and Auditor’s Report in respect of the financial year ended on 30 June 2022.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions about and make comments on these Reports.

Except for the non-binding advisory Resolution in respect of the Remuneration Report (refer to Resolution 1 below), there is no requirement in either the Corporations Act or the Company’s Constitution for Shareholders to vote on or approve the Annual Financial Report, Directors’ Report or Auditor’s Report.

Item 2: Adoption of the Remuneration Report for the year ended 30 June 2022 (Resolution 1)

The Remuneration Report is contained in the Directors’ Report in the 2022 Annual Report. Shareholders can access a copy of the 2022 Annual Report at the Company’s website, www.knosys.it.

The Remuneration Report provides information about the remuneration arrangements for KMP, which includes non-executive Directors and the most senior executives for the year ended 30 June 2022.

The Remuneration Report covers the following matters:

- details of Key Management Personnel;
- principles used to determine the nature and amount of KMP remuneration;
- description and details of non-executive Director remuneration;
- description and details of executive remuneration;
- executive equity ownership;
- key terms of certain executive service agreements; and
- related party information.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. Shareholders will be asked to vote on the Remuneration Report. Resolution 1 is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

One of the Company's core philosophies is that the attraction, development, engagement and retention of passionate team members provides a competitive advantage and differentiation within the market which the Directors believe is fundamental to the long term success of the Company. The Company's remuneration policies have been developed to provide market competitive remuneration in order to sustain the Company's competitive position and protect the interests of Shareholders.

Under the Corporations Act, if at least 25% of the votes cast on a resolution that the Remuneration Report be adopted are against the adoption of the relevant Remuneration Report at 2 consecutive Annual General Meetings (each an "AGM", and any such potential 25% or more vote 'against' commonly referred to as a "first strike" or "second strike", as applicable), Shareholders will be required to vote at the second of those AGMs on a resolution (known as a "spill resolution") that another general meeting (known as a "spill meeting") be held within 90 days of the spill resolution. At the spill meeting, all of the Company's Directors in office at the time of the Directors' resolution to approve the Directors' Report containing that second Remuneration Report (other than the Managing Director) will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting, those Directors whose re-election as Directors is approved will remain Directors of the Company.

The Company's 2021 Remuneration Report was adopted at the Company's 2021 annual general meeting by more than 75% of the votes cast.

Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company set out in the Remuneration Report, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Voting exclusions apply to Resolution 1 as specified in the Notice of Meeting.

Item 3: Re-election of Director – Hon. Alan Stockdale (Resolution 2)

Pursuant to the Constitution, one third of the Directors are required to retire by rotation at each annual general meeting of the Company but are eligible for re-election at that meeting.

The **Hon. Mr Alan Stockdale** retires by rotation in accordance with the Constitution and the ASX Listing Rules and, being eligible and having signified his candidature for the office, offers himself for re-election as a Director of the Company.

Details of the Hon. Mr Stockdale's experience and expertise are contained in the Company's 2022 Annual Report.

Recommendation

The Directors unanimously (with the exception of the Hon. Mr Stockdale as an abstention) recommend Shareholders vote in favour of Resolution 2.

Item 4: Approval for additional 10% placement capacity (Resolution 3)

1. Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue, or agree to issue, Equity Securities up to 10% of its issued capital during the 12 month period after the entity's annual general meeting at which the approval is obtained (**Additional 10% Placement Capacity**). This capacity is in addition to a listed company's 15% placement capacity under ASX Listing Rule 7.1 (outlined below).

The Company is seeking Shareholder approval under Resolution 3 to have the ability to issue Equity Securities under the Additional 10% Placement Capacity. Once approved, the Company may issue Equity Securities under the Additional 10% Placement Capacity without any further Shareholder approval for the Period of Approval (defined below).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (described below). The Equity Securities must be in the same class as an existing class of quoted Equity Securities of the Company. The Company currently has only one class of quoted Equity Securities on issue, being Shares.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

If Resolution 3 is passed, Knosys will be able to issue Equity Securities to the combined 25% limit in ASX Listing Rule 7.1 (outlined below) and ASX Listing Rule 7.1A without any further Shareholder approval. If Resolution 3 is not passed, the Company will not be able to access the Additional 10% Placement Capacity and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1 (outlined below).

