

# **Knosys Limited**

ACN 604 777 862

## **Notice of 2021 Annual General Meeting and Explanatory Statement**

Notice is given that the 2021 Annual General Meeting of  
Knosys Limited ACN 604 777 862  
will be held virtually via our online AGM platform  
on Wednesday, 8 December 2021  
commencing at 10:00am (Melbourne time)  
(access details provided upon registration, see below)

## NOTICE OF 2021 ANNUAL GENERAL MEETING

Notice is given that the 2021 Annual General Meeting (**Meeting**) of the Shareholders of Knosys Limited ACN 604 777 862 (**Company**) will be held virtually via our online AGM platform on Wednesday, 8 December 2021 commencing at 10:00 am (Melbourne time) (access details provided upon registration, see below).

### ACCESS

The Meeting will be broadcast 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\\_5cdXeRrTG2LFqiKmsvKwA](https://us02web.zoom.us/webinar/register/WN_5cdXeRrTG2LFqiKmsvKwA). In order to register for the Meeting, Shareholders will be required to provide their Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

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 is set out in the invitation letter dated 5 November 2021 sent to Shareholders in respect of the Meeting.

In light of the continuing COVID-19 pandemic, we encourage Shareholders to monitor the ASX and the Company's website for any updates about the Meeting that may follow the issue of this Notice of Meeting.

### AGENDA

The Explanatory Statement which accompanies, and forms part of, this Notice of Meeting sets out further information on the 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.

### ORDINARY BUSINESS

#### Item 1: Financial and other Reports

To receive and consider the Annual Financial Report of the Company, the Directors' Report and the Auditor's Report in respect of the financial year ended 30 June 2021.

There is no vote on this item of business.

#### Item 2: Adoption of the Remuneration Report for the year ended 30 June 2021 (Resolution 1) – advisory resolution only

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

*"That the Remuneration Report for the Company for the year ended 30 June 2021 be adopted."*

Under the Corporations Act, this Resolution is advisory only and does not bind the Company or its Directors. The Directors will consider the outcome of the vote and any comments made by Shareholders at the Meeting when considering the Company's future remuneration policies. However, Shareholders are referred to the Explanatory Statement for an explanation of the consequences of 25% or more of eligible votes being cast against this advisory Resolution 1.

#### Voting Exclusion:

Corporations Act

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of:

- a member of the Company's Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- by a Closely Related Party of such member.

However, this does not prevent those KMP or any of their Closely Related Parties from voting on Resolution 1 as a proxy for a person who is not a member of the KMP or a Closely Related Party if:

- they are appointed as a proxy by writing and the person specifies the way the proxy is to vote on Resolution 1 in the proxy form; or
- the person voting as a proxy is chairing the Meeting and the appointment of the chair as proxy:
  - does not specify the way the proxy is to vote on Resolution 1; and
  - expressly authorises the chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP.

### **Item 3: Re-election of Director – Mr Neil Wilson (Resolution 2)**

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

*“That Neil Wilson, a Director appointed as an additional director of the Company on 1 December 2020, retires in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible for re-election, be re-elected as a Director of the Company.”*

### **Item 4: Approval for additional 10% placement capacity (Resolution 3)**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue of Equity Securities provided for in ASX Listing Rule 7.1A.”*

Resolution 3 is proposed as a special resolution and requires approval of at least 75% of votes cast by Shareholders entitled to vote on Resolution 3.

### **Voting Exclusion:**

#### ASX Listing Rules

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

However, this 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 Resolution 3 in that way; or
- the person chairing 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 person chairing the Meeting to vote on Resolution 3 as the person chairing the Meeting 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 Resolution 3; and
  - the holder votes on Resolution 3 in accordance with directions given by the beneficiary to the holder to vote in that way.

## Item 5: Ratification of prior issue of Shares – August 2021 (LR 7.1 issue) (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 7.4 and all other purposes, Shareholders ratify and approve the prior issue by the Company under ASX Listing Rule 7.1 of 6,896,551 Shares on the terms and conditions and in the manner detailed in the Explanatory Statement."*

### Voting Exclusion:

#### ASX Listing Rules

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who participated in the prior issue or any associate of that person or those persons.

However, this 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 Resolution 4 in that way; or
- the person chairing 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 person chairing the Meeting to vote on Resolution 4 as the person chairing the Meeting 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 Resolution 4; and
  - the holder votes on Resolution 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

## Item 6: Approval of the Employee Incentive Plan (Resolution 5)

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of ASX Listing Rule 7.2 (Exception 13(b)) and all other purposes, the terms of the Knosys Limited Employee Incentive Plan as described in the Explanatory Statement accompanying this Notice of Meeting and the issue of Securities under that Plan as an exception to ASX Listing Rule 7.1 be approved ."*

### Voting Exclusion

#### ASX Listing Rules

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who is eligible to participate in the Knosys Limited Employee Incentive Plan, and any associates of that person or those persons.

However, this 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 directions given to the proxy or attorney to vote on Resolution 5 in that way; or
- the person chairing 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 person chairing the Meeting to vote on Resolution 5 as the person chairing the Meeting 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 Resolution 5; and

- the holder votes on Resolution 5 in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Corporations Act

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if the person is either a member of the KMP or a Closely Related Party of such member, and the appointment does not specify the way the proxy is to vote on Resolution 5.

