

29 April 2021

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 performance for the quarter ended 31 March 2021. The Company's focus in the quarter has been to execute the combined content and hardware strategy as part of the roll-out of the *Connect ALL Kids* education initiative, as well as continuing to seek new partnerships to expand the distribution of the KneoWorld technology.

### Payment for second deployment of *Connect ALL Kids* received

The Company received payment for the second deployment of the *Connect ALL Kids* education initiative during the quarter and the receipt of these funds is reflected in the accompanying Appendix 4C. This second deployment brings total funding received for the *Connect ALL Kids* program to US\$2m with funding committed from the from New York City Council and its members. KneoMedia's share of this funding totals ~\$A\$670,000 (prevailing US\$ exchange rates at quarterly report dates).

As schools begin to reopen and resume in-class activities, the *Connect ALL Kids* program is ramping up.

This second contract represents a doubling of the program, which is now located in 40 schools in the Greater New York public school system. KneoWorld is now present in three of the five New York Boroughs, with more schools gaining access to the initiative and thus exposure to the technology. This further validates the product and confirms greater acceptance by both teachers and students, providing a solid base to expand future sales.

The repeat purchase order also reinforces to our *Connect ALL Kids* participants, Dell Technologies and the National Association for the Advancement of Colored People (NAACP), that there is wide support for the technology within the New York public school system. Dell Technologies and NAACP are now pro-actively driving the program following off the back of the repeat purchase orders and are targeting much larger roll-outs so the program can reach more students. The immediate focus is to target more of New York City's 1,720 public schools while also pursuing other US markets.

### Direct to school engagement and resumption of sales opportunities in New York State

As the COVID-19 vaccine program continues to roll-out across the United States, and strategies to reduce community transmission are administered, the US public school system is now opening up and in-class teaching and community education programs are resuming and are expected to be fully operating at the commencement of the new school year in August.

In late 2019 and early 2020, KneoMedia's US team had built up a pipeline of sales opportunities with sales to occur following completion of numerous in-school pilot programs trialing the KneoWorld technology in a number of states. These pilot programs were put on hold when the pandemic was declared and schools closed, and hence sales did not materialize.

As schools re-open, KneoWorld deployments that were put on hold for up to 12 months are starting to reactivate, offering further growth in the year ahead. Paused pilot programs are being completed in a number of schools and districts and these are the catalysts for the resumption of sales leading up to commencement of the new school year. These potential sales are in addition to the *Connect ALL Kids* program and involve KneoWorld technology being sold as individual Seat Licences, at US\$50.00 per licence, directly into school districts that already have embedded hardware.

The immediate focus is on securing sales from school districts in New York State while also pursuing 'paused' sales opportunities in other US markets.

### Additional sales and marketing channels

As reported previously, in January the Company secured a new partnership with First Inspires (FIRST), a universally recognised not-for-profit Science Technology Engineering and Mathematics (STEM) education program for kids. This is



another key US partnership, with the pair collaborating on a STEM project that will see KneoWorld technology promoted through FIRST's extensive network of 50,000 educators, 276,000 parents and 51 partnered school districts.

Also reported in January was a reseller agreement secured between KneoMedia and the prestigious US headquartered Homeschool Buyers Co-op (**HBCO**). The Company's KneoWorld eLearning SaaS platform was accepted by HBCO after an extensive six-month review of the platform to validate the technology's teaching and learning attributes, and is an excellent vote of confidence in KneoWorld. This sales channel is in addition to the *Connect ALL Kids* education initiative and the Company's direct to school sales.

The recognition of the educational benefits of KneoWorld through these partnerships further validate the technology. The Company is confident it can deliver meaningful sales through these networks.

#### **Financial overview**

As reflected in the attached Appendix 4C the Company ended the quarter with cash of over \$500,000, no debt and net cash used in operating activities reduced to (\$233,000).

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).

#### **Comment**

**Chief Executive Officer James Kellett said:** *"We are pleased to confirm receipt of funds from the second 'Connect ALL Kids' deployment. It is further validation and another endorsement that our technology is generating results for students in the New York public education system, one of the largest education sectors in the world. For Dell Technologies and NAACP, two consecutive purchase orders have provided the catalyst for a wider roll-out with the focus remaining on New York City where there's lots of opportunity to scale up.*

*"Beyond 'Connect ALL Kids', the re-opening of schools in the US and re-engagement with education departments on sales opportunities that we were close to securing 12 months ago have re-emerged. The immediate focus is on locking up the most advanced sales opportunities and these are in New York State which we look forward to delivering in the near term as we move closer to cash flow positive operations."*

#### **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 and more recently business to consumer.

Authorised for release by James Kellett, CEO

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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")**

31 MARCH 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	315	673
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(11)	(32)
(c) advertising and marketing	(266)	(529)
(d) leased assets	-	-
(e) staff costs	(154)	(618)
(f) administration and corporate costs	(130)	(628)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	13	50
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(233)</b>	<b>(1,086)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(2)
(d) investments	-	-
(e) intellectual property	(226)	(522)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(227)</b>	<b>(524)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,000
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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1,000</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	969	1,114
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(233)	(1,086)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(227)	(524)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,000
4.5	Effect of movement in exchange rates on cash held	1	6
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>510</b>	<b>510</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	510	969
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>510</b>	<b>969</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(104)
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>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	2,000	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>2,000</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		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.		
Access to a \$2m facility provided by Stratford Capital valid to 31 January 2022.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(233)
8.2 Cash and cash equivalents at quarter end (item 4.6)	510
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)	2,510
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>10</b>
<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: 29 April 2021

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.