

Knosys Limited

ABN 96 604 777 862

Appendix 4D

Half-year report

31 December 2023

Reporting period

Report for the half-year ended 31 December 2023.

Previous corresponding period is the half-year ended 31 December 2022.

Results for announcement to the market

		Increase/(decrease) over previous corresponding period	
	\$	\$	%
Revenue from ordinary activities	4,895,539	(158,433)	(3%)
Profit from ordinary activities after tax attributable to members	32,219	1,376,145	102%
Net profit for the period attributable to members	59,778	1,356,157	105%

Dividends

No dividends were paid or declared during the financial period and it is not proposed to pay dividends for the foreseeable future.

No dividends have previously been declared or paid in prior financial periods and there are no dividend reinvestment plans in place.

Explanation of results for the half year

- Licence, Subscription, Support and Project fee revenues of \$4,895,539**, were 3% lower than the half year period to 31 December 2022, due principally to lower project and implementation fees. Licence and support fees were in line with the prior comparative period.
- Total revenues of \$5,278,687** (including R&D income tax incentive recognised of \$350,000), were 1% lower than the half year period to 31 December 2022.
- Net profit attributable to members of \$59,778** is \$1.35m better than the \$1,296,379 loss in the comparable half year period to 31 December 2022, an improvement of 105%. This result was due principally to reduced personnel, marketing and contractor expenses. The reported profit is after the impact of non-cash charges of \$418,673 for share-based payments and the amortisation of intangible assets.

A review of operations and further narrative on the above figures is contained in the half year consolidated financial report, which has been subject to independent audit review and which is lodged with this Appendix 4D.

Net tangible asset backing

	Current period	Previous corresponding period
Net tangible assets per ordinary security	(0.28) cents	(0.30) cents

Signed:



Stephen Kerr
CFO & Company Secretary

26 February 2024
Melbourne



Knosys Limited

ABN 96 604 777 862

ASX CODE: KNO

Half-Year Report 31 December 2023

The information in this half-year report should be read in conjunction with the annual report of Knosys Limited for the year ended 30 June 2023 and any announcements to the market by Knosys Limited for the half-year ended 31 December 2023.

Corporate Information

Directors

Hon. Alan Stockdale – Chairman & Non-Executive Director
John Thompson – Managing Director
Kathrin Mutinelli – Non-Executive Director
Neil Wilson – Non-Executive Director

Company Secretary

Stephen Kerr

Registered Office

Part Level 8
31 Queen Street
MELBOURNE VIC 3000

Auditors

William Buck
Level 20, 181 William Street
MELBOURNE VIC 3000

Bankers

National Australia Bank Limited

Stock Exchange

Australian Securities Exchange
525 Collins Street
MELBOURNE VIC 3000

Stock Code

KNO

Share Register

Automic Registry Services
Suite 310, Level 3
50 Holt Street
Surry Hills NSW 2010

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Knosys Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Knosys Limited during the reporting period and to the date of this report, unless otherwise stated:

Hon. Alan Stockdale – Non-Executive Chairman
John Thompson – Managing Director
Kathrin Mutinelli – Non-Executive Director
Neil Wilson – Non-Executive Director

Principal activities

During the financial period the principal continuing activities of the consolidated entity were computer software development, licencing and subscription.

Dividends

No dividends were paid or declared during the financial period and there are no plans to pay dividends for the foreseeable future while the business is in high investment and growth mode.

