

PRELIMINARY FINAL REPORT

Operational Summary

and

Appendix 4E

FOR THE YEAR ENDED 30 JUNE 2024

ASX ANNOUNCEMENT – APPENDIX 4E (ASX:KNM)

KneoMedia Limited (**KneoMedia** or the Company) (**ASX: KNM**) is pleased to report its unaudited preliminary report for the Company and its controlled entities (**the Group**) for the financial year ended 30 June 2024 (FY24 or the year).

Entity: KneoMedia Limited
 ABN: 41 009 221 783
 Reporting period: For the year ended 30 June 2024
 Previous period: For the year ended 30 June 2023

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2024 \$	Movement \$	Movement %	2023 \$
Revenues from ordinary activities	1,779,469	600,152	51%▲	1,179,317
Deferred revenue (for future period recognition)	164,386	-117,925	42%▼	282,311
Net loss for the year attributable to members of parent (after non-controlling interest)	(1,809,277)	468,862	21%▲	(2,278,139)
Loss after income tax	(2,141,933)	594,678	22%▲	(2,736,611)
Add back				
Depreciation and amortisation expenses	1,052,218			892,688
Finance costs	396,254			393,116
(Gain) loss on fair value of embedded derivative in convertible notes	(48,982)			(268,563)
EBITDA loss	(742,443)	976,927	57%▲	(1,719,370)
Cash flow				
Receipts from customers	2,181,584	1,819,692	503%▲	361,892
Net cash from/ (used in) operating activities	283,814	2,212,904	115%▲	(1,929,090)

Net Tangible Assets	Reporting period (Cents)	Previous period (Cents)
Net Tangible Assets per ordinary share	(0.001)	(0.001)

Dividends

There were no dividends paid, recommended or declared during the current reporting period.

	2024 \$	2023 \$
Loss per share		
Basic and diluted loss per share	0.11 cents	0.16 cents

OPERATIONAL SUMMARY

Principal Activities

During the financial year, the principal activity of the Group was the continued development and marketing of the Company's online education publishing business across international markets that delivers world-class education assessment products and games-based learning. The Group publishes and markets from its US-based subsidiary, KneoWorld Inc., and sells on a seat licence basis through the KneoWorld games portal via education departments and distribution agreements. Its major focus is currently the US market.

Review of financial results

Sales revenue from ordinary activities increased 51% to \$1,779,469 (2023: \$1,179,317).

The New York City (NYC) 'Connect All Kids' program generated the majority of the Group's sales for the period along with sales contributions from Florida. The contracts for these sales range from one to three years. The revenue is recognised on a straight-line basis over the term of the individual contracts resulting in a deferred revenue balance of \$164,386 at 30 June 2024 to be recognised over the contract life, and accordingly, booked as a liability until the contract term and related performance obligations have been fulfilled.

KneoMedia recorded a comprehensive loss for the year of \$2,141,933 (2023: \$2,736,611) a 22% improvement on the previous year and is mostly attributed to the increase in revenue. Expenses of \$3,922,003 for the year were comparative with the previous reporting year (2023: \$3,917,678) and is representative of well controlled costs while increasing revenue by 51%.

The statement of financial position reports a deficiency of net assets of \$2,831,592 (2023: deficiency \$1,260,576). Contributing to the reduction in net assets is the increased investment in intangible assets and the recognition of loans and borrowings of \$1,378,596. Trade and other payables totalled \$1,513,480 (2023: \$879,058), with the increase a result of additional payables being carried as the Group awaits payment of a large receivable. In addition, at 30 June 2024 current liabilities include \$671,389 for share application monies received which were converted to share capital in August 2024 at the shareholder Extraordinary General Meeting.

During FY24, net operating cash inflows were \$283,814 (2023: (\$1,929,090) outflows), an improvement of \$2,212,904. Receipts from customers totalled \$2,181,584 (2023: \$361,892). Payments to suppliers and employees totalled \$1,897,770 (2023: \$2,290,982).

The Group also renegotiated an unsecured loan arrangement with a related party of which the proceeds have been used to meet short-term expenditure needs. The loan balance of \$437,326 at 30 June 2024 is reported in non-current interest-bearing loans on the balance sheet and considered medium term in nature. During the year the Company successfully negotiated the extension of its loan facility and outstanding credit notes.

