Keypath EDUCATION

Annual Report 2021

Keypath Education

Transform education, transform the world.

At Keypath, we believe that education has the power to change the world.

As a global EdTech company, our vision is to be the global leader in education transformation – the key that unlocks greatness in educators and in students. By transforming education, we transform the world.

We partner with some of the world's leading educators to expand their reach, amplify their impact, and advance student outcomes. We do this by delivering programs that meet the needs of the future-of-work and help solve our global social and economic challenges.

Contents

02 Chair's message
04 OPM industry overview
08 CEO's review
12 Who is Keypath
18 Global footprint
22 Managing risk and sustainability
30 Financial summary
31 Operating and financial review
38 Board of Directors
40 Directors' report
46 Corporate Governance Statement
56 Financial report
57 Report of Independent Auditors
58 Financial Statements
62 Notes to the Financial Statements
79 Auditor remuneration
79 Directors' declaration
80 Company information
81 Corporate directory
82 Shareholder information
84 Glossary

Keypath listed on the Australian Stock Exchange on June 2, 2021. (ASX: KED)

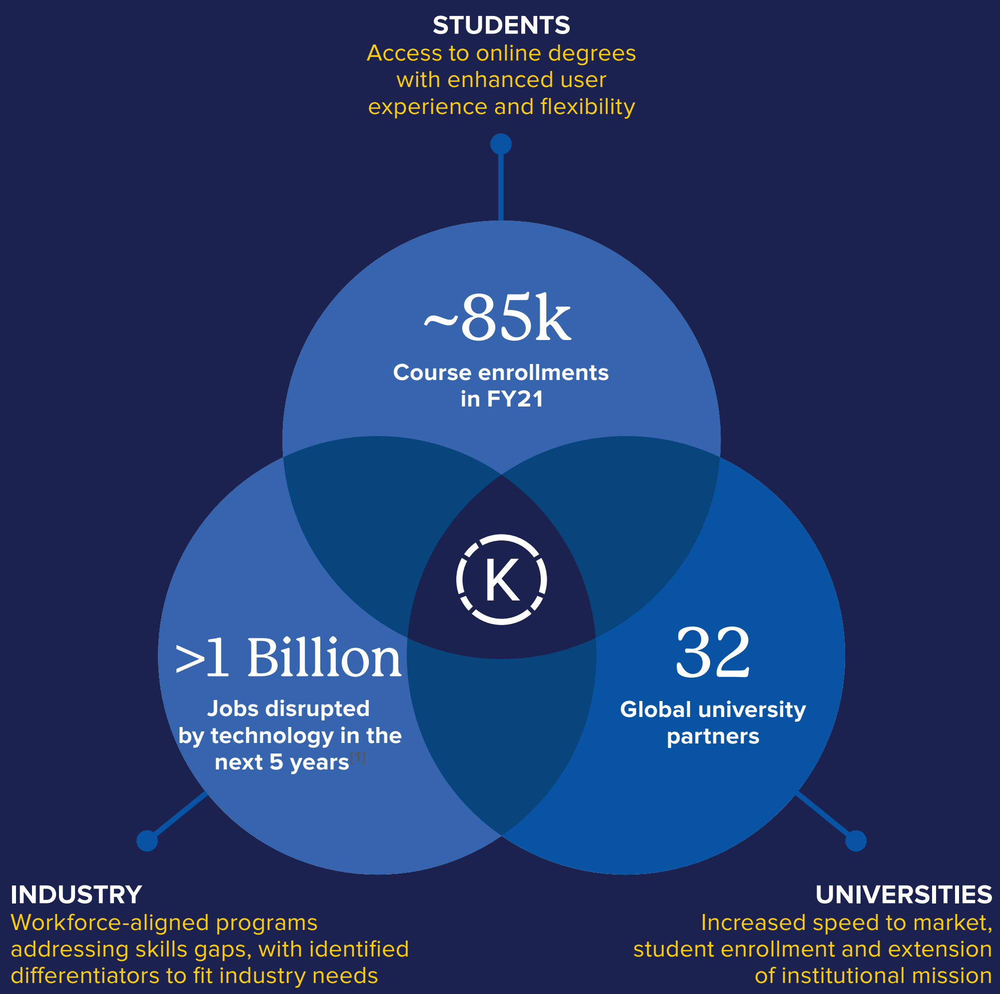
FY21 Highlights

US$98.1m
Revenue
(FY20: US$55.5 million)
+77%

140
Active programs
(FY20: 106)
+34

85,358
Course enrollments
(FY20: 56,546)
+51%

32
University partners
(FY20: 23)
+39%



1. World Economic Forum, Future of Jobs Report 2020.

Chair's message

DIANA EILERT
CHAIR, KEYPATH

On behalf of the Directors, welcome to the first Annual Report for Keypath Education following our successful listing on the Australian Securities Exchange (ASX) in June 2021.

FY21 was a transformational year for Keypath. In addition to listing on ASX, we signed our first university partner in Asia marking the fourth continent on which we support institutions of higher education and their students.

