



**Keypath Education International, Inc.**  
**ARBN: 649 711 026**  
**ASX code: KED**  
**www.keypathedu.com**

## **ASX Announcement**

29 July 2021

# **Q4 2021 (30 June 2021) Activity Report and Appendix 4C**

Keypath Education International, Inc. (Keypath or the Company) (ASX: KED) today released its Quarterly Activity Report and Appendix 4C – Quarterly Cash Flow Report for the quarter ended 30 June 2021 (Q4). The Appendix 4C is prepared in US dollars (the Company's functional and presentation currency) under US GAAP and is unaudited. Similarly, any financial measures presented in the Quarterly Activity Report are unaudited.

## **Highlights**

- **Listing on the Australian Securities Exchange (ASX) on 2 June 2021.**
- **Net offer proceeds retained of US\$67.5 million for FY21 which positions the Company to pursue its growth objectives.**
- **Continued strong trading performance during Q4; FY21 revenue exceeded prospectus forecast and updated FY21 guidance of US\$94-\$96 million.**
- **Prospectus forecast for FY22 reaffirmed.**

## **Key Operating Metrics**

<b>Metric</b>	<b>30 June 2021</b>	<b>31 March 2021</b>	<b>30 June 2020</b>
Partners	32	32	23
Active programs <sup>1</sup>	140	134	106 <sup>2</sup>
Course enrolments <sup>3</sup>	85,358	66,011	56,546
Employees	595	545	446

## **Business Activities and Operational Update**

Keypath has continued to experience strong growth in its revenue. Q4 revenue is estimated at US\$29.8 million, which compares to Q3 revenue of US\$26.7 million. At the date of this announcement, the Company estimates its revenue for FY21 will be US\$98.1 million<sup>4</sup>, which compared to revenue of US\$55.5 million for FY20, representing growth of US\$42.6 million or 76.8%. Revenue increased US\$37.0 million, or 66.7%, compared to the prior period when

<sup>1</sup> Active programs refer to degree-granting programs for which a term sheet has been signed as of the respective date and excludes discontinued programs.

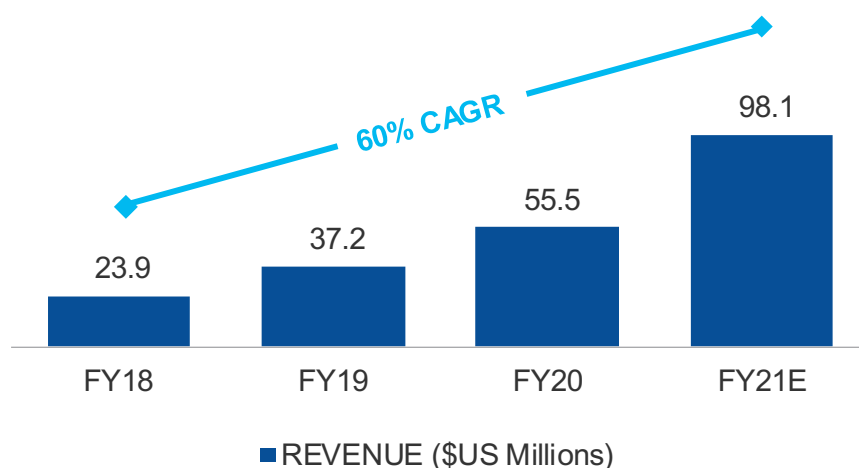
<sup>2</sup> This figure includes 16 non-revenue generating programs signed during FY20, in addition to the 90 revenue generating programs in FY20 as disclosed in Keypath's prospectus.

<sup>3</sup> 30 June and 31 March 2021 include estimates for enrollments pending invoicing.

<sup>4</sup> As disclosed in Keypath's prospectus, FY21 includes the recognition of approximately US\$2.6 million as revenue representing a mutually agreed fee to be paid to Keypath for transition services to assist a partner to take its programs in-house. Keypath will continue to earn its share of tuition fees through to FY24 from these programs for existing students at the date of transition, at which point Keypath's management of the programs will end.

adjusted for favourable foreign exchange impacts of US\$5.6 million<sup>5</sup>. As compared to the FY21 prospectus forecast of US\$91.1 million, FY21 revenue is US\$7.0 million favourable, of which US\$1.9M million<sup>5</sup> is attributable to foreign exchange.