Review of operations for half year

Summary

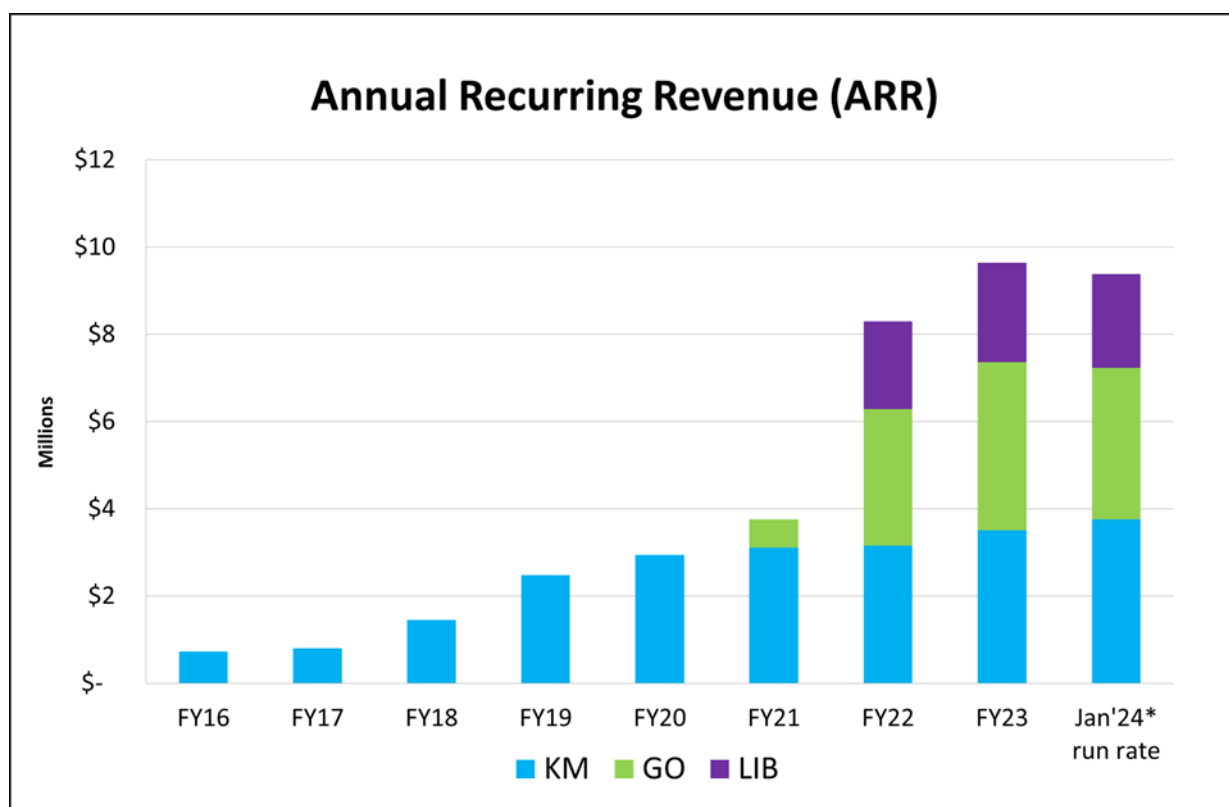
- **Licence, support and project fee revenues of \$4.9m**, a 3% decrease on the half year to 31 December 2022 due principally to lower project implementation fees
- **Total revenue of \$5.3m** (including R&D incentive of \$0.35m), a 1% decrease on the half year to 31 December 2022
- **Expenses of \$5.2m** were a 22% lower than the prior corresponding period. Efficiency gains and reduced expenditure primarily in the areas of personnel, consulting and sales and marketing contributed to a \$1.4m reduction in operating expenses compared to the half year to 31 December 2022
- **An EBITDA¹ profit of \$0.6m** for the half year was a direct result of the efficiency gains achieved in the period. The prior comparative period produced an EBITDA loss of \$0.8m.
- **Profit before income tax of \$0.1m** is a 107% improvement on the \$1.3m loss in the comparable half year period to 31 December 2022. The reported profit is after the impact of non-cash charges of \$0.1m for share-based payments and \$0.4m for amortisation of intangible assets.
- **Steady Annual Recurring Revenue (ARR) at \$9.4m** is tracking in line with the prior corresponding period.
- **Positive operating cashflow of \$0.7m** for the 6 months to 31 December 2023
- **Solid cash position of \$2.7m** at 31 December 2023, increasing to \$3.9m by 31 January 2024.

The consolidated entity is the owner of the KnowledgeIQ ("KIQ") knowledge management solution, the GreenOrbit intranet solution and the Libero library management solution (LMS). Knosys is a global information technology company offering this range of software solutions designed to boost productivity, collaboration and connectivity in the digital workplace. The consolidated entity's business model is predominantly software-as-a-service ("SaaS"), with a recurring subscription fee payable by clients on a per User basis, complemented by implementation fees and customer support services. The consolidated entity generates revenue from its three SaaS solutions, while operating a shared services model for product development, customer support, sales and marketing and for finance and administrative functions.

