

ASX Announcement
16 July 2018

DISPATCH OF OFFER DOCUMENT FOR NON-RENOUNCEABLE RIGHTS ISSUE

Further to the announcement by Knosys Limited (ASX: KNO) on 9 July 2018, in regard to the partially underwritten non-renounceable rights issue (**Rights Issue**), Knosys Limited advises that the Offer Document and the Entitlement and Acceptance Form for the Rights Issue will be dispatched to shareholders today.

A copy of the Offer Document and the Entitlement and Acceptance Form is attached to this announcement.

Stephen Kerr
Company Secretary
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ACN 604 777 862

Offer Document

for a partially underwritten non-renounceable rights issue by Knosys Limited to Eligible Shareholders of 7 New Shares for every 19 Shares held on the Record Date for an Issue Price of \$0.07 per New Share.

The Offer closes at 5.00pm (Melbourne time) on Tuesday, 31 July 2018.

This is an important document and requires your immediate attention. You should read this document in its entirety before making any investment decision. If you are in any doubt about what to do, please consult your professional adviser.

This document is not a prospectus or other form of disclosure document. It does not purport to contain all of the information that an investor may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Document.

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IMPORTANT INFORMATION

This Offer Document has been prepared by Knosys Limited ACN 604 777 862 (**Knosys or Company**) and is dated 16 July 2018. This Offer Document is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the Corporations Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Neither ASIC nor ASX nor any of their officers or employees takes responsibility for the Offer or the merits of the investment to which the Offer relates.

The Offer Document does not constitute financial product advice and has been prepared without taking into account an Eligible Shareholder's investment objectives or financial circumstances. The Offer Document does not purport to contain all the information that Eligible Shareholders may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Document.

Before deciding whether to apply for New Shares, each Eligible Shareholder should consider whether Knosys is a suitable investment for them in light of their own investment objectives and financial circumstances and should seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to invest.

Investment Decisions

The information provided in this Offer Document is not intended to be relied on as advice to investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. If, after reading this Offer Document, you have any questions about the Offer, you should contact your stockbroker, lawyer, accountant or other professional adviser.

There are a number of risk factors that could potentially impact on Knosys and its operations. For information about these risks, please refer to section 4. The potential tax effects of the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by Knosys in connection with the Offer. Neither Knosys nor any other person warrants the future performance of Knosys or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

Neither the Underwriter nor any of its or Knosys' respective advisers nor any of their respective affiliates or related bodies corporate nor any of their respective directors, officers, partners, employees, representatives or agents has authorised or caused the issue of this Offer Document and they do not take any responsibility for the information set out in this Offer Document or any action taken by you on the basis of such information.

To the maximum extent permitted by law, the Underwriter, each of its or Knosys' respective advisers and their respective affiliates or related bodies corporate and any of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer or this Offer Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Future performance and forward looking statements

Eligible Shareholders should note that the past share price performance of Knosys provides no guidance as to its future share price performance. Any financial information provided in this Offer Document is for illustrative purposes only and is not represented as being indicative of Knosys' future financial performance.

Any forward looking statements in this Offer Document are based on Knosys' current expectations about future events. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Knosys and its Directors, which could cause actual results, performance and achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Offer Document.

Ineligible Shareholders

The Offer is only made to Eligible Shareholders. The Offer is not extended to, and no New Shares are offered or will be issued to, persons with registered addresses outside Australia or New Zealand.

Knosys considers it is unreasonable to extend the Offer to Shareholders with registered addresses in jurisdictions outside Australia and New Zealand having regard to the small number and value of New Shares that would be offered in such jurisdictions and the cost of complying with the legal and regulatory requirements in those jurisdictions.

Foreign jurisdictions and restrictions on the distribution of this Offer Document

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside Australia or New Zealand. The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Document and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. By applying for New Shares under this Offer Document, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY^{®1} you represent and warrant that there has been no breach of such laws.

The Company disclaims all liabilities to such persons.

Eligible Shareholders who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Offer Document does not breach the selling restrictions set out in this Offer Document or otherwise violate the securities laws in the relevant overseas jurisdictions.

In particular, the Offer and Placement have not been, and will not be, registered under the *Securities Act of 1933*, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States and is not being made in the United States or to persons resident in the United States. The Offer may not be purchased, traded, taken up or exercised by persons in the United States, and the New Shares may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

The New Shares being offered to residents of New Zealand under this Offer Document are offered in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*. This Offer Document and the accompanying Entitlement and Acceptance Form have been prepared in accordance with Australian law and have not been registered, filed or approved by any New Zealand regulatory authority. This Offer Document is not an investment statement or prospectus under New Zealand law and may not

¹ [®] Registered to BPAY Pty Ltd ABN 69 079 137 518

contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

No action has been taken to register or qualify this Offer Document, the New Shares, the Offer or the Placement, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

Defined terms and abbreviations

Terms and abbreviations used in this Offer Document are defined in section 6.

References to sections are to sections of this Offer Document, unless otherwise stated.

Queries

If you have not received a personalised Entitlement and Acceptance Form or have any queries on how to complete the Entitlement and Acceptance Form, please contact Knosys Limited on (03) 9046 9700 (within Australia) or +61 3 9046 9700 (outside Australia) or the Knosys Share Registry, Atomic, on (02) 9698 5414 (within Australia) or +61 2 9698 5414 (outside Australia).

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LETTER FROM THE CHAIRMAN



16 July 2018

Dear Knosys shareholder,

Partially underwritten non-renounceable Rights Issue

On behalf of Knosys Limited (**Knosys** or the **Company**), I am pleased to invite you to participate in a partially underwritten non-renounceable rights issue to raise up to approximately \$2.65 million (before costs) (**Rights Issue**).

Prior to this Rights Issue, on 29 May 2018, Knosys announced a proposed capital raising of approximately \$4.02 million (before costs) by way of an oversubscribed share placement to raise approximately \$1.37 million to sophisticated investors (**Placement**) and the following Rights Issue.

The Placement was successfully concluded on 31 May 2018. The Placement was conducted using the Company's placement capacity under the Listing Rules 7.1 and 7.1A of 11,352,408 Shares and 8,234,939 Shares respectively. Blue Ocean Equities Pty Limited (**Blue Ocean Equities**) acted as Lead Manager to the Placement.

Under the Rights Issue, Eligible Shareholders will be given the opportunity to subscribe for 7 new Shares in Knosys for every 19 Shares held at 7:00pm (Melbourne time) on Thursday, 12 July 2018 at an issue price of \$0.07 per Share (**Issue Price**) (**New Shares**). The Issue Price is the same price at which Shares were offered under the Placement.

The Issue Price represents a discount of approximately 11.9% to the Company's 15-day volume weighted average price (**VWAP**) of Knosys Shares to 29 May 2018.

In addition, Eligible Shareholders who take up their full entitlement will also be able to apply for additional New Shares that are not subscribed for under the Rights Issue pursuant to the Shortfall facility (**Shortfall Shares**). Further details on the Shortfall facility are contained in section 1.9.

Entitlements of Eligible Shareholders under the Rights Issue are non-renounceable and will not be tradeable on ASX or otherwise transferable. Therefore, to the extent that an Eligible Shareholder does not take up all or part of their Entitlement under the Rights Issue, that Entitlement (or the relevant proportion not taken up) will lapse and the New Shares, the subject of that Entitlement (or the relevant proportion not taken up), will be made available under the proposed Shortfall facility or otherwise taken up or placed by the Underwriter.

Shareholders who do not elect to take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements and their equity interest in the Company will be diluted.

The funds raised from the Placement were used to repay the holders of convertible notes which matured on 31 May 2018. Funds raised from the subsequent Rights Issue will be used to accelerate investment in the Company's sales, marketing, product development and customer success teams in order to drive APAC customer and revenue growth. The costs of the Rights Issue and Placement will also be paid out of the funds raised. Further details of the use of funds are provided in section 2.1.

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Following the Rights Issue, the Company will have up to approximately 140,860,792 Shares on issue (assuming the Rights Issue is fully subscribed).

This Offer Document contains important information about the Rights Issue, including a personalised Entitlement and Acceptance Form which details your Entitlement to New Shares in Knosys. If you are an Eligible Shareholder wishing to apply for all or some of the Shares making up your Entitlement, and you are paying by cheque, you must complete the accompanying Entitlement and Acceptance Form and return it, together with your cheque, to the Company by the Closing Date. If paying by BPAY® you do not need to return the Entitlement and Acceptance Form.

