

31 October 2022

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 2022 (the ‘quarter’). As in recent prior quarters, the Company’s focus was primarily on the roll-out of the *Connect ALL Kids* education initiative in New York and consummating sales in Florida.

Financial

Customer receipts for the quarter were A\$394K (prior quarter: A\$66K) due primarily to the receipt of the ~A\$380K from another ‘*Connect All Kids*’ commitment in New York City as referenced in the prior quarterly.

Net cash used in operating activities was A\$84K down from A\$605k in the prior quarter. Ongoing investment in KneoWorld intellectual property and content development was A\$251k, down from A\$363k in the prior quarter.

During the quarter, the Company executed an Option Funding Agreement (“OFA”) to receive \$1,000,000 (before costs) from Lind Global fund II, LP (“Lind”). The OFA proceeds have been advanced to KNM which will use any funds received from exercise of options to repay amounts owed allowing the OFA to be paid back progressively by November 2023. The Company is grateful for Lind’s continued support which reflects their recognition of the potential for the deployment of the KneoWorld technology in New York City and Florida.

At quarter end, KNM had cash and equivalents of \$A1,168,000 and has sufficient runway to fund its operations in the coming quarters.

Operational Review

As in the prior quarter, all emphasis was on investing in the KneoWorld technology platform in order to capture larger deployments of ‘*Connect ALL Kids*’ education initiative in New York City.

KneoWorld’s team in New York City has worked regularly and collaboratively throughout the quarter with representatives of the New York City Department of Education (“NYC DOE”), the National Association for the Advancement of Coloured People (“NAACP”) and Dell on existing deployments and planned future deployments into new school districts.

Considerable emphasis has been placed on further aligning the KneoWorld technology platform with the NYC DOE reporting framework and compliance requirements with respect to capturing student engagement and participation; ensuring ease of procurement for individual schools and districts; enhance student assessment protocols and add further content authoring capabilities.

KNM’s team has also stress tested the platform’s cyber security ahead of planned larger deployments in New York City. KneoWorld is hosted on the highly secure Amazon Web Services platform and does not use block-chain technology. The Company does not distribute or sell data, all of which is under a non-descript alias, that is, it is unidentifiable to a hacker and contains only the alias’ academic progress. Being a business-to-business commercial model, KNM does not hold names, addresses, ID documents or financial information.

Chief Executive Officer James Kellett said: *“All of our focus this quarter has been on close engagement and alignment with the NYC DOE on platform enhancements which will ensure easy procurement for the individual schools and districts, as well as making sure that the assessment protocols are aligned. The level of engagement and collaboration with all stakeholders is a clear bellwether that larger deployments of the KneoWorld into the New York public school system are very close and we look forward to reporting on this in the December 2022 quarter.”*

Related party payments

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).

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.

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 22

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	394	394
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(5)	(5)
(c) advertising and marketing	(165)	(165)
(d) leased assets	-	-
(e) staff costs	(203)	(203)
(f) administration and corporate costs	(105)	(105)
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	(84)	(84)
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	(251)	(251)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(251)	(251)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,000	1,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(45)	(45)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	955	955
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	553	553
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(84)	(84)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(251)	(251)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	955	955
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	1,168	1,168

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	1,168	553
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) cash in transit	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,168	553

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	(87)
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 2023.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(84)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,168
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)	3,168
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	38
<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:31 October 2022.....

Authorised by:The Board of Directors.....
(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.