However, this does not apply if:

- the person appointed as proxy is the chair of the Meeting; and
- the appointment expressly authorizes the person chairing the Meeting to exercise the proxy even if Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP.

### **Item 7: Approval for the issue of Options to John Thompson (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 up to 6,000,000 Options 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:**

#### ASX Listing Rules

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 6 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 Options (except a benefit solely by reason of being a holder of Shares) or any associates of that person or those persons.

However, this 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 Resolution 6 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 Resolution 6 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 Resolution 6; and
  - the holder votes on Resolution 6 in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Corporations Act

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if the person is either a member of the KMP or a Closely Related Party of such member, and the appointment does not specify the way the proxy is to vote on Resolution 6.

However, this does not apply if:

- the person appointed as proxy is the chair of the Meeting; and
- the appointment expressly authorizes the person chairing the Meeting to exercise the proxy even if Resolution 6 is connected directly or indirectly with the remuneration of a member of the KMP.

## **Item 8: Amendment of Constitution (Resolution 7)**

To consider and, if thought fit, to pass the following resolution as a special resolution:

*"That, with effect from the close of the Meeting, virtual meeting provisions set out at Annexure C to the Explanatory Statement for the purposes of identification be inserted to the Constitution as a new Article 5.15"*

Resolution 7 is proposed as a special resolution and requires approval of at least 75% of votes cast by Shareholders entitled to vote on Resolution 7.

## **OTHER BUSINESS**

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

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'SK' followed by a stylized flourish.

Stephen Kerr  
Company Secretary  
5 November 2021

## 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 at 7.00 pm (Melbourne time) on Monday, 6 December 2021. Accordingly, transactions registered after that time will be disregarded in determining entitlement to attend and vote at the Meeting.

### Important voting information

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

The Chair of the Meeting intends to vote all undirected proxies in favour of each Resolution subject to any voting restrictions or exclusions. 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 1 (Adoption of Remuneration Report), Resolution 5 (Approval of the Employee Incentive Plan) or Resolution 6 (Approval of issue of Options) unless the proxy expressly authorises the Chair to exercise the proxy in respect of such Resolutions even if, for the purpose of Resolutions 1, 5 and 6, 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 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, you will be authorising the Chair to exercise any proxies held by him in respect of each Resolution even if that Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

### Shareholders' Questions and Comments

The Chair of the Meeting will give Shareholders as a whole at the Meeting a reasonable opportunity to ask questions about or make comments on the Company's 2021 Annual Report which includes the Remuneration Report and the management or performance of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or their representative (who will be present at the Meeting) questions relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The 2 ways to ask the Company or the Auditor questions are detailed below. Questions submitted in writing to the Company must relate to matters which are relevant to the Annual General Meeting including matters arising from the Company's 2021 Annual Report or the management or performance of the Company. Written questions to the Auditor must relate to the content of the Auditor's Report or the conduct of the audit.

1. Post or email your question direct to the Company as follows:  
Company Secretary  
Knosys Limited  
GPO Box 314  
Melbourne, Victoria, 3001  
Telephone: +61 3 9046 9700  
Email: [cosec@knosys.it](mailto:cosec@knosys.it)

## 2. Attend the virtual Annual General Meeting.

Please note that written questions must be received by post or by email no later than 2 business days before the Meeting i.e. by 10:00am (Melbourne time) on Monday, 6 December 2021.

The Company is required by law to forward all questions to the Auditor from which the Auditor is required to prepare a list of those questions that are considered to be relevant to the conduct of the audit or the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions. The list of questions prepared by the Auditor will be available at the Meeting.

The Chair of the Meeting will answer as many of the frequently asked questions submitted to the Company as possible at the Annual General Meeting. Individual replies will not be sent. The Auditor will also be given a reasonable opportunity at the Annual General Meeting to answer written questions submitted to the Auditor.

### Proxies

A Shareholder entitled to attend and vote at the Annual 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 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 Annual General Meeting at which the proxy intends to vote (i.e. 10:00am (Melbourne time) Monday, 6 December 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> by following the instructions on the proxy form;
- d) **Email** – [meetings@automic.com.au](mailto:meetings@automic.com.au);
- e) **Facsimile** – +61 (02) 8583 3040; or
- f) **QR code** – by scanning the QR code on the proxy form with your smart phone and following the prompts.

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 company's representative prior to admission to the Meeting.



# EXPLANATORY STATEMENT

## PURPOSE

The purpose of this Explanatory Statement (which accompanies, and forms part of, the Notice of Meeting) is to provide Shareholders with further information in respect of the business to be considered and the Resolutions to be proposed at the 2021 Annual General Meeting of Knosys Limited ACN 604 777 862 to be held virtually through the online AGM platform at 10:00am (Melbourne time) on Wednesday, 8 December 2021 and to assist Shareholders to determine how they wish to vote on those Resolutions.

