



14 March 2024

Jonathan Bisset  
Senior Adviser, Listings Compliance  
ASX Limited  
Level 4, Rialto Tower  
525 Collins Street  
Melbourne VIC 3000

Dear Jonathan

**RE: KneoMedia Limited ('KNM'): Half-year report (reviewed financial report) - Query**

KneoMedia Limited ('the Company') refers to your letter dated 8 March 2024, Reference: 90213, to the Company ('Query Letter').

We provide preliminary responses to the questions asked in the Query Letter, with corresponding lettering as follows:

1. KNM is able to confirm that in the Directors' Opinion the Half-Year Report:
  - a. complies with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. gives a true and fair view of KNM's financial performance and position for the half year ended 31 December 2023.
2. KNM is able to confirm that as at the date of this letter the Directors consider KNM is solvent and have reasonable grounds to believe that KNM will be able to discharge its liabilities as and when they fall due. The reasons for this include the below:
  - a. Due to forward recurring revenue renewals (actual and anticipated based on historical rollovers and customer representations);
  - b. The Company has engaged an adviser to assist the Company to carry out balance sheet restructuring (including negotiations with creditors) and capital raising.

The Company has continued support of its secured lenders (\$850,000) and unsecured lenders (including Notes of \$450,000) to enable the restructure of its balance sheet to proceed. The Company is in the process of finalising the terms of that support, which is likely to involve debt to equity conversions, and expects to make a detailed market announcement in the near future once details are finalised and committed.

Additionally, it is noted that the deficiency in net current assets for the reporting period is also partially due to deferred revenue c.\$939,500 (which is carried as a liability until the relevant period has passed and for which there is presently no reason to believe will need to be returned) and other non-cash liabilities, which the Directors have reason to believe will not need to be funded out of cash within the next 12 months, including:

- c. an unsecured loan of \$461,000 from an entity related to the CEO, and for which a written commitment has been given not to call for 12 months;
  - d. directors' fees of c.\$150,000 that can be paid in cash or shares and for which the directors have indicated a willingness to accept shares.
3. The steps KNM has taken since the release of the Half-Year Report to obtain an unmodified audit opinion with regards to its future financial statements are:

Please refer to the response to Question 2 above, which the Directors believe will satisfy the requirements of the auditors.

4. KNM does consider that its level of operations are sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1.
- a. The basis of this conclusion is the value of the Company's intellectual property and its position to deliver to a very large market educational products which have achieved annual recurring revenue.
  - b. The nature of KNM's current business activities are SaaS publishing of education and assessment products in both general and special education classrooms via its KneoWorld. 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

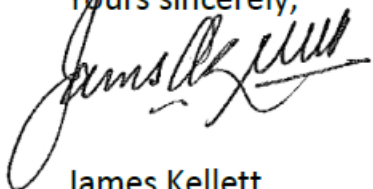
including US COPPA and European GDPR. Our proven ability to engage, educate and assess provides a global education market opportunity selling on a business-to-business strategy.

5. KNM does consider that the financial condition of KNM is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2. The basis of this conclusion is current balance sheet restructuring, the dealing with loan obligations, the proven value of its intellectual property and the very large market opportunity it is addressing. That market does take time to execute and has now been established and exhibited in the increased half year revenue results which the directors consider are indicative of future increased revenue and earnings.
6. If the answer to question 4 and 5 is “No”, please explain what steps KNM has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.

N/A

7. KNM is committed to and will continue to comply with the Listing Rules and, in particular, Listing Rule 3.1. As outlined above, the Company is in the process of confirming various arrangements with its creditors and in relation to an anticipated material contract, and will make market announcements in the near future. KNM currently relies on the exception in Listing Rule 3.1A with respect to those matters.
8. I confirm that KNM’s responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KNM with delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely,



**James Kellett**  
**Executive Chairman and CEO**  
**KneoMedia Limited**



8 March 2024

Reference: 90213

Ms Eryl Baron  
Company Secretary  
KneoMedia Limited  
Level 7 180 Flinders Street  
MELBOURNE VIC AU 3000

By Email

Dear Ms Baron

**KneoMedia Limited ('KNM'): Half-year report (reviewed financial report) - Query**

ASX refers to the following:

- A. KNM's half-year report for the half-year ended 31 December 2023 lodged with ASX Market Announcements Platform and released on 29 February 2024 ('Half-Year Report').
- B. The Independent Auditor's Report attached to the Half-Year Report ('Auditor's Report'), which contains the following disclaimer of conclusion:

*"We draw attention to Note 5 in the half-year financial report, which indicates that the Group incurred a total comprehensive loss of \$1,121,384 during the half year ended 31 December 2023, had a net current asset deficiency of \$3,090,525 as at 31 December 2023 and, for the period, the Group's net cash inflows from operations was \$945,527.*

*The Group's ability to continue as a going concern is dependent on a number of factors including but not limited to maintaining an appropriate mix of working capital and longer-term funding of the business. As at the date of this report, the Group has been unable to confirm its ability to secure an appropriate mix of current and longer term external financial commitments and complete capital raising activities to provide sufficient funding to support the Group as a going concern. As described in Note 5, the Directors believe that the Group will be able to complete its capital raising activities which will allow it to extend its current financial liabilities and continue to have the support of its creditors and external financiers, however, at the date of this review report the Group and its Directors have been unable to provide sufficient appropriate evidence of sufficient committed funding for the cash requirements of the Group for twelve months from the date of this review report.*

*We have been unable to obtain alternative evidence which would provide sufficient appropriate review evidence as to whether the Group may be able to complete its capital raising activities, and hence remove significant doubt of its ability to continue as a going concern within twelve months of the date of this review report."*

- C. Note 5 to the half year consolidated financial statements of KNM, which lists certain factors considered by KNM's Directors in concluding that the use of the going concern basis of accounting is appropriate in preparing the financial report.
- D. Listing Rule 12.1 which states:
  - 12.1 *The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing.*
- E. Listing Rule 12.2 which states:

- 12.2 *An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.*

### Request for information

In light of the information contained in the Half-Year Report and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is KNM able to confirm that in the Directors' Opinion the Half-Year Report:
  - (a) complies with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*; and
  - (b) gives a true and fair view of KNM's financial performance and position for the half year ended 31 December 2023?
2. Is KNM able to confirm that as at the date of this letter the Directors consider KNM is solvent and have reasonable grounds to believe that KNM will be able to discharge its liabilities as and when they fall due?
3. What steps has KNM taken since the release of the Half-Year Report to obtain an unmodified audit opinion with regards to its future financial statements?
4. Does KNM consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion and also, comment on the nature of the KNM's current business activities.
5. Does KNM consider that the financial condition of KNM is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.
6. If the answer to question 4 and 5 is "No", please explain what steps KNM has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.
7. Please confirm that KNM is complying with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that KNM's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KNM with delegated authority from the board to respond to ASX on disclosure matters.

### When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AEST Wednesday, 13 March 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KNM's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KNM to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsComplianceMelbourne@asx.com.au](mailto:ListingsComplianceMelbourne@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KNM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that KNM's

---

obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours faithfully

---

ASX Compliance

For personal use only