Keypath was founded in 2014 with the vision to design and deliver career-relevant online programs in partnership with world class universities. Keypath has grown rapidly to become a market-leading, education technology (EdTech) company working with its university partners to expand their reach to bigger markets across the planet. Keypath's purpose to "Transform education, transform the world" drives the business and anchors its success.

As an Online Program Management (OPM) provider, Keypath works with its university partners under long-term contracts with an initial contract term length of approximately nine years. The university partner provides the course content and delivers the courses while Keypath designs and markets the university programs in addition to recruiting, supporting and retaining the university students. Increasingly, Keypath services the health sector where its ability to facilitate clinical placements for these students is highly valued. Using market research, sophisticated analytics and the KeypathEDGE technology platform, Keypath provides scale and applies learnings that significantly increase the effectiveness of these university programs.

Our strategy

Keypath operates in the OPM market, which is experiencing high growth driven by macro trends for large-scale upskilling and reskilling in many workforces. Keypath's university partners have identified the growing importance of online learning in addressing these macro trends.

To accelerate growth, Keypath's strategy includes growing enrollments and improving student retention in current programs; expanding market share through a broader portfolio of programs and disciplines; adding new programs with existing university partners; signing new university partners in existing markets; expanding into new markets; and evaluating targeted merger and acquisition opportunities.

Performance

During FY21, Keypath continued to outperform with total revenues exceeding prospectus forecasts. This strong financial performance reflects continued growth in course enrollments and strong rates of student retention across the portfolio of programs Keypath operates with its university partners.

Board and executive leadership

Keypath was guided through its transition from a private to public company by a newly constituted Board of Directors that brings a breadth of expertise and skill including business leadership, education sector experience, financial management, customer and technology expertise and strong corporate governance. Directors are domiciled in both the US and Australia.

The founder, Executive Director and CEO of Keypath, Steve Fireng and his executive leadership team have continued to lead the business through the initial public offering (IPO), while achieving remarkable business and financial outcomes. This executive leadership team combines a deep understanding of higher education and the OPM market with a culture of integrity, purpose and innovation.

The new Board members include independent Non-Executive Directors Melanie Laing, Robert Bazzani and Susan Wolford and me, as independent Chair. We are fortunate to have the continuing input of Non-Executive Directors Christopher Hoehn-Saric and Avi Epstein who represent the major shareholder, Sterling Partners, and have provided advice and support to Keypath since its founding.

Outlook

FY21 was a year of positive transformation at Keypath. A successful IPO was celebrated, while the team worked hard to continue delivering strong trading and greater momentum in the business. In FY21, Keypath continued its investment in growth and has 140 active programs with partners across its global markets. This investment gives Keypath a solid foundation for further growth and provides the Board with confidence in its FY22 forecast.

On behalf of the Directors, I thank Steve, his executive leadership team and the Company's wider team of talented and dedicated employees (or Keypathers, as we call ourselves), for their passion and hard work.

The Board would like to acknowledge and thank its long-standing security holders, including investment funds managed by Sterling Partners, for their continued support during the listing, and we extend our warmest welcome to our new investors.

Finally, we extend our deep appreciation to Keypath's university partners for the continued faith and trust they place in Keypath to work with their students, faculty members and broader communities. Together, Keypath and its university partners are changing people's lives through education.

We look forward, with excitement, to Keypath leading the transformation of education and through it, helping to transform the world.

Diana Eilert
Chair, Keypath

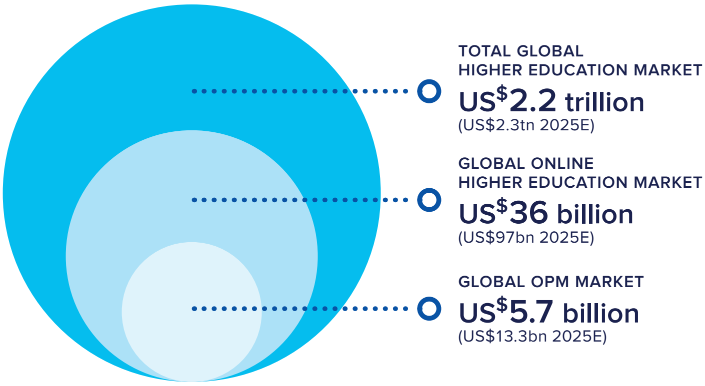
OPM industry overview

Keypath operates in the global online higher education market which was approximately US$36 billion in 2019[1] and is expected to grow to approximately US$97 billion by 2025,[1] representing a CAGR of 18%.

This presents Keypath with a significant global market opportunity given its foothold on four continents and that the online segment currently represents, approximately, 2% of the broader global higher education industry.

1. "Global Online Degree and Micro-Credentials Market", HolonIQ, March 2021

TOTAL GLOBAL HIGHER EDUCATION INDUSTRY, ONLINE HIGHER EDUCATION AND OPM MARKET



Scale of Global OPM market

Keypath competes in the OPM segment of the global online higher education market.

