

Knosys Limited

ABN 96 604 777 862

Appendix 4D

Half-year report

31 December 2022

Reporting period

Report for the half-year ended 31 December 2022.

Previous corresponding period is the half-year ended 31 December 2021.

Results for announcement to the market

	Increase/(decrease) over previous corresponding period		
	\$	\$	%
Revenue from ordinary activities	5,343,285	866,526	19
Loss from ordinary activities after tax attributable to members	(1,343,926)	(60,061)	(5)
Loss for the period attributable to members	(1,296,379)	(21,308)	2

Dividends

No dividends were paid or declared during the financial period and it is not proposed to pay dividends for the foreseeable future while the business is in high investment and growth mode.

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, Subscription, Support and Project fee revenues of \$5,053,972**, a 20% increase on December 2021 half year. Current half year revenue includes a full 6 month contribution from the Libero business (Prior corresponding period included 4 months contribution from Libero).
- **Total revenue of \$5,343,285** (including R&D incentive of \$270,000), a 19% increase on December 2021 half year.
- **Net loss attributable to members of \$1,296,379** is a 2% improvement on the net loss in the comparable half year period to December 2021. The reported loss includes the impact of non-cash charges of \$609,387 for share-based payments and the amortisation of intangible assets and also includes a continued high level of investment in sales and marketing resources to pursue growth.

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	-0.30 cents	0.43 cents

Signed:



Stephen Kerr
CFO & Company Secretary

23 February 2023
Melbourne



Knosys Limited

ABN 96 604 777 862

ASX CODE: KNO

Half-Year Report 31 December 2022

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 2022 and any announcements to the market by Knosys Limited for the half-year ended 31 December 2022.

Corporate Information

Directors

Hon. Alan Stockdale – Chairman & Non-Executive Director
John Thompson – Managing 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

Automatic 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 2022.

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
Kathrin Mutinelli – Non-Executive Director
Neil Wilson – Non-Executive Director

Principal activities

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

Dividends

No dividends were paid or declared during the financial period and there are no plans to pay dividends for the foreseeable future while the business is in high investment and growth mode.

Review of operations for half year

Summary

- **Licence, support and project fee revenues of \$5,053,972**, a 20% increase on December 2021 half year
- **Total revenue of \$5,343,285** (including R&D incentive of \$270,000), a 19% increase on December 2021 half year
- **Net loss of \$1,296,379** is a 2% improvement on the \$1,317,686 loss in the comparable half year period to December 2021. The reported loss includes the impact of non-cash charges of \$251,010 for share-based payments and \$358,775 for amortisation of intangible assets and continued high investment in the Consolidated entity's pursuit of domestic and global growth.
- **Increase in Annual Recurring Revenue (ARR) to \$9.6m:** ARR is now tracking at \$9.6m, an 8% increase on the prior corresponding period of \$8.9m ARR.
- **Solid cash position:** The cash balance at 31 December 2022 was \$2.8m, reflecting a minimal net operating cash outflow of \$160k for the 6 months to 31 December 2022 and \$140k in investing and financing outflows.
- **Customer numbers at circa 345:** The Consolidated entity has increased its revenue per customer across its domestic and international customer base, reflecting a concerted effort to apply uprates and relinquish uneconomic accounts.

The consolidated entity is the owner of the KnowledgeIQ ("KIQ") knowledge management solution, the GreenOrbit intranet solution and the Libero library management software solution. Knosys is a global information technology company offering this range of software solutions designed to boost productivity, collaboration and connectivity in the digital workplace. 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, complemented by implementation fees and customer support services.

Revenue from the consolidated entity's core fee activities of Licencing, Support and Projects increased by 20%, compared to the prior December 2021 half year. This was due to growth in KIQ revenues of 11%, growth in GreenOrbit revenues of 24% and a full six-month contribution from Libero, compared to 4 months in the prior corresponding period. Annual Recurring Revenue ("ARR") is now tracking at \$9.6m, 8% better than the prior corresponding period of \$8.9m ARR. GreenOrbit continues to deliver revenue uplift from an increased Annual Revenue Per User ("ARPU") on annual subscription renewals and Libero revenues have tracked in line with expectations.

Knosys Limited
Directors' report
31 December 2022

Key enterprise contract renewals and increased average revenue per customer contributed to the strong revenue growth for the half year.

