

31 October 2023

ASX/Media Release (ASX: KNM)

Quarterly Activities Report & Appendix 4C

HIGHLIGHTS

- **\$750,000 of customer receipts generates \$158,000 operating surplus**
- **Customer receipts based on sales into New York City and Florida education systems**
- **Additional \$1.4m of customer receipts in final processing within New York City DOE**

KneoMedia Limited (“KneoMedia”, “KNM” or the “Company”), a SaaS publishing company delivering world-class education and assessment products, is pleased to provide an update on activities and performance for the quarter ended 30 September 2023. All figures are in AUD unless stated otherwise.

OPERATIONAL REVIEW

Connect All Kids Initiative

Operational developments were highlighted by the receipt of the Tranche 1, \$700,000 payment for the deployment of the Company’s KneoWorld technology as part of the New York City Department of Education’s (‘NYC DOE’) ‘Connect All Kids’ NAACP Initiative (*refer ASX Announcement 28 August 2023*).

First announced in Q2 FY23 (*refer ASX Announcement 28 November 2022*), the deployment is a collaboration between KneoMedia alongside multinational IT conglomerate Dell Technologies and the National Association for the Advancement of Coloured People (NAACP).

The Tranche 1 funds were transferred as payment for the Company’s KneoWorld licenses and followed an extensive period of engagement with the NYC DOE. With the receipt of funds for the Tranche 1 payment, KneoMedia generated positive operating cashflows for the quarter of \$158,000. The staged purchase stipulates the immediate payment of two additional tranches – ‘Tranche 2’ and ‘Tranche 3’ – each to the value of \$700,000 for a total of \$1.4m. Discussions with key NYC Council policymakers are ongoing with respect to additional Tranche payments over the medium to long-term in connection with the broader rollout of the ‘Connect All Kids’ NAACP Initiative program.

Chief Executive Officer James Kellett said: *“The receipt of the Tranche 1 payment from the NYC DOE further establishes KneoMedia as a core technology provider for the Connect All Kids initiative and reflects the quality of our ongoing engagement with key stakeholders. The pending receipt of Tranche 2 and Tranche 3 payments will further boost near-term cash flows, while positive discussions remain ongoing with NYC DOE representatives in connection with additional tranches for the longer-term application of*



KneoWorld software. We are also pleased to confirm continued sales in Florida where KneoWorld is enjoying continued success.”

“In that context, developments in the September quarter have set KneoMedia up to become a trusted and sought after education technology provider in the US public education sector and we look forward to updating our investors on the next round of key operational milestones in the months ahead, and prior to this, receipt of further funds.”

FINANCIALS

During the quarter, the Company maintained its focus on reduced operating costs to maximise the benefits to operating cash flows now the receipt of tranche payments has commenced. During the quarter, net drawings from the Company’s \$450,000 unsecured loan facility from Furneaux Management, an entity of the Executive Chairman, totaled \$180,000. The funding commitment by the Executive Chairman demonstrates ongoing confidence regarding the receipt by KNM of all three Tranche payments from the NYC DOE, together with additional Tranches thereafter for the ongoing deployment of KneoWorld software.

RELATED PARTY PAYMENTS

In accordance with Listing Rule 4.7C, payments made to related parties and their associates is 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 general and special education classrooms via its KneoWorld. 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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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 Sept 2023

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	752	752
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(26)	(26)
(c) advertising and marketing	(165)	(165)
(d) leased assets	-	-
(e) staff costs	(200)	(200)
(f) administration and corporate costs	(203)	(203)
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	158	158
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(2)
(d) investments	-	-
(e) intellectual property	(345)	(345)
(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	(347)	(347)
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	195	195
3.6	Repayment of borrowings	(15)	(15)
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	180	180
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	54	54
4.2	Net cash from / (used in) operating activities (item 1.9 above)	158	158
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(347)	(347)

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)	180	180
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	Cash and cash equivalents at end of period	42	42

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	42	54
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)	42	54

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	78
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	450	435
7.2 Credit standby arrangements	2,000	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,450	-
7.5 Unused financing facilities available at quarter end		2,015
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.	
	7.1 Unsecured loan provided by Furneaux Management Pty Ltd, a related party entity, in support of receivables due to the company.	
	7.2 Access to a \$2m facility provided by Stratford Capital valid to 31 January 2024.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	158
8.2 Cash and cash equivalents at quarter end (item 4.6)	42
8.3 Unused finance facilities available at quarter end (item 7.5)	2,015
8.4 Total available funding (item 8.2 + item 8.3)	2,057
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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 2023.....

Authorised by:James Kellett, Executive 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.