

Knosys Limited

ACN 604 777 862

Notice of General Meeting and Explanatory Statement

Notice is given that a General Meeting of Knosys Limited ACN 604 777 862
will be held virtually:

Date: Wednesday, 27 January 2021 (virtual)

Time: Commencing at 2:30 pm (Melbourne time)

Venue: Online (access details provided on registration)

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting (**Meeting** or **General Meeting**) of the Shareholders of Knosys Limited ACN 604 777 862 (**Company** or **Knosys**) will be held virtually on Wednesday, 27 January 2021 commencing at 2:30 pm (Melbourne time) (access details provided upon registration, see below).

ACCESS

The Meeting will be broadcasted online as a live webinar. To virtually attend the Meeting, Shareholders must **register in advance** via the following link: https://us02web.zoom.us/webinar/register/WN_NggsBXMtRW-kOkRN-mKAGg. In order to register for the Meeting, Shareholders will be required to provide their Securityholder Reference Number or Holder Identification Number.

After registering, Shareholders will receive a confirmation email containing information on how to attend the virtual Meeting.

We recommend logging into the online platform at least 15 minutes prior to the scheduled start time for the Meeting.

More information on access and voting arrangements for the virtual Meeting are set out in the invitation letter dated 22 December 2020 sent to Shareholders in respect of the Meeting.

AGENDA

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

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

Item 1 – Ratification of prior issue of Shares – December 2020 placement (ASX Listing Rule 7.1 issue) (Resolution 1)

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify and approve the prior issue by the Company under ASX Listing Rule 7.1 of 5,895,021 Shares as detailed in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of any person who participated in the prior issue or any associate of that person.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 1 by:

- a person as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;*
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or*
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*

- *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
- *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

**Item 2: Ratification of prior issue of Shares – December 2020 placement (ASX Listing Rule 7.1A issue)
(Resolution 2)**

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify and approve the prior issue by the Company under ASX Listing Rule 7.1A of 14,883,550 Shares as detailed in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any person who participated in the prior issue or any associate of that person.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 2 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;*
- *the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or*
- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Item 3 – Approval for the issue of 36,978,000 Shares (Resolution 3)

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

“That, for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the issue of 36,978,000 Shares to Skiptan Pty Ltd or its nominee on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Skiptan and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares) or any of their associates.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 3 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;*
- *the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or*
- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Item 4: Approval for the issue of Loan Funded Shares to Kathrin Mutinelli (Resolution 4)

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

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of 500,000 Loan Funded Shares to Kathrin Mutinelli (or her nominee) on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Kathrin Mutinelli and any other person who will obtain a material benefit as a result of the issue of the Loan Funded Shares (except a benefit solely by reason of being a holder of Shares) or any of their associates.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 4 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;*
- *the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or*
- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

In addition, under the Corporations Act, a vote must not be cast on Resolution 4 by a member of the Company’s KMP or a Closely Related Party, acting as a proxy, if their appointment does not specify the way the proxy is to vote on that Resolution. However, this voting exclusion does not apply, if the member of the KMP or Closely Related Party is the chair of the Meeting acting as an undirected proxy and their appointment expressly authorises the chair to exercise the proxy even if the Resolution is, directly or indirectly, connected with the remuneration of a member of the KMP.

Item 5: Approval for the issue of Loan funded Shares to Neil Wilson (Resolution 5)

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

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of 500,000 Loan Funded Shares to Neil Wilson (or his nominee) on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Neil Wilson and any other person who will obtain a material benefit as a result of the issue of the Loan Funded Shares (except a benefit solely by reason of being a holder of Shares) or any of their associates.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 5 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;*
- *the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or*
- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

In addition, under the Corporations Act, a vote must not be cast on Resolution 5 by a member of the Company's KMP or a Closely Related Party, acting as a proxy, if their appointment does not specify the way the proxy is to vote on that Resolution. However, this voting exclusion does not apply if the member of the KMP or Closely Related Party is the chair of the Meeting acting as an undirected proxy and their appointment expressly authorises the chair to exercise the proxy even if the Resolution is, directly or indirectly, connected with the remuneration of a member of the KMP.

Item 6: Approval for the issue of 200,000 Shares to Peter Pawlowitsch (Resolution 6)

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

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of 200,000 Shares to Peter Pawlowitsch (or his nominee) on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Peter Pawlowitsch and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of Shares) or any of their associates.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 6 by:

- a person as proxy or attorney for a person who is entitled to vote on Resolution 6, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 6, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Item 7: Approval for the issue of 250,000 Shares to Neil Wilson (Resolution 7)

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

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of 250,000 Shares to Neil Wilson (or his nominee) on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Neil Wilson and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of Shares) or any of their associates.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 7 by:

- a person as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Item 8: Approval for the issue of 200,000 Shares to John Thompson (Resolution 8)

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

“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of 200,000 Shares to John Thompson (or his nominee) on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 8 by or on behalf of John Thompson and any other person who will obtain a material benefit as a result of the issue of the Shares (except a benefit solely by reason of being a holder of Shares) or any of their associates.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote cast in favour of Resolution 8 by:

- *a person as proxy or attorney for a person who is entitled to vote on Resolution 8, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way;*
- *the chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 8, in accordance with a direction given to the chair to vote on that Resolution as the chair decides; or*
- *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and*
 - *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

OTHER BUSINESS

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

BY ORDER OF THE BOARD



Stephen Kerr
Company Secretary
22 December 2020

Information regarding voting and proxies

Snapshot Date – Eligibility to Vote

For the purposes of voting at the Meeting, the Directors have determined that the Shareholding of each Shareholder will be as it appears in the share register of the Company at 7.00 pm (Melbourne time) on Monday, 25 January 2021. Accordingly, transactions registered after that time will be disregarded in determining entitlement to attend and vote at the Meeting.

Important voting information

Voting on each Resolution will be conducted by way of a poll.

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

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

Shareholders should note that the Chair of the Meeting is not permitted to vote an undirected proxy on Resolution 4 or 5 unless the proxy expressly authorises the Chair to exercise the proxy in respect of such Resolution even if, for the purpose of Resolutions 4 and 5, it is connected, directly or indirectly, with the remuneration of a member of the Company's Key Management Personnel.

If you choose to appoint a proxy, you are encouraged to direct your proxy including the Chair of the Meeting how to vote by marking any one of "For", "Against" or "Abstain" on the proxy form for that item of business.

If you have appointed the Chair as your proxy and you do not mark any of "For", "Against" or "Abstain" on the proxy form for an item of business, you will be authorising the Chair to exercise such undirected proxy held by him in respect of that item of business even if the Resolution is connected, directly or indirectly, with the remuneration of a member of the KMP.

If a Director or other KMP (other than the Chair) or a Closely Related Party is appointed as a proxy in relation to Resolutions 4 and 5, and the appointing Shareholder fails to provide a voting direction, the proxy vote will not be cast in respect of such Resolutions.

Proxies

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

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

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

For an appointment of a proxy to be effective, the form appointing the proxy and, if the form is signed under a power of attorney or other authority, the authority under which the form is signed (or a certified copy of the authority) must be

received at least 48 hours prior to the General Meeting at which the proxy intends to vote (i.e. 2.30 pm (Melbourne time) Monday, 25 January 2021) as follows:

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

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

Corporate Representatives

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

EXPLANATORY STATEMENT

PURPOSE

The purpose of this Explanatory Statement is to provide Shareholders with further information in respect of the items of business to be considered and the various Resolutions to be proposed at the General Meeting of Knosys Limited ACN 604 777 862 as set out in the Notice of Meeting to be held virtually at 2:30 pm (Melbourne time) on 27 January 2021 and to assist Shareholders to determine how they wish to vote on those Resolutions. This Explanatory Statement accompanies, and forms part of, the Notice of Meeting and should be read in conjunction with it.

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

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

SUMMARY OF BUSINESS OF THE MEETING

- Item 1: Ratification of prior issue of Shares (ASX Listing Rule 7.1 issue) (Resolution 1).
- Item 2: Ratification of prior issue of Shares (ASX Listing Rule 7.1A issue) (Resolution 2).
- Item 3: Approval for the issue of 36,978,000 Shares (Resolution 3).
- Item 4: Approval for the issue of 500,000 Loan Funded Shares to Kathrin Mutinelli (Resolution 4)
- Item 5: Approval for the issue of 500,000 Loan Funded Shares to Neil Wilson (Resolution 5).
- Item 6: Approval for the issue of 200,000 Shares to Peter Pawlowitsch (Resolution 6).
- Item 7: Approval for the issue of 250,000 Shares to Neil Wilson (Resolution 7).
- Item 8: Approval for the issue of 200,000 Shares to John Thompson (Resolution 8)

BUSINESS

Items 1 and 2: Ratification of prior issue of Shares– December 2020 placement (ASX Listing Rules 7.1 and 7.1A issues) (Resolutions 1 and 2)

1. Background

On 17 December 2020, the Company announced to ASX that it had firm commitments to raise \$3.0 million (before costs) by the issue of 21,428,571 Shares to a microcap fund and other sophisticated and professional investors and Directors of the Company (**Placement**). As set out in that ASX announcement, the Shares were placed at an issue price of \$0.14 per Share and, except for the Shares to be issued to Directors (which are subject to Shareholder approval), are expected to be settled on 23 December 2020 with a scheduled issue date of 24 December 2020.

