

31 July 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 30 June 2024. All figures are in AUD unless stated otherwise.

Corporate Update

Since the Company’s shares were suspended from trading on the Australian Securities Exchange (ASX) on 7 March 2024 the Board has been fully focused on achieving the near-term resumption of trading of KNM shares on the ASX and has been in consultation with ASX regarding this process. The Company has taken, and continues to take, a range of initiatives to address funding requirements and lift the suspension of trading of its shares, including:

- The Company has completed a \$1 million capital raising through a placement of shares at \$0.0015 per share (**Placement**) to sophisticated investors, together with a \$250,000 oversubscription facility (subject to shareholder approval under Listing Rule 7.1). Further details of the placement were provided in the Appendix 3B released to the ASX on 5 July 2024.
- The Company proposes to undertake an entitlement offer which offers existing shareholders the opportunity to subscribe for additional shares at the same issue price as the Placement, to raise approximately \$1 million (before costs). The entitlement offer will be made under a prospectus, which the Company intends to lodge with ASIC and ASX shortly. The prospectus will also facilitate secondary trading of securities issued under the Placement.
- The Company has successfully renegotiated the repayment terms of existing convertible notes and loan borrowings to assist with cash flow management, such that the maturity date of those borrowings has been extended to 31 December 2024.

KNM intends that the above initiatives will support its going concern basis of preparation of its financial report for the year ended 30 June 2024 to enable the Company's auditor to form a conclusion in this regard. Upon completion of those initiatives, lodgment of its FY2024 Financial Report, and satisfaction of any other conditions of the ASX, the Company will seek reinstatement of its shares to trading on ASX.

The Company will be holding an extraordinary general meeting on 27 August 2024 (**EGM**) to seek shareholder approvals in connection with the Placement. At the EGM, shareholders will also be asked to approve a change in the Company's auditors.



Shareholders are encouraged to vote in favour of all the resolutions being tabled at the EGM, to facilitate the Company's return to trading on the ASX and progress its US business development which has continued unhindered. The Directors will vote their shareholdings in favour of all resolutions, and the Chairman of the EGM intends vote any available undirected proxies in favour of all resolutions.

Financial and Operational Review

As expected in the last quarter of the school year, receipts from customers for the quarter were nominal and those received related to early renewals of FY 2025 KneoWorld licences. As previously explained, 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 (\$391k) associated with KneoWorld technology but primarily with the development of a new science-focused EdTech platform being developed in close cooperation with the NYC DOE, as summarized below.

Net cash flows for the quarter from/ (used in) operating activities were largely stable at (\$542,000), bringing the FY 2024 total to \$166,000 net cash from activities compared to FY 2023 of (\$1,941,000) used in operating activities.

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

As previously detailed, the Company has developed a new EdTech platform for delivery of mandated testing by the New York State Education Department in the field of Science Investigations that are undertaken by students annually.

KneoMedia has worked with NYC DOE to digitize, in 9 languages, what are currently complex paper-based investigations. Accordingly, the new platform will be 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. 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 public school students mandated to undertake the Science Investigations in New York City each year is approximately 400,000 and the Company is pleased to advise agreement to adopt the co-designed platform, initially for 120,000 students, is progressing well. The platform is required to be live in the NYC schools for the start of the new school year in September 2024.

The increase in intellectual property investment is attributable to the further refinement of this Platform as a Service (PaaS) following successful load and IP testing recently completed.

Connect All Kids Initiative Update

The Company has also continued the execution and fulfilment of the existing revenue contract milestones and related cash inflows associated to the 'Connect ALL Kids' program with the New York City Council and NYC DOE. As in previous years, the first licence renewal funding with KneoWorld's share being \$700,000



has been promulgated for FY 2025 by New York City Council. Further roll out of KneoWorld throughout the New York education system remains a priority with the technology growing in awareness and uptake.

COMMENT

Chief Executive Officer James Kellett said: *“Despite the ongoing suspension in the trading of the Company’s securities, we are performing well operationally. All our efforts are now focused on the live launch of the new Science Investigations for the start of the new school year in the September quarter, and locking in renewals for KneoWorld licences that are firmly entrenched in a number of New York City public schools. As well, we are seeking to have our securities reinstated as soon as possible after the EGM is held in late August. We are making good progress in this regard.”*

RELATED PARTY PAYMENTS

In accordance with Listing Rule 4.7C, payments made to related parties and their associates are 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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	60	2,181
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(39)	(120)
(c) advertising and marketing	(109)	(438)
(d) leased assets	-	-
(e) staff costs	(204)	(702)
(f) administration and corporate costs	(250)	(755)
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	(542)	166
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	(391)	(1,300)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(391)	(1,303)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	345	345
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 *\$530k converts to equity on shareholder approval at the EGM on 27/8/24	*630	*866
3.6	Repayment of borrowings	(40)	(101)
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	935	1,110

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3	54
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(542)	166

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(391)	(1,303)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	935	1,110
4.5	Effect of movement in exchange rates on cash held	28	6
4.6	Cash and cash equivalents at end of period	33	33

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	33	3
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)	33	3

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	-
<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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	225.	-
7.2	Credit standby arrangements	*(2,000)	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	225	-
7.5	Unused financing facilities available at quarter end		225
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.		
	7.3 Subsequent balance of placement proceeds as detailed in appendix 3B		
	*7.2 Access to a \$2m facility provided by Stratford Capital valid to 31 January 2025 is suspended while the Company is suspended on the ASX		

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)	33
8.3	Unused finance facilities available at quarter end (item 7.5)	225
8.4	Total available funding (item 8.2 + item 8.3)	258
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.1
	<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: The Company expects to revert to positive operating cash flow in Q1 2025 in line with the start of the US school year that will include revenue from product licence renewals and new product licences.	
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: Immediately after the completion of the FY 24 Audit the Company plans to undertake an entitlements issue with short fall for an amount equal to the recent share placement.	

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: Yes it does on the basis of forward sales committed and projected.

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.

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: ..31 July 2024.....

Authorised by:The Board.....
(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.