Financial performance

Revenue for the consolidated entity decreased by 3%, compared to the prior half year to 31 December 2022, due principally to lower project and implementation fees. Annual Recurring Revenue ("ARR") continued to track at \$9.4m, in line with the prior corresponding period. Licence and support fee revenues from existing customers of KIQ, GreenOrbit and Libero have tracked in line with expectations. GreenOrbit continued to increase its Annual Revenue Per User ("ARPU") on annual subscription renewals, off a reduced customer base.

1. EBITDA (Earnings before interest, tax, depreciation and amortisation) is a non-GAAP measure, which has been disclosed by the Company to provide additional information and analysis of financial performance.



* Jan'24 ARR reflects Jan'24 monthly ARR annualised to give an annual run rate

Operating expenses decreased significantly in 1H FY24, with reduced expenditure primarily in the areas of personnel, consulting and sales and marketing leading to a \$1.4m reduction in operating expenses on the prior comparative period. During 1H FY24 Knosys has prioritised operational efficiency and expense reduction, resulting in a reduced cost base which has driven a strong positive EBITDA result of \$0.6m and positive operating cash flow of \$0.7m.

The profit of the consolidated entity for the half year period before income tax and foreign currency translation amounted to \$0.1m (31 December 2022: loss of \$1.3m). This profitable turnaround is a direct result of the operating efficiencies and expense reduction activities undertaken this half year. The reported profit is after the impact of non-cash charges of \$0.1m for share-based payments and \$0.4m for amortisation of intangible assets.

The non-cash share-based payments reflect the equity-based remuneration structures put in place in prior periods for the executive and senior management team, including executives acquired with business acquisitions. Non-cash amortisation charges, as required by accounting standards, relate to the amortisation of identifiable intangible assets acquired with the GreenOrbit and Libero acquisitions.

The consolidated entity had net assets of \$7.2m at 31 December 2023 (30 June 2023: \$7.1m) and had cash on hand of \$2.7m (30 June 2023: \$2.0m).

Knosys generated positive operating cash flow in 1H FY24 of \$0.7m, which is a significant improvement on the net operating cash outflow of \$0.2m in the prior comparative period. For further narrative of the Consolidated entity's cashflow performance, refer to the company's Quarterly cash flow announcement and Appendix 4C, lodged with ASX on 31 January 2024.

Business Activity

During the half year, Knosys signed up an Australian-owned financial services group based in Tasmania for the implementation of KnowledgeIQ in their Contact Centre to improve organisational efficiencies, including call wait/handling times and effective onboarding of new staff. Via initial integration with Genesys, the customer aims to connect with other providers as the system evolves.

In addition, a major provider of health and aged care services in Central Gippsland, Victoria has signed with Knosys, to rollout the all-in-one GreenOrbit intranet solution. With 7 sites offering 24/7 health care services, this customer aims to provide a modern, engaging, centralised hub to access information and processes, as well as people directories, poll/surveys, templates policies and, room bookings, private groups, onboarding materials and online forms.

Key marketing initiatives over the past six months include:

- Aligned the marketing focus to prioritise Libero and KnowledgeIQ with a refreshed brand;
- Launched a User Group Conference registration and awards campaign for Libero, resulting in multiple award nominations.
- Created internal messaging and positioning of KnosysElevate, a staff development program that brings together mission, values, strategy and departmental Objectives and Key Results (OKRs) to support growth and engagement within the team.

Product Roadmap / Product Update

Following a comprehensive strategic review in Q4 FY23, Knosys identified its Library Management Solution (LMS) as its most business-critical customer solution, with the highest growth potential over the next 3-5 years. Knosys is now allocating a greater share of its product development and other resources to LMS.

LMS is a business-critical requirement within library operations and there is strong local and global market share to be addressed. Knosys already has an established and growing presence in the LMS market with customers in Europe and Australia. The primary focus is now on new product development for next-generation LMS and, in time, extension into new geographies. The consolidated entity has sought initial feedback from customers in this sector and this feedback has been positive. Knosys is aiming to take advantage of the strong growth potential of its solutions in the LMS market moving forward.