The lead manager to the Placement was Bell Potter Securities Limited. In consultation with the Company, it placed the Shares with a microcap fund and other sophisticated and professional investors who had expressed interest in investing in the Company. None of those investors was a related party of the Company.

Except for the Director component, the Placement was made to new and existing Shareholders within the Company's existing ASX Listing Rules 7.1 (15%) and 7.1A (10%) placement capacity of 22,325,335 Shares and 14,883,557 Shares respectively. Consequently, Shareholder approval was not required for the issue of Shares placed with those Shareholders under the Placement.

The issue price of \$0.14 per Share represented a discount of ~8.2% to the 30-day VWAP up to the close of trading on ASX on 14 December 2020.

The Director component of the Placement amounted to 650,000 Shares in total, and are subject to Shareholder approval in accordance with ASX Listing Rule 10.11. The approval of the proposed issue of Shares to Directors under the Placement is the subject of Resolutions 6, 7 and 8 below.

By issuing Shares under the Placement, the Company's capacity to issue further Equity Securities without Shareholder approval within the 15% annual limit set out in ASX Listing Rule 7.1 and the 10% annual limit set out in ASX Listing Rule 7.1A was accordingly reduced.

Resolutions 1 and 2 seek Shareholder ratification and approval for the prior issue of the Shares under the Placement to the placees mentioned above (other than Directors). They are proposed as ordinary resolutions and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolutions. Shareholders' attention is drawn to the voting exclusion statement in relation to Resolutions 1 and 2 in the Notice of Meeting.

2. ASX Listing Rules 7.1, 7.1A and 7.4

Subject to a number of exceptions, in general terms, ASX Listing Rule 7.1 limits the number of Equity Securities (for example, shares, options and convertible securities) that a listed company such as Knosys may issue or agree to issue without shareholder approval over any 12 month period to 15% of its issued fully paid ordinary shares at the start of that period (**15% share issue capacity**).

Broadly speaking, ASX Listing Rule 7.1A permits certain eligible companies to seek shareholder approval at its annual general meeting (**AGM**) by way of a special resolution to increase this 15% share issue capacity by an extra 10% to 25% (**10% share issue capacity**).

The Company is an eligible company and sought and received Shareholder approval to the 10% share issue capacity at its AGM held on 25 November 2020. Such Shareholder approval is valid until the earlier of 12 months from the date of the AGM (that is, until 25 November 2021) or, if the Company undertakes a significant transaction requiring Shareholder approval under ASX Listing Rule 11.1.2 or 11.2, the date the Shareholders approve that significant transaction.

Without Shareholder approval pursuant to ASX Listing Rule 7.4, the issues will be counted towards calculating the Company's 15% share issue capacity and 10% share issue capacity respectively and will therefore reduce the Company's capacity to issue Equity Securities in the future without obtaining Shareholder approval. ASX Listing Rule 7.4 allows a listed entity like the Company to subsequently approve in general meeting of shareholders a prior issue of securities thereby allowing those securities to be treated as if they had been issued with shareholder approval.

Accordingly, these Resolutions seek Shareholder approval to allow the Company to substantially refresh its 15% share issue capacity (Resolution 1) and 10% share issue capacity (Resolution 2).

By refreshing its 15% share issue capacity and its 10% share issue capacity, the Company will retain the flexibility to issue new Shares and other Equity Securities in the future up to the 15% share issue capacity (without the need to obtain prior Shareholder approval) and to issue new Shares up to the 10% share issue capacity (without the need to obtain any further Shareholder approval).

3. Information required for Shareholder approval under ASX Listing Rules

In accordance with ASX Listing Rule 7.5, the following information is provided for Shareholders:

- (a) 5,895,021 Shares are scheduled to be issued under the Company's 15% share issue capacity under ASX Listing Rule 7.1 on 24 December 2020. In any event, those Shares will be issued prior to the Meeting.
- (b) 14,883,550 Shares are scheduled to be issued under the Company's 10% share issue capacity under ASX Listing Rule 7.1A on 24 December 2020. In any event, those Shares will be issued prior to the Meeting.
- (c) All Shares under the Placement will be issued at an issue price of \$0.14 per Share.
- (d) All Shares issued under the Placement rank equally in all respects with all other Shares on issue in the Company.
- (e) As mentioned above, the Shares were placed with a microcap fund and other sophisticated and professional investors, none of whom was a related party of the Company. The placees were selected by Bell Potter Securities Limited as lead manager of the Placement in consultation with the Company.
- (f) The funds were raised for working capital purposes associated with the increased funding requirements associated with the Company's planned acquisition of GreenOrbit (announced to ASX on 15 December 2020) including transaction costs, expansion of the sales and marketing team, increased marketing expenditure, information technology infrastructure and for general working capital purposes.
- (g) A voting exclusion statement is included in the Notice of Meeting.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2.

Item 3: Approval for the issue of 36,978,000 Shares (Resolution 3)

1. Background

Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 36,978,000 Shares to Skiptan Pty Ltd (**Skiptan**)(or its nominee), in consideration for the acquisition of the GreenOrbit Pty Ltd and its controlled entities (**GreenOrbit**) under the terms of a Sale and Purchase Agreement executed on 14 December 2020 (**SPA**).

On 15 December 2020, the Company announced to ASX the GreenOrbit acquisition and the signing of the SPA with Skiptan.

In that announcement to ASX and accompanying investor presentation, the Company provided details on the GreenOrbit business and on the transaction to acquire GreenOrbit including:

- (a) Benefits of the deal
- (b) M&A growth strategy
- (c) GreenOrbit overview and business footprint
- (d) GreenOrbit transaction summary
- (e) GreenOrbit acquisition highlights
- (f) GreenOrbit revenue growth
- (g) Combined revenue metrics

A copy of that ASX announcement and the accompanying investor presentation is provided in Annexure A to this Explanatory Statement and can also be viewed at <https://knosys.it/investor> or at the ASX's website at asx.com.au (ASX code: KNO).

2. ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in the explanatory section in relation to items 1 and 2 above.

The effect of that ASX Listing Rule on the proposed acquisition of GreenOrbit is that the Company is precluded from issuing the 36,978,000 Shares as consideration under the SPA without the approval of its Shareholders under ASX Listing Rule 7.1. This because at the time the Company entered into the SPA, the agreement to issue Shares as consideration for the acquisition of GreenOrbit exceeded Knosys' 15% share issue capacity under that ASX Listing Rule.

Resolution 3 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution.

Shareholders should note that if they do not approve the issue of the Shares by voting in favour of Resolution 3, the Company will not proceed with the acquisition of GreenOrbit on the terms of the SPA.

3. Information required for Shareholder approval under ASX Listing Rules

In accordance with ASX Listing Rule 7.3, the following information is provided for Shareholders:

- (a) The maximum number of Shares proposed to be issued is 36,978,000 Shares. While it is not anticipated, the Directors reserve the right to issue a lesser number of Shares.
- (b) In consideration of the issue of those Shares, the Company will acquire all the shares on issue in GreenOrbit. Based on the closing price of Knosys Shares on ASX on the trading day immediately prior to the date of the SPA, the issue of those Shares impliedly values Green Orbit at \$XX at a notional issue price of \$XX per Share.
- (c) The allottee of the Shares will be Skiptan, the vendor under the SPA, or an entity nominated by it, none of whom is or will be a related party of the Company. Skipton is a company controlled by Mr Peter Meurs and is the trustee of the P&M Meurs Family Trust.
- (d) No funds will be raised by the issue of the Shares. The Shares are issued as consideration for the acquisition of GreenOrbit under the SPA.
- (e) The Shares will be issued on completion of the acquisition of GreenOrbit under the SPA. Completion is subject to the satisfaction or waiver of a number of condition precedents under the SPA but is expected to occur on or around XX February 2021. In any event, the Shares will be issued no later than 3 months after Shareholder approval (or such later date as ASX may allow).
- (f) A voting exclusion statement is included in the Notice of Meeting.

Recommendation

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

Items 4 and 5: Approval for issue of Loan Funded Shares to Directors, Kathrin Mutinelli (Resolution 4) and Neil Wilson (Resolution 5)

1. Background

The Company is proposing to issue Shares to Directors in accordance with approval of Shareholders sought under Resolutions 4 and 5.

Ms Mutinelli was appointed to the Board on 1 September 2020 and was re-elected by Shareholders at the Annual General Meeting held on 25 November 2020. The current director remuneration for Ms Mutinelli is \$55,000 per annum (including statutory superannuation). It is proposed that Ms Mutinelli's remuneration contain an equity component of 500,000 Loan Funded Shares on substantially the same terms and conditions applying to Loan Funded Shares issued under the Knosys Loan Funded Share Plan (the **Plan**), as approved at the 2020 annual general meeting of the Company. A summary of the terms and conditions of the Plan is set out in Annexure B.

