



16 March 2017: ASX/Media Release (ASX: KNM)

KNeoMedia enters Philippines with content distribution agreement with Vizcaya Bank

- **Large future revenue potential with a credible financial institution as KNM's in-country partner**
- **The Philippines has a well-regulated education sector – an estimated 23 million students enrolled in schools**
- **KNeoEd and KNeoESP, to be sold directly to education departments in the Philippines and coordinated through the Philippines' Department of Education**
- **Initiative to be led by Vizcaya Bank President who has US education sector experience**
- **Further update on New York schools roll-out is pending**

Online education content publisher **KNeoMedia Limited (ASX: KNM)** ("**KNeoMedia**", "**the Company**") is pleased to advise that it is expanding into the Republic of the Philippines after executing a Letter of Intent (**LOI**) that will see long established financial institution Vizcaya Bank¹ ("**Vizcaya**" or "**the Bank**") distribute the Company's high-quality education software to schools across the country in a coordinated program with relevant government authorities.

Under the terms of the LOI, a subsidiary of Vizcaya will sell two of KNeoMedia's highly-regarded education software products, KNeoEd and KNeoESP, directly to education departments in the Philippines on a revenue-split basis, with the arrangement including minimum sales performance hurdles.

As English is the primary education language no further translation of the KNeoMedia products will be required.

The rollout will be coordinated through the Philippines' Department of Education and, where appropriate, the Commission on Higher Education (**CHED**) and the Technical Education and Skills Development Authority (**TESDA**).

Vizcaya Bank President and CEO Ms. Isabelita Perez will personally lead the distribution opportunity and develop marketing plans through a service affiliate of the Bank.

Ms. Perez previously held senior treasury positions at City University of New York, the third largest university system in the United States, where she was instrumental in developing financial scholarship and other programs that benefitted the institution's diverse student body, which now exceeds 600,000.

By partnering with Vizcaya, KNeoMedia will be able to tap into the strong customer relationships, extensive market knowledge and local expertise of a financial institution that has been operating since 1975.

KNeoMedia intends to formalise the LOI by executing a Licencing Agreement with Vizcaya Bank by 31 March 2017.



The distribution agreement further validates confidence in KNeoMedia's products internationally and opens up a significant sales channel into a large and accessible market of around 23 million students from kindergarten to high school.

The estimated school enrollment total is made up of 2,213,973 children in kindergarten, 13,523,353 pupils in elementary school and 7,127,475 high school students.ⁱⁱ

In addition to public schools, KNeoMedia's software will also be introduced to private schools, around 155 individual educational facilities established specifically to address the special needs students and around 53,000 daycare centres caring for approximately 1.8 million children.

It is estimated that around 10% of the students included in the total school population are identified within the special needs classification.ⁱⁱⁱ

The Philippines was an early signatory to the Convention on the Rights of the Child and the Convention on the Rights of Persons with Disabilities, with the commitments supported by national legislation and local ordinances that uphold the individual rights of students in these sectors. As a result, the country has established various national and local programs to assist special needs children.

KNeoMedia Chief Executive Officer James Kellett said: "KNeoMedia's partnership with Vizcaya represents a phenomenal growth opportunity and further highlights the significant appeal of our leading-edge educational software products in markets around the world.

"We look forward to working with Ms. Isabelita Perez, whose tremendous passion for improving the quality of education in the Philippines has led her to personally oversee this venture, and are proud that a partner of Vizcaya's stature would choose to partner with us.

"We have a well-formulated roll-out plan for the Philippines and will provide further details of our market entry strategy once the Licencing Agreement is executed at the end of this month. This is an exciting opportunity for KNeoMedia and we have the right partners in place to make this a successful, revenue-generating venture."

Ms. Isabelita Perez added: "At Vizcaya Bank, we have always sought to encourage the expansion of educational programs and resources, and given this, we are most interested in bringing the unique capabilities of KNeoMedia to Philippine students and particularly those children with special needs."

KNeoMedia is also pleased to confirm that its roll-out into the New York Public School system is progressing to plan with a further update on new developments pending.

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About KNeoMedia Limited:

KNeoMedia Limited is an online games publishing company that delivers world-class edutainment games to global educational and consumer markets (education + entertainment = edutainment).

KNeoMedia publishes and markets from its US-based subsidiary, KNeoWORLD Inc., and sells on a 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 a fun education games portal where young 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 and arts. KNeoWORLD Apps 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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ⁱ <https://www.vizcayabank.com/>

ⁱⁱ https://en.wikipedia.org/wiki/Education_in_the_Philippines

ⁱⁱⁱ https://www.nise.go.jp/cms/resources/content/382/18d-228_18.pdf