The Rights Issue is partially underwritten by Blue Ocean Equities to the extent of approximately 47% of the Rights Issue.

This Offer Document should be read carefully and in its entirety before deciding whether or not to participate in the Rights Issue. If you have any questions in respect of the Rights Issue, please consult your stockbroker, accountant, lawyer or other professional adviser.

On behalf of the Board of Knosys, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours faithfully



Hon. Alan Stockdale AO
Chairman

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KEY OFFER DETAILS

The Offer to Eligible Shareholders	7 New Shares for every 19 Shares held on the Record Date
Issue Price per New Share	\$0.07
Discount of the Issue Price to the 15-day VWAP of Shares on ASX to 29 May 2018	Approximately 11.9%
Maximum number of New Shares to be offered under the Offer	37,924,059* New Shares
Proceeds from the Offer (excluding costs associated with the Offer)	Approximately \$2,650,000*
Total number of Shares on issue following the Offer	140,860,792*

* These figures are approximate and assume no Options are exercised by Eligible Shareholders before the Record Date and the Rights Issue is fully subscribed. The Offer is partially underwritten to approximately 47% of the Offer.

TIMETABLE AND KEY DATES

Announcement of the Rights Issue	Wednesday, 29 May 2018
Securities quoted on an "ex" entitlement basis	Wednesday, 11 July 2018
Record Date to determine Entitlement to New Shares	7:00pm (Melbourne time) on Thursday, 12 July 2018
Dispatch of Offer Document and personalised Entitlement and Acceptance Forms to Eligible Shareholders	No later than , Tuesday 17 July 2018
Closing Date	5:00pm (Melbourne time) on Tuesday, 31 July 2018
New Shares quoted on a deferred settlement basis	Wednesday, 1 August 2018
Allotment of New Shares	Tuesday, 7 August 2018
Normal trading of New Shares expected to commence on ASX	Wednesday, 8 August 2018
Holding statements expected to be despatched to shareholders	Tuesday, 14 August 2018

** These dates are indicative only and are subject to change. Knosys reserves the right, subject to the Corporations Act and the Listing Rules, and, if required, the consent of the Underwriter, to amend this indicative timetable. In particular, Knosys reserves the right to extend the Closing Date or to withdraw the Rights Issue without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the allotment of New Shares.

ANSWERS TO KEY QUESTIONS

What is the Offer?	7 New Shares for every 19 Shares held on the Record Date at an Issue Price of \$0.07 per New Share	Section 1.1
Who can participate in the Offer?	Only Eligible Shareholders can participate in the Offer. Eligible Shareholders are persons with registered addresses in Australia or New Zealand and who are registered holders of Shares on the Record Date.	Section 1.2
What is the Record Date?	The Record Date is the date for determining the Entitlement of Eligible Shareholders to New Shares under the Offer being 7.00 pm (Melbourne time) on, Thursday, 12 July 2018.	
How much do I have to pay to participate in the Offer?	The Issue Price for each New Share is \$0.07. You may subscribe for all, or part, of your Entitlement.	Section 1.4
What are the terms of the New Shares?	The New Shares issued under the Offer will rank equally with all existing Shares.	Section 1.12
What is the purpose of the Offer?	Funds raised from the Rights Issue will be used to accelerate investment in the Company's sales, marketing, product development and customer success teams in order to drive APAC customer and revenue growth.	Section 2.1
Is the Offer underwritten?	The Offer is partially underwritten by Blue Ocean Equities to the extent of approximately 47% of the Offer. The Underwriter is also engaged as Lead Manager to provide the Company with such assistance in undertaking the Rights Issue and the Placement as is customary and appropriate in this type of transaction.	Sections 1.8 and 5.8
Can I apply for shares in excess of my Entitlement?	<p>Yes. Eligible Shareholders who take up their full Entitlement under the Offer will also be able to apply for New Shares that are not subscribed for under the Rights Issue under the Shortfall facility.</p> <p>Applications for Shortfall Shares will be considered if a Shortfall under the Offer exists. There is no guarantee that you will receive Shortfall Shares.</p>	Section 1.9

<p>What are the risks associated with applying for New Shares under the Offer?</p>	<p>An investment in Knosys involves general risks associated with any investment in the share market, including the price of New Shares may rise or fall.</p> <p>There are also a number of risk factors, both specific to Knosys and of a general nature, which may affect the future operating and financial performance of Knosys and the value of an investment in Knosys.</p>	<p>Sections 1.14 and 4</p>
<p>What are my choices?</p>	<p>You may either:</p> <ul style="list-style-type: none"> • take up all, or part, of your Entitlement; • take up all of your Entitlement and apply for Shortfall Shares; or • do nothing and allow all of your Entitlement to lapse, in which case the New Shares comprising your Entitlement will be made available under the Shortfall facility or otherwise taken up or placed by the Underwriter. Any such New Shares not taken up or placed by the Underwriter may be placed by the Directors. 	<p>Section 3</p>
<p>How do I accept my Entitlement?</p>	<p>If you are an Eligible Shareholder, and you wish to subscribe for all or some of the New Shares making up your Entitlement, you must complete the Entitlement and Acceptance Form and return it, together with a cheque, for the Application Money.</p> <p><u>If paying by BPAY®</u> you do not need to return the Entitlement and Acceptance Form.</p> <p>Please refer to section 3 for further details on how to accept your Entitlement.</p> <p>As noted above, those Eligible Shareholders who subscribe for their full Entitlement may also apply for Shortfall Shares. There is no guarantee that you will receive Shortfall Shares.</p> <p>If you have not received an Entitlement and Acceptance Form, or if you have any queries about how to accept your Entitlement, please call the Company on +61 3 9046 9700 or the Share Registry on +61 2 9698 5414.</p>	<p>Section 3.2</p>
<p>Can I sell or transfer my Entitlement?</p>	<p>No. The Offer is non-renounceable and, accordingly, you cannot sell or transfer any of your Entitlement.</p>	<p>Section 1.6</p>
<p>How can I obtain further information?</p>	<p>Knosys encourages you to seek advice from your financial or other professional adviser in respect of the Offer.</p>	

1 DETAILS OF THE OFFER AND ELIGIBILITY

1.1 The Offer

Knosys is offering Eligible Shareholders the opportunity to subscribe for **7 New Shares** for every **19 Shares** held on 7:00pm (Melbourne time) on Thursday, 12 July 2018 at an Issue Price of **\$0.07 per New Share**.

The number of New Shares to which you are entitled to subscribe for is shown on the accompanying Entitlement and Acceptance Form. You may also apply for additional New Shares under the Shortfall facility set out in section 1.9.

The total number of New Shares issued under the Offer will be approximately 37,924,059. The gross proceeds (before costs) of the Offer will be approximately \$2.65 million.

1.2 Eligibility to participate in the Offer

A person will be eligible to participate in the Offer if:

- (1) the person was a registered holder of Shares at 7:00pm (Melbourne time) on Thursday, 12 July 2018 (**Record Date**); and
- (2) the person's registered address is in Australia or New Zealand.

1.3 Shareholders outside Australia and New Zealand

The Company has determined that it is not practical for holders of Shares with registered addresses in jurisdictions outside Australia or New Zealand to participate in the Offer, having regard to the number and value of New Shares they would be offered and the costs of complying with the regulatory requirements in those places.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with all applicable foreign laws.

1.4 Issue Price

The Issue Price payable for each New Share is \$0.07 which represents a discount of approximately 11.9% to the 15-day VWAP of Shares on ASX to 29 May 2018. This is the same price at which Shares were offered under the Placement.

Eligible Shareholders should not be obliged to pay brokerage or other fees in respect of New Shares acquired under the Offer. However, a controlling participant may charge a fee to action acceptance of your Entitlement.

Eligible Shareholders should note that the market price of Shares may rise and fall between the date of this Offer and the date when New Shares are allotted under the Offer. Accordingly, the price you pay per New Share pursuant to this Offer may be either higher or lower than the market price of Shares at the time of this Offer or at the time the New Shares are allotted under this Offer.

Knosys recommends that you monitor the price of Shares, which can be found in the financial pages of major Australian metropolitan newspapers or on the ASX website at www.asx.com.au (ASX code: KNO).

1.5 Closing Date

The Offer is scheduled to close on **5.00pm (Melbourne time) on Tuesday, 31 July 2018**. Please refer to section 3 for details on how to accept your Entitlement.

Please note that Knosys reserves the right, subject to the Corporations Act and the Listing Rules and, if required, the consent of the Underwriter, to amend the Closing Date of the Offer. Any extension of the Closing Date will have a consequential effect on the date for the allotment of New Shares.

