9 April 2018: ASX/Media Release (ASX: KNM)

Progress Update

• US marketing continues to build out a deep sales pipeline
• Funding strategies being implemented to mitigate against delays in US roll-out
• Philippines Joint Venture now activating with sales set to commence in the June quarter
• First trials in Singapore underway with sales to commence in the June quarter
• Two Australian Special Needs facilities converted to sales with five additional trials underway
• UK operations to be established to service the UK and European market opportunity

Online education publisher KNeoMedia Limited (“KNeoMedia” or the “Company”) (ASX: KNM) is pleased to provide this update to shareholders on operational progress in the United States, Asia, Australia and now the United Kingdom.

United States
KNeoMedia’s United States team is making strong progress broadening funding channels, progressing school trials, and shifting the sales process from a purely school-by-school model to include a State-based sales approach. The compilation of academic White Papers is advancing, with the timing of publishing determined by the respective universities.

While the booking of additional seat license sales in NYC has been temporarily delayed due to a constraint in department approvals, the Company is most encouraged by the progress and inbound enquiries for KNeoWorld across NYC and other states. The US market is the core focus for the Company, and KNM will provide a more detailed update later this month.

Much effort is being made to ensure that funding options can be put in place to ensure that future government budget allocation, together with alternative funding sources, will be made available to the schools of District 75 New York City, and ultimately other school Districts in other US States, to enable them to complete the purchases of seat licences.

Philippines
KNeoMedia has reached agreement with its Philippines partner to roll out KNeoWorld Special Needs content to public schools there. A Joint Venture company has now been established and details of the local board composition and team will be reported very soon. First Seat Licence sales, at USD$50.00 per licence, are anticipated during the June quarter. The Company has previously outlined the potential for the Philippines to build into a major market opportunity given the large population of Special Needs students and its education programs aligned to the US education system which the Company is operating.

Singapore
KNeoWorld recently commenced trials in Singapore which has generated interest from other Special Needs schools there. The Company anticipates the first conversion to sales in the current quarter and views the Singapore market as an entry to other regional locations.

Australia
The trials at five Special Needs schools in Australia (three in Victoria and two in Queensland) are now well advanced with the two Victorian schools having now converted to sales. Further trials are due to commence at the start of the new school term. KNM is confident of securing sales from all of these schools given the near 100% success rate of converting trials-to-sales. Sales activity across Australia is now ramping up. Pricing is set at A$50.00 per seat licence.
United Kingdom
KNM is establishing a subsidiary in the United Kingdom following introductions last month to the UK education system. The Company will provide further details of the UK subsidiary structure and board and management composition as the structure is formalised this quarter.

Commentary
Chief Executive James Kellett said “Our team has been working hard across all markets and we are encouraged by the progress being made. The appeal of KNM’s Special Needs content internationally has been nothing short of outstanding, and we are well on our way to establishing KNM as the global Special Needs education content provider.

“That said, our most important and immediate focus is scaling up our United States operations with considerable work being undertaken to establish a larger, sustainable and recurring revenue base. This includes implementing state-wide sales strategies and broadening funding channels throughout the US. The Company has a strong balance sheet, continued low monthly cash burn, and a growing and deep sales pipeline to deliver on its objectives in the US and now into Asia and Australia. We expect to provide more context around our US strategy next week.”

– ENDS –

About KNeoMedia Limited:
KNeoMedia Limited (ASX:KNM) is an education publishing company that delivers world-class education assessment products and games-based learning to global educational markets, particularly to Special Needs education facilities. Sells on an annual Seat Licence basis through its KNeoWorld.com portal via education departments and distribution agreements. KNeoWorld is an education games portal where students play their way through a futuristic and epic world with the games subtly infused with validated educational content including numeracy, literacy, science, arts, reasoning and memory. The content delivers extensive analytical performance data to educators and comply with child online privacy protection. Our SaaS model provides KNeoWorld with a global education market opportunity selling on a business to business strategy.

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