

30 April 2024

ASX/Media Release (ASX: KNM)

Quarterly Activities Report & Appendix 4C

KneoMedia Limited (“KneoMedia”, “KNM” or the “Company”), a SaaS publishing company delivering world-class education and assessment products, provides this update on activities and performance for the quarter ended 31 March 2024. All figures are in AUD unless stated otherwise.

FINANCIAL AND CORPORATE OVERVIEW

As shareholders are aware, the Company’s shares were suspended from trading on the Australian Securities Exchange (ASX) during the quarter (7 March 2024) and the Board has been fully focused on securing the necessary funding to facilitate the near-term resumption of trading on ASX. This process is advancing very well, and we anticipate updating shareholders during the first half of the month of May with details of a proposed Extraordinary General Meeting to approve new share issues and the announcement of a proposed Rights Issue.

Receipts from customers for the quarter were nil, as expected, due the fact that KneoWorld licence renewals occur mid-year along with the allocation of new funds from the New York Department of Education (NYC DOE) and the New York City Council for the ongoing Connect All Kids program.

The Company continued to invest in Intellectual Property (210k) associated with KneoWorld technology but primarily with the development of an additional EdTech platform being developed in close cooperation with the NYC DOE, as summarised below. Operating costs were largely stable at 228k for the quarter.

OPERATIONAL REVIEW

Delivery of new EdTech Platform solution for Mandated New York City Department of Education Curriculum

As mentioned in previous updates, the Company has developed new EdTech platform for delivery of mandated testing by the New York State Education Department in the area of Science Investigations that are undertaken by all students annually. The Science Investigations in New York City include all schools; public, private and charter, for grades of 3, 5,7 and 8 on an ongoing yearly basis. The number of students mandated to undertake the Science Investigations annually is approximately 400,000 with a further 100,000 high school students to be added in the coming year.

To this end and in its own right, and separate from the ‘Connect All Kids’ program, KneoWorld has co-developed with the NYC DOE an enhanced Science Investigations EdTech platform to digitise what are currently complex paper-based investigations. Accordingly, the new platform is vastly more efficient and

time saving for both students and teachers and includes delivery and ongoing easy access to in-depth assessment data at student, class and school level.

In line with the DOE collaboration, initial in-class deployments are scheduled for final refinements and load testing. This initial test deployment is in preparation of full deployment. Once the test has been completed satisfactorily, NYC DOE will indicate the size of the first order and the Company will provide a fuller update on pricing and timing for the new school year.

KneoWorld has been appointed to proceed on a sole vendor basis for this program and given the curriculum is mandated, scale up is expected to be much more seamless and easier to achieve than our core KneoWorld content.

Connect All Kids Initiative Update

The Company's KneoWorld technology into the New York City public school system as part of the New York City Department of Education's ('NYC DOE') 'Connect All Kids' initiative continues to be well-received and more sales and renewals are expected to occur mid-year, when more funding becomes available. As user numbers grow, so do inquiries from new schools. Previously reported sales reflect NYC DOE's commitment to the program.

COMMENT

Chief Executive Officer James Kellett said: *"While we have experienced a challenging quarter corporately with the trading suspension which has prevented us from raising development capital at a critical time, we can confirm that we have achieved good traction raising more funds that will support the growth in our operations, underpinned now by a new EdTech platform which is based on mandated curriculum content as summarized above. This has injected great confidence into the business and our team in the US and I look forward to providing a fuller update on this and our recapitalization in May."*

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).

AUTHORISED FOR RELEASE BY THE BOARD.

About KneoMedia Limited:

KneoMedia Limited (ASX: KNM) is a SaaS publishing company that delivers world-class education and assessment products to markets in both general and special education classrooms via its KneoWorld SaaS Platform. 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.

For further information, please contact:

Visit the InvestorHub here: <https://investorhub.kneomedia.com/>

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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 Mar 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	2,121
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(20)	(80)
(c) advertising and marketing	(2)	(329)
(d) leased assets	-	-
(e) staff costs	(53)	(499)
(f) administration and corporate costs	(151)	(506)
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	(226)	707
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(3)
(d) investments	-	-
(e) intellectual property	(210)	(909)
(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)	-	-
2.6	Net cash from / (used in) investing activities	(210)	(912)
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	22	236
3.6	Repayment of borrowings	(30)	(61)
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	(8)	175
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	456	54
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(226)	707
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(210)	(912)

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 (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8)	175
4.5	Effect of movement in exchange rates on cash held	(9)	(21)
4.6	Cash and cash equivalents at end of period	3	3

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	3	456
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)	3	456

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	8
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	-	-
7.2 Credit standby arrangements	2,000	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,000	-
7.5 Unused financing facilities available at quarter end		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.		
7.2 Access to a \$2m facility provided by Stratford Capital valid to 31 January 2025.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(226)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3
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)	2,003
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8
<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: ...30 April 2024.....

Authorised by:Board of Directors.....
(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.