1.6 No trading of Entitlements

The Offer is made on a non-renounceable basis and, accordingly, Eligible Shareholders may not sell, trade or transfer all or part of their Entitlement.

1.7 Minimum Subscription

There is no minimum subscription for the Offer.

1.8 Underwriting

The Offer is partially underwritten by Blue Ocean Equities to the extent of approximately 47% of the Offer. Please refer to section 5.8 for details of the Underwriting Agreement.

1.9 Shortfall facility

Subject to the Corporations Act and the requirements of the Listing Rules, Eligible Shareholders who subscribe for their full Entitlement may apply for more New Shares than the number shown on their Entitlement and Acceptance Form. That is, those Shareholders may apply for Shortfall Shares. The issue price of each Shortfall Share will be \$0.07, being the same price for New Shares under the Offer.

Applications for Shortfall Shares will be considered if a Shortfall exists. Shortfall Shares will be issued to Eligible Shareholders at the discretion of the Directors.

Eligible Shareholders may apply for Shortfall Shares by adding the number of Shortfall Shares they wish to subscribe for with the number of New Shares, the subject of their Entitlement and including the total number of New Shares and Shortfall Shares on their Entitlement and Acceptance Form (please refer to section 3.3 for further information).

There is no guarantee that you will receive Shortfall Shares and the Directors do not represent that any application for Shortfall Shares will be successful. In particular, the Directors may allocate to an Eligible Shareholder a lesser number of Shortfall Shares than the Eligible Shareholder applied for, or reject any Application for Shortfall Shares. If the number of Shortfall Shares allotted to an Eligible Shareholder is less than the number applied for by that Eligible Shareholder, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

All the Shortfall Shares will be allotted at the same time as the New Shares under the Offer are allotted.

The Directors reserve the right to issue any Shortfall at their discretion. The Directors propose to exercise this discretion in such a way so that New Shares will be allotted under either the Shortfall facility or taken up or placed by the Underwriter. Any such New Shares not taken up or placed by the Underwriter may be placed by the Directors. Under the ASX Listing Rules, the Directors have the discretion to issue the Shortfall at the Issue Price provided such issue occurs no later than 3 months after the Closing Date.

1.10 **Quotation and Trading**

Knosys has applied to the ASX for official quotation of the New Shares in accordance with the Listing Rule requirements. If ASX does not grant quotation of the New Shares, Knosys will repay all Application Monies (without interest).

1.11 **Allotment of New Shares and Shortfall Shares**

Knosys expects to issue the New Shares including any Shortfall Shares which the Directors exercise their discretion to allot, on or before Tuesday, 7 August 2018 and expects to despatch holding statements for New Shares including any Shortfall Shares on or before Tuesday, 14 August 2018.

No issue of New Shares or any Shortfall Shares will be made unless permission is granted for quotation of the New Shares and any Shortfall Shares on ASX.

Applications Monies will be held in trust for applicants until New Shares and any Shortfall Shares are allotted. Interest earned on Applications Monies will be for the benefit of Knosys and will be retained by Knosys irrespective of whether New Shares or any Shortfall Shares are issued.

1.12 **Rights attaching to New Shares**

New Shares and any Shortfall Shares will rank equally with existing Shares and will carry the same voting rights, dividend rights and other entitlements at the date they are issued.

1.13 **Privacy Statement**

As a Shareholder, Knosys and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Knosys and the Share Registry may update that personal information or collect additional personal information for the purposes of:

- (1) processing your Application and assessing your acceptance of the New Shares;
- (2) servicing your needs as a Shareholder and providing facilities and services that you request; and
- (3) carrying out appropriate administration.

The information may also be used from time to time and disclosed to persons inspecting the register of members, bidders for your securities in the context of takeovers and regulatory bodies.

You can access, correct and update the personal information that is held about you.

If you wish to do so please see section 5.10 for a further details on privacy.

1.14 **Risk Factors**

An investment in Knosys involves general risks associated with any investment in the share market including that the price of New Shares may rise or fall.

There are a number of risk factors, both specific to Knosys and of a general nature, which may affect the future operating and financial performance of Knosys and the value of an investment in Knosys. Accordingly, an investment in the Company should be considered speculative. The specific and general risk factors are described in section 4. Before deciding to invest in Knosys, you should consider those factors carefully and, if necessary, consult your stockbroker, lawyer, accountant or other professional adviser.

2 USE OF FUNDS AND EFFECT OF THE OFFER

2.1 Use of proceeds

The Offer will result in Knosys raising approximately \$2.65 million (before costs).

The table below sets out the proposed use of proceeds of the Offer.

The net proceeds from the Rights Issue will be used by the Company to accelerate investment in the Company's sales, marketing, product development and customer success teams in order to drive APAC customer and revenue growth. The costs of the Rights Issue will also be paid out of the funds raised.

The funds raised will enable the Company to exploit its recent successful contract announcements with Singtel and Optus by recruiting additional business development and marketing employees. These additional employees will focus primarily on making sales of the Company's leading software platform, KnowledgeIQ. The Company also intends commence a broader digital marketing campaign and sponsorship of industry conferences during the next 12 months to build brand awareness of Knosys. Growth aspirations include the intention to expand further into Singapore with the opening of a local office to facilitate better engagement with customers, prospects and partners, with a view to growing Company's sales footprint in the APAC region. The Company also intends to continue to invest in ongoing product development and innovation, focusing on integrations and enhancements to simplify usage and drive adoption of KnowledgeIQ.

Proposed use of proceeds of the Offer	
Additional direct sales resources in Australia	\$0.5m
Additional marketing resources and digital marketing initiatives	\$0.3m
Singapore sales office and staff	\$0.3m
Exploration of US market	\$0.3m
Additional development resources to accelerate KnowledgeIQ integrations and enhancements	\$0.4m
General working capital	\$0.55m
Expenses of the Offer	\$0.3m
TOTAL	\$2.65m

The proposed use of proceeds set out above is a statement of current intentions as at the date of this Offer Document only (assuming the Offer is fully subscribed). As with any budget, intervening events and new circumstances, including potential acquisitions, have the potential to affect the ultimate way in which the proceeds will be applied. Accordingly, the Directors reserve the right to alter the way in which the proceeds are ultimately applied. The Offer is not fully underwritten. Accordingly, should the Offer not be fully subscribed, the expenditure outlined above will be reduced and re-prioritised by the Directors to match total funds received under the Offer (after costs) and applied to activities that the Company believes will have the best impact on the business and its revenue opportunities.

2.2 Effect of the Offer on the capital structure of, and cash held by, Knosys

The total number of New Shares to be issued pursuant to the Offer will be approximately 37,924,059.

The table below summarises the number of shares on issue in Knosys before and after completion of the Offer:

Existing Shares	102,936,733	
Options with an exercise price of \$0.25, vesting quarterly over 3 years. First vesting date was 1 July 2015. Expiry date of 1 July 2019.		5,758,334
Options with an exercise price of \$0.29, vesting at various dates and/or performance hurdles. 200,000 options have an expiry date of 1 July 2019. 300,000 options have an expiry date of 1 July 2020.		500,000
Options issued under the employee share option plan with an exercise price of \$0.25, vesting in 3 tranches over 3 years. First vesting date, 1 October 2017. Expiry date of 1 October 2020.		1,400,000
New Shares to be issued under the Offer*	37,924,059	
TOTAL*	140,860,792	7,658,333

* These figures are approximate and are subject to rounding-up of individual holdings and assumes no Options are exercised by Eligible Shareholders before the Record Date (which given the exercise price of the Options is likely to be the case) and the Offer is fully subscribed. The number of New Shares to be issued under the Offer and the total number of Shares on issue after completion of the Offer will be reduced to the extent that the Offer is not fully subscribed.

Assuming the Offer is fully subscribed, the effect of the Offer will be to increase the number of Shares on issue in Knosys and increase the cash held by Knosys by approximately \$2.65m (before costs). The number of New Shares issued and the increase in cash held by Knosys following completion of the Offer will be reduced to the extent that the Offer is not fully subscribed.

Expenses of the Offer are expected to be approximately \$0.3m (exclusive of GST).

2.3 Pro Forma Unaudited Consolidated Statement of Financial Position

The pro-forma audited statement of consolidated financial position (balance sheet) set out below has been prepared to illustrate the financial position of Knosys following completion of the Offer had the Offer completed on 31 December 2017 (and assuming it is fully subscribed).