Spend in the global OPM market was approximately US$5.7 billion in 2020 and is expected to grow to approximately US$13.3 billion by 2025, representing a CAGR of 19%.[1]

1. "Global OPX/OPM Market", HolonIQ, March 2021.

OPM industry overview

OPM business models

Universities around the world are confronted with the immediate need to transition many of their academic programs into an online delivery format. While some institutions have the capability in-house to drive this transformation, other universities desire to build long-term, strategic partnerships with third party organizations, known as Online Program Management (OPM), to accelerate this change.

Under such a partnership with Keypath, the university maintains academic control of all programs and courses including establishing the academic calendar and entrance qualifications for prospective students, making all curriculum, admissions and tuition pricing decisions, teaching all courses and conferring the certificate or degree.

There are two primary business models for OPM providers:

» The tuition share model is a long-term and full-service model whereby an OPM provider funds the initial capital required to launch the online programs in exchange for a share of the tuition fees (for example, as a percentage of total tuition fees).
» The fee-for-service model where universities pay a defined fee for each selected service with no long-term revenue share arrangements.

The tuition share model is the dominant business model for OPM providers and is the one adopted by Keypath.

Drivers of online higher education

The key factors impacting the global online higher education and global OPM markets are:

Acceptance of online education by industry

» Early higher education industry concerns around the learning outcomes, student engagement and university acceptance of online education have largely been eliminated, fueling broader acceptance of online education.

Competition for digital marketing space

» Expenditure on digital marketing channels to advertise and recruit students for online programs can be material. An OPM provider with digital marketing expertise can be more cost effective for the university.

Limited on-campus capacity

» The online delivery of education provides a scalable method to deliver programs to additional students beyond the limitations of a university's on-campus capacities.

Competitive landscape

Keypath competes in a global OPM market comprising an estimated 200 providers servicing over 600 higher education institutions.[1]
In 2019, the top 10 providers made up approximately 60% of spend in the global OPM market; however, the competitive dynamics vary between geographies.

Some OPM providers offer selected program capabilities, while a few, including Keypath, provide a broad spectrum of program capabilities, in undergraduate and postgraduate courses along with non-degree or degree programs in a wide array of disciplines.

Additionally, OPM providers can be grouped according to:

» providers with larger customer bases, such as Keypath, that typically have 30+ partners operating across multiple jurisdictions with programs in a broad range of disciplines;
» providers with smaller customer bases, sometimes more targeted at specific disciplines or degree levels; and
» massive online open course providers (MOOC) that offer single courses and specializations available to anyone — MOOC providers are beginning to move into the OPM market now offering full degrees in partnership with universities.

OPM providers compete on a range of factors, including their experience or track record in a geographical location or discipline; breadth of solution offered; knowledge and data driven expertise; technical capacity driven by the provider's technology platform; and cost.

1. HolonIQ Market Research, May 2021.

Universities around the world are confronted with the immediate need to transition many of their academic programs into an online delivery format.

Keypath, provide a broad spectrum of program capabilities, in undergraduate and postgraduate courses along with non-degree or accrediting courses in a wide array of disciplines.

CEO's review

STEVE FIRENG
FOUNDER, EXECUTIVE DIRECTOR AND GLOBAL CEO, KEYPATH

It is a source of great pride for me that we have effectively transitioned Keypath from the private business I founded in 2014 to a growing and vibrant publicly listed company in 2021.

I would like to thank the many universities that have placed their confidence in us. Their commitment to innovative learning models and their relentless focus on quality student outcomes aligns with our mission and inspires us to exceed their expectations.

Keypath provides a suite of services to our university partners, including: the design, development, launch, marketing and management of online education programs, as well as market research, student recruitment, student support and clinical placement.

Our unique and scalable KeypathEDGE integrated data platform delivers insights and capabilities that allow us to develop engaging online programs that target in-demand skills and occupations. The KeypathEDGE platform is powered by predictive analytics and supports the full range of our services and drives benefits to our partners, industry and, most importantly, students.

People

At Keypath, we are proud to be a values-based, mission-driven and "people first" organization. Our outstanding performance in FY21 is no doubt a result of Keypathers living our core values of collaboration, commitment, innovation and life-long learning.

We are pleased to have added 149 Keypathers to our high-performing team in FY21 alone. Today, we have over 600 Keypathers representing a diverse and talented team reflective of the communities and the students we serve. I am proud to say that we are consistently recognized as a leading place to work, winning numerous meaningful awards honoring our dedication to, and focus on, our people.

WORKPLACE AWARDS

- Best Places to Work in Australia 2021
- Australian LGBTQ Inclusion Awards 2021 – Bronze Small Employer
- Keypath Canada certified as a Great Place to Work in Canada for 2021–2022
- Best Place to Work in Chicago by Crain's Chicago Business 2021
- Top Workplaces in Chicago by Chicago Tribune 2019 and 2020

Growth

We have a strong track record of growing our revenues as a leader in the global online higher education market; a market that has been forecast to grow by 170% between 2019 and 2025.[1]

We use a data-driven approach to organic growth and have accumulated tremendous market and trend data across the global markets we serve.