A \$1 million capital raising was completed during the year through a placement of shares at \$0.0015 per share to sophisticated investors, together with a \$250,000 oversubscription facility with Shareholder subsequently approved at a General Meeting on 27 August 2024.

Cash outflows from investing activities totalled \$1,455,413 (2023: \$964,112), is in line with the Company's continued focus on product content development and regular updates to the SaaS KneoWorld platform and the development of its new Platform as a Service (PaaS) to remain ahead of the latest technological development in the market. The continued content development is integral to the successful rollout of the Company's KneoWorld education platform and the successful attainment of larger sales contracts. The PaaS platform will utilise educator provided content thereby minimising ongoing content development investment,

Review of operations

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 a \$1 million capital raising by share placement, the successful negotiation of the repayment terms of existing convertible notes and loan borrowings to assist with cash flow management, including the maturity date of those borrowings extended to 31 December 2024.

OPERATIONAL SUMMARY

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 Dept of Education which resulted in a 51% increase in revenue of \$1,779,469 which provided net cash from operations for the first time. This focus led to the banking of approximately \$2.18 million of customer receipts 30,000 KneoWorld one-year licences. The first renewal of these licences for FY 2025 new school year commencing September 2024 is discussed in subsequent events. The Company is focused on achieving much greater critical mass for KneoWorld in the first instance in New York City and New York State as awareness of KneoWorld builds, further sales are anticipated.

Over a number of years, KneoMedia has invested significantly in the development of the KneoWorld platform, enhancing the underlying technology to the highest capability in terms of student engagement, education and assessment. The curriculum is extensive and rich in content, a defining characteristic in its successful uptake to-date. The platform's adaptability to varying education jurisdictions and standards underpins deployments into other US education markets and alternate geographies globally.

As an example, during the year, the Company increased its deployment of the KneoWorld platform in the well-funded Florida Early Learning Centre (ELC) market, with engagement also commencing with Florida's public school Counties. KneoWorld was deployed to both evaluate student education levels and also the assessment by the governing body of the overall performance of individual ELCs receiving government funding. With these two essential assessment capabilities in place, KneoMedia expects to deliver strong growth in Florida as the Company utilises its NYC style co-design approach with relevant education institutions combined with the demand generated by the governing bodies for ELC evaluation. It is pleasing to see that licences sold in FY23 again purchased for FY24 and in the case of Osceola County, have now doubled. Data of successful use of KneoWorld is now a major selling tool in expanding into additional Early Learning coalitions and Counties.

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.

International markets

As previously heralded, first and foremost, the Company continues to focus on advanced sales opportunities within the United States. To enable this focus, other markets were placed in a no-cost holding status during and post COVID, however, they are preserved for future sales opportunities including our JV partnership in the Philippines.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Revenue			
Sales revenue from providing online education	1	1,779,469	1,179,317
Other income	1	601	1,750
Total revenue		1,780,070	1,181,067
Expenses			
Employee benefits expenses and Directors' fees		(947,159)	(954,117)
Depreciation and amortisation expenses		(1,052,218)	(892,688)
Marketing expenses		(771,932)	(719,764)
Corporate and administrative expenses	2	(803,422)	(1,063,140)
Finance costs	3	(396,254)	(393,116)
Gain on fair value movement of embedded derivative in convertible notes	11	48,982	268,563
Amortised cost of loan facility		-	(154,419)
Impairment of assets		-	(8,997)
Total expenses		(3,922,003)	(3,917,678)
Loss before income tax		(2,141,933)	(2,736,611)
Income tax expense		-	-
Loss after income tax		(2,141,933)	(2,736,611)
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations (net of tax)		(37,924)	(32,784)
Total comprehensive loss for the year		(2,179,857)	(2,769,395)
Loss attributable to:			
Members of the parent entity		(1,809,277)	(2,278,139)
Non-controlling interests		(332,656)	(458,472)
		(2,141,933)	(2,736,611)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,839,467)	(2,304,366)
Non-controlling interests		(340,390)	(465,029)
		(2,179,857)	(2,769,395)
Loss per share (cents per share)			
Basic and diluted loss per share	4	0.11	0.16