Contract renewals for enterprise Knowledge Management solution, KnowledgeIQ included the following:

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

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

Over the past six months, The consolidated entity 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. Sales revenue increased in all geographies, including Australia, the United States, New Zealand, Europe, Asia and Rest of World.

The consolidated entity generates revenue from its three SaaS solutions, Knowledge Management, Employee Experience and Library Management, while operating a shared services model for product development, customer support, and sales and marketing.

Operating expenses increased in 1H FY23, reflecting the continued high level of investment in product development and sales and marketing to pursue growth. The consolidated entity increased R&D supplier expenses in 1H FY23 to \$275K, up from \$72K in 1H FY22. 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 verticals.

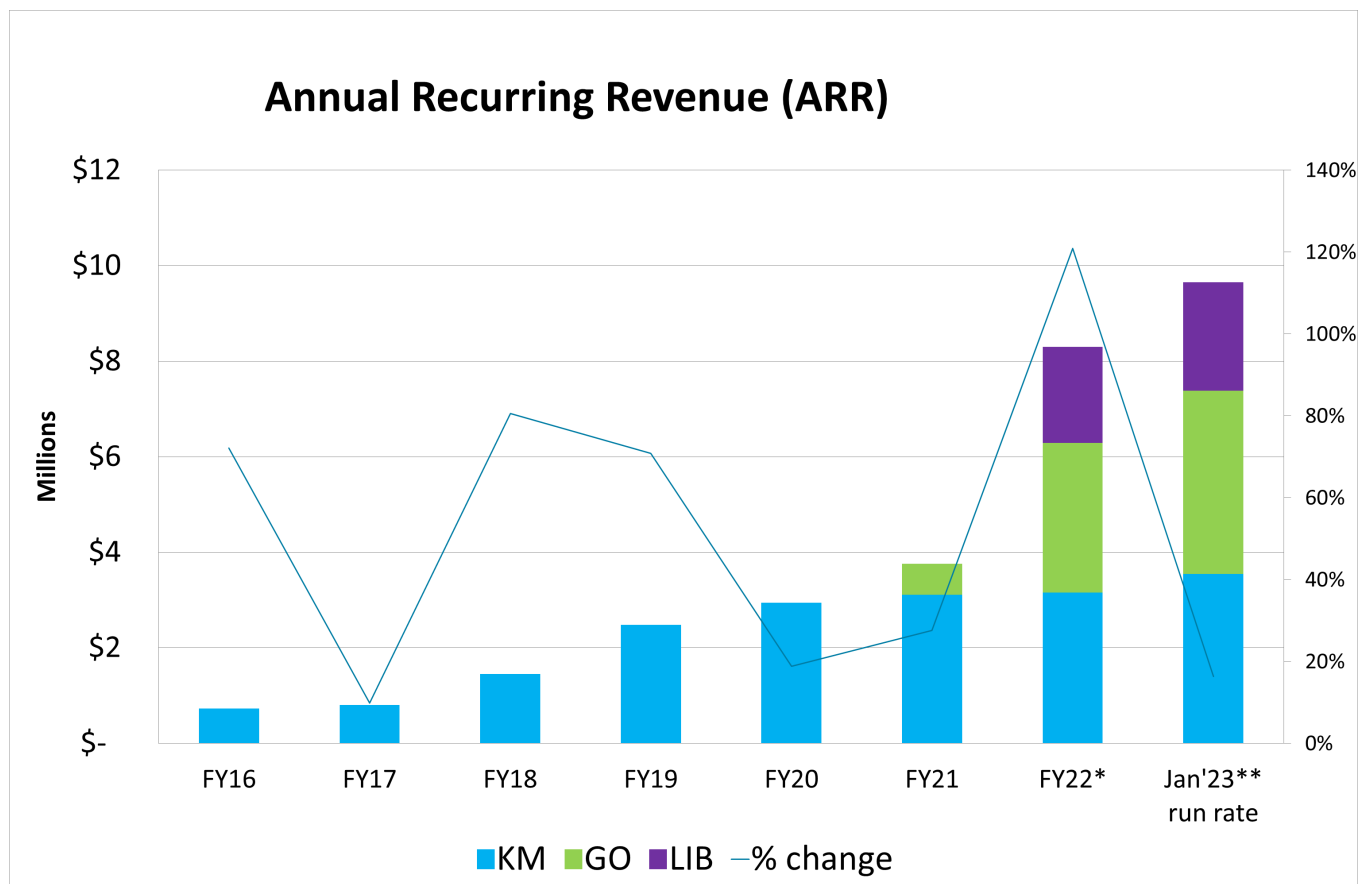
In July 2022, the consolidated entity restructured its support and testing capability through onshoring operations previously delivered by a team in India. This operational restructure has improved customer support and enhanced product development capability. Operating expenses are now expected to trend downwards, with Q2 FY23 operating expenses down 7% on Q1 FY23, reflecting lower staff costs and operating efficiencies.