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: Consideration of the 2021 Financial and other Reports of the Company.
- Item 2: Adoption of the Remuneration Report for the year ended 30 June 2021 (Resolution 1).
- Item 3: To re-elect Mr Neil Wilson as a Director of the Company (Resolution 2)
- Item 4: Approval for additional 10% placement capacity (Resolution 3)
- Item 5: Ratification of prior issue of 5,896,551 Shares (Resolution 4)
- Item 6: Approval of the Employee Incentive Plan (Resolution 5)
- Item 7: Approval for the issue of 6,000,000 Options to John Thompson (Resolution 6)
- Item 8: Amendment of Constitution (Resolution 7)

## ORDINARY BUSINESS

### Item 1: Consideration of the 2021 Financial and other Reports

The Corporations Act requires the Directors to lay before the Annual General Meeting the Annual Financial Report of the Company (which includes the Financial Statements and Directors’ Declaration), Directors’ Report (which includes the Remuneration Report) and Auditor’s Report in respect of the financial year ended on 30 June 2021.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions about and make comments on these Reports.

Except for the non-binding advisory Resolution in respect of the Remuneration Report (refer to Resolution 1 below), there is no requirement in either the Corporations Act or the Company’s Constitution for Shareholders to vote on or approve the Annual Financial Report, Directors’ Report or Auditor’s Report.

### Item 2: Adoption of the Remuneration Report for the year ended 30 June 2021 (Resolution 1)

The Remuneration Report is contained in the Directors’ Report in the 2021 Annual Report. Shareholders can access a copy of the 2021 Annual Report at the Company’s website, [www.knosys.it](http://www.knosys.it).

The Remuneration Report provides information about the remuneration arrangements for KMP, which includes non-executive Directors and the most senior executives for the year ended 30 June 2021.

The Remuneration Report covers the following matters:

- details of Key Management Personnel;
- principles used to determine the nature and amount of KMP remuneration;
- description and details of non-executive Director remuneration;
- description and details of executive remuneration;
- executive equity ownership;
- key terms of certain executive service agreements; and
- related party information.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. Shareholders will be asked to vote on the Remuneration Report. Resolution 1 is advisory only and does not bind the Company or its Directors. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

One of the Company's core philosophies is that the attraction, development, engagement and retention of passionate team members provides a competitive advantage and differentiation within the market which the Directors believe is fundamental to the long term success of the Company. The Company's remuneration policies have been developed to provide market competitive remuneration in order to sustain the Company's competitive position and protect the interest of Shareholders.

Under the Corporations Act, if at least 25% of the votes cast on a resolution that the Remuneration Report be adopted are against the adoption of the relevant Remuneration Report at 2 consecutive Annual General Meetings (each an "AGM", and any such potential 25% or more vote 'against' commonly referred to as a "first strike" or "second strike", as applicable), Shareholders will be required to vote at the second of those AGMs on a resolution (known as a "spill resolution") that another general meeting (known as a "spill meeting") be held within 90 days, at which all of the Company's Directors in office at the time of the Directors' resolution to approve the Directors' Report containing that second Remuneration Report (other than the Managing Director) will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting, those Directors whose re-election as Directors is approved will remain Directors of the Company.

The Company's 2020 Remuneration Report was adopted at the Company's 2020 annual general meeting by more than 75% of the votes cast.

### **Recommendation**

Noting that each Director has a personal interest in their own remuneration from the Company set out in the Remuneration Report, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Voting exclusions apply to Resolution 1 as specified in the Notice of Meeting.

### **Item 3: Re-election of Director – Mr Neil Wilson (Resolution 2)**

Pursuant to the Constitution and the ASX Listing Rule 14.4, Directors appointed since the last annual general meeting of the Company must retire at the next annual general meeting of the Company but are eligible for re-election at that meeting.

**Neil Wilson** was appointed as an additional Director on 1 December 2021. Mr Wilson retires in accordance with article 6.3(j) of the Constitution and, being eligible and having signified his candidature for the office, offers himself for re-election as a Director of the Company.

Details of Mr Wilson's experience and expertise are contained in the Company's 2021 Annual Report.

## **Recommendation**

The Directors unanimously (with the exception of Mr Wilson as an abstention) recommend Shareholders vote in favour of Resolution 2.

### **Item 4: Approval for additional 10% placement capacity (Resolution 3)**

#### **1. Background**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue, or agree to issue, Equity Securities up to 10% of its issued capital during the 12 month period after the entity's annual general meeting at which the approval is obtained (**Additional 10% Placement Capacity**).

The Company is seeking Shareholder approval under Resolution 3 to have the ability to issue Equity Securities under the Additional 10% Placement Capacity. Once approved, the Company may issue Equity Securities under the Additional 10% Placement Capacity without any further Shareholder approval for the Period of Approval (defined below).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (described below). The Equity Securities must be in the same class as an existing class of quoted Equity Securities of the Company. The Company currently has only one class of quoted Equity Securities on issue, being Shares.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 3 in the Notice of Meeting. As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity nor has the Company approached any particular Shareholder or any associate to participate in an issue of Equity Securities under the Additional 10% Placement Capacity. Accordingly, at the date of the Notice of Meeting, no Shareholder is precluded from voting in favour of Resolution 3.