This pro-forma unaudited statement of consolidated financial position is intended to be illustrative only and will not necessarily reflect the actual position and balances as at the date of this Offer Document or at the conclusion of the Offer.

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Assets	<i>Balance at 31 December 2017</i>	<i>Impact of Placement and Rights Issue (net of costs)²</i>	<i>Repayment / Conversion of Convertible Notes</i>	<i>Pro-forma as at 31 December 2017²</i>
Current assets				
Cash and cash equivalents	1,707,843	3,720,000	-1,578,000	3,849,843
Trade and other receivables	14,464			14,464
Accrued research and development tax refund receivable	227,824			227,824
Prepayments & sundry debtors	27,385			27,385
Total current assets	1,977,515	3,720,000	-1,578,000	4,119,515
Non-current assets				
Property, plant and equipment	65,696			65,696
Total non-current assets	65,696	0	0	65,696
Total assets	2,043,211	3,720,000	-1,578,000	4,185,211
Liabilities				
Current liabilities				
Trade and other payables	86,684			86,684
Borrowings	1,658,924		-1,658,924	0
Employee benefits	107,228			107,228
Revenue billed in advance	532,794			532,794
Total current liabilities	2,385,630	0	-1,658,924	726,706
Total liabilities	2,385,630			726,706
Net assets	-342,419	3,720,000	80,924	3,458,505

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Equity				
Issued capital	4,403,765	3,720,000	240,000	8,363,765
Reserves	563,819			563,819
Retained profits	-5,310,002		-159,076	-5,469,079
Total equity	-342,419	3,720,000	80,924	3,458,505

² Should the Offer not be fully subscribed, the net proceeds of the Offer will reduce and this amount and the Pro-forma balance of Cash and cash equivalents will reduce accordingly. The Placement was completed on 31 May 2018 and the Offer is partially underwritten to the extent of approximately 47% of the Offer. Therefore, the maximum potential reduction in the net proceeds of the Offer should be limited to \$1.42 million. Any reduction in the Pro-forma Cash and cash equivalents balance will lead to a corresponding reduction in the Pro-forma balance of Issued capital.

2.4 **Effect of the Offer on the control of Knosys**

The potential effect that the Offer will have on the control of Knosys, and the consequences of that effect, will depend on a number of factors, including investor demand and existing shareholders. However, given the structure of the Offer as a partially underwritten pro-rata issue and the current level of holdings of substantial holders (based on substantial holding notices that have been given to Knosys and lodged with ASX on or prior to the date of this notice), the Offer is not expected to have any material effect or consequence on the control of Knosys.

As the Offer is being conducted on the basis of 7 New Shares for every 19 Shares held on the Record Date, Eligible Shareholders who do not participate in the Rights Issue and Shareholders who are ineligible to participate in the Offer will have their existing ownership interest in Knosys diluted on conclusion of the Offer.

3 HOW TO APPLY FOR NEW SHARES

3.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

You may either:

- (1) take up all of your Entitlement (refer to section 3.2);
- (2) in addition to applying for all of your Entitlement, apply for Shortfall Shares under the Shortfall facility described in section 1.9 (refer to section 3.3);
- (3) take up part of your Entitlement and allow the balance of your Entitlement to lapse (refer to section 3.2); or
- (4) allow all of your Entitlement to lapse (refer to section 3.6).

3.2 Applying for New Shares

An Eligible Shareholder may take up all or part of their Entitlement by completing the Entitlement and Acceptance Form which accompanies this Offer Document and returning it, together with correct Application Monies in cleared funds (refer to section 3.4), to:

By mail

Knosys Limited
c/- Automic
PO Box 2226
Strawberry Hills NSW 2012

***By hand delivery
(Between Sydney office
hours 9.00am – 5.00pm)***

Automic
Level 3
50 Holt Street
Surry Hills, NSW 2010

by no later than 5:00pm (Melbourne time) on the Closing Date.

If paying by BPAY® you do not need to return the Entitlement and Acceptance Form.

The Company may, but is not obliged to, accept an Application received after the Closing Date if the Application is postmarked prior to the Closing Date. If the Company does not accept an Application for any reason, the Company will refund any excess Application Monies to the Eligible Shareholder, without interest, not later than 10 Business Days after the Closing Date.

Entitlement and Acceptance Forms (and payments for any Application Monies) will be accepted at the Company's Share Registry, Level 3, 50 Holt Street, Surry Hills, NSW 3010.

Please note that if you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

If you allow part of your Entitlement to lapse, your Shareholding in Knosys will be diluted.

3.3 Applying for Shortfall Shares

Eligible Shareholders who subscribe for their full Entitlement may apply for Shortfall Shares under the Shortfall facility described in section 1.9.

To do this, please enter the number of Shortfall Shares you wish to subscribe for in Box [3] of the Entitlement and Acceptance Form entitled "Insert the number of Shortfall Shares applied for".

The amount of Applications Monies you submit with your Application (refer to section 3.4) must equal the Issue Price of \$0.07 multiplied by the number of New Shares and Shortfall Shares you wish to subscribe for.

As noted in section 1.9, there is no guarantee that you will receive Shortfall Shares. In particular, the Directors may allocate to an Eligible Shareholder a lesser number of Shortfall Shares than the Eligible Shareholder applied for, or reject any Application for Shortfall Shares.

3.4 Form of payment

Payment of Application Monies (which must equal the Issue Price of \$0.07 multiplied by the number of New Shares and any Shortfall Shares you wish to subscribe for) will only be accepted in Australian currency and as follows:

- Through BPAY®. Eligible Shareholders can make their payment by BPAY® in accordance with the instructions set out in accompanying personalised Entitlement and Acceptance Form. Payment must be made using the Customer Reference Number (**CRN**) on the form (the number following to "Ref") and must be made by 5.00pm (Melbourne Time) on the Closing Date.

The CRN is used to identify your holding. If you have multiple holdings you will have multiple CRNs. You must use the CRN on each Entitlement and Acceptance Form to pay for each holding separately.

Eligible Shareholders making a payment by BPAY® are not required to return their Entitlement and Acceptance Form.

Applicants who choose to use BPAY® should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment of Application Monies. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount you wish to pay via BPAY® does not exceed your limit.

- By either personal or bank cheque in Australian currency drawn on and redeemable at any Australian bank in Australian currency.

Cheques or bank cheques should be made payable to "**Knosys Limited**" and crossed "**Not Negotiable**".

Cheques will be processed on the day of receipt and, as a result, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented. You should ensure that sufficient funds are held in the relevant account(s) to cover the full Application Monies.

Paperclip (do not staple) your cheque(s) to your Entitlement and Acceptance Form.

Eligible Shareholders are asked **not** to forward cash as cash payments will **not** be accepted. Receipts for payment will not be provided.

If the amount of Application Monies is insufficient to pay in full for the number of New Shares or any Shortfall Shares you applied for, or is more than the number of New Shares or any Shortfall Shares you applied for, you will be taken to have applied for such whole number of New Shares and any Shortfall Shares which is covered in full by your Application Monies. Alternatively, the Company may in its discretion reject your Application, in which case any Application Monies will be refunded to you after the allotment date in accordance with the Corporations Act, without interest.

If you do not receive any or all of the Shortfall Shares you applied for, any excess Application Monies will be returned to you (without interest).

3.5 **Effect of Application**

By applying for New Shares under an Offer (including by way of a payment by BPAY®), an Eligible Shareholder is taken to:

- (1) agree to be bound by the terms and conditions set out in this Offer Document and the accompanying Entitlement and Acceptance Form;
- (2) authorise the Company to place the Eligible Shareholder's name on the Company's shareholder register in respect of those New Shares; and
- (3) agree to be bound by the Company's constitution.

Any application for New Shares under the Offer (including by way of a payment by BPAY®), once submitted, cannot be withdrawn.

3.6 **Allowing your Entitlement to lapse**

If you do nothing, all of your Entitlement will lapse and your Shareholding in Knosys will be diluted.

3.7 **Enquires concerning Entitlement and Acceptance Form**

If you have any questions on how to complete the Entitlement and Acceptance Form or take part or all of your Entitlement, please contact Knosys on (03) 9046 9700 (within Australia) or +61 3 9046 9700 (outside Australia) or the Share Registry, Automic, on (02) 9698 5414 (within Australia) or +61 2 9698 5414 (outside Australia).

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4 RISK FACTORS

4.1 Overview

The New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business. There are numerous risk factors involved with the Company's business. This section 4 identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade. You should read the entire Offer Document and consult your professional advisers before deciding whether or not to apply for New Shares.

