



5 June 2017: ASX/Media Release (ASX: KNM)

KNeoMedia Operations & Sales Update For May 2017

- **Position as respected educational and Special Needs intervention learning provider in the US now well established**
- **21 New York Public Schools now using KNM's education content with 5,200 Seat Licences sold**
- **May ~A\$175,000 revenue well in excess of the Company's monthly operating and development expenses of ~A\$100,000 per month**
- **Near-term priority is to achieve greater scale in New York Public Schools sector and penetrate broader US market**
- **Greater focus on rolling out Special Needs educational content where KNM has a market-leading product**

Online education publisher KNeoMedia Limited ("**KNeoMedia**" or the "**Company**") (ASX: **KNM**) is pleased to provide shareholders with this operations, marketing and sales update for the month of May 2017 during which it solidly established its position as a respected and trusted educational and Special Needs intervention products provider to the New York City Public School education market. This coincided with funding commitments from 4 of the 5 Boroughs of New York.

Commencing at the start of the month, New York City Education Department District 75 approved funding for the immediate purchases of KNM education products by schools in New York City. Of significant benefit is that schools in District 75 and the Boroughs were able to overcome funding allocation delays which immediately enhanced sales of KNeo products.

This was the most significant step so far in the Company penetrating the greater New York City School system which is made up of approximately 2,300 elementary schools teaching more than 1.25 million students, including 220,000 Special Needs students.

A direct result of the funding approval was the sale of 2,700 additional student Seat Licenses during the month. While cash flow from these sales will be received in July 2017, the combined value of these sales of US\$135,000 (~A\$175,000) was well in excess of the Company's total monthly operating expenses of ~A\$100,000 per month.

May sales bring the total KNeoEd and KNeoESP sales in New York City to 5,200 student Seat Licences across 21 schools, 15 Special Needs schools and 6 regular elementary public schools. Over 50% of these Seat Licences were sold in May alone.

KNM has now been requested to fine tune its products for deployment to pre-K, English as Second Language, Active Intervention Services (AIS) students and after school care programs thereby substantially increasing the likely number of participating schools and students.

With ongoing public school and previously announced Borough funding in place, the Company now anticipates sales will continue to increase month-on-month since deployment of KNeoMedia's educational content has determined the software is particularly well suited for pacifying, engaging, entertaining and educating Special Needs students and regular students.

Also driving sales enquires is the now-established direct correlation between deployment of KNeo products and the reduction in adverse physical incidents at Special Needs schools. There is clear evidence that this is leading to less stress among students and teachers, and as a result, KNeoMedia will focus its sales efforts in the near term on its Special Needs content, KNeoESP, where it has a distinct market advantage.

As well as the very large addressable market in New York City of approximately 2,300 elementary schools teaching more than 1.25 million students, including 220,000 special needs students that KNM plans to capture, converting more sales across the broader US market of approximately 23 million elementary students across the US of which 8% are classified special needs (excluding pre-K, AIS and ESL students), is now a key priority for KNeoMedia. The Company plans to deploy additional resources to increase conversion rates, adding modestly to its monthly cost base. More sales from the New York Public Schools system will also continue to materialise this month.

– ENDS –

About KNeoMedia Limited:

KNeoMedia Limited is an online education publishing company that delivers world-class education assessment products and games-based learning to global educational and consumer markets.

KNeoMedia publishes and markets from its US-based subsidiary, KNeoWORLD Inc., and sells on a seat licence and micro-subscription and Apps basis through the KNeoWORLD.com games portal, Apps Stores and via distribution agreements and education departments.

Games Based Learning is an integral part of childhood education. Growth in educational markets, combined with advances in mobile devices and connectivity, will continue to accelerate innovation, adoption, and affordability of our products around the world.

KNeoWORLD is an education games portal where young and also special needs students play their way through a futuristic and epic world. They do this by playing compelling games that are subtly infused with validated educational content including numeracy, literacy, science, arts, reasoning and memory. KNeoWORLD products provide extensive analytical performance data to educators and comply with child online protection and the parent approved simple subscription model provides KNeoWORLD with a global opportunity to quickly deploy in a product vacuum and become a market leader.

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