We capitalize on this data collection through our proprietary KeypathEDGE data analytics platform. Using predictive analytics, KeypathEDGE identifies growth drivers within our industry. With these detailed insights, we focus on building the right programs in the right disciplines and in the right geographies to provide students with career relevant and in-demand skills. We also use KeypathEDGE analytics to identify the most attractive markets to expand into, as evidenced by our recent entry into South-East Asia.

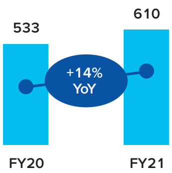
Our strategy for external growth is also data-driven as we consider targeted mergers and acquisitions opportunities. Our focus will be on acquiring other OPM providers that can help grow university partnerships, allow entry into new markets and enhance our technology platform and capabilities. We will always assess M&A opportunities based on strategic relevance and value-creation.

GROWTH DRIVERS

Grow enrollments and improve student retention

Data-driven approach to growing enrollments through KeypathEDGE platform in 140 current active programs[2]

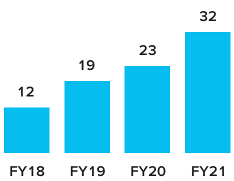
ENROLLMENTS PER ACTIVE PROGRAM[3]



Sign new university partners in existing markets

Continued growth of university partners in existing markets

NUMBER OF PARTNERS[4]



Add new programs with existing university partners

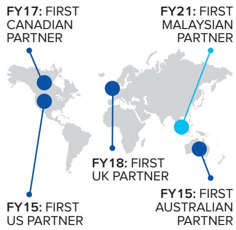
Launching new programs with existing partners

67

additional programs have been launched with existing partners since their original signing and partnership

Expand into new markets

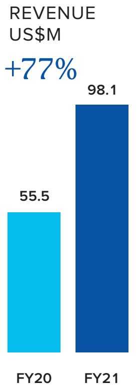
Drive expansion into new markets, notably South-East Asia

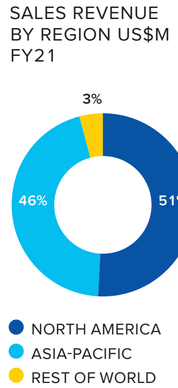


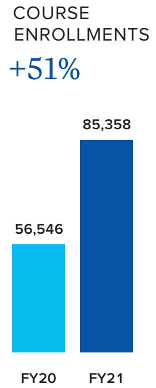
Execute targeted mergers and acquisitions

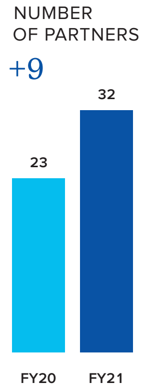
Continue to pursue targeted M&A, assessing opportunities based on market expansion, strategic relevance and value-creation

1. "Global OPX/OPM Market to reach US$13.3B by 2025", HolonIQ, March 2021.
2. As of June 2021.
3. Calculated as number of student course enrollments as of end of period divided by number of active programs at end of period.
4. Figures shown as of end of period indicated.









Performance

In FY21, we accelerated growth and delivered a strong financial performance. Revenue of US$98.1 million was a 77% improvement on the prior year revenue of US$55.5 million and US$7.0 million ahead of prospectus forecast, of which US$1.9M million[1] was attributable to favorable foreign exchange movements. The majority (93%) of our revenue is earned in the US and Australian markets.

Our success in FY21 is due in part to robust growth in course enrollments to approximately 85,400. This was 8% higher than prospectus forecasts due primarily to stronger than expected student retention rates. We see student demand remaining strong, especially in certain healthcare disciplines, including nursing, where we continue to explore ways to increase capacity and meet demand.

New partners

We are proud to have added nine new university partnerships in FY21, which is more than double the number of university partnerships undertaken in the prior year. We are now a trusted partner to 32 universities throughout Australia, the US, Canada, the UK and Malaysia.

Our newest university partnerships stretch across our existing geographic footprint and include our first partnership in Malaysia. We consider South-East Asia to be a key area of growth for us and our recent entry into the Malaysian market establishes us as a first mover in this important marketplace.

Impact of COVID-19

The COVID-19 pandemic has had a pronounced impact on higher education globally. Many universities have needed to accelerate their adoption of online and remote learning at a time of reduced funding from the loss of student revenues.

At Keypath, we have not experienced disruption to our business. In fact, we have seen increased interest in, and validation of, online education. The COVID-19 pandemic challenged universities to think differently about the delivery of education and many institutions now have a stronger desire to offer their world class programs online.

Conclusion

Education is changing faster and in more ways than ever before. We remain focused on helping our partners stay ahead of these changes through innovation. Our proprietary KeypathEDGE platform significantly optimizes the services we provide to our partners. Enabled by the power of a Keypath partnership, these institutions are able to offer market leading programs that significantly enhance student experience.