4.2 Risks specific to the Group

A number of specific risk factors that may impact the future performance of the Company, the Knosys Platform and the operations of the Company are described below. Shareholders should note that this list is not exhaustive.

(1) **Sales growth, technology, third party service provider reliance, competition and development timeframes**

One of the Company's key strengths is technology advantages, however history in the information and communications technology industry shows that technical advantages are typically short lived. Accordingly, the Company's success will depend, in part, on its ability to expand the Knosys Platform and grow its business' customer base and generate revenue in response to changing technologies, customer and third party service providers' demands and competitive pressures. Failure or delay to do so may impact the success of the Company.

(2) **Product distribution and usability of the Knosys Platform depend upon various factors outside the control of the Company including device operating systems, mobile device design and operation and platform provider standards**

The Company is developing the Knosys Platform for use across a number of internet access platforms, mobile and desktop devices and software operating systems. The Company will be dependent on the ability of the Knosys Platform to operate on such platforms, devices and operating systems. The Company cannot control the maintenance, upkeep and continued supply of effective service from external suppliers in these areas. Any changes in such platforms, operating systems or devices that adversely affect the functionality of the Knosys Platform or give preferential treatment to competitive products could adversely affect usage of the Knosys Platform.

(3) **Reliance on access to internet**

In some instances, the Company will depend on the ability of its users to access the internet. Access is provided by various classes of entities in the broadband and internet access marketplace. Should any of these entities disrupt, restrict or affect the cost of access to the Knosys Platform, usage of the Knosys Platform may be negatively impacted.

(4) **Limited operating history and acquisition and retention of customers**

The Company has limited operating history in the development and commercialisation of knowledge management software and the deployment of the Knosys Platform to a small number of customers makes evaluation of the businesses or its prospects difficult. No assurances can be given that the Company will be commercially viable through the successful retention of customers and implementation of its business plan to increase customer and user numbers.

(5) **Reliance on key personnel**

The Company's operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.

(6) **Need to attract and retain skilled staff**

The Company's future success will in part depend on its ability to hire and train suitable staff. Competition for such personnel is intense and there can be no assurance that the Company will be successful in attracting and retaining such personnel. A failure to do so may have an adverse effect on the operations and profitability of the Company's business.

(7) **Reliance on continual product development**

The Company's ability to grow the user base of the Knosys Platform and generate revenue will depend in part on its ability to continue to develop the Knosys Platform. The Company may invest in significant changes to the existing product, including technologies with which it may have little or no prior development or operating experience. If the enhanced product fails to attract users, the Company may fail to generate sufficient revenue or operating profit to justify its investments, and accordingly operating results could be adversely affected.

(8) **Management of growth**

There is a risk that the Company will not be able to manage growth of the business. The capacity of the Company to properly implement and manage business growth may affect the Company's financial performance.

(9) **Brand establishment and maintenance**

The Company believes that establishing and maintaining the brand credibility of the Knosys Platform in the knowledge management industry is important to growing its proposed user base and product acceptance. This will depend largely on the Company's ability to provide a useful and innovative product. The actions of external industry participants may affect the brand if users do not have a positive experience using platforms, devices or operating systems that provide access to the Knosys Platform. If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.

(10) **Trademarks**

The Company has lodged trademark applications in Australia for "Knosys" and for "KnowledgeIQ". These applications are progressing satisfactorily, but there is a risk that these trademark applications may not be successful.

There are several instances of third parties using the unregistered trade mark "Knosys" in the US. It is possible that the use of such unregistered trademarks may prevent the grant of the trade mark "Knosys" to the Company in the US (should the Company choose to apply for the mark in the future). Further, it may be possible

for the third parties using such unregistered trademarks to take action to prevent the Company from using the trade mark “Knosys” in relation to any future activities in the US. Further investigation and advice would be necessary in order to determine the threat (if any) that that these unregistered trademarks pose (and any associated risks and/or liabilities), although the Company acknowledges that any successful claim by the existing registrant may mean that the Company would need to adopt a different brand should it operate in the US.

(11) **Operating system changes**

The Company uses third party operating systems with the providers of these systems regularly updating their systems. It is possible when these updates occur one or more of them could cause some of the Company’s product to not operate as efficiently as before This will require the Company to change the code on its system which may take some time to remedy.

(12) **Open source software**

The Knosys Platform and possible future products contain or will contain open source software, and the Company licenses some of its software through open source projects, which may pose particular risks to its proprietary software and products in a manner that could have a negative effect on its business

The Company utilises open source software in its product and will use open source software in the future. The terms of many open source licences to which the Company will be subject have not been interpreted by Australian or foreign courts, and there is a risk that open source software licences could be construed in a manner that imposes unanticipated conditions or restrictions on the Company’s ability to provide or distribute its products in the future.

(13) **Protection of the Company’s intellectual property rights and infringement of third party intellectual property rights**

The Company has trade secrets and other intellectual property rights that are important assets. The Company relies on a combination of confidentiality and licence agreements with its consultants and third parties with whom it has relationships, as well as domain name, trade secret and copyright, to protect its brand and other intellectual property rights. The Company does not currently have any patent protection of its intellectual property and it is not yet known whether it will be In fact possible to obtain any patent protection of its intellectual property. If the Company fails to protect its intellectual property secrets, competitors may gain access to its technology which could harm the business.

If a third party accuses the Company of infringing its intellectual property rights or If a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may Incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing discoveries or commercialising its products. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licences from the prevailing third party. If it is not able to obtain these licences at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licences could prevent the Company from commercialising available products and could cause it to incur substantial expenditure.

(14) **The Knosys Platform, although proven and stable, may contain programming errors, which could harm its brand and operating results**

The Knosys Platform contains complicated programming and the Company aims to develop and launch new and innovative features. The Knosys Platform, although proven and stable, may therefore contain now or in the future, errors, bugs or vulnerabilities. Any errors, bugs or vulnerabilities discovered could result in (among other consequences) damage to brand of the Knosys Platform, loss of users, loss of platform partners, fall in revenues or liability for damages, any of which could adversely affect the Company's business and operating results.

(15) **Customer service**

The Company is dependent on its customer service capability for the satisfaction of end user's customer service needs. Poor experiences may result in adverse publicity, litigation, regulatory enquiries and reduced use of the Knosys Platform or services. If this occurs it may negatively affect the Company's revenues.

(16) **Competition**

The Company competes with other businesses and companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

(17) **Changes in technology**

The Company's success will depend, in part, on its ability to expand its product and grow its business in response to changing technologies, user and third party service providers' demands and competitive pressures. Failure to do so may impact the success of the Company. Further, the cost of responding to changing technologies is unpredictable and may impact the Company's profitability or, if such cost is prohibitive, may reduce the Company's capacity to expand or maintain its business. The Company will seek to offset such costs where possible through applications for the research and development tax concession. However, these concessions are available in only limited circumstances and, even where the Company makes a claim which it and its advisors believe has merit, it cannot be assured that the Australian Taxation Office and AusIndustry will deem the claim to be compliant.

(18) **Hosting provider disruption risk**

The Company relies on various hosting providers, to host the application and store all data gathered from its customers.

Should the provider suffer outages, for example due to catastrophic destruction following a natural disaster, service to the Knosys Platform delivered by that provider may also be disrupted.

(19) **Data loss, theft or corruption**

The Company's hosting providers generally carry the risk of data loss, theft or corruption. Hosting providers networks will also be required adhere to their customers security and compliance standards. If the providers do not provide adequate safe guards and measures to prevent or mitigate data loss, theft or corruption, it could negatively impact upon the Company's business, revenues and profitability.

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(20) **Security breaches**

If the Company's security measures are breached, or if its product is subject to cyber-attacks that restrict user access to its product, its product may be perceived as less secure than competitors and users may stop using the Knosys Platform.

(21) **Misuse of the Knosys Platform - privacy and surveillance legislation**

Users of the Knosys Platform are subject to the Company's terms and conditions of use which state that a user must protect the privacy and details contained within the systems and is liable if the Knosys Platform is used unlawfully (for example, the user causing any data or information to be exposed or shared without consent).

Although the Company has strategies and protections in place to try and minimise misuse the system (including disclaimers and indemnities in the Company's terms and conditions of use), there is no guarantee these strategies will be successful in the event a user uses the Knosys Platform in an unlawful manner. If a user misuses the Knosys Platform, this may result in adverse publicity, litigation, regulatory enquiries in respect of state and federal privacy and surveillance legislation, and reduced use of the Knosys Platform. If this occurs, it may negatively affect the Company's revenues

(22) **Insurance**

The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Accordingly, the Company may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If the Company incurs uninsured losses or liabilities, the value of the Company's assets may be at risk.