Mr Wilson was appointed to the Board on 1 December 2020. The current director remuneration for Mr Wilson is \$55,000 per annum (including statutory superannuation). It is proposed that Mr Wilson's remuneration contain an equity component of 500,000 Loan Funded Shares on the same terms as those Loan Funded Shares proposed to be issued to Ms Mutinelli.

Subject to the same terms as set out in the Plan, including Ms Mutinelli and Mr Wilson remaining an employee or director of the Company (as applicable), the Loan Funded Shares for Ms Mutinelli and Mr Wilson will vest on the date that is six months after their appointment as a director of the Company. Ms Mutinelli and Mr Wilson will be advanced a Loan under the same terms as set out in the Plan to acquire the Loan Funded Shares.

While the proposed issue of Loan Funded Shares to Ms Mutinelli and Mr Wilson is being made on substantially the same terms and conditions applying to Loan Funded Shares issued under the Plan, the proposed issue is not being made under the Plan. The proposed issue is being made outside the Plan in order to maintain the Company's capacity to issue

securities under the Plan to eligible participants within the 5% limit across its employee incentive schemes. Accordingly, approval of the proposed issue is being sought under ASX Listing Rule 10.11 rather than ASX Listing Rule 10.14, the latter ASX Listing Rule applying to issues under an employee incentive scheme.

2. Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
 - (b) give the benefit within 15 months following such approval,
- unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Ms Mutinelli and Mr Wilson by virtue of being Directors are related parties of the Company. Accordingly, any financial benefit given to them must either be approved by Shareholders or fall within an applicable exception.

The Board considers that the proposed financial benefit consequent upon the issue of the Loan Funded Shares to Ms Mutinelli and Mr Wilson (or their nominee) and the provision of the associated Loans represents reasonable remuneration for Ms Mutinelli and Mr Wilson having regard to the Company's circumstances and the circumstances of Ms Mutinelli and Mr Wilson including the responsibilities involved in the office held by Ms Mutinelli and Mr Wilson. Accordingly, in the Board's view, the exception contained in section 211 of the Corporations Act applies and therefore the Company is not seeking Shareholder approval for the giving of the proposed financial benefit to Ms Mutinelli and Mr Wilson for the purposes of Chapter 2E of the Corporations Act.

However, even though the giving of the proposed financial benefit to Ms Mutinelli and Mr Wilson does not require the approval of Shareholders under Chapter 2E of the Corporations Act as a relevant exception applies, Shareholders are nevertheless being given the opportunity to approve the proposed issue of Loan Funded Shares (and the associated Loans) due to the application of ASX Listing Rule 10.11 (referred to below).

3. ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. ASX Listing Rule 10.11 also requires Shareholder approval to be obtained for issues of securities to certain other persons of influence in relation to the listed entity.

As the proposed issue of the Shares involves the issue of securities to related parties of the Company namely, Ms Mutinelli and Mr Wilson being Directors, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless a relevant exception applies. The Directors are of the view that none of the exceptions set out in ASX Listing Rule 10.12 applies in the current circumstances and therefore Shareholder approval under that ASX Listing Rule is required in relation to the proposed issue of Shares.

Resolutions 4 and 5 are each proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolutions.

4. Information required for Shareholder approval under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) 500,000 Shares will be issued to each of Ms Mutinelli and Mr Wilson (and/or their respective nominees).
- (b) The maximum number of Shares to be issued is 1,000,000.

- (c) The issue of the Shares will occur as soon as reasonably practicable after the Meeting but in any event no later than 1 month after the date of the Meeting (or such later date as the ASX may allow).
- (d) The Shares will be issued on substantially the same terms as the Company's Loan Funded Share Plan (as if the Shares had been issued under that Plan), except as specifically set out in this Explanatory Statement. The issue price of the Shares to be issued has been determined by the Board to be the higher of:
 - i. the 20 day VWAP of Shares on ASX to the last trading day immediately prior to the date of the General Meeting; and
 - ii. \$0.14.
 The issue price does not impact upon the number of Shares that will be issued. Each Loan will be for an amount equal to the aggregate issue price of the Shares. The minimum issue price is the same price that Shares were issued under the Placement.
- (e) No funds will be raised from the issue of the Shares, as the Company will provide a Loan to each of Ms Mutinelli and Mr Wilson, for their acquisition equal to the aggregate issue price of the Shares. The terms of the Loan granted to each of Ms Mutinelli and Mr Wilson will be subject to substantially same terms and conditions as those that apply to eligible persons under the Plan. While the Company, by making the Loan, is financially assisting each of Ms Mutinelli and Mr Wilson to acquire Shares, the Directors are of the view that the giving of that assistance does not materially prejudice the Company or its Shareholders or the Company's ability to pay its creditors. If, and to the extent, the Loan is repaid, the amount repaid will be applied to the working capital requirements of the Company.
- (f) The aggregate annual director remuneration for Mr Wilson and Ms Mutinelli inclusive of statutory superannuation is \$55,000 each.
- (g) A voting exclusion statement is included in the Notice of Meeting.

The issue of the Shares is intended to align the interests of Ms Mutinelli and Mr Wilson with those of Shareholders and to provide remuneration to its Directors that will both motivate and reward performance in their roles with the Company as Directors.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares under Resolutions 4 and 5 as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares under Resolutions 4 and 5 will not be included in the use of the Company's annual 15% share issue capacity pursuant to ASX Listing Rule 7.1. A summary of ASX Listing Rule 7.1 is set out in relation to items 1 and 2 above.

Recommendation

In relation to Resolutions 4 and 5, the Directors (with Ms Mutinelli and Mr Wilson, as applicable, abstaining in relation to the Resolution applicable to them individually) recommend that Shareholders vote in favour of those Resolutions.

Item 6: Approval for the issue of 200,000 Shares to Peter Pawlowitsch (Resolution 6)

Resolution 6 seeks Shareholder approval for the purpose of ASX Listing Rule 10.11 to allow the Company to issue 200,000 Shares to Peter Pawlowitsch (a Director of the Company) or his nominee.

As part of the Placement announced to ASX on 17 December 2020 and referred to in relation to items 1 and 2 above, Directors committed to subscribe for 650,000 Shares on the same terms as the Placement. Details of the Placement are set out above in relation to items 1 and 2 above.

1. Chapter 2E of the Corporations Act

As mentioned in relation to items 4 and 5 above, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
 - (b) give the benefit within 15 months following such approval,
- unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Pawlowitsch by virtue of being a Director is a related party of the Company and the issue of Shares to him or his nominee is likely to constitute the giving of a financial benefit to him. Accordingly, any financial benefit given to him must be either approved by Shareholders or fall within an applicable exception.

One of the exceptions is that the benefit is given on arm's length terms. This exception is set out in section 210 of the Corporations Act.

The Board is of the view that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the proposed issue of Shares to Mr Pawlowitsch or his nominee. This is because the Shares will be issued on the same terms as Shares under the Placement were issued to non-related parties of the Company and any financial benefit given falls within the arm's length terms exception in that Chapter referred to above.

However, even though the giving of the proposed financial benefit to Mr Pawlowitsch does not require the approval of Shareholders under Chapter 2E of the Corporations Act as a relevant exception applies, Shareholders are nevertheless being given the opportunity to approve the proposed issue of Shares due to the application of ASX Listing Rule 10.11 (referred to below).

2. ASX Listing Rule 10.11

As mentioned above in relation to items 4 and 5 above, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. ASX Listing Rule 10.11 also requires Shareholder approval to be obtained for issues of securities to certain other persons of influence in relation to the listed entity.

As the proposed issue of the Shares involves the issue of securities to Mr Pawlowitsch who, as a Director, is a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless a relevant exception applies. The Directors are of the view that none of the exceptions set out in ASX Listing Rule 10.12 apply in the current circumstances and therefore Shareholder approval under that ASX Listing Rule is required in relation to the proposed issue of Shares.

If approval is given by Shareholders to Resolution 6, the issue of Shares will not come out of the Company's 15% capacity under ASX Listing Rule 7.1 (and separate approval is not required under ASX Listing Rule 7.1) as the approval of Shareholders is being obtained under ASX Listing Rule 10.11. A summary of ASX Listing Rule 7.1 is set out in relation to items 1 and 2 above.

Resolution 6 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution.

3. Information required for Shareholder approval under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) 200,000 Shares will be issued to Mr Pawlowitsch (and/or his nominee).
- (b) The maximum number of Shares to be issued is 200,000.

- (c) The issue of all of the Shares will occur as soon as reasonably practical after the Meeting but, in any event, no later than 1 month after the date of the Meeting (or such later date as the ASX may allow).
- (d) The Shares will have an issue price of \$0.14 per Share. The Company will receive \$28,000 consideration for the Shares issued to Mr Pawlowitsch or his nominee.
- (e) The funds raised will be used for working capital purposes associated with the increased funding requirements associated with the Company's planned acquisition of GreenOrbit (announced to ASX on 15 December 2020) including transaction costs, expansion of the sales and marketing team, increased marketing expenditure, information technology infrastructure and for general working capital purposes (being the same purposes outlined in relation to items 1 and 2 above).
- (f) A voting exclusion statement is included in the Notice of Meeting.