Our transformation to a listed company comes at a time when demand for online degrees is strong. We are confident this demand will only increase as working professionals around the world embrace the flexibility of online learning to upskill and reskill throughout their careers.

Steve Fireng
Founder, Executive Director
and Global CEO, Keypath

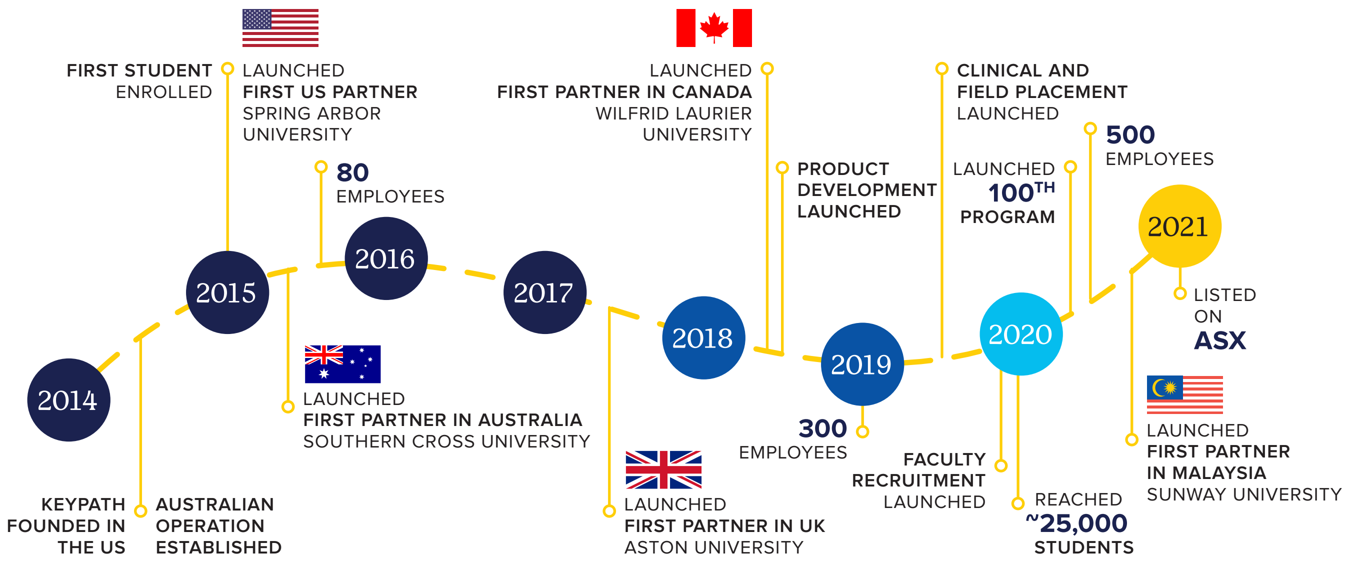
1. Keypath Education International, Inc., Q4 2021 (June 30, 2021) Activity Report and Appendix 4C, released July 29, 2021.

> "We are confident … demand will only increase as working professionals around the world embrace the flexibility of online learning to upskill and reskill throughout their careers."

Who is Keypath?

Keypath is a leading global EdTech company that partners with universities to deliver market-led, online higher education programs.

Keypath university partner programs target students looking to upskill or reskill to prepare for the future of work in an increasingly knowledge-based economy. Keypath has more than 600 employees around the world and operates out of offices in Chicago, Melbourne, Sydney and Toronto.



History timeline

Keypath was founded in Chicago in 2014 as a full-service OPM and has grown to provide:

» market research,
» program design and development,
» faculty training,
» marketing and student recruitment,
» student support services, and
» field and clinical placements.

In 2015, Keypath launched its first partnerships in both the US, with Spring Arbor University, and in Australia, with Southern Cross University. In 2016, Keypath announced Wilfrid Laurier University as its first university partner in Canada and, in 2017, Keypath announced Aston University as its first university partner in the UK.

To address the complexity of delivering placements for online health and social services programs, where practical placement is a requirement of accreditation, Keypath launched its clinical and field placement solution in 2019.

In 2020, Keypath signed its first partnership in Malaysia with Sunway University.