At the 2020 annual general meeting of the Company held on 25 November 2020, Shareholders approved an Additional 10% Placement Capacity. However, that approval will shortly expire. Since the date of the last annual general meeting of the Company, 65,303,122 Equity Securities (i.e. Shares and Options) have been issued by the Company (including 14,883,550 Shares under the Additional 10% Placement Capacity, details of which are set out in Annexure A).

#### **2. ASX Listing Rule 7.1A – Eligibility criteria**

The Company will be an Eligible Entity for the purposes of ASX Listing Rule 7.1A provided it has a market capitalisation equal to or less than \$300 million (excluding restricted securities) and is not included in the S&P/ASX 300 index as at the date of the relevant special resolution under ASX Listing Rule 7.1A.

As at the date of the Notice of Meeting, the Company has a market capitalisation of approximately \$32.1 million (based on the closing price of Shares on ASX on 26 October 2021) and is not included in the S&P/ASX 300 index. Accordingly, the Directors believe that the Company will be an Eligible Entity at the date of the Meeting.

If Shareholders approve Resolution 3, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in ASX Listing Rule 7.1A.2) (**ASX Listing Rule 7.1A.2 Formula**):

$$(A \times D) - E$$

Where:

- A =** The number of fully paid ordinary shares on issue 12 months immediately preceding the issue date or date of agreement to issue (**relevant period**):
- *plus* the number of fully paid ordinary shares issued in the relevant period under an exception in ASX Listing Rule 7.2 (other than exception 9, 16 or 17);
  - *plus* the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
    - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
    - the issue of, or agreement to issue, the convertible securities was approved, or taken under the ASX Listing Rules to have been approved under ASX Listing Rule 7.1 or 7.4;
  - *plus* the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
    - the agreement was entered into before commencement of the relevant period; or
    - the agreement or issue was approved, or taken under the ASX Listing Rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
  - *plus* the number of any other fully paid ordinary securities issued in the relevant period with approval under ASX Listing Rule 7.1 or 7.4;
  - *plus* the number of partly paid ordinary shares that became fully paid in the relevant period;
  - *less* the number of fully paid ordinary shares cancelled in the relevant period.

Note that “A” has the same meaning in ASX Listing Rule 7.1 (described below) when calculating the Company’s usual annual 15% placement capacity under that ASX Listing Rule.

**D =** 10%

**E =** The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the relevant period where the issue or agreement has *not* been subsequently approved by holders of ordinary securities under ASX Listing Rule 7.4.

If the Company obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- any Shares issued under that Additional 10% Placement Capacity will not be counted in variable “A” above until their issue has been approved under ASX Listing Rule 7.4 or 12 months has passed since their issue; and
- any Shares issued under that Additional 10% Placement Capacity are counted in variable “E” above until their issue has been approved under ASX Listing Rule 7.4 or 12 months has passed since their issue.

### 3. Placement capacity under ASX Listing Rules 7.1 and 7.1A

The Additional 10% Placement Capacity is in addition to the Company’s usual annual 15% placement capacity under ASX Listing Rule 7.1.

Subject to a number of exceptions set out in ASX Listing Rule 7.2, in general terms, ASX Listing Rule 7.1 limits the number of Equity Securities (for example, shares, options and convertible securities) a listed company may issue or agree to issue without shareholder approval in any 12 months period to 15% of its issued ordinary shares it had at the start of the period (i.e. 15% of “A” described above).

As at the date of the Notice of Meeting, the Company has the capacity, in addition to any other Shares it may issue under a permitted exception in ASX Listing Rule 7.2, to issue (without the approval of its Shareholders):

- (1) 32,120,804 Shares under ASX Listing Rule 7.1; and
- (2) 21,413,869 Shares under ASX Listing Rule 7.1A.

The above calculations are dependent on Shareholders approving Resolutions 3 and 4.

However, the actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A or ASX Listing Rule 7.1 at a particular point in time will be calculated at the relevant date in

accordance with the ASX Listing Rule 7.1A.2 formula or the formula applicable to ASX Listing Rule 7.1 (as the case may be).

#### **4. Period of Approval**

Shareholder approval of the Additional 10% Placement Capacity is valid from, and therefore Equity Securities may be issued under the Additional 10% Placement Capacity from, the date of the Meeting until the first to occur of the following:

- (1) the date that is 12 months after the date of the Meeting;
- (2) the time and date of the Company's next annual general meeting; and
- (3) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (Proposed change to nature or scale of activities) or ASX Listing Rule 11.2 (Change involving main undertaking),

(the **Period of Approval**).

Upon the expiry of the Period of Approval, unless the Company has before the end of the Period of Approval obtained a further approval under ASX Listing Rule 7.1A.1, its placement capacity to issue Shares and other Equity Securities without Shareholder approval will be governed by ASX Listing Rule 7.1 and the exceptions to it.

Any approval under Resolution 3 will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2 referred to above.

#### **5. Minimum Issue Price**

Under ASX Listing Rule 7.1A.3, any Equity Securities issued under ASX Listing Rule 7.1A must be in an existing quoted class of the Eligible Entity's Equity Securities and the minimum cash price at which each Equity Security may be issued under the Additional 10% Placement Capacity is 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- (2) if the securities are not issued within 10 trading days of that date, the date on which the securities are issued.