Recommendation

The Directors (with Mr Pawlowitsch abstaining) recommend that Shareholders vote in favour of Resolution 6.

Item 7: Approval for the issue of 250,000 Shares to Neil Wilson (Resolution 7)

Resolution 7 seeks Shareholder approval for the purpose of ASX Listing Rule 10.11 to allow the Company to issue 250,000 Shares to Neil Wilson (a Director of the Company) or his nominee.

As part of the Placement announced to ASX on 17 December 2020 and referred to in relation to items 1 and 2 above, Directors committed to subscribe for 650,000 Shares on the same terms as the Placement. Details of the Placement are set out above in relation to items 1 and 2 above.

4. Chapter 2E of the Corporations Act

As mentioned in relation to items 4 and 5 above, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Wilson by virtue of being a Director is a related party of the Company and the issue of Shares to him or his nominee is likely to constitute the giving of a financial benefit to him. Accordingly, any financial benefit given to him must be either approved by Shareholders or fall within an applicable exception.

One of the exceptions is that the benefit is given on arm's length terms. This exception is set out in section 210 of the Corporations Act.

The Board is of the view that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the proposed issue of Shares to Mr Wilson or his nominee. This is because the Shares will be issued on the same terms as Shares under the Placement were issued to non-related parties of the Company and any financial benefit given falls within the arm's length terms exception in that Chapter referred to above.

However, even though the giving of the proposed financial benefit to Mr Wilson does not require the approval of Shareholders under Chapter 2E of the Corporations Act as a relevant exception applies, Shareholders are nevertheless being given the opportunity to approve the proposed issue of Shares due to the application of ASX Listing Rule 10.11 (referred to below).

5. ASX Listing Rule 10.11

As mentioned above in relation to items 4 and 5 above, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. ASX Listing Rule 10.11 also requires Shareholder approval to be obtained for issues of securities to certain other persons of influence in relation to the listed entity.

As the proposed issue of the Shares involves the issue of securities to Mr Wilson who, as a Director, is a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless a relevant exception applies. The Directors are of the view that none of the exceptions set out in ASX Listing Rule 10.12 apply in the current circumstances and therefore Shareholder approval under that ASX Listing Rule is required in relation to the proposed issue of Shares.

If approval is given by Shareholders to Resolution 7, the issue of Shares will not come out of the Company's 15% capacity under ASX Listing Rule 7.1 (and separate approval is not required under ASX Listing Rule 7.1) as the approval of Shareholders is being obtained under ASX Listing Rule 10.11. A summary of ASX Listing Rule 7.1 is set out in relation to items 1 and 2 above.

Resolution 7 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution.

6. Information required for Shareholder approval under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) 250,000 Shares will be issued to Mr Wilson (and/or his nominee).
- (b) The maximum number of Shares to be issued is 250,000.
- (c) The issue of all of the Shares will occur as soon as reasonably practical after the Meeting but, in any event, no later than 1 month after the date of the Meeting (or such later date as the ASX may allow).
- (d) The Shares will have an issue price of \$0.14 per Share. The Company will receive \$35,000 consideration for the Shares issued to Mr Wilson or his nominee.
- (e) The funds raised will be used for working capital purposes associated with the increased funding requirements associated with the Company's planned acquisition of GreenOrbit (announced to ASX on 15 December 2020) including transaction costs, expansion of the sales and marketing team, increased marketing expenditure, information technology infrastructure and for general working capital purposes (being the same purposes outlined in relation to items 1 and 2 above).
- (f) A voting exclusion statement is included in the Notice of Meeting.

Recommendation

The Directors (with Mr Wilson abstaining) recommend that Shareholders vote in favour of Resolution 7.

Item 8: Approval for the issue of 200,000 Shares to John Thompson (Resolution 8)

Resolution 8 seeks Shareholder approval for the purpose of ASX Listing Rule 10.11 to allow the Company to issue 200,000 Shares to John Thompson (a Director of the Company) or his nominee.

As part of the Placement announced to ASX on 17 December 2020 and referred to in relation to items 1 and 2 above, Directors committed to subscribe for 650,000 Shares on the same terms as the Placement. Details of the Placement are set out above in relation to items 1 and 2 above.

7. Chapter 2E of the Corporations Act

As mentioned in relation to items 4 and 5 above, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(c) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(d) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Thompson by virtue of being a Director is a related party of the Company and the issue of Shares to him or his nominee is likely to constitute the giving of a financial benefit to him. Accordingly, any financial benefit given to him must be either approved by Shareholders or fall within an applicable exception.

One of the exceptions is that the benefit is given on arm's length terms. This exception is set out in section 210 of the Corporations Act.

The Board is of the view that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the proposed issue of Shares to Mr Thompson or his nominee. This is because the Shares will be issued on the same terms as Shares under the Placement were issued to non-related parties of the Company and any financial benefit given falls within the arm's length terms exception in that Chapter referred to above.

However, even though the giving of the proposed financial benefit to Mr Thompson does not require the approval of Shareholders under Chapter 2E of the Corporations Act as a relevant exception applies, Shareholders are nevertheless being given the opportunity to approve the proposed issue of Shares due to the application of ASX Listing Rule 10.11 (referred to below).

8. ASX Listing Rule 10.11

As mentioned above in relation to items 4 and 5 above, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. ASX Listing Rule 10.11 also requires Shareholder approval to be obtained for issues of securities to certain other persons of influence in relation to the listed entity.

As the proposed issue of the Shares involves the issue of securities to Mr Thompson who, as a Director, is a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless a relevant exception applies. The Directors are of the view that none of the exceptions set out in ASX Listing Rule 10.12 apply in the current circumstances and therefore Shareholder approval under that ASX Listing Rule is required in relation to the proposed issue of Shares.

If approval is given by Shareholders to Resolution 8, the issue of Shares will not come out of the Company's 15% capacity under ASX Listing Rule 7.1 (and separate approval is not required under ASX Listing Rule 7.1) as the approval of Shareholders is being obtained under ASX Listing Rule 10.11. A summary of ASX Listing Rule 7.1 is set out in relation to items 1 and 2 above.

Resolution 8 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution.

9. Information required for Shareholder approval under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (g) 200,000 Shares will be issued to Mr Thompson (and/or his nominee).
- (h) The maximum number of Shares to be issued is 200,000.
- (i) The issue of all of the Shares will occur as soon as reasonably practical after the Meeting but, in any event, no later than 1 month after the date of the Meeting (or such later date as the ASX may allow).
- (j) The Shares will have an issue price of \$0.14 per Share. The Company will receive \$28,000 consideration for the Shares issued to Mr Thompson or his nominee.
- (k) The funds raised will be used for working capital purposes associated with the increased funding requirements associated with the Company's planned acquisition of GreenOrbit (announced to ASX on 15 December 2020) including transaction costs, expansion of the sales and marketing team, increased marketing expenditure, information technology infrastructure and for general working capital purposes (being the same purposes outlined in relation to items 1 and 2 above).
- (l) A voting exclusion statement is included in the Notice of Meeting.

Recommendation

The Directors (with Mr Thompson abstaining) recommend that Shareholders vote in favour of Resolution 8.

DEFINITIONS

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

1. **ASX** means, as the context requires, the Australian Securities Exchange or ASX Limited.
2. **ASX Listing Rules** means the listing rules of ASX (as amended or waived from time to time).
3. **Board** means the board of Directors of the Company.
4. **Chair** means the chair of the Meeting.
5. **Closely Related Parties** is defined in the Corporations Act and includes, in relation to a KMP, a spouse, dependant and certain other close family members, as well as companies controlled by the KMP.
6. **Company or Knosys** means Knosys Limited ACN 604 777 862.
7. **Corporations Act** means the *Corporations Act 2001* (Cth).
8. **Director or Directors** means a director or the directors of the Company from time to time.
9. **Equity Securities** has the meaning given in the ASX Listing Rules and includes for example, shares, options and convertible securities.
10. **Explanatory Statement** means this Explanatory Statement which accompanies, and forms part of, the Notice of Meeting.
11. **General Meeting or Meeting** means the general meeting of the Company convened by the Notice of Meeting and any adjournment or postponement of it.
12. **GreenOrbit** means GreenOrbit Pty Ltd ACN 628 517 573, the subject of the proposed acquisition by Knosys and includes its controlled entities.
13. **Key Management Personnel or KMP** comprise all persons having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities, directly or indirectly, including any Director (whether executive or otherwise).
14. **Loan** means a loan from the Company to a participant provided pursuant to the Plan and includes a loan in relation to the proposed issue of Shares under Resolution 4 or 5.
15. **Loan Funded Share** means a Share that is subject to a Loan or to any conditions under the Plan and includes a Share proposed to be issued under Resolution 4 or 5.
16. **Notice or Notice of Meeting** means the document which comprises the Company's Notice of General Meeting of Shareholders and which is accompanied by this Explanatory Statement.
17. **Plan** means the Loan Funded Share Plan approved by the Company at the 2020 annual general meeting of the Company held on 25 November 2020 (as amended from time to time).
18. **Plan Rules** means the rules governing the Plan.
19. **Resolutions** means the resolutions set out in the Notice of Meeting.
20. **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
21. **Share** means a fully paid ordinary share in the capital of the Company.
22. **Skiptan** means Skiptan Pty Ltd ACN 009 406 142 as trustee of the P & M Meurs Family Trust, the vendor of GreenOrbit.
23. **VWAP** means, in relation to Shares for a particular period, the volume weighted average market price of trading in those Shares on the ASX over that period.

