



20 October 2017: ASX/Media Release (ASX: KNM)

KNeoMedia Completes Heavily Oversubscribed \$3.85m Placement

Highlights:

- KNeoMedia has placed 85.6 million shares at \$0.045/share to raise \$3.85 million
- 75% of the Placement taken up by new Institutional investors
- Placement provides KNeoMedia with the capital to drive growth in sales beyond New York City into other US states and international markets
- Rapid progress in sales into New York public schools continues
- Balance sheet strengthened to \$4.8M in cash and receivables

Online education publisher **KNeoMedia Limited** (“KNeoMedia” or the “Company”) (ASX: KNM) is pleased to confirm that it has successfully raised \$3.85 million through a heavily oversubscribed placement of 85.6 million new fully paid ordinary shares at \$0.045 per share predominantly to new institutional and sophisticated investors (**Placement**). As a result of the strong demand from institutional investors the Board elected to increase the size of the Placement by an additional \$0.85 million placing the company in a strong financial position to execute on all growth opportunities in 2018.

The Placement will be made in two tranches with the first tranche of 49,951,804 shares to be placed under the Company’s placement capacity in accordance with ASX Listing Rules 7.1 (20,522,096 shares) and 7.1A (29,429,708 shares), and the second tranche of 35,603,752 shares to be placed subject to shareholder approval.

Post completion of the placement, KNeoMedia now has a robust balance sheet with \$4.8 million in net cash and receivables and negligible debt. Sales revenue is also building steadily as Seat Licence sales ramp up beyond the ~12,000 already booked with the New York City public schools.

Strengthening the balance sheet is an important growth catalyst for KNeoMedia as it provides education departments in New York, other US states, and federal education authorities the confidence that KNeoMedia has the financial capacity to roll-out its educational content more rapidly and at a greater scale.

Funds raised will support the expansion the sales of Seat Licences in the New York Public School Sector, expand into the significant US market opportunity at State and Federal level, and also establish sales in Australia and the Philippines.

Foster Stockbroking acted as Sole Lead Manager to the Placement.

Management commentary

KNeoMedia’s Chief Executive Officer James Kellett said “The support for this Placement has been extraordinary and we welcome the new institutional and sophisticated investors to our register and thank them for their support.

“Strengthening our balance sheet marks a key step in positioning KNeoMedia for the next stage of growth. It delivers greater confidence to education departments and administrators that we are working with in the US and elsewhere and demonstrates to our investors that we are sufficiently funded to capture greater market share much more rapidly.

“Our focus now is to capitalise on the market opportunity and immediately secure more sales in the New York Public School system, which comprises of ~2,300 elementary schools teaching more than 1.25 million students, including 220,000 Special Needs students across the five Boroughs of New York City. We are also firmly focused on entering the broader US market of ~23 million elementary students, of which 8% are classified as Special Needs (excluding Pre-K, AIS and ESL students). The Philippines and Australia are also now a greater focus.”



Placement Timetable:

Settlement of unconditional Placement shares (tranche 1)	Thursday 26 October 2017
Allotment of new shares under the unconditional Placement (tranche 1)	Friday 27 October 2017
Annual General Meeting to approve conditional Placement of shares (tranche 2)	Wednesday 15 November 2017
Settlement of conditional Placement shares (tranche 2)	Friday 17 November 2017
Allotment of new shares under the unconditional Placement (tranche 1)	Monday 20 November 2017

– ENDS –

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About KNeoMedia Limited:

KNeoMedia Limited is an online education publishing company that delivers world-class education assessment products and games-based learning to global educational markets.

KNeoMedia publishes and markets from its US-based subsidiary, KNeoWorld Inc., and sells on an annual seat licence basis through its KNeoWorld.com portal via education departments and distribution agreements.

Games Based Learning is an integral part of childhood education. Growth in educational markets, combined with advances in mobile devices and connectivity, will continue to accelerate innovation, adoption, and affordability of our products around the world.

KNeoWorld is an education games portal where young and also special needs students play their way through a futuristic and epic world. They do this by playing compelling games that are subtly infused with validated educational content including numeracy, literacy, science, arts, reasoning and memory. KNeoWorld products provide extensive analytical performance data to educators and comply with child online privacy protection. Our SaaS model provides KNeoWorld with a global education market opportunity addressing both regular and special needs students.