The loss for the consolidated entity attributable to members for the half year period after income tax and foreign currency translation amounted to \$1,296,379 (31 December 2021 loss of \$1,317,686). The reported loss includes the impact of non-cash charges of \$251,010 for share-based payments and \$358,775 for amortisation of intangible assets. The loss also includes a continued high investment in the Consolidated entity's pursuit of domestic and global growth.

The non-cash share-based payments reflect the equity-based remuneration structures put in place in prior periods for the executive and senior management team, including executives acquired with business acquisitions. Non-cash amortisation charges, as required by accounting standards, relate to the amortisation of identifiable intangible assets acquired with the GreenOrbit and Libero acquisitions.

The consolidated entity had net assets of \$7,880,317 at 31 December 2022 (30 June 2022: \$8,925,685) and had cash on hand of \$2,793,753 (30 June 2022: \$3,095,702).

Cash receipts from customers for the half year increased to \$6,028,383, (December 2021: \$4,846,869), reflecting the full impact of seasonally strong annual licence renewals from all three business units. The consolidated entity incurred a minimal net cash outflow of \$160,802 from operating activities for the half year (December 2021: \$150,607 net inflow). This decrease was due to expanded personnel and operational costs for the full six months across all three business units and continued high spend on sales & marketing resources in pursuit of growth. For further narrative of the Consolidated entity's cashflow performance, refer to the company's Quarterly cash flow announcement and Appendix 4C, lodged with ASX on 30 January 2023.



* FY22 reflects actual reported ARR for the year, including the impact of acquisitions
 **Jan'23 ARR reflects Jan'23 monthly ARR annualised to give an annual run rate

Outlook

The consolidated entity is focused on building sustainable long term revenue growth in a market with favourable industry trends and significant ongoing growth potential.

The pipeline of enterprise and mid-market opportunities remains strong and the consolidated entity has a full schedule of business development activities including corporate proposals and government tenders. The company is also exploring partnerships to drive new growth and expand sales reach to complement its direct sales activities for 2H FY23 and into FY24.

The investment in product development and the updated Product Roadmap for each product has led to further refinement of the sales and marketing strategies. We have particular emphasis mid-market customers and use of agile pricing strategies drive initial adoption and expansion. The consolidated entity is well positioned to benefit from these investments and initiatives in 2H FY23 and into FY24.

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.

Matters subsequent to the end of the financial period

Other than Optus signing a contract extension to January 2025, as announced to ASX on 19 January 2023, no matter or circumstance has arisen since 31 December 2022 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
23 February 2023
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 2022 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, 23 February 2023

Knosys Limited
Contents
31 December 2022

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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 23 February 2023. 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 2022

	Note	Consolidated December 2022 \$	December 2021 \$
Revenue			
Licence and support fees		4,795,624	3,844,074
Rendering of services		258,348	351,764
Other income		289,313	280,921
Expenses			
Third party support costs		(758,166)	(528,406)
Research & development supplier expense		(275,088)	(71,970)
Employment costs and directors' fees		(3,755,779)	(3,143,826)
Employment costs – share-based payments	5	(251,010)	(309,845)
Legal and accounting		(132,851)	(84,716)
Professional advisory & consulting fees		(279,925)	(131,761)
Travel and accommodation		(62,091)	(28,708)
Marketing		(307,210)	(361,211)
Communications		(154,240)	(103,524)
Administrative and corporate		(211,021)	(196,152)
Depreciation and amortisation		(434,229)	(372,082)
Finance costs		(1,888)	(4,995)
Profit / (loss) before acquisition costs and income tax		(1,280,213)	(860,437)
Transaction costs related to acquisition of businesses		(29,137)	(419,428)
Profit / (loss) before income tax		(1,309,350)	(1,279,865)
Income tax (expense) / benefit	8	(34,576)	-
Profit / (loss) after income tax expense for the half-year attributable to owners of the parent		(1,343,926)	(1,279,865)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		47,547	(37,821)
Total comprehensive income / (loss) for the half-year attributable to owners of the parent		<u>(1,296,379)</u>	<u>(1,317,686)</u>
Earnings / (loss) per share attributable to the owners of the parent			
Basic earnings / (loss) per share		(0.60)	(0.62)
Diluted earnings / (loss) per share		(0.60)	(0.62)
Weighted average number of shares used in determining basic earnings per share		216,138,698	211,977,904
Weighted average number of shares used in determining diluted earnings per share		216,138,698	211,977,904