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

ANNEXURE A

**ASX announcement of GreenOrbit acquisition
and accompanying investor presentation
(20 pages)**

ASX Announcement
15th December 2020

Knosys enters new growth phase through acquisition of a leading SaaS intranet provider, GreenOrbit

Key Highlights

- **100% scrip acquisition:** Knosys to issue 37m shares to acquire GreenOrbit Pty Ltd
- **Attractive acquisition multiple:** Total implied purchase price of approx. \$5m equates to an annualised recurring revenue (ARR) multiple of around 2 times
- **Global revenue footprint:** GreenOrbit has a global network of more than 260 customers and 340,000 licenced users, in over 20 countries
- **Multi-SaaS offering:** Building a diversified SaaS product offering with shared services model
- **International sales & support:** 3 sales office locations and established off-shore support capabilities for cost-effective shared services
- **Accretive:** Expanded sales team and lean operating structure should contribute to revenue growth and profitability

Knosys Limited (ASX:KNO), an innovative provider of Software as a Service (SaaS) Knowledge Management solutions, is pleased to announce that it has executed a conditional sale and purchase agreement to acquire all the issued shares in GreenOrbit Pty Ltd ("**GO**"), a leading SaaS Intelligent Intranet software provider.

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

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

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

An **Investor Presentation** titled **“Acquisition of GreenOrbit”** is attached with this announcement.

Transaction summary

Key Acquisition Terms	- Knosys will acquire 100% of the issued capital in GreenOrbit Pty Ltd, including subsidiary companies in US, UK and India - GO vendor will receive 36.978 million fully paid ordinary shares in Knosys as consideration for the acquisition (“Consideration Shares”). The issue of the Consideration Shares is subject to Knosys shareholder approval. - The acquisition terms value GO at approximately \$5.0 million, based on the \$0.135 price of Knosys shares on ASX at close on 14 Dec 2020.
Strategic Rationale	- Building a diversified SaaS product offering - Scaling into a global operation - Establishing off-shore support capabilities in India - Accelerating revenue growth and profitability - Attractive acquisition multiple
Financial Impact	- Operating synergies in the order of \$250,000 are expected by Knosys in the first 12 months following completion of the acquisition - Additional investment in personnel is contemplated by Knosys over the first 12 month period post acquisition to accelerate revenue growth
Ownership Impact	Based on the current number of Knosys shares on issue, the issue of the Consideration Shares will result in existing Knosys shareholders holding approximately 80.1% of Knosys, with 19.9% then held by the GO vendor
Timing	The acquisition of GO is expected to complete in February 2021, subject to satisfaction of certain conditions precedent, including Knosys shareholder approval. A general meeting of Knosys shareholders is expected to be convened in late January or early February 2021 to approve the issue of the Knosys shares

Knosys’ Managing Director, John Thompson, said: “GO will accelerate the growth of Knosys’ Intelligent information management and workplace platform by delivering an exciting new solution to current and future customers. This acquisition fast-tracks our product roadmap with an aligned technology solution. We are particularly excited about the opportunity to target organisations with mid-sized and large workforces via GreenOrbit’s employee communication, collaboration and information solution. It fits perfectly within our vision to deliver the right information at the right time.”

The global market for corporate SaaS solutions is expanding rapidly, driven by increased demand for digital workplace ‘cloud’ solutions and the increasing need for high employee efficiency, engagement, and greater flexibility in operations.”



Mr Thompson commented further: "The combination of the joint capabilities of GO and Knosys will create an enhanced information management and digital workplace solution company which Knosys is confident should open up greater opportunities. GO is built on the same Microsoft technology platform as is KnowledgeIQ, thereby offering strong product and sales channel synergies going forward." said Mr Thompson.

ABOUT KNOSYS

Knosys is an Australian cloud software company that is simplifying enterprise knowledge to improve the productivity of employees and improve customer experience. Our KnowledgeIQ software and KIQ Cloud service are transforming the digital workplace by ensuring all forms of knowledge is accurate, relevant to the user, compliant and easy to find. It is an organisation-wide solution for all industries, trusted by businesses and enterprises in the banking, telecommunications, and government sectors.

For further information please contact:

John Thompson, MD

Knosys Limited

T: +61 3 9046 9700

E: cosec@knosys.it

OR

Katie Mackenzie

Bellevue Investor Relations

T: 0455 502 197



Investor Presentation (KNO:ASX) – Acquisition of GreenOrbit

15 December 2020

Disclaimer



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- This presentation may contain statements that may be deemed “forward looking statements”. Such forward looking statements involve risks, uncertainties and other factors, many of which

are outside the control of the Company, which can cause actual results to differ materially from such statements.

Such risks and uncertainties include, but are not limited to, commercialisation, technology, third party service provider reliance, competition and development timeframes; limited operating history and acquisition and retention of customers; reliance on key personnel; maintenance of key business partner relationships; brand establishment and maintenance; the Company’s products may contain programming errors, which could harm its brand and operating results; competition; changes in technology; data loss, theft or corruption; security breaches; liquidity and realisation; and additional requirements for capital.

- The Company makes no undertaking to update or revise such statements, but has made every reasonable endeavour to ensure that they are fair and reasonable at the time of making the presentation.
- Investors are cautioned that any forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in any forward-looking statements made.

Benefits of the deal



Highly Complimentary Solution

- Cloud SaaS product enabling organisations to rapidly configure and launch an 'intranet'
- Strong customer value proposition in the mid-market and enterprise space
- Solution based on Microsoft core technology common to Knosys

Global Footprint

- Expands Sales offices to UK, US, and India
- Customer Success and Development Centre in India



Customers

- Global customer base including North American and Europe
- Clients across multiple industries
- Extends our addressable market

Revenue

- SaaS business model
- Strong Annual Recurring Revenue profile

Who we are today



Knosys is an Australian SaaS software company that is simplifying knowledge management to improve the productivity of employees and drive better customer experiences

“Making Knowledge Management Simple”

Who we will be tomorrow

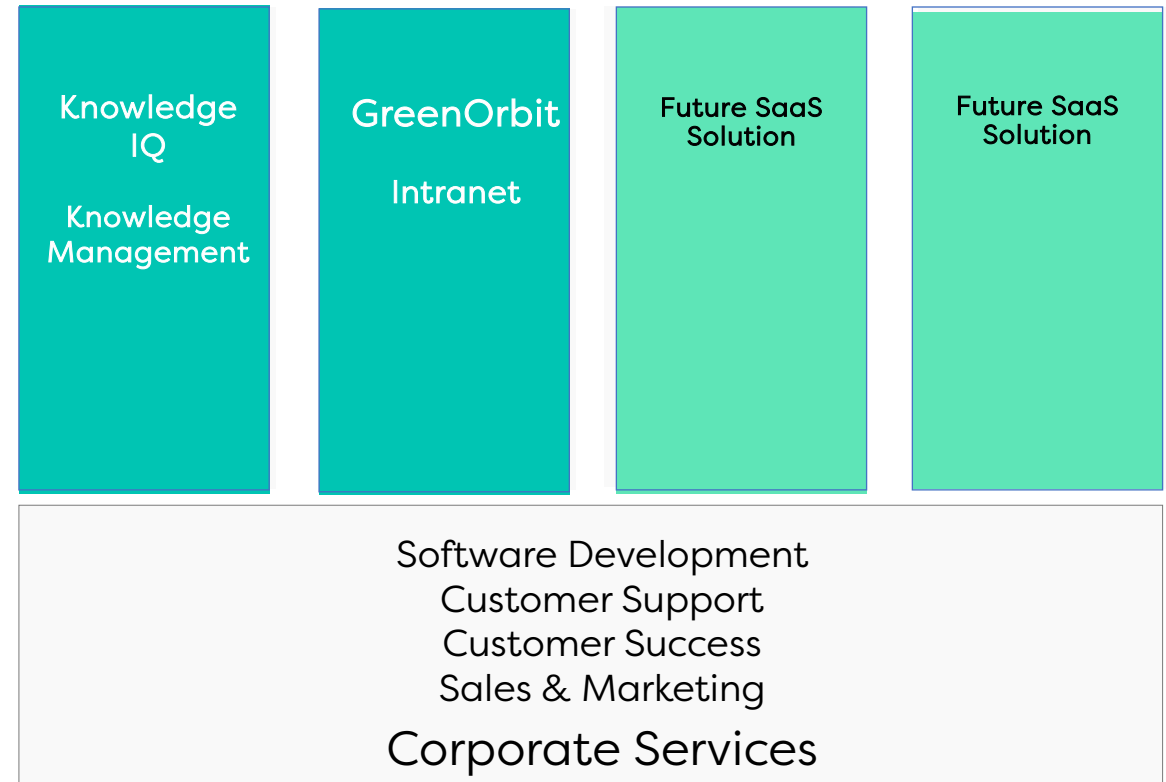
Knosys will be a global software-as-a-service (SaaS) information technology company offering a range of software solutions designed to boost productivity, collaboration and connectivity in the digital workplace.