(23) **Liquidity and realisation risk**

There can be no guarantee of the future price and trading volumes of the New Shares.

(24) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to continue to generate income from its operations, the Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back the Knosys Platform development as the case may be.

(25) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(26) **Research Reports**

If securities or industry analysts do not publish or cease publishing research or reports about the Company, its business or its market, or if they change their recommendations regarding the Company's securities adversely, the price of its securities and trading volumes could be adversely affected.

The market for the Company's securities trading on ASX may be influenced by any research or reports compiled by securities or industry analysts. If any of the analysts who may cover the Company and its product change previously disclosed recommendations on the Company or for that matter its competitors, the price of its securities may be adversely affected.

(27) **The Company does not expect to declare any dividends in the foreseeable future**

The Company does not anticipate declaring or paying any dividends to Shareholders in the foreseeable future. Consequently, investors may need to rely on sales of their securities to realise any future gains on their investment.

4.3 **General Risks**

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(1) **General economic climate**

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and securities' prices may be affected by these factors, which are beyond the Company's control.

(2) **Changes in legislation and government regulation**

Government legislation in Australia or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of Investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

(3) **Global credit and investment market**

Global credit, commodity and investment markets have in recent times experienced a high degree of uncertainty and volatility. The factors which have led to this situation are outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (Including the ASX). This may impact the price at which the Company's New Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(4) **Exchange rate risk**

The Company currently only operates in Australia and SE Asia and may source products and services from overseas. Additionally the Company may further expand overseas.

If the Australian dollar falls in relation to the exchange rate where the product or service is sourced from, then since the Company's financial statements are prepared in Australian dollars, this may impact its performance and position.

(5) **Unforeseen risk**

There may be other risks which the Directors are unaware of at the time of issuing this Offer Document which may impact on the Company, its operation and/or the valuation and performance of the Company's New Shares.

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(6) **Combination of risks**

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlined in this section could affect the performance valuation, financial performance and prospects of the Company.

(7) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Offer Document. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(8) **Sharemarket conditions**

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities.

(9) **Long term investment**

Investors are strongly advised to regard an investment in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur. The Company cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.

(10) **Speculative nature of investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors and others not specifically referred to above may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares offered pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the New Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for New Shares.

5 ADDITIONAL INFORMATION

5.1 Reliance on Offer Document

This Offer Document has been prepared pursuant to section 708AA of the Corporations Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act.

This Offer Document was lodged with ASX on 16 July 2018.

Section 708AA of the Corporations Act requires an entity who seeks to rely on the disclosure exemption in section 708AA to lodge a “cleansing notice” with ASX which:

- (1) sets out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Knosys; or
 - (b) the rights and liabilities attaching to the New Shares; and
- (2) states the potential effect of the issue of the New Shares on control of Knosys and the consequences of that effect.

Knosys lodged a cleansing notice in respect of the Offer with ASX on Monday, 9 July 2018.

In deciding whether or not to apply for New Shares and any Shortfall Shares under the Offer, you should rely on your own knowledge of Knosys, refer to the documents lodged and the disclosures made by the Company on ASX (which are available on the ASX website at www.asx.com.au (ASX code: KNO)) and seek advice from your financial or other professional adviser.

5.2 Interest of the Directors

The interests of the Directors and their related entities in securities of the Company at the date of this Offer Document are as follows:

	
Mr Peter Edward Pawlowitsch	900,000 Shares
Mr Richard Morris Levy	10,292,260 Shares
Hon. Alan Robert Stockdale AO	0

Each of the Directors intends (either directly or through entities controlled by them) to participate in the Offer as follows:

Mr Peter Edward Pawlowitsch	Intends to fully participate in the Offer
Mr Richard Morris Levy	Partially participate in the Offer (approximately \$10,000)
Hon. Alan Robert Stockdale AO	Intends to sub-underwrite the Offer to a maximum sub-underwritten amount of \$17,500 for an sub-underwriting fee of 2% of the amount sub-underwritten

By virtue of Listing Rule 10.11, each Director and their associates will be precluded from applying for Shortfall Shares under the Shortfall facility.

5.3 Obtaining Copies of Documents

Knosys will provide free of charge to any Shareholder who requests before the Offer closes, a copy of:

- the annual financial report of Knosys for the year ended 30 June 2017, being the most recently lodged annual financial report of Knosys before the date of this Offer Document;
- the half-year financial report of Knosys for the half-year ended 31 December 2017, being the most recently lodged half-year financial report of Knosys before the date of this Offer Document; and
- any continuous disclosure notices given by Knosys to ASX after the lodgement of the annual financial report of Knosys for the year ended 30 June 2017 with ASIC and before lodgement of a copy of this Offer Document with ASX.

These documents are also available on the ASX website at www.asx.com.au (ASX code: KNO).

5.4 Taxation

Shareholders should be aware that there will be tax implications with participating in the Offer and receiving New Shares and Shortfall Shares (if applicable). Knosys considers that is not appropriate for it to give advice regarding the tax consequences of subscribing for New Shares or Shortfall Shares under this Offer Document or the subsequent disposal of any such New Shares or Shortfall Shares (if applicable). Knosys does not accept responsibility in this regard and recommends Shareholders should consult their own professional tax advisers to obtain advice in relation to the taxation laws and regulations applicable to this Offer Document and their personal circumstances.

5.5 Alteration of terms

Knosys reserves the right, at its discretion and, if necessary, with the consent of the Underwriter, to vary, suspend or cancel the Offer at any time, subject to the Corporations Act, the Listing Rules and any other law or regulation to which the Company is subject.

Any variation, suspension or cancellation does not give rise to any liability on the part of, or any action against, Knosys or any Director and will be binding on all Eligible Shareholders.

If the Directors determine to suspend or cancel the Offer during the currency of the Offer, any Application Monies received by the Company will be refunded to Eligible Shareholders,

without interest, as soon as reasonably practical after the suspension or cancellation and in any event within 10 Business Days after the Closing Date.

5.6 Overseas jurisdictions

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside Australia or New Zealand. The distribution of this Offer Document and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Document and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. By applying for New Shares under this Offer Document, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY®, you represent and warrant that there has been no breach of such laws.

The Company disclaims all liabilities to such persons.

Eligible Shareholders who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Offer Document does not breach the selling restrictions set out in this Offer Document or otherwise violate the securities laws in the relevant overseas jurisdictions.

In particular, the Offer and Placement have not been, and will not be, registered under the Securities Act of 1933, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States and is not being made in the United States or to persons resident in the United States. The Offer may not be purchased, traded, taken up or exercised by persons in the United States, and the New Shares may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

The New Shares being offered to residents of New Zealand under this Offer Document are offered in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This Offer Document and the accompanying Entitlement and Acceptance Form have been prepared in accordance with Australian law and have not been registered, filed or approved by any New Zealand regulatory authority. This Offer Document is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

No action has been taken to register or qualify this Offer Document, the New Shares, the Offer or the Placement, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

5.7 Nominees and custodians

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Offer to, any person in the United State or any person that is acting for the account or benefit of a person in the United States.

Knosys is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Offer by the beneficiary complies with applicable foreign laws. Knosys is not able to advise on foreign laws.

5.8 Underwriting

Knosys has entered into the Underwriting Agreement under which it has been agreed that the Underwriters will partially underwrite the Offer to the extent of \$1,237,500 (being approximately 47% of the Offer).

Knosys also entered in a prior agreement between the same parties under which it had been agreed that the Underwriter would act as Lead Manager in respect of the Placement and the Rights Issue. Under that prior agreement, the Underwriter agreed that its role as Lead Manager was to provide the Company with such assistance in undertaking the Rights Issue and the Placement as is customary and appropriate in this type of transaction.