Knosys is developing a new mobile application, Libero 6 (Mobile), which is a library application for mobile devices that will increase engagement and put library services in the palm of members' hands. This self-serve app will give members access to a wide range of library services with just a few taps on their smartphone. Members will be able to search library catalogues, make reservations, renew loans, find their nearest library, get notifications and reminders, and use their smartphone as a library card. Initially this will be available for libraries using Libero 6 (LMS), but it will ultimately be a LMS vendor agnostic solution capable of integrating with other library management vendors.

In November, Knosys attended the SWITCH 2023 Conference. With nearly 400 delegates, including library managers and librarians, the revised market positioning, planned product enhancements and value proposition for Libero was showcased. Feedback on the product development plan was positive and Knosys will work with existing library customers over the months ahead to further refine its next-generation LMS.

Outlook

The consolidated entity is closely following the key technology trends in its markets and it continues to develop solutions that, in the future, will include AI components, mobility and 3rd party integrations.

The consolidated entity continues to pursue the pipeline of opportunities generated from its refined sales and marketing activities. The level of tender activity remains strong and the pipeline of Qualified Leads continues to increase across the portfolio of solutions.

Knosys has demonstrated its ability to operate efficiently and has produced positive EBITDA and cashflow for the half year. The Company will continue to manage its costs and focus on the efficient use of resources, in order to remain on track to deliver a positive EBITDA for FY24.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration, which forms part of this Directors' Report, is set out on the following page.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Hon. Alan Stockdale
Chairman
26 February 2024
Melbourne

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Knosys Limited

As lead auditor for the review of Knosys Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Knosys Limited and the entities it controlled during the period.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



R. P. Burt

Director

Melbourne, 26 February 2024

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General information

The financial statements cover Knosys Limited as a consolidated entity consisting of Knosys Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Knosys Limited's functional and presentation currency.

Knosys Limited is an ASX listed public company limited by shares. Its registered office and principal place of business are:

Registered office	Principal place of business
Part Level 8 31 Queen Street Melbourne VIC 3000	Part Level 8 31 Queen Street Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2024. The directors have the power to amend and reissue the financial statements.

Knosys Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
		31 December 2023	31 December 2022
	Note	\$	\$
Revenue			
Licence and support fees	3	4,770,503	4,795,624
Rendering of services	3	125,036	258,348
Other income		383,148	289,313
Expenses			
Third party support costs		(846,847)	(758,166)
Research & development supplier expense		(58,012)	(275,088)
Employment costs and directors' fees		(2,909,475)	(3,755,779)
Employment costs – share-based payments	5	(60,296)	(251,010)
Legal and accounting		(133,492)	(132,851)
Professional advisory & consulting fees		(149,680)	(279,925)
Travel and accommodation		(73,991)	(62,091)
Marketing		(98,566)	(307,210)
Communications		(182,618)	(154,240)
Administrative and corporate		(198,192)	(211,021)
Depreciation and amortisation		(477,320)	(434,229)
Finance costs		(1,630)	(1,888)
Profit / (loss) before acquisition costs and income tax		88,568	(1,280,213)
Transaction costs related to acquisition of businesses		0	(29,137)
Profit / (loss) before income tax		88,568	(1,309,350)
Income tax expense	8	(56,349)	(34,576)
Profit / (loss) after income tax expense for the half-year attributable to owners of the parent		32,219	(1,343,926)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		27,559	47,547
Total comprehensive income / (loss) for the half-year attributable to owners of the parent		<u>59,778</u>	<u>(1,296,379)</u>
Earnings / (loss) per share attributable to the owners of the parent		Cents	Cents
Basic earnings / (loss) per share		0.028	(0.60)
Diluted earnings / (loss) per share		0.026	(0.60)
Weighted average number of shares used in determining basic earnings per share		216,138,698	216,138,698
Weighted average number of shares used in determining diluted earnings per share		227,353,698	216,138,698

