

ASX Announcement
7 August 2018

UPDATED APPENDIX 3B

Attached is an updated Appendix 3B in regard to the completion of the Knosys Rights Issue and the allotment of the shares.

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Company Secretary
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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Knosys Limited ("Company")

ABN

96 604 777 862

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	Fully paid ordinary shares.
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	37,923,843 fully paid ordinary shares pursuant to a 7 for 19 non-renounceable rights issue to raise approximately \$2.65 million (before costs) at an issue price of \$0.07 per share.
3	Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	A 7 for 19 non-renounceable rights issue of fully paid ordinary shares at an issue price of \$0.07 per share and otherwise on the same terms as existing fully paid ordinary shares.

+ See chapter 19 for defined terms.

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New issue announcement

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes.
5	Issue price or consideration	\$0.07 per share.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	In addition to the payment of costs, funds raised from the non-renounceable 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.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes.
6b	The date the security holder resolution under rule 7.1A was passed	28 November 2017.
6c	Number of +securities issued without security holder approval under rule 7.1	n/a
6d	Number of +securities issued with security holder approval under rule 7.1A	n/a

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	n/a				
6f	Number of +securities issued under an exception in rule 7.2	37,923,843 fully paid ordinary shares.				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	n/a				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	n/a				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 5,688,576 7.1A – 3,792,383				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	7 August 2018.				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>140,860,576 which includes the new fully paid ordinary shares to be issued pursuant to the non-renounceable rights issue.</td><td>Fully paid ordinary shares.</td></tr></table>	Number	+Class	140,860,576 which includes the new fully paid ordinary shares to be issued pursuant to the non-renounceable rights issue.	Fully paid ordinary shares.
Number	+Class					
140,860,576 which includes the new fully paid ordinary shares to be issued pursuant to the non-renounceable rights issue.	Fully paid ordinary shares.					

+ See chapter 19 for defined terms.

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New issue announcement

	Number	⁺ Class
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	5,758,334
		Options with exercise price of \$0.25 vesting quarterly over 3 years. First vesting date was 1 July 2015. Expiry date of 1 July 2019.
	500,000	Options with 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.
	1,400,000	Options issued under the ESOP with exercise price of \$0.25, vesting in three equal tranches over 3 years. First vesting date, 1 October 2017. Expiry date of 1 October 2020.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	n/a

⁺ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable.
13	Ratio in which the ⁺ securities will be offered	7 new shares for every 19 shares held at the record date.
14	⁺ Class of ⁺ securities to which the offer relates	Fully paid ordinary shares.
15	⁺ Record date to determine entitlements	7.00 pm (Melbourne time) on 12 July 2018.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.
17	Policy for deciding entitlements in relation to fractions	Any fractions arising in the calculation of entitlements will be rounded up to the nearest whole number of new fully paid ordinary shares.
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries other than Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	31 July 2018.

⁺ See chapter 19 for defined terms.

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20	Names of any underwriters	Blue Ocean Equities Pty Ltd is underwriting the issue.
21	Amount of any underwriting fee or commission	6% of the amount raised under the non-renounceable rights issue and the placement concluded on 31 May 2018 and either \$100,000 in cash or subject, to shareholder approval, if required, 2 million options at an exercise price of 12 cents per option expiring on the 3rd anniversary of their date of issue.
22	Names of any brokers to the issue	n/a
23	Fee or commission payable to the broker to the issue	n/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	n/a
25	If the issue is contingent on security holders' approval, the date of the meeting	n/a
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	17 July 2018.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	9 July, 2018.
28	Date rights trading will begin (if applicable)	n/a
29	Date rights trading will end (if applicable)	n/a
30	How do security holders sell their entitlements <i>in full</i> through a broker?	n/a

+ See chapter 19 for defined terms.

31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	n/a
32	How do security holders dispose of their entitlements (except by sale through a broker)?	n/a
33	+Issue date	7 August 2018.

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; height: 10px;"></td> <td style="width: 50%; height: 10px;"></td> </tr> <tr> <td style="height: 100px;"></td> <td style="height: 100px;"></td> </tr> </table>				

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Company secretary)

Date: 7 August 2018

Print name: Stephen Kerr

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	78,099,386
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period <i>Note:</i> - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	1,000,000 fully paid ordinary shares issued on conversion of convertibles notes (6 February 2018) under an exception in rule 7.2. 2,250,000 fully paid ordinary shares issued under the Loan Funded Share Plan (19 February 2018) under an exception in rule 7.2. 1,000,000 fully paid ordinary shares issued on conversion of convertibles notes (20 March 2018) under an exception in rule 7.2. 37,923,843 fully paid ordinary shares issued under the non-renounceable rights issue, the subject of this appendix 3B (7 August 2018) under an exception in rule 7.2.
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	120,273,229

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	18,040,984
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	1,000,000 fully paid ordinary shares issued to executives on the same terms as the Loan Funded Share Plan under rule 7.1 (19 February 2018) 11,352,408 fully paid ordinary shares issued to sophisticated investors under rule 7.1 (31 May 2018)
“C”	12,352,408
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	18,040,984
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	12,352,408
Total [“A” x 0.15] – “C”	5,688,576 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	120,273,229
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.10	12,027,322
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	8,234,939 fully paid ordinary shares issued to sophisticated investors under rule 7.1A (31 May, 2018)
“E”	8,234,939

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Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	12,027,322
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	8,234,939
Total [“A” x 0.10] – “E”	3,792,383 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>

+ See chapter 19 for defined terms.