Under the Underwriting Agreement:

- (1) Knosys has provided various representations and warranties;
- (2) Knosys has indemnified the Underwriter, their affiliates and related bodies corporate, and their respective directors, officers, employees, partners, agents and advisers against losses in connection with the Offer;
- (3) the Underwriter's obligations to underwrite the Offer are conditional on certain customary matters occurring:
 - (a) the lodgement of documents related to the Offer with the ASX;
 - (b) the ASX having granted any waivers and approvals in respect of the Listing Rules necessary for the conduct or completion of the Offer;
 - (c) the ASX on or before 5.00pm on the Shortfall Notification Date indicating in writing that it will grant permission for the official quotation of the New Shares; and
 - (d) Knosys providing the Underwriter a Shortfall Notice (if there is a shortfall) on or before 5.00pm on the Shortfall Notification Date;
- (4) the Underwriter may, until the Issue Date, terminate the Underwriting Agreement and be released from its obligations to underwrite the Offer on the happening of the following events:
 - (a) (events not qualified by materiality):
 - (i) unconditional approval to the quotation of all of the New Shares on the ASX is refused, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) on or before when all of the New Shares have been allotted in accordance with the Offer (**Completion**);
 - (ii) approval to the official quotation of all of the New Shares on the ASX is withdrawn or qualified on a basis which the Underwriter reasonably considers unacceptable before the Issue Date;
 - (iii) Knosys is removed from the official list of ASX or its Shares are delisted or suspended from quotation;
 - (iv) a statement contained in the Rights Issue Documents is misleading or deceptive in a material particular, the Rights Issue Documents are defective (having regard, among other things, to the provisions of sections 708AA(7) and 708AA(11) of the Corporations Act) or the issue of the Rights Issue Documents is misleading or deceptive in a material particular;

- (v) any adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of Knosys or an entity Knosys controls (insofar as the position in relation to an entity will reasonably be likely to affect the overall position of Knosys);
 - (vi) at any time after the issue of the Rights Issue Documents:
 - (A) an event occurs in relation to Knosys or an entity Knosys controls (insofar as the position in relation to an entity will reasonably be likely to affect the overall position of Knosys), as set out in sections 652C(1) and (2) of the Corporations Act; or
 - (B) Knosys withdraws the Rights Issue Documents or fails to lodge the Rights Issue Notice with the time required by the Corporations Act and Listing Rules;
 - (vii) the S&P/ASX All Ordinaries Index closes at a level that is at least 10% below the level of that Index as at the close of trading on the date of Underwriting Agreement;
 - (viii) the Small Ordinaries Index closes at a level that is at least 10% below the level of that Index as at the close of trading on the date of Underwriting Agreement;
 - (ix) a director of Knosys is charged with an indictable offence;
 - (x) ASIC issues an order or indicates an intention to hold a hearing arising out of or in connection with the Offer or ASIC commences an examination of any person or requires any person to produce documents arising out of or in connection with the Offer or Knosys under sections 19 or 30 to 33 of the *Australian Securities and Investments Commission Act 2001* (Cth);
 - (xi) an application is made by ASIC for an order under Section 1324B of the Corporations Act in relation to the Offer;
 - (xii) any person (other than the Underwriter) who has previously consented to the inclusion of its name in the Rights Issue Documents withdraws that consent²
 - (xiii) Knosys or an entity Knosys controls becomes insolvent; or
 - (xiv) Knosys is prevented from issuing any of the New Shares or Shortfall Shares within the time required by the Rights Issue Timetable (unless otherwise agreed to by the Underwriter) or by or in accordance with the Listing Rules, ASX, ASIC, applicable governing laws, a government agency or an order of a court of competent jurisdiction; or
- (b) (events qualified by materiality):²
- (i) there occurs a contravention by Knosys or any entity controlled by Knosys of the Corporations Act, its constitution or any of the Listing Rules;

² The ability of the Underwriter to terminate the Underwriting Agreement in respect of some events will depend upon whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Offer, the value of the New Shares, or the willingness of investors to subscribe for the offer of New Shares, or where they may give rise to a contravention by, or liability of, the Underwriter.

- (ii) any event specified in the Rights Issue Timetable is delayed for more than 1 Business Day without the prior approval of the Underwriter;
 - (iii) there is a default by Knosys in the performance of any of its obligations under the Underwriting Agreement;
 - (iv) a representation or warranty contained in Underwriting Agreement on the part of Knosys is or becomes untrue or incorrect in any material respect and the matters rendering the warranty untrue or incorrect are not remedied to the satisfaction of the Underwriter prior to the issue of the Shortfall Notice;
 - (v) any litigation, arbitration or other legal proceeding is commenced against any Knosys or any entity controlled by Knosys;
 - (vi) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia in which Knosys offers products or services a new law or any authority of the Commonwealth or any State in which Knosys offers products or services adopts or announces a proposal to adopt a new policy, any of which does or is likely to adversely affect the successful promotion of those products or services or the industry in which Knosys conducts its business;
 - (vii) there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State of Australia a new law or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate, in a materially adverse way, the principal business of Knosys, the Offer, capital issues generally or stock markets generally;
 - (viii) there occurs any material adverse change or disruption to the financial markets of Australia, the United States of America or other major international financial market, or there occurs any change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the reasonable judgment of the Underwriter, impracticable to market the Offer or to enforce contracts to purchase the New Shares or is reasonably likely to materially and adversely affect the success of the Offer;
 - (ix) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the Commonwealth of Independent States or any of its constituent republics, Canada, Japan, Thailand, Singapore, Malaysia, Hong Kong, North Korea or the Peoples' Republic of China.
- (5) as Underwriter and Lead Manager, Blue Ocean Equities will receive a fee equal to 6% of the proceeds of the Offer and Placement and either \$100,000 in cash or, subject to Knosys shareholder approval, if required, 2 million Options with an exercise price of \$0.12 per Option and expiring on the 3rd anniversary of their date of issue; and
- (6) the Underwriters may engage sub-underwriters for the Offer.³

³ Hon. Alan Robert Stockdale AO, a Director of the Company has entered into an agreement to sub-underwrite the Offer to the extent of \$17,500 for a sub-underwriting fee of 2% of the amount sub-underwritten.

5.9 **Withdrawal of the Offer**

Knosys reserves the right to withdraw all or part of the Offer and the information in this Offer Document at any time, subject to applicable laws and, if required, the consent of the Underwriter, in which case Knosys will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. To the fullest extent permitted by law, you agree that any Application Monies paid by you to Knosys will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Knosys.

5.10 **Privacy**

As a Shareholder, Knosys and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Knosys and the Share Registry may update that personal information or collect additional personal information for the purposes of:

- (1) processing your Application and assessing your acceptance of the New Shares;
- (2) servicing your needs as a Shareholder and providing facilities and services that you request; and
- (3) carrying out appropriate administration.

Company and tax laws require some of the information to be collected. If you do not provide your personal information we may not be able to process your Application.

Knosys and the Share Registry may disclose this information for these purposes to its subsidiaries and relevant organisations involved in providing, managing or administering your Shareholding such as third party suppliers, other organisations, loyalty and affinity partners, printers, posting services, call centres, and our advisers. Knosys runs its business in Australia and overseas, so might need to share some of your information with organisations outside Australia.

Where personal information is disclosed, Knosys will take reasonable steps in the circumstances to ensure the recipient complies with the Australian Privacy Principles or is bound by a substantially similar privacy scheme.

You can ask us to access information that we hold about you or to correct information we hold about you by telephoning or writing to Knosys through the Share Registry as at section 7 below.

5.11 **Governing Law**

This Offer Document, the Offer and the contracts formed on acceptance are governed by the laws of Victoria. Each applicant for New Shares submits to the exclusive jurisdiction of the courts of Victoria.

5.12 **Enquires**

If you have any questions in respect of the Offer, please contact the Knosys Limited on (03) 9046 9700 (within Australia) or +61 3 9046 9700 (outside Australia) or the Share Registry, Automic, on (02) 9698 5414 (within Australia) or +61 2 9698 5414 (outside Australia).