As Shares are the only class of Equity Securities of the Company quoted on ASX at the date of the Meeting, any use by the Company of the Additional 10% Placement Capacity will involve the issue of Shares and no other Equity Securities.

#### **6. Purpose and allocation policy**

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity nor has it invited any Shareholder to participate in an issue of Equity Securities under the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity may be used to raise funds to support the Company's ongoing business and general working capital purposes or for the acquisition of business or other opportunities which may arise from time to time.

Ultimately, if Resolution 3 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will be dependent on various considerations including (but not limited to) the purpose of the proposed issue, the alternative methods for raising funds that are available to the Company at the time, the effect of the proposed issue on the control of the Company and the circumstances of the Company and the prevailing market conditions at the time of the proposed issue. The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could

consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. Placees could, in certain circumstances, also include vendors of assets or businesses into the Company or its subsidiaries. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity only for cash consideration.

If the Company issues Shares under the Additional 10% Placement Capacity, it will comply with its disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A.

## 7. Risk of Economic and Voting Dilution

Any issue of Equity Securities under the Additional 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as shown in the table below. The table has been prepared based on the number of Shares on issue in the Company at the date of the Notice of Meeting and the closing price of those Shares as at close of trade on ASX on 26 October 2021.

Number of Shares on Issue (variable "A" in ASX Listing Rule 7.1A.2)*	Dilution			
	Dilution based on number of Shares issued (being 10% of the number of Shares at the time of issue)	Funds raised based on an issue price of \$0.075 (50% decrease in current issue price <sup>2</sup> )	Funds raised based on an issue price of \$0.15 (Current issue price)	Funds raised based on an issue price of \$0.225 (50% increase in current issue price)
<b>214,138,698 (Current)</b>	<b>21,413,870</b>	\$1,606,040	\$3,212,080	\$4,818,121
<b>321,208,047 (50% increase)</b>	<b>32,120,805</b>	\$2,409,060	\$4,818,121	\$7,227,181
<b>428,277,396 (100% increase)</b>	<b>42,827,740</b>	\$3,212,080	\$6,424,161	\$9,636,241

\*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or securities issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1 or 7.4.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 26 October 2021.
3. The Company issues the maximum possible number of Equity Securities under the Additional 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting other than issues under an exception in ASX Listing Rule 7.2 or with Shareholder approval under ASX Listing Rule 7.1 or 7.4.
5. The calculations above do not show the dilution that will apply to any one particular Shareholder. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to issues under ASX Listing Rule 7.1 or exceptions to that ASX Listing Rule.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. Based on its current issued securities quoted on ASX, only Shares can be issued by the Company under the Additional 10% Placement Capacity.

Shareholders should note that there is a risk that:

- (1) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the Meeting; and

- (2) the Company's Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

## **8. Prior issue of Equity Securities over the last 12 months**

The Company previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting held on 25 November 2020.

ASX Listing Rule 7.3A.6 requires the Notice of Meeting (or this Explanatory Statement) to include details of the total number of Equity Securities issued under Listing Rule 7.1A.2 by the Company in the 12 months preceding the date of the Meeting and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 month period. During that 12 month period, 14,883,550 Equity Securities were issued or agreed to be issued under Listing Rule 7.1A.2 by the Company, representing, in aggregate, 10% of the total number of Equity Securities on issue at the commencement of that 12 month period. Details of those Equity Securities issued are set out in Annexure A.

### ***Recommendation***

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

Voting exclusions apply to Resolution 3 as specified in the Notice of Meeting.

## **Item 5: Ratification of prior issue of Securities – August 2021 (LR 7.1 issue) (Resolution 4)**

### **1. Background**

On 31 August 2021, the Company completed the issue of 6,896,551 Shares to the vendor of the Libero business and assets (**Vendor**), as part of the purchase consideration by the Company, as announced to ASX on 1 September 2021. The Vendor was not a related party of the Company.

The Company issued the Shares within the 15% annual limit set out in ASX Listing Rule 7.1. By issuing those Shares, the Company's capacity to issue further Equity Securities without Shareholder approval within those limits was accordingly reduced.

Resolution 4 seeks Shareholder approval for the prior issue of the Shares to the Vendor. It 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' attention is drawn to the voting exclusion statement in relation to Resolution 4 in the Notice.

### **2. ASX Listing Rules 7.1 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 may issue or agree to issue without shareholder approval in any 12 month period to 15% of its issued ordinary shares it had on issue at the start of the period (**15% share issue capacity**).

Without Shareholder approval pursuant to ASX Listing Rule 7.4, the issue will be counted towards the Company's 15% share issue capacity and will therefore reduce the Company's capacity to issue 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 a prior issue of securities thereby allowing those securities to be treated as if they had been issued with shareholder approval.

Accordingly, this Resolution 4 seeks Shareholder approval to allow the Company to substantially refresh its 15% share issue capacity.

By refreshing its 15% 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).

### 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:

- (1) 6,896,551 Shares were issued under the Company's ASX Listing Rule 7.1 (15%) capacity on 31 August 2021.
- (2) All Shares were issued at \$0.145 per Share.
- (4) The Shares rank equally with all other Shares on issue in the Company.
- (5) The Shares were issued to the Vendor of the Libero business and assets acquired by the Company, as part of the purchase consideration, as announced to ASX on 1 September 2021. The Vendor was not a related party of the Company. No funds were raised by this prior issue of Shares.
- (6) A voting exclusion statement is included in the Notice of Meeting.

### Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

Voting exclusions apply to Resolution 4 as specified in the Notice of Meeting.

## Item 6: Approval of Employee Incentive Plan (Resolution 5)

### 1. Background

The Directors believe that it is important that managers and staff have the opportunity to participate in ownership of the Company, as ownership of Securities by employees tends to incentivise employees in ways that best align the interests of those employees with the interests of Shareholders.

Subject to the approval of Shareholders, the Company will adopt an employee incentive Plan known as the Knosys Limited Employee Incentive Plan (the **Plan**), pursuant to which securities in the Company may be issued or acquired by certain key personnel and Directors.

The Company previously had in place an Employee Share Option Plan (**ESOP**), approved by Shareholders in June 2015. The ESOP was not refreshed after 3 years, is no longer an approved plan under the ASX Listing Rules and has ceased to operate. The Company does have in place its Loan Funded Share Plan (**LFSP**), which was approved by Shareholders at its 2020 Annual General Meeting, which is specific to the issue of Loan Funded Shares.

The Plan is designed to replace the previous ESOP and provide the Company with the appropriate flexibility to issue Securities to staff in the future as part of their remuneration packages. The Company is conscious of providing a range of available incentives to attract appropriately qualified and experienced managers and executives. The Plan is intended to operate in conjunction with the LFSP.

Under Listing Rule 7.2 (Exception 13(b)), issues under an employee incentive plan do not count towards the 15% share issue capacity of the Company described above in relation to Resolution 4, provided such issues have been approved by shareholders as an exception to ASX Listing Rule 7.1 within the three years prior to the issue date. Shareholder approval of issues under an employee incentive plan as an exception to ASX Listing Rule 7.1 is required every three years or if there is a material change to the terms of an approved employee incentive plan.



Accordingly, Resolution 5 seeks the approval of Shareholders for:

- the establishment of the Plan; and
- the issue of Securities under the Plan as an exception to ASX Listing Rule 7.1 for the purposes of Exception 13(b) of ASX Listing Rule 7.2 and for all other purposes.

A summary of the proposed new 2021 Knosys Employee Incentive Plan (**Plan**) is set out in Annexure B. A full copy of the Plan is available at the Company's registered office during business hours or will be forwarded to a Shareholder on request.

Shareholders should note that any proposal to issue Securities under this Plan to Directors or other related parties will be conditional upon the approval of Shareholders at a subsequent general meeting. Securities cannot be issued to Directors without Shareholder approval.

The Plan is designed to support the achievement of the Company's business strategy by linking key personnel rewards to improvements in the financial performance of the Company and aligning the interests of those individuals with those of Shareholders.

#### **Maximum number of Securities to be offered**

The maximum number of Securities that may be granted, in any 3 year period, pursuant to the Plan following its approval by Shareholders (including the number of Securities issued under the Company's existing LFSP in that same period) is 5% of the total issued share capital of the Company, being 10,706,934 Securities.

#### **Recommendation**

Noting that Directors are eligible to participate in the Plan, the Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

Voting exclusions apply to Resolution 5 as specified in the Notice of Meeting.

### **Item 7: Approval for issue of Options to Director, John Thompson (Resolution 6)**

#### **1. Background**

The Company is proposing to issue Options to a Director in accordance with approval of Shareholders sought under Resolution 6.

Mr Thompson was appointed as CEO of Knosys in July 2016 and accepted the invitation to join the Board of the Company on 26 September 2018. Mr Thompson has led the Company successfully since his appointment as CEO, building a strong team, improving and developing the Knosys product and growing the business and its revenues through new customer wins, expansion of the licensed user base and the acquisition of complementary businesses.

The current remuneration package of Mr Thompson comprises cash and an equity component, namely, a base salary package of \$362,555 per annum (including statutory superannuation), an available cash bonus of up to \$100,000 (dependent on achievement of annual KPIs set by the Board) and, subject to Shareholder approval, an equity component of 6,000,000 Options which are subject to the vesting terms set out below:

- A. Retention Allocation, being 40% of the total proposed allocation, shall vest in tranches on a six-monthly schedule as follows ("the vesting dates"):
  - i. On issue date – 15% of Retention Allocation;
  - ii. 1 January, 2022 – 15% Retention Allocation;

- iii. 1 July, 2022 – 15% of Retention Allocation;
  - iv. 1 January, 2023 – 15% Retention Allocation; and
  - v. 1 July, 2023 – 40% of Retention Allocation;
- B. Performance Allocation, being 60% of the total proposed allocation, shall vest subject to the relevant performance conditions as follows:
- i. 15% of Performance Allocation will issue without any performance conditions;
  - ii. Where at any time after the date of issue and before 1 July, 2024, the Knosys share price has had a 20 day VWAP at or above the following:
    - (a) \$0.19 – 15% of Performance Allocation
    - (b) \$0.23 – 15% of Performance Allocation
    - (c) \$0.275 – 15% of Performance Allocation
    - (d) \$0.325 – 40% of Performance Allocation

The Options will not be transferrable or tradeable.

