



25 November 2020  
ASX/Media Release (ASX: KNM)

## KNEOMEDIA LIMITED – 2020 ANNUAL GENERAL MEETING ADDRESS

In accordance with the ASX Listing Rules, the Chief Executive Officer's Address to the 2020 Annual General Meeting of KNeoMedia Limited is appended.

**-ENDS-**

This announcement has been approved for release by the Board of Directors.

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### 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. 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.

**Released through:** Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448



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## **CHIEF EXECUTIVE OFFICER'S ADDRESS**

### **KNEOMEDIA LIMITED 2020 ANNUAL GENERAL MEETING**

#### **INTRODUCTION**

I will now provide a presentation on the Company's operations and performance for FY2020, however before I start, your directors would like to thank you for your support in what has been a very challenging year for KNeoMedia. We had anticipated reporting some significant milestones that have taken us a long time to deliver and were indeed ready to execute. Instead, the year became one that was characterised by containing costs and ensuring we delivered on previously announced government-funded sales into the New York public education system. As you witnessed early in the current financial year, we have delivered one key sale, with another pending. We certainly anticipated delivering many more of these types of sales during the year but the obvious challenges in the United States have meant that education sales have temporarily taken a back seat. However, we have a strong foundation in place, and we are confident that these opportunities are still open to us.

#### **FY 2020 RESULTS**

Our Annual Report, published in August and adopted by Shareholders today, details the impact of COVID-19 and reflects the measures taken to preserve costs while maintaining sales inertia and preserving executable future sales initiatives.

KNeoMedia revenues of \$162,308 were a 1,060% increase on the previous year, while incurring a loss attributable to the members of the parent entity of \$3,201,773, a 9% decrease on the previous year loss.

Net operating cash outflows of \$2,702,057 were a decrease of 13% on the previous year, attributable primarily to revenue increasing and greater cost control, particularly in our US operations, as well stabilising product development costs.

The Group's net assets decreased by 5% from the previous year to \$1,335,121.

Furthermore, a positive impact of these delayed sales initiatives in FY 2020 is clearly evidenced in our Quarterly Activities Statement for Q1 2021. These cash receipts under normal circumstances would have been received in the 2020 year, and it is clearly apparent our costs have remained largely fixed in line with our SaaS business model.

#### **COVID-19 PROBLEM RECOGNITION AND INCREASING OPPORTUNITY**

We have long advocated the need for additional devices in the classroom and for use at home, and we formed our Connect All Kids partnership with the NAACP to lobby for government funding. Our collaboration with Dell Technologies to deliver those additional devices has been a success and with Dell's involvement in Connect All Kids, we are confident that it will continue to grow and evolve.

When schools in the US were closed in March, and again more recently, the vast shortage of devices, home internet connectivity and the inexperience of many teachers to conduct remote lessons, became immediately apparent with an estimated 35-40% of young students in the large urban cities not having devices, connectivity or both.

Last month in NYC alone, the Chancellor estimated there was a shortage of at least 77,000 devices in the schools, largely in schools represented by the NAACP. And that is the very reason we targeted that demographic with our NAACP and Dell collaboration.



As Australians, you will find it amazing that our recent shipment of 1,700 Chromebooks with our KneoWorld learning platform embedded in the device was spread across 17 schools in an attempt to address the shortage.

And therein lies the opportunity as the current situation evolves. The pandemic may not have given us immediate sales, and in fact as I have stated earlier, it delayed some, but it has highlighted the massive need for our content and the large market opportunity we have started to address.

The identical situation and opportunity exists in all the major cities in the US which is why the NAACP with their 2,200 Chapters and Dell Technologies are working with us to take the Connect All Kids program national.

## **OUR OTHER MARKETS**

In the United Kingdom, B Layla Moran, Liberal Democrat education spokesman, says the figures still suggested 450,000 young people were struggling to learn due to a lack of technology at home.

She said: *"These damning figures show thousands of children have struggled to learn from home during lockdown due to a lack of devices"*. This is compounded by the lack of engaging software. However, through University research papers we know we have an extraordinary level of student engagement, devices and connectivity are the missing components.

As you can imagine, our Philippines and most recently commenced Indian partnership have also suffered from similar shortages, recurring school closures and very high levels of COVID cases including within the teaching community. Fortunately, due to the structure of these businesses, we did not incur holding costs and we are now seeing the resumption of off and online learning in the Philippines with the KneoWorld content starting to be deployed again.

## **WHAT WE ACHIEVED**

As I have flagged earlier, in FY 2020 and in recent months our first Connect All Kids deployment in NYC occurred along with the approval of the second deployment.

We also secured approval as a Google Education Partner. Google classroom is now in 68% of schools and being an Education Partner provides the schools with single sign-on class access to us and we can in turn, access the schools substantially extending our market opportunities.

In Florida we have also introduced our new Career Training Education program into four districts with the full curriculum created internally by our team. The CTE program sales are fully funded and the course assessed and certified on Prodigy Learning's skillify online assessment platform. The platform hosts many other assessment programs worldwide, including digital skills assessments and assessments for education, state and government clients.

We also introduced our curriculum aligned Home School Academy with on and offline activities for serious home schoolers and their children. After trialling and adjusting for some months we anticipate future satisfactory rates of adoption and sales from this rendition of KneoWorld created under our content management system.

At a corporate level, we also achieved an OTC Markets listing with DTC eligibility enabling US residents to trade in existing KNM shares via their broker or online retail account. With our activities very US focused, we anticipated and have started to witness some additional share liquidity from US buying, which has commenced.



## **THE PATHWAY FORWARD**

COVID has demonstrated the urgent need for our Connect all Kids program to be deployed across the US and elsewhere.

It is also important to note that NAACP and Dell Technologies are actively working with us to achieve broad roll out across New York State in the first instance. The first successful deployment and booked sale was a big litmus test for them, and followed by the second contract, they now have the confidence in our content to pursue the bigger opportunity that the New York State education market presents.

As we see the political environment in the US stabilise in the next few weeks and the greater dedicated commitment to education and the likely diminishing pandemic on the back of successful vaccines, we believe the initiatives we started well over a year ago that have been on “pause mode” will be executed. We are seeing the signs of this with proof of concept initiatives in school districts in Illinois, Florida and Ohio resuming.

## **THANK YOU**

I said at the start we had anticipated substantial sales, particularly during this calendar year and as I trust you will now understand, it proved to be a year of maintaining costs and preserving relationships while we adapted KneoWorld to meet the new market requirements and circumstances.

I particularly want to thank all of our team who have worked tirelessly in most adverse circumstances to preserve those relationships and build new ones while pivoting KneoWorld to the changing technology based way of education – a pathway you all know we have been pursuing for some time but one that has now opened up before us.

What is very clear is the absolute need in education markets for our Connect All Kids program with the first two revenue generating contracts confirming this. These now act as important reference points not just for the NY DOE, but other education departments throughout the US and advocates in government that are pushing for education equality. This alone is a massive driver for us. Together, with two outstanding partners in the NAACP and Dell Technologies, we have the platform and the network across the USA and one of the world’s best technology partners to achieve the desired critical mass. Despite the challenging backdrop of COVID, we are committed to and are very confident of delivering many more sales.

Lastly and most importantly I thank you, our shareholders, for your ongoing support. I know many of you have been with our Company for a long time and your directors, management team and I are determined to deliver the returns your support rightly deserves.

**James Kellett**  
**Chief Executive Officer**  
25 November 2020