“Delivering the right information at the right time”

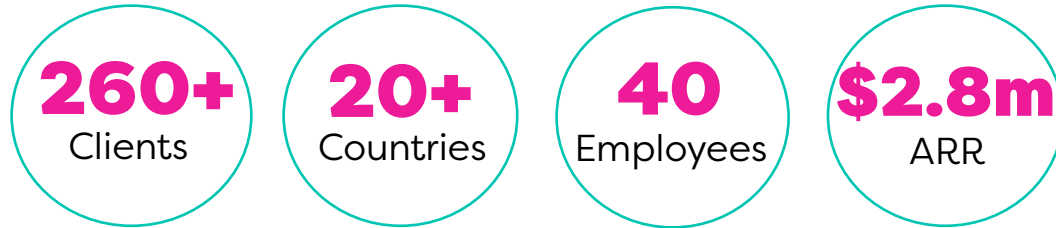
M&A Growth Strategy



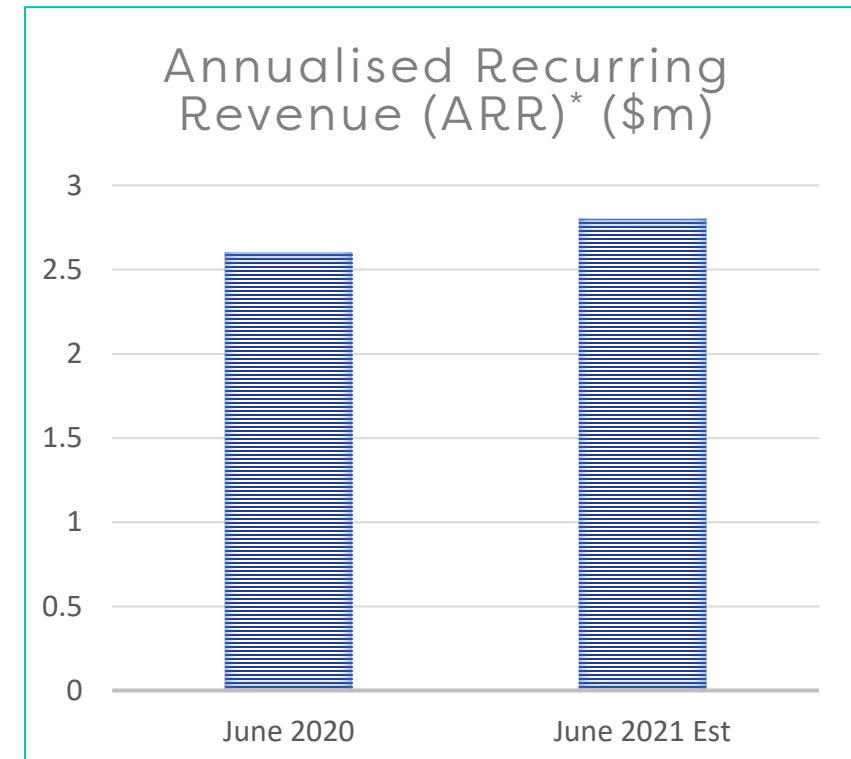
- Acquire multiple aligned/adjacent SaaS solutions to our core KM offering
- Focus on opportunities with operational scale and corporate services to support existing KM business
- Preference for companies with a global footprint
- Operating in a growing and addressable market
- Clear opportunity to accelerate growth by being a part of Knosys



GreenOrbit Overview



- GreenOrbit is a provider of “off-the-shelf” intranet solutions (SaaS and On-premise)
- GreenOrbit has over 260 clients across more than 20 countries. The top 10 customers account for 13% of FY21 renewals with no single client risk.
- GreenOrbit has 20 employees across sales offices in Australia, US and UK and a support operation in India with 20 FTE engineers.
- GreenOrbit to generate approximately \$2.8m in annualised recurring revenue (ARR) based on subscription license fees.
- ARR is growing circa 10% per annum with potential to grow more rapidly with existing customer uplift and new customers
- Around 50% of revenue is from clients in the \$10K-\$20K per annum range.

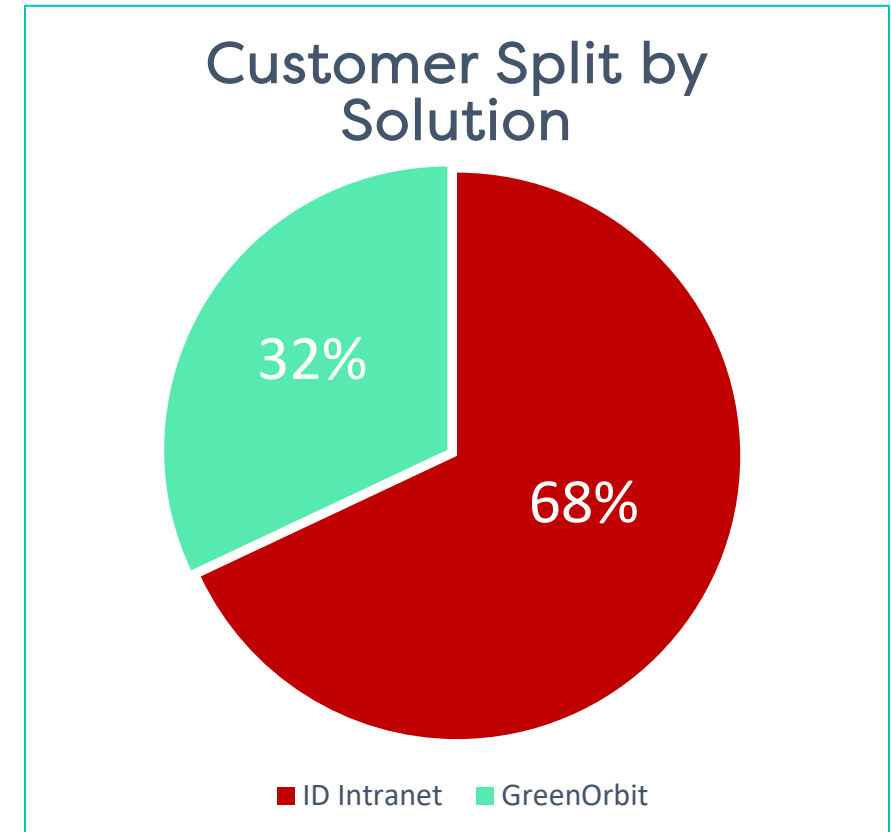


*calculated as contracted licence & support fee revenue for the month, multiplied by 12

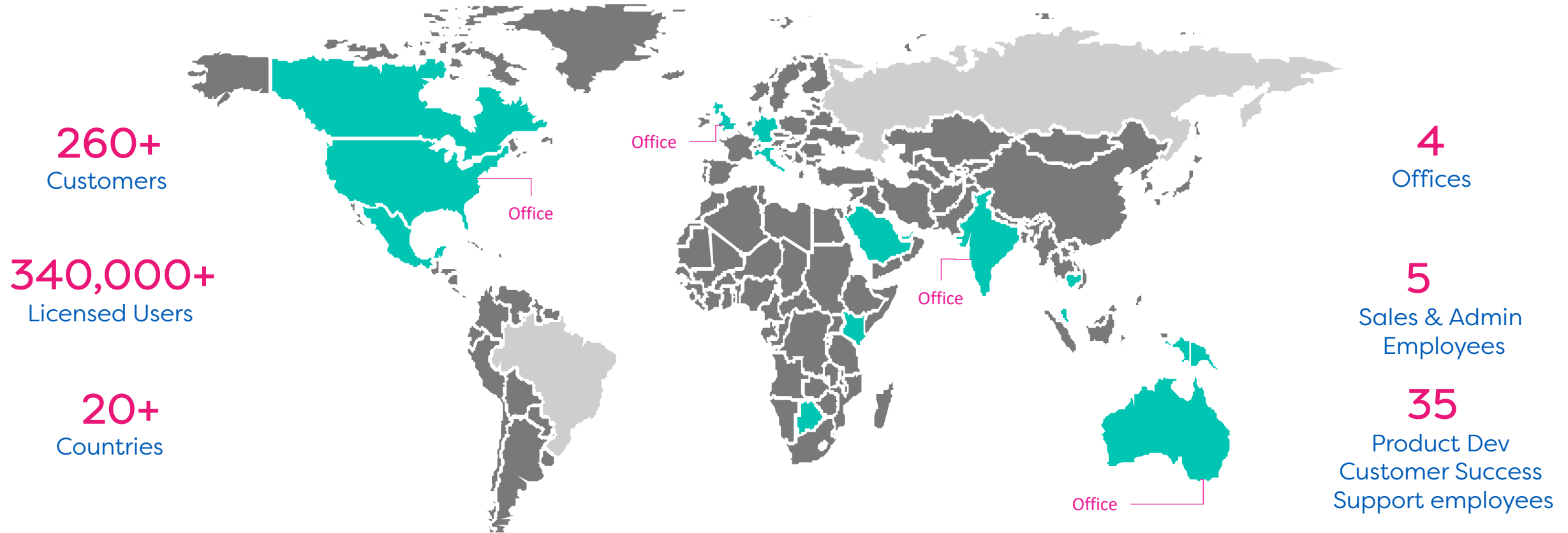
GreenOrbit Intranet Solutions



- GreenOrbit originates from a 25 year old pioneer in the Intranet industry
- GreenOrbit is a social based SaaS intranet hosted in the cloud for organisations to enable employees to manage documents, control workflows, share content and collaborate in real time, launched in 2019.
- Intranet Dashboard (ID), GO's legacy intranet product which services 68% of customers, will continue to be supported as customers upgrade to the next-gen GreenOrbit intranet solution
- GreenOrbit is considered a superior solution that has to-date resulted in an approximate 18% increase in customer spend and a low customer churn rate