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 2022

		Consolidated	
	Note	December 2022	June 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,793,753	3,095,702
Trade and other receivables		350,040	2,382,668
Accrued research and development tax refund receivable		820,000	550,000
Prepayments		303,299	337,008
Total current assets		<u>4,267,092</u>	<u>6,365,378</u>
Non-current assets			
Intangible assets and goodwill	6	8,526,320	8,885,095
Buildings - right of use asset		100,819	73,986
Plant and equipment		152,841	79,761
Total non-current assets		<u>8,779,980</u>	<u>9,038,842</u>
Total assets		<u>13,047,072</u>	<u>15,404,220</u>
Liabilities			
Current liabilities			
Trade and other payables		705,090	1,038,554
Provisions for employee benefits		762,779	741,667
Lease Liability		134,878	94,705
Revenue billed in advance		3,476,654	4,534,870
Total current liabilities		<u>5,079,401</u>	<u>6,409,796</u>
Non-current liabilities			
Provisions for employee benefits		64,570	68,739
Lease liability		22,785	-
Total non-current liabilities		<u>87,355</u>	<u>68,739</u>
Total liabilities		<u>5,166,756</u>	<u>6,478,535</u>
Net assets		<u>7,880,316</u>	<u>8,925,685</u>
Equity			
Issued capital	4	17,488,521	17,488,521
Reserves		1,310,793	1,012,236
Accumulated losses		<u>(10,918,998)</u>	<u>(9,575,072)</u>
Total equity		<u>7,880,316</u>	<u>8,925,685</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 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2021	<u>16,149,271</u>	<u>393,091</u>	<u>(6,524,524)</u>	<u>10,017,838</u>
Profit after income tax expense for the half year	-	-	(1,279,865)	(1,279,865)
	-	(37,821)	-	(37,821)
Total comprehensive profit for the half year	<u>-</u>	<u>(37,821)</u>	<u>(1,279,865)</u>	<u>(1,317,686)</u>
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,265,250	-	-	1,265,252
Share based payments (Note 5)	-	309,845	-	309,845
Transfer from share-based payments reserve to accumulated losses on expiry of share-based remuneration instruments	<u>74,000</u>	<u>(74,000)</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2021	<u><u>17,488,521</u></u>	<u><u>591,115</u></u>	<u><u>(7,804,389)</u></u>	<u><u>10,275,247</u></u>
Consolidated				
Balance at 1 July 2022	<u>17,488,521</u>	<u>1,012,236</u>	<u>(9,575,072)</u>	<u>8,925,685</u>
Loss after income tax expense for the half year	-	-	(1,343,926)	(1,343,926)
Foreign currency translation	-	47,547	-	47,547
Total comprehensive loss for the half year	<u>-</u>	<u>47,547</u>	<u>(1,343,926)</u>	<u>(1,296,379)</u>
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	-	-	-	-
Share based payments (Note 5)	-	251,010	-	251,010
Balance at 31 December 2022	<u><u>17,488,521</u></u>	<u><u>1,310,793</u></u>	<u><u>(10,918,998)</u></u>	<u><u>7,880,316</u></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 2022

	Consolidated	
	December 2022	December 2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	6,028,383	4,846,869
Payments to suppliers and employees	(6,196,039)	(4,697,188)
Interest received	8,742	5,921
Interest paid	(1,888)	(4,995)
	<u>(160,802)</u>	<u>150,607</u>
Net cash from / (used) in operating activities		
Cash flows used in investing activities		
Payment for acquisition of businesses (net of cash acquired)	-	(2,726,183)
Payment of transaction costs related to acquisition of businesses	(29,137)	(490,090)
Payments for plant and equipment	(40,611)	(38,748)
	<u>(69,748)</u>	<u>(3,255,021)</u>
Net cash used in investing activities		
Cash flows (used in)/from financing activities		
Repayment of lease liabilities	(71,399)	(62,722)
Proceeds from issue of shares	-	265,250
	<u>(71,399)</u>	<u>202,528</u>
Net cash from / (used in) financing activities		
Net increase / (decrease) in cash and cash equivalents	(301,949)	(2,901,886)
Cash and cash equivalents at the beginning of the half year	<u>3,095,702</u>	<u>6,532,415</u>
Cash and cash equivalents at the end of the half year	<u><u>2,793,753</u></u>	<u><u>3,630,529</u></u>

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

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 interim financial reporting.