The Options will not automatically convert to Shares upon satisfaction of the above vesting criteria, but rather Mr Thompson (or his nominee), as the holder of the Options, must complete a notice of exercise to convert the Options to Shares, deliver this notice to the Company and pay the requisite exercise price for each Option exercised.

Mr Thompson (or his nominee) currently holds 2,075,000 vested loan funded shares comprising 1,200,000 vested loan funded shares issued following Shareholder approval in November 2017, 250,000 vested loan funded shares issued following Shareholder approval in November 2018 and 625,000 vested loan funded shares issued following Shareholder approval in November 2019.

The proposed issue of Options is being made outside the Employee Incentive 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 plans. 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 plan.

## **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.

Mr Thompson by virtue of being a Director is a related party of the Company. Accordingly, any financial benefit given to him 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 Options to Mr Thompson (or his nominee) represents reasonable remuneration for Mr Thompson having regard to the Company's circumstances and the circumstances of Mr Thompson including the responsibilities involved in the office of Managing Director held by Mr Thompson. 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 Mr Thompson for the purposes of Chapter 2E of the Corporations Act.

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 Options 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 Options involves the issue of securities to related parties of the Company namely, Mr Thompson being a Director, 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 Options.

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.

### **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) 6,000,000 Options will be issued to Mr Thompson (and/or his respective nominees).
- (b) The maximum number of Options to be issued is 6,000,000.
- (c) The issue of the Options 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 Options will be issued with an exercise price of \$0.15 per Option.
- (e) No funds will be raised from the issue of the Options. If Mr Thompson exercises any vested Options, then the Company will receive funds equal to 15 cents for each option exercised.
- (f) The aggregate annual director remuneration for Mr Thompson inclusive of statutory superannuation is \$362,555. A cash bonus as described above may also be payable.
- (g) A voting exclusion statement is included in the Notice of Meeting.

The issue of the Options is intended to align the interests of Mr Thompson with those of Shareholders and to provide remuneration to its Managing Director that will both motivate and reward performance in his role with the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Options under Resolution 6 as approval is being obtained under ASX Listing Rule 10.11 (and therefore falls into Exception 14 of ASX Listing Rule 7.4). Accordingly, if approved, the issue of the Options under Resolution 6 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 Resolution 4 above.

### **Recommendation**

In relation to Resolution 6, the Directors (with Mr Thompson abstaining) recommend that Shareholders vote in favour of this Resolution.

Voting exclusions apply to Resolution 6 as specified in the Notice of Meeting.

### **Item 8: Amendment of Constitution (Resolution 7)**

Resolution 7 proposes to amend the Constitution to account for anticipated developments in law and general corporate practice for ASX-listed companies around the use of virtual meeting technology to host meetings of Shareholders.

As at the date of this Explanatory Statement, the *Corporations Amendment (Meetings and Documents) Bill 2021 (Bill)* is before parliament which, among other things, proposes to allow for meetings of members to be held physically, as a hybrid or, *if expressly permitted by the entities constitution*, virtually (provided that members, as a whole, are given a reasonable opportunity to participate in the meeting). The Company's current Constitution does not currently permit the holding of wholly virtual meetings of Shareholders. If passed, the Bill will make permanent various temporary measures on which Australian companies have relied to conduct business and carry on good governance during the COVID-19 pandemic, including the temporary virtual meeting provisions in the Corporations Act on which the Company is currently relying to conduct this Meeting virtually.

While the Bill does not yet have force of law, the Company would like to proactively amend its Constitution to ensure that, as and when the Bill does come into force, the Company will be entitled to immediately take advantage of the increased flexibility and accessibility the virtual meetings provisions offer in respect of Shareholder's meetings.

The amendment proposed under Resolution 7 introduces a new article into the existing Constitution that:

- allows the Company to hold a meeting of Shareholders using or with the assistance of any virtual meeting technology that gives Shareholders, as a whole, a reasonable opportunity to participate;
- allows the Directors to prescribe regulations, rules and procedures in relation to the manner in which virtual meetings are to be conducted and communicate such matters to members by notice to ASX; and
- address and manage technical difficulties that arise during the course of virtual meetings

The Directors believe the proposed amendment is an important step in ensuring the Company's Shareholders can continue to exercise their rights to participate in and vote at meetings with minimal disruptions in the event of future movement and gathering restrictions caused by the COVID-19 pandemic or otherwise.

### **Regulatory requirements for changing a constitution**

Section 136(2) of the *Corporations Act 2001* (Cth) provides that a company may modify its constitution if the company passes a special resolution. A special resolution must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Resolution 7 is proposed as a special resolution and will be passed if at least 75% of the votes cast by Shareholders entitled to vote are in favour of Resolution 7.

If Resolution 7 is passed by the requisite majority the Constitution will be amended to insert the new Article 5.15 (as set out in Annexure C) as a new provision of the existing constitution of the Company. The modified Constitution will be available on request or may be inspected by any shareholder at the Company's registered office.