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 \$	2023 \$
Current Assets			
Cash and cash equivalents		33,181	54,470
Trade and other receivables	5	123,640	696,511
Prepayments and other assets		31,809	49,667
Total Current Assets		188,630	800,648
Non-current Assets			
Property, plant and equipment		2,374	1,920
Intangible assets	6	1,334,491	933,214
Other non-current assets		3,381	3,381
Total Non-current Assets		1,340,246	938,515
Total Assets		1,528,876	1,739,163
Current Liabilities			
Trade and other payables	7	1,513,479	879,058
Interest bearing loans and borrowings	8	941,270	1,050,010
Deferred revenue	9	144,831	282,311
Issued capital application monies	10	671,389	-
Employee benefits		102,522	96,673
Convertible notes	11	483,750	511,437
Total Current Liabilities		3,857,241	1,839,295
Non-current Liabilities			
Interest bearing loans and borrowings	8	437,326	-
Deferred revenue	9	19,555	140,528
Employee benefits		46,346	39,722
Total Non-current Liabilities		503,227	180,250
Total Liabilities		4,360,468	2,999,739
Net Assets / (Deficiency of Net Assets)		(2,831,592)	(1,260,576)
Equity			
Issued capital	12	29,443,865	28,835,023
Reserves		488,502	711,080
Accumulated losses		(28,485,430)	(26,868,540)
Parent Entity Interest		1,446,937	2,677,563
Non-controlling interest		(4,278,529)	(3,938,139)
Total Equity / (Net Deficiency of Equity)		(2,831,592)	(1,260,576)

The consolidated statement of financial position should be read in conjunction with the accompanying notes

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options & Performance Rights Reserve	Non-Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	28,835,023	(26,868,540)	(380,276)	1,091,356	(3,938,139)	(1,260,576)
Net loss for the year	-	(1,809,277)	-	-	(332,656)	(2,141,933)
Other comprehensive loss	-	-	(30,190)	-	(7,734)	(37,924)
Total comprehensive loss	-	(1,809,277)	(30,190)	-	(340,390)	(2,179,857)
Shares issued	503,611	-	-	-	-	503,611
Conversion of director fees to shares	135,356	-	-	-	-	135,356
Expiry of share based options	-	192,387	-	(192,387)	-	-
Transaction costs on shares issued	(30,125)	-	-	-	-	(30,125)
Balance at 30 June 2024	29,443,865	(28,485,430)	(410,466)	898,969	(4,278,529)	(2,831,592)

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options & Performance Rights Reserve	Non-Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	27,675,653	(24,590,401)	(354,049)	192,387	(3,473,110)	(549,520)
Net loss for the year	-	(2,278,139)	-	-	(458,472)	(2,736,611)
Other comprehensive loss	-	-	(26,227)	-	(6,557)	(32,784)
Total comprehensive loss	-	(2,278,139)	(26,227)	-	(465,029)	(2,769,395)
Shares issued	1,450,000	-	-	-	-	1,450,000
Conversion of director fees to shares	133,344	-	-	-	-	133,344
Shares and options issued to corporate advisor	60,000	-	-	359,894	-	419,894
Options issued to loan facility lender	-	-	-	539,075	-	539,075
Transaction costs on shares issued	(483,974)	-	-	-	-	(483,974)
Balance at 30 June 2023	28,835,023	(26,868,540)	(380,276)	1,091,356	(3,938,139)	(1,260,576)

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		2,181,584	361,892
Payments to suppliers and employees		(1,897,770)	(2,290,982)
Net cash from / (used in) operating activities	13	283,814	(1,929,090)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,134)	-
Payments for capitalised product development costs		(1,452,279)	(964,112)
Net cash used in investing activities		(1,455,413)	(964,112)
Cash flows from financing activities			
Proceeds from issue of shares		1,025,000	1,600,000
Proceeds from interest bearing loans		283,344	1,615,000
Repayment of interest bearing loans		(102,973)	(660,000)
Transaction costs related to loans		-	(45,000)
Capital raising costs		(30,125)	(64,080)
Interest received		601	1,750
Finance costs		(70,530)	(13,110)
Net cash provided by financing activities		1,105,317	2,434,560
Net increase / decrease in cash and cash equivalents		(66,282)	(458,642)
Cash and cash equivalents at the beginning of the financial year		54,470	552,997
Effects of exchange rate changes on cash and cash equivalents		44,994	(39,885)
Cash and cash equivalents at the end of the financial year		33,182	54,470