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 2022, 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 2022. 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 in the current period, 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 2022: Nil).

Note 3. Segment Reporting

Identification of reportable operating segments

The consolidated entity has one operating segment, being a developer and licensor of computer software, however it operates across multiple geographical regions. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Geographical information

	Sales to external customers		Geographical non-current assets	
	Dec 2022	Dec 2021	Dec 2022	June 2022
	\$	\$	\$	\$
Australia	3,170,659	2,673,429	8,779,980	9,038,842
United States	892,950	726,625	-	-
New Zealand	356,201	325,483	-	-
Europe	303,637	250,784	-	-
Asia	189,786	153,940	-	-
Rest of World	140,739	65,577	-	-
	<u>5,053,972</u>	<u>4,195,838</u>	<u>8,779,980</u>	<u>9,038,842</u>

Concentration of key customers

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

- A major customer in Australia and New Zealand in the finance sector represented 16% of operating revenue.
- A major customer in Australia in the Telecommunications sector represented 10% of operating revenue.

Knosys Limited
Notes to the financial statements
31 December 2022

Note 4. Equity - Issued capital

	December 2022 Shares	June 2022 Shares	December 2022 \$	June 2022 \$
Ordinary shares - fully paid	<u>216,138,698</u>	<u>216,138,698</u>	<u>17,488,521</u>	<u>17,488,521</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.

Note 5. Equity based payments

Equity instruments issued to Directors, executives and staff

During the period no options or loan shares were issued to Directors, executives or staff.

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

	December 2022 Options	June 2022 Options
Options issued to executives and staff under the employee incentive plan	4,550,000	4,550,000
Options issued to a Director on the same terms as the employee incentive plan	6,000,000	6,000,000
	<u>10,550,000</u>	<u>10,550,000</u>

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

	December 2022 Loan funded shares	June 2022 Loan funded shares
Loan Shares issued under the loan funded share plan to a director, executives and staff.	3,125,000	3,125,000
Loan Shares issued to directors and executives, on the same terms as the loan funded share plan.	<u>7,850,000</u>	<u>7,850,000</u>
	<u>10,975,000</u>	<u>10,975,000</u>

Expenses arising from share-based payment transactions

Net charges arising from share-based payment transactions recognised during the financial period were \$251,010 (\$309,845 for prior comparative period). This was comprised of a vesting charge of \$251,010 to the profit and loss, in respect to Loan Shares and Options on issue.

Knosys Limited
Notes to the financial statements
31 December 2022

Note 6. Intangibles

Reconciliations of the carrying values of each class of intangibles at the beginning and end of the current financial period, for the consolidated entity, are as follows:

	Goodwill	Customer contracts	Marketing assets	Consolidated Total
	\$		\$	\$
Carrying value at 1 July 2022	3,303,215	4,947,268	634,612	8,885,095
Amortisation	-	(279,168)	(79,607)	(358,775)
Carrying value at 31 December 2022	<u>3,303,215</u>	<u>4,668,100</u>	<u>555,005</u>	<u>8,526,320</u>
Cost as at 31 December 2022	3,303,215	5,533,000	790,000	9,626,215
Accumulated Amortisation at 31 December 2022	-	(864,900)	(234,995)	(1,099,895)
Carrying value at 31 December 2022	<u>3,303,215</u>	<u>4,668,100</u>	<u>555,005</u>	<u>8,526,320</u>

Note 7. 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 2022.

Note 8. Income tax

During the period the company's foreign operating subsidiaries incurred tax expense relating to operating surpluses in individual foreign jurisdictions.

Note 9. Matters subsequent to the financial period

Other than Optus signing a contract extension to January 2025, as announced to ASX on 19 January 2023, no matter or circumstance has arisen since 31 December 2022 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 2022

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 2022 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

23 February 2023
Melbourne

Knosys Limited

Independent auditor's review report

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 entity), which comprises the consolidated statement of financial position as at 31 December 2022, 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 2022 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 consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 Knosys Limited 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.

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 consolidated entity's financial position as at 31 December 2022 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. Finnis

Director

Melbourne, 23 February 2023