GreenOrbit Footprint



GreenOrbit - High Quality Client Brands



Over 340,000 Licensed Users Worldwide

GreenOrbit Transaction Summary



Offer	• Knosys will acquire 100% of the issued capital in GreenOrbit Pty Ltd (GO), including subsidiary companies in US, UK & India. • GreenOrbit vendor will receive approx. 37m fully paid ordinary shares in Knosys as consideration • This impliedly values GreenOrbit at approx. \$5 million (at 13.5c close price on ASX, 14 Dec 2020)
GreenOrbit overview	• GreenOrbit is a leading provider of intelligent intranet solutions with over 260 clients and 340,000+ licensed users, across more than 20 countries, with 40 employees. • GreenOrbit has a next generation, social based, SaaS intranet solution, GreenOrbit which is hosted in the cloud for organisations to enable employees to manage documents, control workflows, share content and collaborate. • GreenOrbit guidance is approximately \$2.8m in annualised recurring revenue (ARR) end of FY21.
Strategic Rationale	• Building a diversified SaaS product offering • Scaling into a global revenue footprint • Establishing international sales offices and customer support and success capabilities in India • Accelerating opportunities for revenue growth and profitability • Attractive acquisition multiple
Financial Impact	• Operating synergies in the order of \$250,000 are expected by Knosys in the first 12 months post-acquisition • Additional investment in sales & marketing personnel planned in first 12 months post-acquisition
Ownership Impact	• Existing Knosys shareholders will own approximately 80.1% of KNO after transaction completion with 19.9% held by the Vendor of GreenOrbit, as a new KNO shareholder. • Vendor supports the Knosys growth strategy and currently intends to participate in future capital raisings to maintain their 19.9%
Timing	• The acquisition is expected to complete in February 2021, subject to satisfaction of conditions precedent including Knosys' shareholder approval at General Meeting of equity consideration.

GreenOrbit Acquisition Highlights



Acquisition of GO – leading provider of Cloud Intranet solutions for employee engagement and communications

Scrip-for-scrip acquisition of 100% of the GreenOrbit company. Vendor currently intends to participate in future capital raises.



Strengthens and expands Knosys' solutions range.

Providing future organic sales growth, reduces key client risk and diversifies customer base



Creating a global information management group

Delivering increased scale and operational leverage. Delivers global sales, customer support and success teams to support future growth



Attractive financial profile

Acquiring GreenOrbit with guided approx. \$2.8m ARR end of FY21. Lean cost structure will assist the move to profitability.



Highly complimentary product set and client base

The business combination provides increased revenue diversity, greater scale and a platform for accelerated growth



Accelerate Innovation

New innovation and development will be enabled with complimentary KM and Intranet technology stacks and development teams

Intranet Explained



What is it?

An intranet allows companies to build a private, secure network that can only be accessed by that company's employees. The intranet serves as the portal for employees to access internal and external resources, and enables workers to communicate, collaborate, and share documents and other information.

Intranets are Important for Organisations

- they offer a central space for communication and information for employees to search on a daily basis
- they provide improved access to learning and knowledge for employees to be involved in new ideas and crowdsourcing information
- outside of email, it is the most common software used by all employees in an organisation
- social intranets support complete two-way engagement whereby employees don't just passively consume; they can ask questions, discuss, give feedback and share the news



Expanding Global Market Opportunity



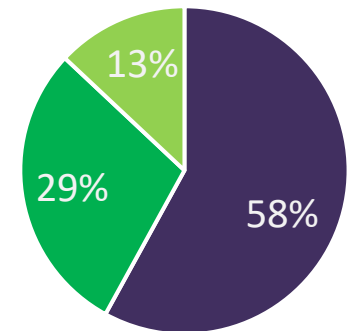
Global Intranet as a Service Market is expected to register a CAGR of 14.2% during the forecast period 2019 to 2025, reaching a value of USD \$5.5 billion in 2024¹

The 'Intranet as a Service' market is driven by:

- ✓ The rising need for high employee efficiency and engagement
- ✓ The rising demand for digital workplace solutions in the market
- ✓ Minimised cost of maintenance
- ✓ Increased flexibility in operations
- ✓ Rising number of SMEs in the world
- ✓ Increased demand for cloud-based solutions

Fragmented competitive landscape provides further acquisition opportunities in this market

Global Market
Segmentation by Region ²



■ North America ■ Europe ■ ROW

¹Market Research Future April 2020

²Gartner, Intranet Research 2020

Competitive Market highlights



The global Intranet “Out of the Box” market is characterized as follows¹:

- ✓ Sample of 20 vendors have average annualized revenue of USD9.8m
- ✓ Sample of 20 vendors have annual revenues ranging from USD4.2m to USD50m
- ✓ Vendor growth rates vary from 30% to 130% per annum
- ✓ Vast majority of deployments (79%) are in the range of 101 users through to 10,000 users
- ✓ Total deployments per vendor range from 28 to 1,000 customers
- ✓ Vendor hosted SaaS solutions represent a 45% share of the market

GreenOrbit Revenue Growth

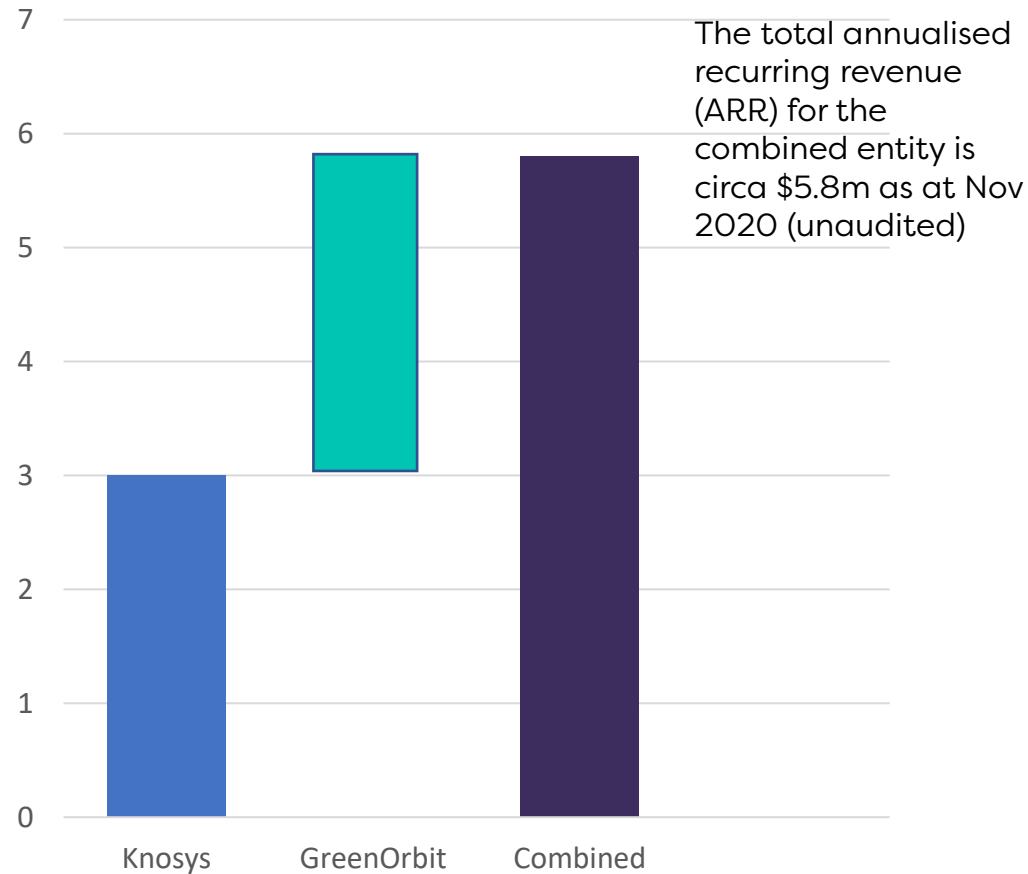


Pivot from restructuring to growth strategy	GreenOrbit has focused on restructuring since mid 2019. The Knosys team will redefine the corporate growth strategy for execution by the now freed up middle management team
Increase Investment in Sales & Marketing	Current GreenOrbit S&M spend is <5% of ARR vs industry standard of 28%. Knosys will invest in resources, a more targeted sales strategy including digital marketing campaigns and industry events.
Maximise retention through renewal process and price uplift	In FY21, over 50% of clients using Intranet Dashboard are expected to upgrade to the next-gen GO solution, which to-date includes an average 18% price increase. Churn risk is managed through a new active customer engagement program.
Intranet as Service is a growing market, vendors achieve good annualized growth	GreenOrbit operates in the global market and already has circa. \$1.3m in ARR derived from the North American market. Competitors are growing at circa 30% (Jostle) with others at 130% (Livetiles) based on research data.
Strong Customer value proposition “Out of the Box”	GreenOrbit deploys intranets swiftly, at significantly lower cost, with significantly better employee experience than custom developed Intranets