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: REVENUE & OTHER INCOME

	2024 \$	2023 \$
Sales revenue from providing online education	1,779,469	1,179,317
Interest income	601	1,750
	<u>1,780,070</u>	<u>1,181,067</u>

NOTE 2: CORPORATE & ADMINISTRATION EXPENSES

	2024 \$	2023 \$
Corporate costs	406,648	494,449
Consulting fees	201,655	201,129
Occupancy costs	64,156	97,950
Administration costs	149,460	117,505
Other expenses	(18,497)	152,107
	<u>803,422</u>	<u>1,063,140</u>

NOTE 3: FINANCE COSTS

	2024 \$	2023 \$
Loan bridging facility interest	319,509	372,712
Related party loan interest	44,067	3,264
Bank charges and interest	32,677	17,140
	<u>396,254</u>	<u>393,116</u>

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: LOSS PER SHARE

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2024	2023
	\$	\$
Basic and diluted loss to profit or loss	0.11	0.16
Reconciliation of earnings to profit or loss		
Loss for the year	2,141,933	2,736,611
Loss attributable to non-controlling interest	-332,656	-458,473
Earnings used to calculate basic and dilutive EPS	1,809,277	2,278,138
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	1,636,898,561	1,409,237,477

Options and performance rights have not been included in the calculation of diluted EPS because they are anti-dilutive.

NOTE 5: TRADE AND OTHER RECEIVABLES

	2024	1. 2023
	\$	\$
Trade receivables	-	677,547
Other receivables	50,496	191
GST recoverable	73,144	18,773
	123,640	696,511

NOTE 6: INTANGIBLE ASSETS

	2024	2023
	\$	\$
Gross carrying amount		
Balance as at 1 July	4,759,408	3,795,296
Additions	1,452,279	964,112
Balance at 30 June	6,211,687	4,759,408
Accumulated amortisation and impairment		
Balance as at 1 July	(3,826,194)	(2,938,973)
Amortisation expense	(1,051,002)	(887,221)
Balance at 30 June	(4,877,196)	(3,826,194)
Net book value at 30 June	1,334,491	933,214

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 6: INTANGIBLE ASSETS (CONTINUED)

The intangible assets recognised by the Group is product development costs. This accounting policy required the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

The product development costs capitalised include contracted costs attributable to preparing the products for their intended use. The product development assets are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives of 2 years. The Group commenced the amortisation of intangible assets when the Group started to generate income in March 2016.

NOTE 7: TRADE AND OTHER PAYABLES

	2024 \$	2023 \$
Current (unsecured)		
Trade payables	1,009,629	784,353
Other creditors and accruals	337,260	43,650
Amounts payable to related parties	166,590	51,055
	1,513,479	879,058

Payables for superannuation and PAYG withholding are classified as trade payables.

NOTE 8: INTEREST BEARING LOANS AND BORROWINGS

	2024 \$	2023 \$
Current		
Related party loan, at amortised cost	-	406,954
Loan bridging facility at amortised cost, net of borrowing costs *	941,270	643,056
	941,270	1,050,010
Non-current		
Related party loan, at amortised cost #	437,326	-
	437,326	-

* On 28 February 2024 the loan bridging facility was renegotiated to extend the term to 31 December 2024.

The related party loan has a term date of no earlier than 1 November 2025.

NOTE 9: DEFERRED REVENUE

	2024 \$	2023 \$
Current deferred revenue	144,831	282,311
Non-current deferred revenue	19,555	140,528
Balance at 30 June	164,386	422,839
Reconciliation		
Balance as at July 1	422,839	557,290
Deferred revenue recognised	1,460,303	361,358
Revenue recognised	(1,718,756)	(495,809)
Balance at 30 June	164,386	422,839

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 9: DEFERRED REVENUE (CONTINUED)

Deferred revenue represents revenue paid at the commencement of the contract for access to the online education platform. Revenue is then recognised on a straight-line basis over the contract term.