6 DEFINITIONS

Terms and abbreviations used in this Offer Document have the following meaning:

Application	An application to subscribe for New Shares under the Offer in accordance with the instructions set out in this Offer Document and the Entitlement and Acceptance Form.
Application Monies	Monies paid by Eligible Shareholders in respect of New Shares including any Shortfall Shares they apply for
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691, or the market operated by it, as the context requires
Blue Ocean Equities	Blue Ocean Equities Pty Limited ACN 151 186 935
Business Day	An Australian business day that is not a Saturday, Sunday, or any other day which is a public holiday or bank holiday in the place where an act is to be performed or a payment is to be made
Knosys or Company	Knosys Limited ACN 604 777 862
Knosys Platform or KnowledgeIQ	The enterprise-grade SaaS knowledge management platform developed by Knosys and related Knosys entities and called "KnowledgeIQ"
Closing Date	5:00pm (Melbourne time) on Tuesday, 31 July 2018 (unless extended)
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corrective Notice	Any notice lodged with the ASX under section 708AA(10) of the Corporations Act in connection with the Offer
Directors	The directors of the Company
Eligible Shareholder	A person who meets the requirements set out in section 1.2
Entitlement	The entitlement of an Eligible Shareholder to apply for 7 New Shares for every 19 Shares held on the Record Date
Entitlement and Acceptance Form	The entitlement and acceptance form which accompanies this Offer Document
Issue Price	\$0.07 per New Share
Listing Rules	The Listing Rules of ASX as amended or waived
New Share	A Share to be issued pursuant to the Offer
Offer	The offer of New Shares under this Offer Document, including, as applicable, the Shortfall facility

Offer Document	This document dated 16 July 2018 including the Entitlement and Acceptance Form
Option	An option to acquire a Share
Placement	An oversubscribed share placement to raise approximately \$1.37 million (before costs) to sophisticated investors successfully concluded on 31 May 2018.
Record Date	7:00pm (Melbourne time) on Thursday, 12 July 2018
Rights Issue Document	The documents issued or published by or on behalf of Knosys in respect of the Offer and the Shortfall, which comprises this Offer Document, Rights Issue Notice, the Entitlement and Acceptance Form and any Corrective Notice
Rights Issue Notice	The document to be lodged with the ASX by or on behalf of Knosys under section 708AA(2)(f) of the Corporations Act in relation to the Offer
Rights Issue Timetable	The timetable for the Offer reasonably acceptable to the Underwriter based on the timetable set out in this Offer Document as varied by the joint consent of Knosys and the Underwriter (acting reasonably)
Share	A fully paid ordinary share in the Company
Share Registry	Automic Pty Ltd ACN 152 260 814
Shareholder	A registered holder of Shares
Shortfall	Those New Shares not subscribed for by way of an Application pursuant to this Offer Document by the Closing Date. Applications for Shortfall Shares form part of the Shortfall
Shortfall facility	The shortfall facility as set out in section 1.9
Shortfall Notice	Written notice from Knosys to the Underwriter in respect of the number of Shortfall Shares underwritten
Shortfall Notification Date	Thursday, 2 August 2018
Shortfall Shares	New Shares applied for by Eligible Shareholders in excess of their Entitlement. These Shortfall Shares form part of the Shortfall
Underwriter	Blue Ocean Equities
Underwriting Agreement	The underwriting agreement dated 6 July 2018 between Knosys and the Underwriter relating to the partial underwriting of the Offer

7 CORPORATE DIRECTORY

Directors

Hon. Alan Robert Stockdale AO – *Non-executive chairman*
Mr Peter Edward Pawlowitsch – *Non-executive director*
Mr Richard Morris Levy – *Non-executive director*

Chief Executive Officer

Mr John Thompson

Company Secretary

Mr Stephen Kerr

Registered Office

Suite 9.08, Level 9, 2 Queen Street
MELBOURNE VIC 3000
Phone: +61 3 9046 9700
Email: cosec@knosys.it

Website

www.knosys.it

Legal Advisers

Norton Rose Fulbright Australia
RACV Tower
485 Bourke Street
MELBOURNE VIC 3000
Phone: +61 (0)3 8686 6000
Fax: +61 (0)3 8686 6505
www.nortonrosefulbright.com

Share Registry

Automic Pty Ltd ACN 152 260 814
PO Box 2226, Strawberry Hills NSW 2012
Phone: +61 2 9698 5414
www.automic.com.au

SRN/HIN : [HolderNumber]

[BARCODE]

[EntityRegistrationDetailsLine1Envelope]
 [EntityRegistrationDetailsLine2Envelope]
 [EntityRegistrationDetailsLine3Envelope]
 [EntityRegistrationDetailsLine4Envelope]
 [EntityRegistrationDetailsLine5Envelope]
 [EntityRegistrationDetailsLine6Envelope]

ENTITLEMENT AND ACCEPTANCE FORM

OFFER CLOSES 5.00PM (AEST) 31 JULY 2018 (UNLESS IT IS LAWFULLY EXTENDED)

Eligible Shares held as at the Record Date,
 7.00pm (AEST) on 12/07/2018
[CumBalance]

Entitlement to New Shares on a 7 New Shares for
 every 19 Shares held basis
[Entitlement]

Amount payable on full acceptance at A\$0.07 per
 Share
[EntPayable]

IMPORTANT: As an Eligible Shareholder you are entitled to acquire the above New Shares for the amount payable. This Offer is being made under the Offer Document dated 16 July 2018 ("Offer Document"). The Offer Document contains information about investing in the New Shares and you should carefully read the Offer Document before applying for New Shares. This Entitlement and Acceptance Form should be read in conjunction with the Offer Document. Words or expressions defined in the Offer Document shall have the same meaning when used in this Entitlement and Acceptance Form, unless the context requires otherwise. If you do not understand it or you are in doubt as to how you should deal with it, you should seek professional advice.

1 Insert the number of New Shares applied for and accepted (being not more than your Entitlement shown above)

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2 Payment Amount (multiply the number in section 1 by A\$0.07
(If the dollar amount below divided by the issue price is a fraction of a New Share, the New Shares allotted will be rounded down)

A\$

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As an Eligible Shareholder, you are invited to apply for Shortfall Shares providing you have taken up your full Entitlement. Should you wish to apply for Shortfall Shares please complete the following sections. The Company reserves the right to accept or reject applications for Shortfall Shares and no interest will be paid on funds returned to the applicant.

3 Insert the number of Shortfall Shares applied for

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4 Payment Amount (multiply the number in section 3 by A\$0.07
(If the dollar amount below divided by the issue price is a fraction of a New Share, the New Shares allotted will be rounded down)

A\$

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5: FOR BPAY PAYMENT

Biller Code:
Ref: [BPayCRN]

You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such securities for which you have paid.

Telephone & Internet Banking – BPAY®
 Contact your bank or financial institution to make this payment from your cheque, savings, debit, credit card or transaction account. More info: www.bpay.com.au

6: FOR CHEQUE PAYMENT – INSERT DETAILS

Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to **Knosys Limited** crossed "Not Negotiable" and forwarded to Automic to arrive no later than the Closing Date.

<i>Cheque Number</i>	<i>BSB</i>	<i>Account Number</i>

7: PROVIDE YOUR CONTACT DETAILS

Telephone Number ()	Contact Name (PLEASE PRINT)
Email Address	

SUPPORT YOUR COMPANY: By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

INSTRUCTIONS FOR COMPLETION OF THIS FORM

The Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular, this Offer is not being made to any person in the U.S. or to a U.S. person. The Offer Document and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form to the Share Registry or making a payment including by BPAY® :

- you represent and warrant that you have read and understood the Offer Document and that you acknowledge the matters, and make the warranties and representations; and
- you provide authorisation to be registered as the holder of shares acquired by you and agree to be bound by the Constitution of the Company.

HOW TO APPLY FOR SHARES

1 Acceptance of New Shares

Enter into section 1 the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

2 Payment Amount

Enter into section 2 the total amount payable for the number of New Shares for which you are applying. If the dollar amount divided by the issue price is a fraction of a New Share, the New Shares allotted will be rounded down.

3 Application for Shortfall Shares

You can only apply for Shortfall Shares if you have applied for your full entitlement in section 1. The Company reserves the right to accept or reject applications for Shortfall Shares and no interest will be paid on funds returned to the applicant. Enter into section 3 the number of Shortfall Shares you wish to apply for.

4 Payment Amount

Enter into section 4 the total amount payable for the number of additional New Shares for which you are applying. If the dollar amount divided by the issue price is a fraction of a New Share, the New Shares allotted will be rounded down.

5 BPAY®

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight). It is your responsibility to ensure funds are submitted correctly by the Closing Date.

You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such securities for which you have paid.

6 Cheque Details

Enter your cheque details in section 6. Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to **Knosys Limited** and crossed "Not Negotiable". Please ensure sufficient funds are held in your account. If you provide a cheque for an incorrect amount the Company may treat you as applying for as many New Shares as your cheque will pay for.

7 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm AEST. We may use this email or number to contact you regarding your acceptance of the New Shares, if necessary.

***By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible)**

LODGING YOUR ENTITLEMENT AND ACCEPTANCE FORM

This form must be received at an address given below by 5.00pm (AEST) on Tuesday 31 July 2018. (If you are making cheque payment)

BY MAIL

Knosys Limited
C/- Automic
PO Box 2226
Strawberry Hills NSW 2012

BY HAND DELIVERY (Between Sydney office hours 9.00am – 5.00pm (AEST))

Automic
Level 29
201 Elizabeth Street
Sydney NSW 2000

If you require further information about the Offer, please contact Automic on 1300 288 664 between 9:00am and 5:00pm.