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Knosys Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 December 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		2,656,933	2,017,110
Trade and other receivables		1,911,889	2,427,234
Accrued research and development tax refund receivable		1,000,000	650,000
Prepayments		268,626	325,554
Total current assets		<u>5,837,448</u>	<u>5,419,898</u>
Non-current assets			
Intangible assets and goodwill	6	7,815,409	8,173,786
Buildings - right of use asset		253,717	89,557
Plant and equipment		109,906	157,662
Total non-current assets		<u>8,179,032</u>	<u>8,421,005</u>
Total assets		<u>14,016,480</u>	<u>13,840,903</u>
Liabilities			
Current liabilities			
Trade and other payables		754,755	911,388
Provisions for employee benefits		732,130	708,378
Lease Liability		114,865	89,958
Revenue billed in advance		5,038,795	5,017,665
Total current liabilities		<u>6,640,545</u>	<u>6,727,389</u>
Non-current liabilities			
Provisions for employee benefits		27,141	24,050
Lease liability		139,256	-
Total non-current liabilities		<u>166,397</u>	<u>24,050</u>
Total liabilities		<u>6,806,942</u>	<u>6,751,439</u>
Net assets		<u>7,209,538</u>	<u>7,089,464</u>
Equity			
Issued capital	4	17,488,521	17,488,521
Reserves		1,382,324	1,371,619
Accumulated losses		<u>(11,661,307)</u>	<u>(11,770,676)</u>
Total equity		<u>7,209,538</u>	<u>7,089,464</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Knosys Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2022	17,488,521	1,012,236	(9,575,072)	8,925,685
Loss after income tax expense for the half year	-	-	(1,343,926)	(1,343,926)
Foreign currency translation	-	47,547	-	47,547
Total comprehensive loss for the half year	-	47,547	(1,343,926)	(1,296,379)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments (Note 5)	-	251,010	-	251,010
Balance at 31 December 2022	17,488,521	1,310,793	(10,918,998)	7,880,316
Consolidated				
Balance at 1 July 2023	17,488,521	1,371,618	(11,770,675)	7,089,464
Profit after income tax expense for the half year	-	-	32,219	32,219
Foreign currency translation	-	27,559	-	27,559
Total comprehensive profit for the half year	-	27,559	32,219	59,778
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments (Note 5)	-	60,296	-	60,296
Transfer from share-based payments reserve to accumulated losses on expiry of share-based remuneration instruments	-	(77,149)	77,149	-
Balance at 31 December 2023	17,488,521	1,382,324	(11,661,307)	7,209,538

The above statement of changes in equity should be read in conjunction with the accompanying notes

Knosys Limited
Statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers	5,563,455	6,028,383
Payments to suppliers and employees	(4,883,966)	(6,196,039)
Interest received	33,148	8,742
Interest paid	(1,630)	(1,888)
	<u>711,007</u>	<u>(160,802)</u>
Net cash from / (used) in operating activities		
Cash flows used in investing activities		
Payment of transaction costs related to acquisition of businesses	-	(29,137)
Payments for plant and equipment	(4,012)	(40,611)
	<u>(4,012)</u>	<u>(69,748)</u>
Net cash used in investing activities		
Cash flows (used in)/from financing activities		
Repayment of lease liabilities	(67,172)	(71,399)
	<u>(67,172)</u>	<u>(71,399)</u>
Net cash used in financing activities		
Net increase / (decrease) in cash and cash equivalents	639,823	(301,949)
Cash and cash equivalents at the beginning of the half year	2,017,110	3,095,702
Cash and cash equivalents at the end of the half year	<u>2,656,933</u>	<u>2,793,753</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, which ensures compliance with IAS 34 interim financial reporting.

The interim financial statements are intended to provide users with an update on the latest annual financial statements of Knosys Limited. As such, the interim financial statements do not contain information that represents relatively insignificant changes occurring during the half-year of the company. It is therefore recommended that the interim financial statements be read in-conjunction with the annual financial statements of the company for the year ended 30 June 2023, together with any public announcements made during the half-year.

Changes in accounting policies

The accounting policies adopted in the preparation of the interim half-yearly financial statements are consistent with those followed in the preparation of the consolidated entity's annual consolidated financial statements for the year ended 30 June 2023. The consolidated entity has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in the current period, but do not have an impact on the half yearly financial statements of the consolidated entity.

Note 2. Commitments and contingent liabilities

The consolidated entity has no contingent liabilities at the date of this report (June 2023: Nil).