KEYPATH'S GLOBAL NETWORK OF UNIVERSITY PARTNERS
BY FINANCIAL YEAR

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
ASIA-PACIFIC	Southern Cross University		RMIT University	James Cook University	Deakin University Edith Cowan University Victoria University	University of New South Wales University of Technology Sydney	Sunway University University of Canberra
US CANADA UK	Central Christian College Spring Arbor University	Kettering University St Bonaventure University	Florida State University Wilfrid Laurier University	Aston University University of Exeter Walsh University	Baylor University Carson Newman University Michigan Technology University Suffolk University	Emerson College Texas Women's University	Elmhurst College Keuka College Marymount University Pepperdine University University of Ottawa Wilkes University Worcester Polytechnic Institute

Keypath has grown its network of globally ranked universities and is a market leader in Australia, where it has partnered with as many universities since 2014 as its competitors combined.[1]

Partners

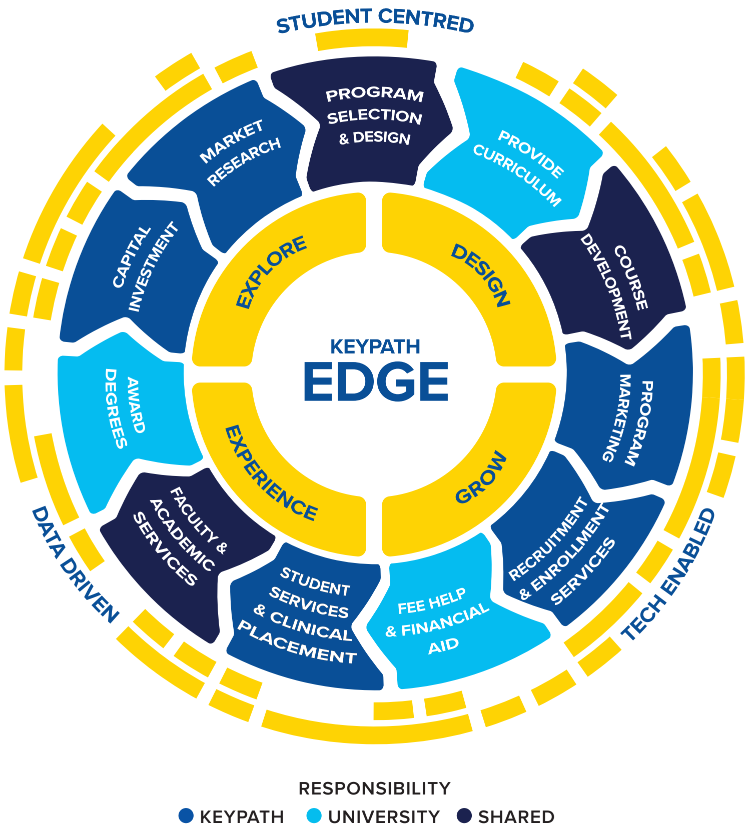
Since launching its first program in 2015 in the US, Keypath has grown to partner with 32 universities in Australia and the US, along with Canada, the UK and Malaysia. Keypath delivers 140 active programs with its partners and has provided high-quality online education in disciplines including business, nursing, STEM, health and social services, and education, predominantly for postgraduate degrees.

The strength of Keypath's relationships with university partners is evidenced by:

- **A strong, growing number of globally ranked university partners and a market-leading position in Australia**: Keypath is the leader in the number of partnerships launched in Australia since 2014, with nine partnerships.
- **Growth in offered programs within existing partner universities**: Keypath has added 67 new programs with existing partners since their original signing, almost doubling the aggregate number of original programs with those universities.
- **Renewal of existing agreements**: university partners have elected to renew agreements with Keypath, indicating the financial and student outcomes as the main reasons they renewed.
- **Long-term contracts**: university partners have expressed comfort entering long-term contracts with Keypath, with an average initial contract term length of approximately nine years.

1. HolonIQ Education Market Intelligence Platform, accessed 1 March 2021.

KEYPATH'S SUITE OF OPM SERVICES



Business model

Keypath provides bundled OPM services to its university partners, who are responsible for providing academic content, the appointment and coordination of faculty, determining the student capacity of each program, assessment, granting credits and degrees, and making all decisions regarding student admission and registration criteria.

Keypath earns revenue from a share of tuition fees, typically ranging from 40% to 60%, paid to its university partners by students enrolled in the online programs delivered by Keypath. Tuition shares are agreed with Keypath and its university partners for each program prior to launch.

Keypath's business model is designed to align with the long-term success of its university partners. The successful launch and growth of these online programs allows universities to grow enrollments in high-demand, industry-aligned disciplines. By offering flexible study options and access to a student advisor and support services, including placement services where required, Keypath promotes student outcomes and retention, further supporting revenue generation.

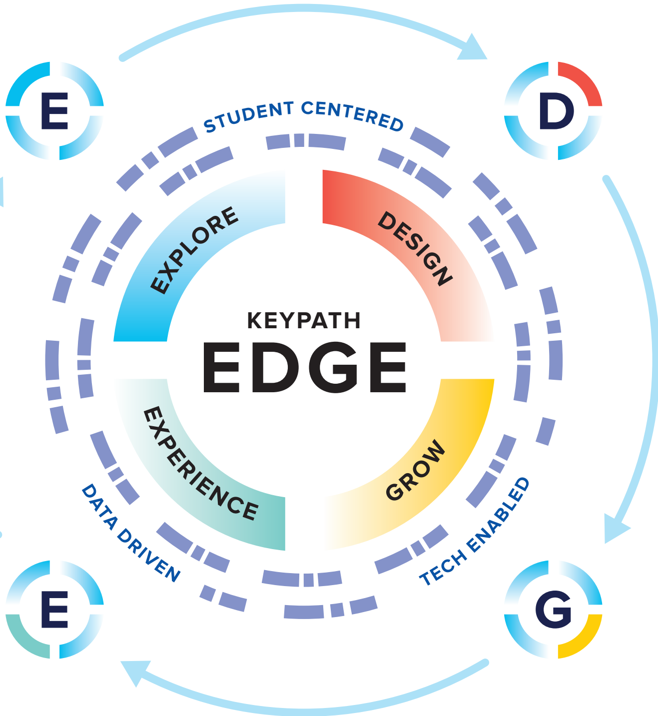
Keypath incurs the upfront costs for course design and development, marketing, student recruitment and support, together with its ongoing investment in technology, but does not earn revenue from a program until that program starts to be delivered to enrolled students.