### **Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

## DEFINITIONS

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

1. **Annual General Meeting or Meeting** means the 2021 annual general meeting of the Company convened by the Notice of Meeting and any adjournment or postponement of it.
2. **ASX** means, as the context requires, the Australian Securities Exchange or ASX Limited.
3. **ASX Listing Rules** means the listing rules of ASX (as amended or waived from time to time).
4. **Board** means the board of Directors of the Company.
5. **Chair** means the chair of the Meeting.
6. **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.
7. **Company or Knosys** means Knosys Limited ACN 604 777 862.
8. **Constitution** means the constitution of the Company.
9. **Corporations Act** means the *Corporations Act 2001* (Cth).
10. **Director or Directors** means a director or the directors of the Company from time to time.
11. **Equity Securities** has the meaning given in the ASX Listing Rules and includes, for example, shares, options and convertible securities.
12. **Explanatory Statement** means this Explanatory Statement accompanying the Notice of Meeting.
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. **LFSP** means the Knosys Loan Funded Share Plan as approved at the November 2020 Annual General Meeting of the Company.
15. **Loan** means a loan from the Company to a participant provided pursuant to the LFSP.
16. **Loan Funded Share** means a Share that is subject to a Loan or to any conditions under the LFSP.
17. **Notice or Notice of Meeting** means the document which comprises the Company's Notice of 2021 Annual General Meeting of Shareholders and which is accompanied by this Explanatory Statement.
18. **Options** means options to acquire unissued Shares.
19. **Plan** means the Knosys Limited Employee Incentive Plan, the subject of Resolution 5.
20. **Plan Rules** means the rules governing the Plan.
21. **Resolutions** means the resolutions set out in the Notice of Meeting.
22. **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
23. **Shares** means a fully paid ordinary share in the Company.

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

## ANNEXURE A

Date of issue	Number issued	Class/Type of equity security	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
24 December 2020	14,883,550	Shares	Shares issued via placement to sophisticated and professional investors.	14 cents per Share No discount to the 15-day VWAP Per LR 7.1A.3(a)	Total cash consideration	\$2,909,000
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	Funding of growth plans for combined Knosys and GreenOrbit businesses, funding transaction costs related to the GreenOrbit acquisition and general working capital.

## ANNEXURE B

### Summary of 2021 Knosys Employee Incentive Plan

#### 1. Eligible Participant

**Eligible Participant** means a person who is a full-time or part-time employee, officer, or contractor of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with ASX Listing Rule 10.14.

#### 2. Purpose

The Purpose of the Plan is to:

- a. assist in the reward, retention and motivation of Eligible Participants;
- b. link the reward of Eligible Participants to Shareholder value creation; and
- c. align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

#### 3. Plan Administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion

#### 4. Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities, the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

#### 5. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

#### 6. Term of Convertible Securities

Each "Convertible Security" represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised, a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any

arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

#### 7. Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will be forfeited.

#### 8. Exercise of Convertible Securities and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

#### 9. Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

#### 10. Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- a. any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and



- b. any Convertible Securities which have not yet vested or, if vested have not been exercised will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

#### 11. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Plan rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Plan rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

#### 12. Rights attaching to Plan Shares

All Shares issued or transferred under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

#### 13. Disposal of restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- a. transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- b. take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

#### 14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganization.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

#### 15. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

## 16. Compliance with applicable law

No Security may be offered, granted, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:

- a. an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- b. an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:

- c. an offer to a person situated at the time of receipt of the offer outside Australia;
- d. an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
- e. an offer made under a disclosure document,

would exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

## 17. Maximum number of Securities

The Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan during the previous 3 year period, will exceed 5% of the total number of issued Shares at the date of the invitation.

## 18. Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

## 19. Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

## 20. Income Tax Assessment Act

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in that Act).

## ANNEXURE C

### Amended Constitution

#### 5.15 **Virtual Meetings**

- (a) *Notwithstanding Article 5.5 but subject to Applicable Law, the Company may hold a meeting of its Members using or with the assistance of any virtual meeting technology that gives Eligible Members, as a whole, a reasonable opportunity to participate in the meeting. This may include, but is not limited to, electronic participation facilities or linking separate meeting places together by technology.*
- (b) *If a general meeting is to be held in accordance with Article 5.15(a):*
  - i. *the Directors may prescribe regulations, rules and procedures in relation to the manner in which the meeting is to be conducted; and*
  - ii. *the Directors may communicate such regulations, rules and procedures (or instructions on how they can be accessed) to Members by notification to ASX.*
- (c) *If, before or during a meeting held in accordance with Article 5.15(a), any technical difficulty occurs which may materially impact the participation of one or more Eligible Members, the chairperson of the meeting may:*
  - i. *postpone or adjourn the meeting until the difficulty is remedied; or*
  - ii. *continue to hold the meeting and transact business, and no Member may object to the meeting being held or continuing.*
- (d) *In no circumstances shall the inability of one or more Eligible Members to access, or to continue to access, an electronic participation facility or facilities affect the validity of a meeting or any business conducted as a meeting, provided that sufficient Eligible Members are able to participate in the meeting as a required to constitute a quorum.*
- (e) *Nothing in Articles 5.15(a) to 5.15(d) is to be taken to limit the powers conferred on the chairperson of the meeting by law.*

# Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10:00am (AEDT) on Monday, 6 December 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise, if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

**All enquiries to Automic:**

#### PHONE:

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