NOTE 10: ISSUED CAPITAL APPLICATION MONIES

	2024 \$	2023 \$
Issued capital application monies	671,389	-
	671,389	-

Application monies for shares received during June 2024 were applied to shares issued and approved in August 2024.

NOTE 11: CONVERTIBLE NOTES

As at 30 June 2024, 18 convertible notes remain outstanding with a face value of \$450,000 of the 52 convertible notes issued in November 2021. The convertible notes have a mechanism for the note holder to convert the loan into a varying number of shares in the Company at a 20% discount to the preceding 15-day VWAP, but not greater than \$0.015 per share

The maturity dates of the notes has been extended 31 December 2024 under amended terms of; accrued interest of 15% pa payable in shares or cash on principal balance on redemption or conversion commencing from the last maturity date being 31 December 2023, no conversion before 31 December 2024, if not converted, new maturity date at Lind request till December 2025 and extension consideration of 100 million 2 year options exercisable at \$0.0025 per share which is the same exercise price as other recently issued options.

The table below demonstrates the movement in the convertible note liability in the current and prior year.

	2024 \$	2023 \$
Reconciliation		
Opening convertible notes at fair value:	511,437	780,000
Add: Change in FV of embedded derivative	(48,982)	(268,563)
Add: Interest payable on the convertible note	21,295	-
Balance at 30 June	483,750	511,437

The Directors of the Group appointed an external valuation expert to perform a fair value valuation on the convertible notes and the related embedded derivatives at inception and 31 December 2023. The table below demonstrates the value of the embedded derivative and host liability.

	2024 \$	2023 \$
Convertible note – host liability at amortised cost	305,222	450,000
Convertible note – fair value of embedded derivative	178,528	61,437
Balance at 30 June	483,750	511,437
Face value of notes	450,000	450,000

The convertible notes are unsecured, bear an interest payable of 15% p.a. and no related parties participated.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12: ISSUED CAPITAL

	2024		2023	
	\$		\$	
1,769,011,804 (2023: 1,504,785,318) fully paid ordinary shares as follows	29,443,865		28,835,023	
a. Ordinary Shares	2024		2023	
	\$	No.	\$	No.
At the beginning of reporting period	28,835,023	1,504,785,318	27,675,653	1,345,877,673
Shares issued during the year:				
Conversion of director fees to shares	135,356	13,486,018	133,344	7,907,645
Shares issued (capital raising)	503,611	250,740,468	1,450,000	145,000,000
Shares issued to corporate advisor	-	-	60,000	6,000,000
Transaction costs on shares issued	(30,125)	-	(483,974)	-
At reporting date	29,443,865	1,769,011,804	28,835,023	1,504,785,318

NOTE 13: CASH FLOW INFORMATION

	2024	2023
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(2,141,933)	(2,736,611)
Non-cash flows in profit or loss:		
Depreciation & amortisation	1,052,218	892,688
Foreign exchange	(55,419)	6,998
Shares issued in lieu of directors fees	135,356	133,344
Cost of borrowing in financing activities	389,438	385,626
Fair value of movement in conversion rights	(48,982)	(268,563)
Impairment of assets	-	8,997
Amortised cost of loan facility	-	154,419
Write off of trade payables	1,464	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	623,176	(682,059)
(Increase)/decrease in other assets	(32,447)	(29,406)
Increase/(decrease) in deferred revenue	(258,454)	(134,451)
Increase/(decrease) in trade payables and accruals	606,924	291,289
Increase/(decrease) in current provisions	5,849	26,876
Increase/(decrease) in non-current provisions	6,624	21,763
Net cash flow outflow from operations	283,814	(1,929,090)

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 14: DETAIL OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

Control gained over entities

There was no control gained over entities in the year 30 June 2024.

Loss of control of entities

There was no disposal of subsidiary entities in the year ended 30 June 2024.

NOTE 15: CONTINGENT ASSETS AND LIABILITIES

The Group had no material contingent assets and liabilities as at 30 June 2024 (2023: nil).