Keypath provides universities with the opportunity to offer an online program with lower upfront investment which lowers the university's financial risk for that program. Keypath's ability to make these required upfront investments is supported by long-term contracts affording it the ability to generate returns over the life of each program.

KeypathEDGE stages of online program delivery

EXPLORE
PREDICTIVE ANALYTICS AND MARKET ASSESSMENT
Data analysis to assess market opportunities globally

DESIGN
PROGRAM DESIGN AND DEVELOPMENT
Leading learning programs seeking to deliver on skills gaps and exceed student expectations



EXPERIENCE
STUDENT EXPERIENCE
Data-driven customer experience design to support and optimise the learning experience

GROW
PROGRAM MARKETING AND STUDENT RECRUITMENT
Agile and scalable marketing, recruitment and placement systems, based on predictive analytics

KeypathEDGE

The KeypathEDGE data analytics platform is the Company's integrated technology and data tool that significantly improves the acquisition rate and retention of university partners and students. Analyzing proprietary data acquired from over one million enrollment leads, the KeypathEDGE platform operates with the entire ecosystem of relevant and meaningful data including third party data on environmental and industry trends, demand drivers, success factors and financial metrics.

The KeypathEDGE platform supports the four key stages of Keypath's online program delivery:

» EXPLORE;
» DESIGN;
» GROW; and
» EXPERIENCE.

Testimonial

ASHLEY NIEVES

“ Ultimately, I chose Florida State University because of the flexibility I had to fit school into my lifestyle, their rigorous program and their devotion to helping students, like myself, achieve their goals!”

“This experience has been one of the best ones of my life, and I have Florida State University to thank for my Master of Social Work (MSW)!

I’m excited to work towards becoming a licensed clinical social worker and the many doors that my MSW will open! My dream is to one day work for the Veterans’ Affairs, and with my current VA internship.

I hope this dream can become a reality! Again, if it weren’t for this program and all the support that I got from my professors and my advisors, I wouldn’t be where I am today!”

NAME:	Ashley Nieves
UNIVERSITY:	Florida State University
PROGRAM:	Master of Social Work
AGE:	28
LOCATION:	Orlando, Florida
OCCUPATION:	Care Coordinator Social Worker at Orlando Health Hospital
PREVIOUS QUALIFICATION:	BA in Psychology

Global footprint

Keypath is a trusted partner to 32 universities around the world.

These partners include 17 US News & World Report globally ranked university partners, nine Australian partners ranked by Times Higher Education and eight ranked Young University partners. In Australia, Keypath signed its first programs with UNSW in 2018, one of the leading universities by world ranking and a member of the prestigious Group of Eight universities in Australia.

Expansion into South-East Asia

While the established markets in the US and Australia are an important focus for Keypath's growth strategy, the Company continues to evaluate new university partners in other regions.

In 2020, Keypath signed its first partnership with a Malaysian university, Sunway University, which is also the first OPM partnership for the South-East Asian region. Sunway is rated internationally as a 5-star university by Quacquarelli Symonds (QS).

The key drivers behind choosing Malaysia as Keypath's first South-East Asian market include the growing use of online technology, universal penetration of internet connected devices and the Malaysian OPM sector being in an early growth stage.

Types of programs

Some disciplines in which Keypath currently offers programs are listed in the figure below.

Examples of ways in which online programs may be delivered to students include:

» custom media and interactives built to enhance instruction and practice;
» relevant assignments, cases and projects crafted to assess authentically and challenge students to solve real-world problems;
» varied learning experiences that enhance student engagement and community, such as discussion boards, debate forums, polls, group work, custom-built collaboration tools, and live sessions; and
» objective-aligned course materials and assessments that ensure academic rigor and specific measurement of competencies.

Keypath targets programs that address skill shortages, particularly where specialization in complex areas can generate competitive advantages. Two examples of these disciplines are healthcare and STEM.

Healthcare

Keypath focuses on complex, high social impact healthcare education programs with integrated clinical and field placement assistance. Keypath has the resources and expertise to:

» scale programs beyond a university's geographic area;
» provide clinical placement services to support programs;
» improve shortages in rural and remote areas through Keypath's clinical and field placements network;
» support the recruitment of qualified faculty to enable growth of the program; and
» ensure translation of content and clinical quality to an online audience.

