



13 October 2020  
ASX/Media Release (ASX: KNM)

## Quarterly Activities Report & Appendix 4C

- **First Receipts from Customers of ~\$A355,000<sup>1</sup> banked from maiden ‘Connect All Kids’ deployment**
- **Second ‘Connect All Kids’ deployment secured in the quarter – adds another ~\$A355,000 of recurring revenue**
- **New York State is a large market opportunity for KNeoMedia, NAACP and Dell Technologies with 2.4m students; ‘Connect All Kids’ deployments to date service only 3,400 of these students**
- **Approved Supplier status secured with New York Department of Education – facilitates faster payment from sales and is a key building block in rolling out ‘Connect All Kids’ across New York State**
- **KNM is well funded with sufficient cash at bank, growing sales and a greatly reduced monthly cash burn**

Online education publisher KNeoMedia Limited (“KNeoMedia” or the “Company”) (ASX: KNM) is pleased to provide this update on performance for the quarter ended 30 September 2020. As discussed, the Company’s focus during the period has been on the roll-out of the ‘Connect All Kids’ education initiative into New York City public schools in association with the National Association Of Coloured People (NAACP), and Dell Technologies.

### Receipts from customers and pending sales

Receipts from Customers for the quarter was ~A\$355,000 which is KNM’s share of the first \$US1 million deployment of ‘Connect All Kids’ education initiative.

As reported in August, a second ‘Connect All Kids’ enforceable contract was secured, also valued at \$US1 million, with KNM’s share of this being a further ~A\$355,000 and taking the total value of these first sales to ~A\$710,000 for KNM. As advised, securing these funds will be significantly quicker than the first sale as considerable work was undertaken to secure Approved Supplier status with the New York City Department of Education (‘NYC DOE’). The Company and its US subsidiary KneoWorld is now embedded in the NY DOE procurement and payments system so many of the processes to secure future payments do not need to be repeated.

KNeoMedia ended the quarter with cash at bank of \$840,000 and no debt. With growing sales and much lower quarterly net cash used in operating activities of (\$168,000), which reduced from (\$813,000) for the previous quarter. As stated in the 4C, the Company is funded well beyond the next two quarters.

### A focus on growing sales in New York State

With the first two ‘Connect All Kids’ deployments secured, KNeoWorld’s US team, together with NAACP and Dell Technologies, are working on the roll out of ‘Connect All Kids’ more widely across New York State with inequality in education now being a major driver of support from government.

As reported, the market opportunity in New York State is significant with 2.4 million students that are candidates for KNeoWorld content. ‘Connect All Kids’ deployments to date delivers KNeoWorld to just 3,400 of these students. With successful deployments now materialising, KNeoWorld, NAACP and Dell Technologies are now collectively working with the government representatives to pursue a broader roll-out of ‘Connect All Kids’ here.

NAACP have also been waiting for the first successful deployment so it can expand the initiative into other US States through its extensive network of 2,200 units and branches across the nation. As well, Dell Technologies and their

<sup>1</sup> Based on official exchange rate as at 30 September 2020



education division are instrumental in these growth initiatives and providing considerable input to rolling out the program to many more schools and community centres.

### **Operations update**

Operations during the quarter have focused on the first ‘Connect All Kids’ deployment and ensuring hardware and software is delivered into schools. All hardware provided by Dell Technologies is delivered to the New York DOE’s IT Distribution Centre in New York which then manages distribution to the respective schools.

KNeoWorld’s technical team has been working with the DOE’s Facilitation Centre to integrate KNeoWorld into the DOE’s secure intranet so teachers and students can access the content in a safe and secure environment.

During the quarter, the Company made related party payments of \$63,000 representing fees and salaries paid to Directors for performance of their required duties.

### **Update on other international markets**

While the Company is now focused on advanced sales opportunities in the United States first and foremost, some progress has been made in other markets. Our JV partner in the Philippines has recently identified 150 students that have internet connectivity at home and KNeoWorld content is being deployed to them with each Seat Licence there being sold to Government schools by our joint venture partner for US\$100. An indication activities are resuming in the region after a total School shutdown due to COVID.

### **Comment**

**Chief Executive Officer James Kellett said:** *“We are pleased to have booked first revenue from the ‘Connect All Kids’ education initiative in New York. However, this is only just the start and we now have the Approved Supplier status in place with the New York DOE to secure and facilitate sales much more quickly in the future.*

*“It is also important to note that NAACP and Dell Technologies and now actively working with us to achieve broad roll out across New York State in the first instance. The first successful deployment and booked sale was a big litmus test for them, and they now have the confidence in our content to pursue the bigger opportunity that the New York State education market presents. As we have flagged, the student numbers are significant and our short term focus is on achieving much greater scale here. We are confident that we can achieve this.”*

*“As well, NAACP now have a successful and workable Edutech solution to address a huge concern of theirs – inequality in education. They can take the successful ‘Connect All Kids’ blueprint to their 2,200 branches nationally which becomes another growth channel for KNeoWorld. We can confidently say that we have now turned the corner in the US and sales will build from here.”*

### **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.

Authorised for release by James Kellett, CEO

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