

27 January 2022

ASX/Media Release (ASX: KNM)

## Quarterly Activities Report & Appendix 4C

Online education publisher KneoMedia Limited (“KneoMedia”, “KNM” or the “Company”) (ASX: KNM) is pleased to provide this update on activities and performance for the quarter ended 31 December 2021 (the ‘quarter’). The focus of the Company during the period was the continued roll-out of the *Connect ALL Kids* education initiative across New York City together with growing opportunities in Florida.

### HIGHLIGHTS

- KneoWorld software is now available in over 80 public schools
- *Connect ALL Kids* initiative has been further enhanced and validated by the Queens College GLOBE NY Metro Partnership agreeing to participate in the program
- Eric Adams was sworn in as New York City Mayor and his commitment to education equality in New York was a centrepiece of his campaign for Mayor
- Company is in active dialogue now with the NYC DOE regarding new *Connect All Kids* deployments

### REVENUE AND REVIEW OF OPERATIONS

Receipts from customers for the quarter was \$329,000 received from the third *Connect ALL Kids* deployment that was first announced on 11 May 2021 whereby New York City Councillors committed a further US\$3m to the initiative into New York City public schools. KNM has received US\$260,000 this quarter for its share with further deployments from this and other *Connect ALL Kids* sales to follow. This new deployment reflects the growing commitment from the New York City Department of Education (‘NYC DOE’) to the *Connect ALL Kids* initiative, and as flagged recently at the Company’s Annual General Meeting in late November 2021, deployments of significant greater value than those already secured as being pursued in New York City and more widely in New York State in the first instance.

The KneoWorld software is now available in over 80 public schools throughout New York City and New York State. While relatively modest, the growing deployment of the technology is becoming an excellent reference point and further validation for other schools seeking to deploy the platform.

With the growing number of schools across the New York City public school system now currently deploying the KneoWorld platform, significant resources continue to be allocated to ensure the maximum number of schools have been onboarded with the KneoWorld software. Given ongoing concerns from teachers and parents regarding increasing cases of SARS-CoV-2, New York public schools continue to make their content available for in-class teaching and through online formats for home schooling with the KneoWorld content included in this.

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.

In addition, the *Connect ALL Kids* initiative has been further enhanced and validated by the Queens College GLOBE NY Metro Partnership agreeing to participate in the program. This provides opportunities to



connect with educationally disadvantaged children across the Five Boroughs in New York City. More specifically, this participation will change the landscape of teaching and learning in the NYC DOE. In this collaboration with KneoWorld and Dell Technologies, the goal of accelerating competencies in areas of Science, Technology Engineering, and Mathematics (STEM) is obtainable through the broad adoption of these innovative programs, processes, and strategies. This ambitious goal is attainable with the collaboration of all partners in this initiative through bold enhancement and innovation in the design of the *Connect All Kids* initiative and by spanning the education pipeline from early learning to college.

These combined efforts will help students, teachers and families realize their potential by incorporating the GLOBE programs' authentic hands-on research pedagogy now used throughout the United States and 124 other nations. In addition, GLOBE NY Metro brings a 20-year record of providing high-quality professional development to more than 2,000 New York City teachers from more than 800 schools. It has worked closely not only with those teachers, but also with NYC Department of Education administrators, superintendents, and principals who can report on the difference that its training has made for thousands of their students. Queens College is part of City Universities of New York and more information on GLOBE can be found at [www.globe.gov](http://www.globe.gov).

In anticipation of substantial growth in platform enrolments, the Company also undertook a cyber-security audit and appointed independent experts to ensure the KneoWorld platform nor the Company could be subjected to cyber-attacks and that its digital assets were secure.

During the quarter the Company continued with the deployment of a previously announced sale to New York State Albany School District together with further development of opportunities in the large and well-funded Florida Early Learning Centre market.

## **NEW YORK CITY LEADERSHIP AND DEPARTMENT OF EDUCATION CHANGES**

On 1 January 2022, Eric Adams was sworn in as New York City Mayor and his commitment to education equality in New York was a centrepiece of his campaign for Mayor. This bodes well for the Company's *Connect All Kids* education initiative given that the National Association for the Advancement of Coloured People (NAACP), a *Connect All Kids* participant, has had active and regular engagement with Mayor Adams and the newly appointed NYC DOE Chancellor David Banks <https://nymag.com/intelligencer/2021/12/the-education-of-eric-adams.html>. Feedback from the NAACP and from existing NYC DOE contacts suggests that support for the broader deployment of *Connect All Kids* into more New York City public schools is very strong.

These appointments, and the changes to a range of leadership roles within the NYC DOE that are now occurring as a result of Chancellor Banks' appointment are likely the most positive development for the Company since it commenced operations in New York and it provides the foundation for much greater support and funding for the initiative. <https://nypost.com/2022/01/22/nyc-schools-chancellor-david-banks-clears-out-of-deo-team/>.

KneoWorld's team in New York City, together with leaders of the New York Chapter of the NAACP, are in active dialogue now with the NYC DOE regarding new *Connect All Kids* deployments.

### **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")**

31 DECEMBER 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	329	332
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(27)	(47)
(c) advertising and marketing	(196)	(375)
(d) leased assets	-	-
(e) staff costs	(295)	(578)
(f) administration and corporate costs	(210)	(512)
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(399)</b>	<b>(1,180)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(207)	(389)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(207)</b>	<b>(389)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	651
3.2	Proceeds from issue of convertible debt securities	-	1,300
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1901</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	936	7
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(399)	(1,180)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(207)	(389)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,901
4.5	Effect of movement in exchange rates on cash held	(1)	(10)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>329</b>	<b>329</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	329	936
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>329</b>	<b>936</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(120)
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. <b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	2,000	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	2,000	-
7.5 <b>Unused financing facilities available at quarter end</b>		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 2023.		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(399)
8.2 Cash and cash equivalents at quarter end (item 4.6)	329
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)	1,930
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	5
<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: .....27 January 2022.....

Authorised by: ...James Kellett, Director, Chief Executive Officer.....  
(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.