



## April 2018 Update

Dear Shareholder,

Having now completed the first quarter of calendar 2018, I wanted to highlight some of your company's significant achievements and update you on our plans for this year.

Firstly, let me say that I see 2018 as the break out year for Knosys on several fronts:

- We have secured major contracts in the Telecommunications sector;
- Our ambition to be a sales-focused technology business has been achieved with excellent progress in capturing new customers and real revenues;
- Licensed users of Knosys are expected to exceed 30,000 in July 2018 (July 2017: 16,600); and
- The Knosys technology has evolved considerably over the last 12 months culminating in the latest release branded "KnowledgeIQ".

### REAL GROWTH, REAL REVENUE

#### Singtel & Optus Contract Wins

We are very proud of the fact that Knosys soundly beat large and established software vendors from the US and Singapore to win major contracts with SingTel (Singapore Telecommunications) and Optus. These were highly competitive processes involving sophisticated purchasers who carried out extremely extensive evaluations of all the solutions proposed to them. Achieving success in this environment speaks volumes about the quality and reliability of the Knosys offering. The impact of these projects is enormous on a number of fronts. Firstly, due to our ability to deploy the technology 'fast' we expect to have both systems in an operational state during May and June. We have already started invoicing both companies based on completed implementation milestones and investors will be pleased to see improved cash inflows in the March Quarter, June Quarter and onwards into FY19.

#### SBS Bank Goes Live

I am pleased to report that SBS Bank in New Zealand has gone live with Knosys' KnowledgeIQ solution as of April 2018. This project has been delivered on schedule and all user feedback has been extremely positive as has the uptake of the solution internally. Our engagement model of working in partnership with the customer, as with SBS Bank, is one we wish to replicate and improve upon during 2018.

#### Organic growth

We also have seen continued strong growth in licensed user numbers from our foundation customer, the ANZ Bank, with 3,000 additional licenses deployed in the last 9 months. This once again increases our revenue and improves our cash flow for FY19.

Total licensed users of the Knosys system are expected to exceed 30,000 in the Sept 2018 quarter. This compares to 16,600 licenced users in July 2017. This is an amazing step up for the business and will result in real material growth in revenue and cash inflows. We intend to continue this growth.



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### KnowledgeIQ RELEASE

We commenced late last year a program to enhance the existing Knosys technology to turn it into a market leading software product for the global market. Key elements we are transforming within the solution during 2018 are improved natural language processing, increased predictive analytics and improvements in the machine learning capabilities to present more relevant information and thus reduce the effort lost in searching. Accordingly, we have branded the technology for the first time as "KnowledgeIQ" to distinguish it from our previous offering. The deployments to both Singtel and Optus will include some initial version of these enhancements and we will in subsequent software releases include additional capabilities in these areas.

### KNOSYS BRANDING & MARKETING

In February we recruited a Digital Marketing & Social Media practitioner to generate new marketing campaigns, implement marketing tools and lead our future integrated digital marketing strategy. The aim of this activity is to develop the Knosys brand, increase brand awareness and improve its web and social presence. The primary outcomes of these activities will be to generate further inbound customer inquiries through the promotion of the company and its products and services. During the year investors can expect a significant improvement in the presentation of the Knosys solution to our target audience and the writing and pitching of content. We already have commenced publishing content 'What Is Knowledge Management And Why Should You Care?' via our blog <https://blog.knosys.it/> and I encourage all investors to read the article and share the facts with people in your network in the months ahead. Alongside our content marketing campaigns, a new website is being developed to reflect the evolution of the Knosys brand.

We are spreading the message that Knosys has great technology with practical application and ease of usage. All of our stakeholders have a strong interest in spreading these messages.

### CONFERENCES

This year we are sponsoring and participating in major knowledge management conferences in Australia and the United States. At the Sydney and Canberra conferences we are fortunate to have two of our newest customers, the Office of Public Prosecutions and SBS Bank speaking and presenting the Knosys solution and the benefits gained after implementing the technology within their businesses. We will also travel to Washington in November to launch KnowledgeIQ in the US at the KM World Conference.

### INVESTOR RELATIONS

Knosys already has resources focussed on investor communications and investor relations but the Company still has relatively narrow coverage and low share turn-over. Accordingly, in addition to our other activities, and in conjunction with our advisers, we continue to look at opportunities for additional company research on Knosys, so that existing and new investors can better understand the investment opportunity.



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### MEDIA RECOGNITION

Knosys was fortunate in February to be invited to speak with financial commentators Robert Gottlieb and Alan Kohler. Why was Knosys of interest to them? Very simple, they wished to better understand how a young technology company such as Knosys can better its global rivals, with market values in the hundreds of millions of dollars, to win major contracts with Bluechip customers. The reality is our technology is more current, has unique capabilities including machine learning, is highly robust, easy to deploy and priced to offer true value for money. It's this combination of attributes which makes Knosys highly competitive one-on-one with other software vendors. For those who may have missed these articles copies are available on the Company website at <https://knosys.it/news/>.

### CONCLUSION

In my last update in 2017, I stated that we were better positioned than ever before to drive sales and as you can see we have delivered on that promise. We have clearly moved from market validation of the technology to conversion into real sales and income. Our vision is to make KnowledgeIQ one of the top two corporate applications every medium to large business must have globally. When business's look at what they need to improve customer engagement or internal productivity then beyond buying a CRM we want them to buy Knosys as well.

Thank you for your patience and support over the past year.

Yours Sincerely,

John

A handwritten signature in black ink, appearing to read "J23" followed by a long horizontal stroke.

**John Thompson**  
**Chief Executive Officer**