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity nor has the Company approached any particular Shareholder or any associate to participate in an issue of Equity Securities under the Additional 10% Placement Capacity. Accordingly, at the date of the Notice of Meeting, no Shareholder is precluded from voting in favour of Resolution 3.

At the 2021 annual general meeting of the Company held on 8 December 2021, Shareholders approved an Additional 10% Placement Capacity. However, that approval will shortly expire. Since the date of the last annual general meeting of the Company, 12,550,000 Equity Securities (i.e. Shares and Options) have been issued by the Company, consisting of 2,000,000 Shares on exercise of Options and 10,550,000 Options issued under the Knosys Limited Employee Incentive Plan. Since the date of the last annual general meeting of the Company, no Equity Securities have been issued under the Additional 10% Placement Capacity.

2. ASX Listing Rule 7.1A – Eligibility criteria

The Company will be an Eligible Entity for the purposes of ASX Listing Rule 7.1A provided it has a market capitalisation equal to or less than \$300 million (excluding restricted securities) and is not included in the S&P/ASX 300 index as at the date of the relevant special resolution under ASX Listing Rule 7.1A.

As at the date of the Notice of Meeting, the Company has a market capitalisation of approximately \$19.9 million (based on the closing price of Shares on ASX on 11 October 2022) and is not included in the S&P/ASX 300 index. Accordingly, the Directors believe that the Company will be an Eligible Entity at the date of the Meeting.

If Shareholders approve Resolution 3, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in ASX Listing Rule 7.1A.2) (**ASX Listing Rule 7.1A.2 Formula**):

$$(A \times D) - E$$

Where:

- A** = The number of fully paid ordinary shares on issue 12 months immediately preceding the issue date or date of agreement to issue (**relevant period**):
- *plus* the number of fully paid ordinary shares issued in the relevant period under an exception in ASX Listing Rule 7.2 (other than exception 9, 16 or 17);
 - *plus* the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the ASX Listing Rules to have been approved under ASX Listing Rule 7.1 or 7.4;
 - *plus* the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before commencement of the relevant period; or
 - the agreement or issue was approved, or taken under the ASX Listing Rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
 - *plus* the number of any other fully paid ordinary securities issued in the relevant period with approval under ASX Listing Rule 7.1 or 7.4;
 - *plus* the number of partly paid ordinary shares that became fully paid in the relevant period;
 - *less* the number of fully paid ordinary shares cancelled in the relevant period.

Note that “**A**” has the same meaning in ASX Listing Rule 7.1 (described below) when calculating the Company’s usual annual 15% placement capacity under that ASX Listing Rule.

D = 10%

E = The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the relevant period where the issue or agreement has *not* been subsequently approved by holders of ordinary securities under ASX Listing Rule 7.4.

If the Company obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- any Shares issued under that Additional 10% Placement Capacity will not be counted in variable “**A**” above until their issue has been approved under ASX Listing Rule 7.4 or 12 months has passed since their issue; and
- any Shares issued under that Additional 10% Placement Capacity are counted in variable “**E**” above until their issue has been approved under ASX Listing Rule 7.4 or 12 months has passed since their issue.

3. Placement capacity under ASX Listing Rules 7.1 and 7.1A

The Additional 10% Placement Capacity is in addition to the Company’s usual annual 15% placement capacity under ASX Listing Rule 7.1.

Subject to a number of exceptions set out in ASX Listing Rule 7.2, in general terms, ASX Listing Rule 7.1 limits the number of Equity Securities (for example, shares, options and convertible securities) a listed company may issue or agree to issue without shareholder approval in any 12 months period to 15% of its issued ordinary shares it had at the start of the period (i.e. 15% of “**A**” described above).