Note 3. Segment Reporting

Identification of reportable operating segments

The consolidated entity has one operating segment, being a developer and licensor of computer software, however it operates across multiple geographical regions. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Geographical information

	Sales to external customers		Geographical non-current assets	
	Dec 2023	Dec 2022	Dec 2023	June 2023
	\$	\$	\$	\$
Australia	2,932,765	3,170,659	8,179,033	8,421,005
United States	807,569	892,950	-	-
New Zealand	426,953	356,201	-	-
Europe	404,849	303,637	-	-
Asia	203,678	189,786	-	-
Rest of World	119,725	140,739	-	-
	4,895,539	5,053,972	8,179,033	8,421,005

Concentration of key customers

The concentration of customers for the half year was as follows:

- A major customer in Australia and New Zealand in the finance sector represented 17.4% of operating revenue.
- A major customer in Australia in the Telecommunications sector represented 10.7% of operating revenue.

Note 4. Equity - Issued capital

	December 2023 Shares	June 2023 Shares	December 2023 \$	June 2023 \$
Ordinary shares - fully paid	<u>216,138,698</u>	<u>216,138,698</u>	<u>17,488,521</u>	<u>17,488,521</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 5. Equity based payments

Equity instruments issued to Directors, executives and staff

During the period no options or loan shares were issued to Directors, executives or staff.

The total number of options outstanding at period end is as follows:

	December 2023 Options	June 2023 Options
Options issued to executives and staff under the employee incentive plan	4,215,000	4,550,000
Options issued to a Director on the same terms as the employee incentive plan	6,000,000	6,000,000
	<u>10,215,000</u>	<u>10,550,000</u>

During the half year 335,000 unvested options with market conditions expired due to staff ceasing employment with the consolidated entity.

The total number of loan funded shares outstanding at period end is as follows:

	December 2023 Loan funded shares	June 2023 Loan funded shares
Loan Shares issued under the loan funded share plan to a director, executives and staff.	3,125,000	3,125,000
Loan Shares issued to directors and executives, on the same terms as the loan funded share plan.	<u>7,850,000</u>	<u>7,850,000</u>
	<u>10,975,000</u>	<u>10,975,000</u>

Expenses arising from share-based payment transactions

Net charges arising from share-based payment transactions recognised during the financial period were \$60,296 (\$251,010 for prior comparative period). This was comprised of a vesting charge of \$60,296 to the profit and loss, in respect to Loan Shares and Options on issue.

Note 6. Intangibles

Reconciliations of the carrying values of each class of intangibles at the beginning and end of the current financial period, for the consolidated entity, are as follows:

	Goodwill	Customer contracts	Marketing assets	Consolidated Total
	\$		\$	\$
Carrying value at 1 July 2023	3,303,215	4,393,872	476,699	8,173,786
Amortisation	-	(278,770)	(79,607)	(358,377)
Carrying value at 31 December 2023	3,303,215	4,115,102	397,092	7,815,409
Cost as at 31 December 2023	3,303,215	5,533,000	790,000	9,626,215
Accumulated Amortisation at 31 December 2023	-	(1,417,898)	(392,908)	(1,810,806)
Carrying value at 31 December 2023	3,303,215	4,115,102	397,092	7,815,409

Note 7. Fair value measurement

Due to the nature of the consolidated entity's operating profile, the Directors and management do not consider that the fair values of the consolidated entity's financial assets and liabilities are materially different from their carrying amounts at 31 December 2023.

Note 8. Income tax

During the period the company's foreign operating subsidiaries incurred tax expense relating to operating surpluses in individual foreign jurisdictions.

Note 9. Matters subsequent to the financial period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Knosys Limited
Directors' declaration
31 December 2023

In the directors' opinion:

1. the attached consolidated financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and;
 - (a) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



Hon. Alan Stockdale
Chairman

26 February 2024
Melbourne

Independent auditor's review report to the members of Knosys Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Knosys Limited (the Company), and its subsidiaries (the Group) does not comply with the Corporations Act 2001, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 Interim *Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information/material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

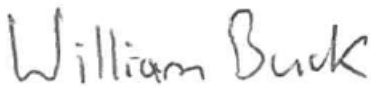
Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



R. P. Burt

Director

Melbourne, 26 February 2024