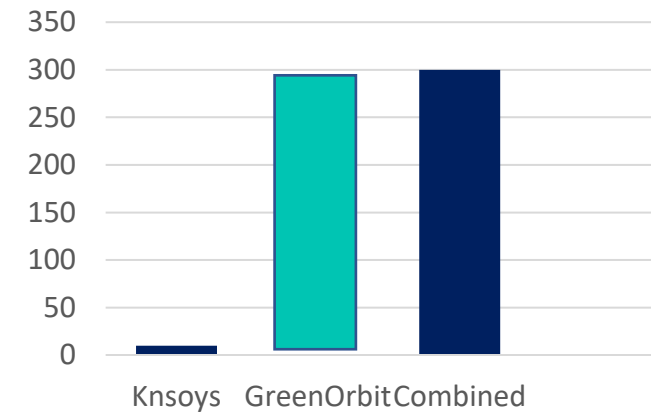
Revenue Diversification in FY21



ARR (\$m) as at Nov 2020

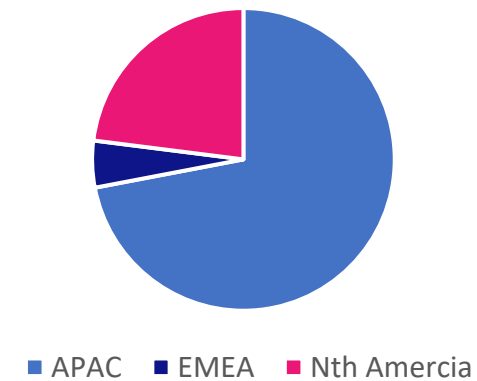


Customer Diversification



The Knosys customer base is primarily Enterprise and the GreenOrbit customer base is primarily mid-market. Key client risk is reduced from 26% of revenue to 16%.

Geographic Diversification



In FY20, all Knosys revenue was generated in APAC. Moving forward, we expect a greater contribution from the North America and Europe as our diversified product range is sold globally.

 Knowledge Management

 Intelligent Intranet

CONTACT
John Thompson
Managing Director
jthompson@knosys.it

End

ANNEXURE B
(3 pages)

SUMMARY OF TERMS AND CONDITIONS OF LOAN FUNDED SHARES UNDER THE PLAN

Loan Funded Shares

Participants will acquire Loan Funded Shares at market value as at the grant date using a loan provided by the Company. The Loan will be interest-free and limited recourse in accordance with the loan terms and the Plan Rules.

The Plan Rules require the loan to be repaid before a participant can sell their Shares.

Vesting Conditions of Loan Funded Shares

The Board has the discretion to impose such vesting conditions in relation to the Loan Funded Shares as it deems appropriate. These may include conditions relating to continued employment or service, performance (of the participant or the Company) and the occurrence of specific events.

Restrictions on Disposal of Loan Funded Shares

A participant must not sell, transfer, encumber or otherwise deal with a Loan Funded Share unless otherwise permitted under the Plan or determined by the Board. The Loan Funded Shares may not be quoted on ASX and, at the discretion of the Company, will be the subject of a "holding lock", restricting the participant's ability to trade the Shares.

Forfeiture of Loan Funded Shares

Forfeiture conditions apply at all times while each participant holds Loan Funded Shares, such that the participant will forfeit their interest in the Loan Funded Shares where the participant is determined by the Board to:

- be a leaver (with some qualification as set out below);
- be in breach of any terms of the Loan; or
- fail to satisfy the Vesting Conditions.

Leavers

If a participant ceases to be employed or engaged by the Company Group or, if a Director, ceases to be a Director, the Board will determine within which category of 'Leaver' (as defined below) that participant falls, and will make a determination in respect of vesting and forfeiture of the Loan Funded Shares held by that participant as set out below:

Type of Leaver	Defined as...	Unvested Loan Fund Shares	Vested Loan Fund Shares
Good Leaver	A participant who ceases employment for reasons of ill-health, total and permanent disability, death, redundancy, retirement (with the agreement of the Board), or the sale by the Company of the business in which the participant is employed such that it is no longer a member of the Company Group. Also includes, in the case of a Director, a person who retires from that position for reasons of ill-health or total and permanent disability, or dies.	Will vest pro-rata based on the portion of the vesting period which has expired as at the date on which employment, engagement or directorship ceases (Cessation Date), and having regard to the extent to which any vesting conditions have been satisfied, all as determined by the Board. Any Loan Funded Shares which remain unvested following the Board's determination are forfeited.	May be retained, subject to repayment of the balance of the Loan by the earlier of its maturity date or the date which is 6 months from the Cessation Date (or 12 months in the case of cessation of employment, engagement or directorship due to death).
Bad Leaver	A participant who ceases employment in circumstances of: • breach of the loan agreement or serious/persistent breach of employment/engagement; • grave misconduct or recklessness in the discharge of duties; • actual or potential disqualification from managing corporations under the Corporations Act; or • directly competes with the Company's business as employee, contractor, director or substantial owner within 6 months of ending employment/engagement with the Company. Also includes, in the case of a Director, a participant who retires or resigns as a Director without prior approval from the Board, or is removed from the Board by Shareholder vote.	Will be forfeited.	Any vested Loan Funded Shares that remain subject to any condition, or remain held in trust, or if the Loan balance is outstanding and not repaid within 7 days of cessation, will be forfeited.

Type of Leaver	Defined as...	Unvested Loan Fund Shares	Vested Loan Fund Shares
Leaver	A participant who ceases employment, engagement or directorship, and who is not a Good Leaver or Bad Leaver	Will be forfeited (unless the Board determines otherwise).	May be retained, subject to repayment of the balance of the Loan by earlier of its maturity date or the date which is 6 months from the Cessation Date.

Change in control of the Company

If the Company becomes, or in the opinion of the Board is likely to become, subject to a change of control, unvested Loan Funded Shares will vest pro-rata based on the portion of the vesting period which has expired as at the relevant date and, provided the terms of the Loan are complied with, participants may dispose of their vested Loan Funded Shares by:

- selling their Loan Funded Shares; or
- requesting the Company buy-back their Loan Funded Shares.

Loan Terms

Participants will be invited to purchase Shares using loan funds under a loan agreement with the Company. The Loan must always be repaid if the participant wishes to benefit from the Shares. Participants only benefit from growth in share price.

The Loan commences on the grant date and, subject to the Board's discretion to permit the Loan to continue for a further specified period, must be repaid by the earliest of the following:

- five years from the grant date;
- the date the participant ceases employment, engagement or directorship with the Company;
- the date the Loan Funded Shares are forfeited;
- the date the Board determines any of the vesting conditions will not be satisfied;
- the date the Company is wound up; or
- the date, other than above, that the participant and the Company agree to in writing.

The Loan is interest-free and fee-free, and limited recourse. Limited recourse means the repayment amount will be the lesser of the outstanding Loan value and the market value of the Loan Funded Shares that were acquired using the Loan. If the participant's Loan Funded Shares are of lower value than the Loan balance at the time that they are required to repay the Loan, that participant's Loan Funded Shares will be disposed of at market value and the proceeds applied in full satisfaction of the Loan obligations.

The participant may repay the Loan before the repayment date. The Loan must be repaid in full (or arrangements for the repayment of the Loan entered into to the satisfaction of the Board), and the vesting conditions satisfied, before the Loan Funded Shares can be disposed of.

If dividends are paid by the Company on the participant's Loan Funded Shares, the Company will apply the after-tax value of the dividends to the repayment of the Loan.

When the Loan is due for repayment, the Company may sell or buy-back some or all of the participant's Loan Funded Shares to satisfy the outstanding Loan balance. The proceeds from any sale or buy-back of the Loan Funded Shares will be applied to repay the outstanding Loan balance and any excess funds after costs and expenses will be returned to the participant if they are entitled to them under the terms of the Plan Rules and the Loan.