As at the date of the Notice of Meeting, the Company has the capacity, in addition to any other Shares it may issue under a permitted exception in ASX Listing Rule 7.2, to issue or agree to issue (without the approval of its Shareholders):

- (1) 32,420,804 Shares under ASX Listing Rule 7.1; and
- (2) 21,613,869 Shares under ASX Listing Rule 7.1A.

However, the actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A or ASX Listing Rule 7.1 at a particular point in time will be calculated at the relevant date in accordance with the ASX Listing Rule 7.1A.2 formula or the formula applicable to ASX Listing Rule 7.1 (as the case may be).

4. Period of Approval

Shareholder approval of the Additional 10% Placement Capacity is valid from, and therefore Equity Securities may be issued under the Additional 10% Placement Capacity from, the date of the Meeting until the first to occur of the following:

- (1) the date that is 12 months after the date of the Meeting;
- (2) the time and date of the Company's next annual general meeting; and
- (3) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (Proposed change to nature or scale of activities) or ASX Listing Rule 11.2 (Change involving main undertaking),

(the **Period of Approval**).

Upon the expiry of the Period of Approval, unless the Company has before the end of the Period of Approval obtained a further approval under ASX Listing Rule 7.1A.1, its placement capacity to issue Shares and other Equity Securities without Shareholder approval will be governed by ASX Listing Rule 7.1 and the exceptions to it.

Any approval under Resolution 3 will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2 referred to above.

5. Minimum Issue Price

Under ASX Listing Rule 7.1A.3, any Equity Securities issued under ASX Listing Rule 7.1A must be in an existing quoted class of the Eligible Entity's Equity Securities and the minimum cash price at which each Equity Security may be issued under the Additional 10% Placement Capacity is 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- (2) if the securities are not issued within 10 trading days of that date, the date on which the securities are issued.

As Shares are the only class of Equity Securities of the Company quoted on ASX at the date of the Meeting, any use by the Company of the Additional 10% Placement Capacity will involve the issue of Shares and no other Equity Securities. Shares issued under the Additional 10% Placement Capacity may only be issued for a cash amount.

6. Purpose and allocation policy

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity nor has it invited any Shareholder to participate in an issue of Equity Securities under the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity may be used to raise funds to support the Company's ongoing business and general working capital purposes or for the acquisition of business or other opportunities which may arise from time to time.

Ultimately, if Resolution 3 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will be dependent on various considerations including (but not limited to) the purpose of the proposed issue, the alternative methods for raising funds that are available to the Company at the time, the effect of the proposed issue on the control of the Company and the circumstances of the Company and

the prevailing market conditions at the time of the proposed issue. The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity only for cash consideration which is not less than the prescribed minimum issue price outlined above.

If the Company issues Shares under the Additional 10% Placement Capacity, it will comply with its disclosure obligations under ASX Listing Rule 7.1A.4.

7. Risk of Economic and Voting Dilution

Any issue of Equity Securities under the Additional 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as shown in the table below. The table has been prepared based on the number of Shares on issue in the Company at the date of the Notice of Meeting and the closing price of those Shares as at close of trade on ASX on 11 October 2022.

Number of Shares on Issue (variable "A" in ASX Listing Rule 7.1A.2)*	Dilution			
	Dilution based on number of Shares issued (being 10% of the number of Shares at the time of issue)	Funds raised based on an issue price of \$0.046 (50% decrease in current issue price ²)	Funds raised based on an issue price of \$0.092 (Current issue price)	Funds raised based on an issue price of \$0.138 (50% increase in current issue price)
216,138,698 (Current)	21,613,870	\$994,238	\$1,988,476	\$2,982,714
324,208,047 (50% increase)	32,420,805	\$1,491,357	\$2,982,714	\$4,474,071
432,277,396 (100% increase)	43,227,740	\$1,988,476	\$3,976,952	\$5,965,428

