

29 October 2021

ASX/Media Release (ASX: KNM)

Quarterly Activities Report & Appendix 4C

Online education publisher KneoMedia Limited (“KneoMedia” or the “Company”) (ASX: KNM) is pleased to provide this update on activities and performance for the quarter ended 30 September 2021 (the ‘quarter’). The focus of the Company remained on the continued roll-out of the *Connect ALL Kids* education initiative across New York City to coincide with the start to the new school year in late September 2021 and the return of in-class teaching and learning.

Chief Executive Officer James Kellett said: *“With the new school year beginning in September, it’s an exciting time to see students return to the classroom and embrace the KneoWorld platform. The team have worked incredibly diligently to roll-out the content into schools across the city and this quarter we focused on making sure that those schools are in the best position possible to take full advantage of all the platform’s educational benefits. This has included onboarding teachers and students alike on the enhanced features and providing any resource available to help them achieve this.*

“Concurrently we have been looking into opportunities to secure additional sales into regions we have earmarked for expansion. We have had encouraging discussions with school districts in both New York State and Florida and we are confident that with the resumption of in-class teaching and the new school year we will begin to see progress in these two regions materialise.”

Review of operations

During the quarter KneoMedia continued to imbed the first of the next three *Connect ALL Kids* deployments (KNM’s share US\$260k per deployment) into the New York public schools. With 53 schools across the New York City public school system now currently deploying the KneoWorld platform, the commencement of the new school year in September saw significant resources being allocated to ensure the maximum number of schools had been onboarded with the KneoWorld software. The push focusing on getting both teachers and students integrated onto the platform will ensure all users are able to achieve the best possible teaching and learning experience.

KneoMedia are encouraged by New York City’s growing commitment to the program. With schools remaining closed for the majority of the COVID-19 pandemic, its evident New York City Councillors and the Department of Education (DOE) have a strong desire to assist students who may have fallen behind. With the start of the new school year and in-class teaching resuming, funding and roll-out of previously delayed education initiatives is becoming significantly more active.

In addition to the roll-out in New York City, the Company also continued its efforts to expand its foothold into the broader New York State education market. KneoMedia has further developed its plans to grow its presence and achieve greater sales uptake into the region. After the announcement made in the previous quarter (refer ASX announcement: 28 May 2021), the Company is using the first seat licence sales into the Albany School District as a valuable reference point and catalyst for additional sales into the State’s other schooling districts as well as Phase II direct Seat Licence sales.

KNM continues to invest in the KneoWorld platform and is actively working with NYC DOE on a continual basis to ensure content aligns with the requirements of the DOE and the local environment.

At a corporate level, the Company continued its tight focus on cost control and also reduced outstanding creditor balances by A\$130k quarter-on-quarter.

Funding

During the quarter, KneoMedia completed a capital raise of \$650,600 through a company led placement of 108,433,335 fully paid ordinary shares at \$0.006 per share to new and existing investors. The placement took place at

market with no fees paid. The funds will be deployed primarily to pursue additional sales in the US and for general working capital purposes.

About KneoMedia Limited:

KneoMedia Limited (ASX: KNM) is a SaaS publishing company that delivers world-class education and assessment products to global markets in both special and general education classrooms via its KneoWorld portal special and general education classrooms via its KneoWorld portal. Student seat licences are sold to education departments on an annual basis and via distribution agreements. The KneoWorld platform is a story-based and game assessment learning program that provides engaging and effective ways for students to process and apply academic skills and concepts. Researched and evidence based, programs are mapped and measured to curriculum with student performance data delivered via the educator dashboard. KneoWorld is fully compliant with child online privacy protection including US COPPA and European GDPR. Our proven ability to engage, educate and assess provides a global education market opportunity selling on a business to business strategy and more recently business to consumer.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C includes Directors' fees and salaries (including superannuation).

Authorised for release by the Board

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KneoMedia on Twitter: <http://twitter.com/KNeoMedia>

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

KNEOMEDIA LIMITED

ABN

41 009 221 783

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3	3
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(20)	(20)
(c) advertising and marketing	(179)	(179)
(d) leased assets	-	-
(e) staff costs	(283)	(283)
(f) administration and corporate costs	(302)	(302)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(781)	(781)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(182)	(182)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(182)	(182)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	651	651
3.2	Proceeds from issue of convertible debt securities	1,300	1,300
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(50)	(50)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,901	1901

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7	7
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(781)	(781)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(182)	(182)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,901	1,901
4.5	Effect of movement in exchange rates on cash held	(9)	(9)
4.6	Cash and cash equivalents at end of period	936	936

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	936	7
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	936	7

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(136)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	2,000	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,000	-
7.5 Unused financing facilities available at quarter end		2,000
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.2 Access to a \$2m facility provided by Stratford Capital valid to 31 January 2022.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(781)
8.2 Cash and cash equivalents at quarter end (item 4.6)	936
8.3 Unused finance facilities available at quarter end (item 7.5)	2,000
8.4 Total available funding (item 8.2 + item 8.3)	2,155
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:29 October 2021.....

Authorised by:James Kellett, Chief Executive Officer and Chairman.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.