Keypath's strong revenue performance is underpinned by course enrolment growth (~8% favourable to the Prospectus estimate of 79,000), strong student retention and the launch of new programs in key disciplines. Student demand remains strong across all key disciplines, especially in certain clinical disciplines where we continue to look to increase capacity to meet this demand.



The Company's revenues are primarily earned in the U.S. and Australian markets where approximately 93% of its revenue is generated. The 6 programs signed in the quarter spanned most of Keypath's markets including the U.S., Canada, Australia and Malaysia. Management continues to explore further opportunities in Southeast Asia.

The Company added 149 employees from FY20 to FY21 including the addition of 50 employees in Q4. These increases were primarily in the U.S. and Australian markets and were in areas supporting the significant growth of the business year-over-year.

Keypath's Founder and CEO, Steve Fireng, said "From its humble beginning in 2014 to generating almost US\$100 million of revenue for FY21, the Company's listing on the ASX has provided Keypath with capital to support its growth objectives, at a time when demand for online postgraduate degrees is strong. Keypath is confident this demand will only increase as working professionals around the world need to upskill and reskill throughout their careers, but many are deterred by traditional on-campus offerings that don't mix well with their need to balance flexibility and convenience with their day jobs."

## Cash Flows and Position

As of 30 June 2021, the Company had total cash on hand of US\$67.5 million, consisting of US\$67.1 million of cash and cash equivalents and US\$0.4 million of restricted cash. Cash will be used in its operations and to pursue the Company's growth objectives.

Net cash used in operations in the quarter was US\$9.0 million, primarily reflecting the timing of employee costs and direct marketing required to procure, develop and manage new

<sup>5</sup> The comparisons at constant currency rates (foreign exchange) reflect comparative local currency balances at prior period's/prospectus' foreign exchange rates. This measure provides information on the change in Revenue assuming that foreign currency exchange rates have not changed between the prior period/prospectus and the current period. Management believes the use of this measure aids in the understanding of changes in Revenue without the impact of foreign currency.

programs ahead of their launch. For FY21, cash flow used in operations was US\$11.2 million, compared to US\$6.1 million in FY20. Cash flow from operations for the quarter and FY21 includes US\$4.5 million and US\$4.9 million, respectively, of non-capitalizable expenses related to the public offering. Per the FY21 statutory prospectus forecast, cash flow used in operations was US\$12.9 million.

Net cash used in investing activities in the quarter was US\$1.3 million, primarily representing the capitalised value of employee and contractor costs directly involved in the development of programs and eligible for capitalisation under U.S. GAAP.

Net cash provided by financing activities in the quarter and FY21 was US\$68.6 million and US\$67.5 million, respectively. The Company received aggregate net proceeds of US\$154.4 million after deducting underwriting and offering expenses, of which US\$58.6 million was used to payout Non-Controlling Interests, US\$18.3 million to pay the Non-participating Securityholders and US\$10.0 million to repay the outstanding loan.

#### **Fourth Quarter (Q4) Results Briefing**

Keypath is providing a briefing on this result today commencing 9.00am (AEST). Participants can access the webcast through this [link](#)

#### **Full Year Results Announcement**

Keypath will be releasing its results for the twelve months ended 30 June 2021 on 30 August. A briefing will be held with participation via webcast with details to be released in August through the ASX.

#### **Further information**

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## **About Keypath**

Founded in 2014, Keypath is a global, market-leading edtech company in the online program management (OPM) market. In collaboration with its 32 university partners, Keypath delivers 140 career-relevant, technology-enabled online higher education programs to over 30,000 students with the goal of preparing them for the future of work.

The suite of services Keypath provides to its university partners includes designing, developing, launching, marketing, and managing online programs. Keypath also undertakes market research and provides student recruitment, support and placement services. The services Keypath provides are underpinned by KeypathEDGE, its integrated technology and data platform.