*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or securities issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1 or 7.4.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 11 October 2022.
3. The Company issues the maximum possible number of Equity Securities under the Additional 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting other than issues under an exception in ASX Listing Rule 7.2 or with Shareholder approval under ASX Listing Rule 7.1 or 7.4.
5. The calculations above do not show the dilution that will apply to any one particular Shareholder. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to issues under ASX Listing Rule 7.1 or exceptions to that ASX Listing Rule.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. Based on its current issued securities quoted on ASX, only Shares can be issued by the Company under the Additional 10% Placement Capacity.

Shareholders should note that there is a risk that:

- (1) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the Meeting; and
- (2) the Company's Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

8. Prior issue of Equity Securities over the last 12 months under ASX Listing Rule 7.1A.2

The Company previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting held on 8 December 2021.

ASX Listing Rule 7.3A.6 requires the Notice of Meeting (or this Explanatory Statement) to include certain details of the total number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 by the Company in the 12 months preceding the date of the Meeting. During that 12 month period, no Equity Securities were issued or agreed to be issued by the Company under Listing Rule 7.1A.2.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

DEFINITIONS

Unless the context requires otherwise, the terms below have the following meanings in the Notice of Meeting and this Explanatory Statement:

1. **Annual General Meeting or Meeting** means the 2022 annual general meeting of the Company convened by the Notice of Meeting and any adjournment or postponement of it.
2. **ASX** means, as the context requires, the Australian Securities Exchange or ASX Limited.
3. **ASX Listing Rules** means the listing rules of ASX (as amended or waived from time to time).
4. **Board** means the board of Directors of the Company.
5. **Chair** means the chair of the Meeting.
6. **Closely Related Parties** is defined in the Corporations Act and includes, in relation to a KMP, a spouse, dependant and certain other close family members, as well as companies controlled by the KMP.
7. **Company or Knosys** means Knosys Limited ACN 604 777 862.
8. **Constitution** means the constitution of the Company (as amended from time to time).
9. **Corporations Act** means the *Corporations Act 2001* (Cth).
10. **Director or Directors** means a director or the directors of the Company from time to time.
11. **Equity Securities** has the meaning given in the ASX Listing Rules and includes, for example, shares, options and convertible securities.
12. **Explanatory Statement** means this Explanatory Statement accompanying the Notice of Meeting.
13. **Key Management Personnel or KMP** comprise all persons having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities, directly or indirectly, including any Director (whether executive or otherwise).
14. **Notice or Notice of Meeting** means the document which comprises the Company's Notice of 2022 Annual General Meeting of Shareholders and which is accompanied by this Explanatory Statement.
15. **Options** means options to acquire unissued Shares.
16. **Resolutions** means the resolutions set out in the Notice of Meeting.
17. **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
18. **Shares** means fully paid ordinary shares in the Company.

A reference to time in the Notice of Meeting and this Explanatory Statement is to Melbourne time.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (Melbourne Time) on Monday, 28 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses, subject to any voting restrictions or exclusions. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes disregarding fractions. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1 - How to vote

APPOINT A PROXY:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Knosys Limited, to be held at 10.00am (Melbourne Time) on Wednesday, 30 November 2022 at the offices of Norton Rose Fulbright Level 38, Olderfleet, 477 Collins Street, Melbourne, Victoria hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair’s nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[Empty grid box for proxy name]

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the “for,” against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

EXPRESS AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2 – Your voting direction

Resolutions	For	Against	Abstain
1. Adoption of the Remuneration Report for the year ended 30 June 2022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Hon. Alan Stockdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval for additional 10% placement capacity SPECIAL RESOLUTION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 – Signatures and contact details

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary
Contact Name:		
<input type="text"/>		
Email Address:		
<input type="text"/>		
Contact Daytime Telephone	Date (DD/MM/YY)	
<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>	
By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).		