NOTE 16: STATUS OF THE ANNUAL FINANCIAL REPORT AUDIT

This Preliminary Financial Report is based on the Group's 2024 annual financial report, the accounts of which are in the process of being audited. As the Company's new auditors were appointed on August 27th, 2024, they had minimal time to commence an audit however the Directors believe it is likely that the independent audit report will be issued with an unmodified opinion albeit with emphasis of matter.

NOTE 17: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 30 April 2024 the Company announced a placement of up to approximately 667 million fully paid ordinary shares at an issue price of \$0.0015 per Share to raise an aggregate of \$1 million (before costs) (**Placement**) which has been completed. Subject to final demand from investors, the Company may, at its discretion, also take oversubscriptions under the Placement to raise up to \$250,000 (before costs) at the same issue price of \$0.0015 per Share (Oversubscriptions)

The Placement (excluding any Oversubscriptions) consists of two tranches, comprising: the first tranche, under which the Company issued 229,990,700 Shares (**Tranche 1 Placement Shares**) under its maximum available placement capacity pursuant to ASX Listing Rule 7.4; and the second tranche, under which, subject to shareholder approval being obtained under ASX Listing Rule 7.1, the Company proposed to issue 436,675,967 Shares (**Tranche 2 Placement Shares**). In addition, subject to shareholder approval under ASX Listing Rule 7.1 being obtained, and demand for Oversubscriptions, the Company may also raise up to an additional \$250,000 by issuing up to 166,666,667 Shares (**Oversubscription Shares**). At a General meeting of Shareholders on 27 August 2024 At the date of this Report Tranche 1 shares were ratified, oversubscriptions facility and the Tranche 2 share allocation was approved thereby reducing balance sheet current liabilities by \$671,389. At the date of this report, oversubscription applications total \$125,000.

On 31 July 2024 July 2024 the Company announced a proposed non-renounceable entitlement offer at the same issue price of \$0.0015 as the recent placement with short- facility. Under the Entitlement Offer, it is anticipated eligible shareholders will be able to subscribe for approximately 2 new Shares for every 6 Shares held as at the record date of to be announced. The Entitlement Offer is expected to open in early September 2024 and close 30 days later (unless extended or closed earlier by the Board). In its cashflow forecasts, the Company has estimated that it will raise a minimum of \$1,000,000 from the Entitlement Offer.

On 31 July 2024 the Company confirmed the funding for the first renewal of the KneoWorld Connect All Kids licences for FY 2025 of approximately \$700,000 had been promulgated by New York City Council and that amount is now carried as an invoiced debt owing. Further roll out of KneoWorld and the implementation of the Science PaaS platform for mandated curriculum throughout the New York education system remains the Company's priority with the technology growing in awareness and uptake.

On 27 August 2024 at a General Meeting of shareholders the following resolutions were passed:

1. *Ratify the issue of 229,990,700 Shares under the Tranche 1 Placement on 9 July 2024 for the purposes of ASX Listing Rule 7.4, on the terms and conditions set out in the Notice of Meeting.*
2. *The issue of up to 608,701,256 Shares under the Tranche 2 Placement in accordance with ASX Listing Rule 7.1 under the terms and conditions in the Notice of Meeting.*
3. *The issue of up to 667,000,000 Broker Options in respect of the recent share placement having an exercise price of \$0.0025 and expiration of 31 December 2026.*

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

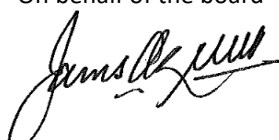
NOTE 17: SIGNIFICANT EVENTS AFTER THE BALANCE DATE (CONTINUED)

4. *Approve the issue of up to 100,000,000 Options in consideration having of extension of maturity date of convertible notes to 31 December 2024 having an exercise price of \$0.0025 and expiration of 31 December 2026.*
5. *In accordance with section 329 of the Corporations Act, William Buck Audit (Vic) Pty Ltd be removed as the auditor of the Company and its controlled entities, effective immediately.*
6. *In accordance with section 327D of the Corporations Act and for all other purposes, Connect National Audit Pty Ltd, 333 Collins St, Melbourne VIC 3000, having consented in writing to act as auditor of the Company, be appointed as the auditor of the Company and its controlled entities, effective immediately.*

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial year.

On behalf of the board



James Kellett
Executive Chairman

30 August 2024