Keypath has approximately 600 employees with offices and partners in Australia, the United States, Canada, the UK and is expanding into Malaysia. Australia is a key market for Keypath, with approximately 45% of FY20 revenue generated from its Australian operations.

## **Forward Looking Statements**

This announcement contains forward-looking statements, including guidance and forecasts. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond Keypath's control, and speak only as of the date of this announcement. These forward-looking statements should be read in conjunction with, and are qualified by reference to, risks as set out in Section 5 of Keypath's prospectus dated 11 May 2021, general assumptions, specific assumptions and the sensitivity analysis as set out in Section 4 of that prospectus, and other information in this announcement. Readers are cautioned not to place undue reliance on forward looking statements.

## **Restriction on purchases of CDIs by U.S. persons**

Keypath is incorporated in the U.S. State of Delaware and none of its securities have been registered under the U.S. Securities Act of 1933 or the laws of any state or other jurisdiction in the United States. Trading of Keypath's CHES Depositary Interests ("CDIs") on the Australian Securities Exchange (ASX) is not subject to the registration requirements of the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act and a related 'no action' letter issued by the U.S. Securities and Exchange Commission to the ASX in 2000. As a result, the CDIs are "restricted securities" (as defined in Rule 144 under the U.S. Securities Act) and may not be sold or otherwise transferred except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. For instance, U.S. persons who are qualified institutional buyers ("QIBs", as defined in Rule 144A under the U.S. Securities Act) may purchase CDIs in reliance on the exemption from registration provided by Rule 144A. To enforce the transfer restrictions, the CDIs bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on ASX to U.S. persons excluding QIBs. In addition, hedging transactions with regard to the CDIs may only be conducted in compliance with the U.S. Securities Act.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Keypath Education International, Inc.

**ABN**

649 711 026 (ARBN)

**Quarter ended ("current quarter")**

30 June 2021

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	25,311	90,439
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs		
	(c) advertising and marketing (Direct Marketing)	(9,431)	(30,992)
	(d) leased assets (Facilities/Office copiers)	(471)	(1,824)
	(e) staff costs (excluding staff costs included in 2.1(e) below)	(14,064)	(47,632)
	(f) administration and corporate costs	(9,763)	(19,833)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid	(583)	(1,382)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other – costs of the Offer and other transaction costs expensed		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(9,001)</b>	<b>(11,224)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(413)	(1,035)
	(d) investments		

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
	(e) intellectual property (mainly capitalised employee costs directly involved in program development)	(891)	(3,108)
	(f) other non-current assets		
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	<b>Net cash from / (used in) investing activities</b>	<b>(1,304)</b>	<b>(4,143)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	163,961	163,961
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	(8,451)	(9,529)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(10,000)	(10,000)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other – Redemptions of Non-Controlling Interests and payments to Non-Participating Securityholders	(76,930)	(76,930)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>68,580</b>	<b>67,502</b>

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
<b>4.</b>	<b>Net increase / (decrease) in cash and restricted cash for the period</b>		
4.1	Cash and restricted cash at beginning of period	9,537	14,699
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,001)	(11,224)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,304)	(4,143)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	68,580	67,502
4.5	Effect of movement in exchange rates on cash held	(361)	617
<b>4.6</b>	<b>Cash and restricted cash at end of period</b>	<b>67,451</b>	<b>67,451</b>

<b>5.</b>	<b>Reconciliation of cash and restricted cash</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	67,049	9,129
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Restricted Cash)	402	408
<b>5.5</b>	<b>Cash and restricted cash at end of quarter (should equal item 4.6 above)</b>	<b>67,451</b>	<b>9,537</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	3,286
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: As disclosed in Keypath's prospectus, related party payments consist of a US \$3.25 million fee paid to Sterling Fund Management, LLC for services provided by it to the Company and its affiliates as described in Section 6.8 of the Company's prospectus. In addition, the Company paid US \$36 thousand to certain directors for board fees and pre-listing services.</i>		

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>	N/A	
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(9,001)
8.2	Cash and cash equivalents at quarter end (item 4.6)	67,451
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	67,451
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	7
<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:		
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:		
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:		
<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: 29 July 2021

Authorised by: 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.