STEM

Keypath utilizes its considerable experience and understanding of STEM and data programs to help universities prepare highly skilled graduates to meet the demand in fast-growing industries such as computer science, data science and cybersecurity. Keypath partners with universities to:

» scale programs to meet regional and national demand;
» design and develop innovative programs to address skill shortages;
» provide a wide variety of programs catering to all backgrounds and experience levels in these disciplines; and
» use technology to teach programming, cybersecurity, computer science, data science and other technical disciplines.

SAMPLE OF KEYPATH'S DISCIPLINES

PROGRAM NAME	LEVEL	DISCIPLINE	PROGRAM LENGTH
Bachelor in Business Administration	Undergraduate	Business	5 years
Master of Business Administration	Masters	Business	2 years
Grad Cert Digital Marketing Leadership	Grad Cert	Business	8 months
Master of Science in Data Science	Masters	Comp & Info Sc.	1.6 years
Master of Science in Computer Science	Masters	Comp & Info Sc.	2.3 years
Master of Cybersecurity	Masters	Comp & Info Sc.	2 years
Grad Cert in Business Analytics	Grad Cert	Comp & Info Sc.	8 months
Ed.D. in Educational Leadership and Organisational Innovation	Doctorate	Education	2.6 years
MSED in Counsellor Education, Clinical Mental Health Counselling	Masters	Education	3 years
Doctor of Nursing Practice	Doctorate	Nursing	3.3 years
Ph.D. in Nursing	Doctorate	Nursing	3 years
Master of Science in Nursing-Family Nurse Practitioner	Masters	Nursing	2.3 years
Accelerated Bachelor of Science in Nursing	Undergraduate	Nursing	1 year
Master of Social Work	Masters	Social Services	3 years
Graduate Diploma Psychology (Bridging)	Diploma	Social Sciences	1.6 years

Testimonial

“Given my experience of working with other cultures, I was particularly drawn to the MBA Global and its focus on cultural intelligence and thinking globally about business rather than just the country you reside in”.

“I feel more empowered to be able to curate effective data driven strategies that drive business innovation that aligns with organisational objectives.

Brett, my student success advisor, was just brilliant. His support and comradery throughout the MBA provided a huge motivation. There are teachers and then there are people who are truly passionate about empowering others with life changing knowledge, and I was blessed to have experienced several of these people with this passion at James Cook University.”

NAME:	Andrew Siu
UNIVERSITY:	James Cook University Online
PROGRAM:	Master of Business Administration Global
LOCATION:	Sydney, NSW

Managing risk and sustainability

Environmental, Social and Governance (ESG) report

Keypath's ESG approach is aligned to the Company's purpose "Transform education, transform the world."

In fulfilling this purpose, Keypath is committed to changing education with technology and positively impacting communities that benefit from educated, upskilled and reskilled workforces.

Collectively, these positive impacts extend beyond a newly skilled worker and a community benefit to having a real effect on today's social and economic challenges at a greater scale.

MIDSUMMA PRIDE FESTIVAL

Keypath focuses on four main tenets to support its ESG commitment:

1

Building a people-first organization

2

Improving social mobility through student outcomes

3

Operating with strong governance, ethics and data protection

4

Playing an appropriate role in addressing climate change

ESG report

1

Building a people-first organization

Employee engagement and culture

Keypath has a highly engaged workforce, evidenced by its 2020 Gallup Employee Engagement Survey result with an “engagement mean” of 4.37 out of 5, placing Keypath in the top 30% of organizations. Furthermore, current and former employees rate their experiences at Keypath favorably, with 4.1 out of 5 and 4.4 out of 5, on Seek and Glassdoor, respectively.

Keypath is routinely recognized as a leading place to work receiving numerous awards, including most recently:

» Best Places to Work in Australia 2021
» Australian LGBTQ Inclusion Awards 2021 – Bronze Small Employer
» Keypath Canada certified as a Great Place to Work in Canada for 2021–2022
» Best Place to Work in Chicago by Crain’s Chicago Business 2021
» Top Workplaces in Chicago by Chicago Tribune 2019 and 2020

Keypath’s core values

Keypath’s mantra is to “be bold and do meaningful work”, and the Company’s culture is one of high-performance, underpinned by the core values of commitment, innovation, collaboration and lifelong learning. The Keypath annual awards program emphasizes these values by recognizing employees who live the Company’s core values. These awards are testimony to an engaged culture of Keypathers who eagerly vote for their peers to be recognized.

Our values

Be committed

Have an unwavering commitment to service and Keypath’s cause: education.

Education has the power to change lives and Keypath plays a vital role in making that happen. With all employees accountable to the Company’s collective commitment to service and education, Keypath delivers outstanding and life-changing outcomes for students and remarkable achievements for its university partners.

Be collaborative

Trust yourself, fellow Keypathers and the Company’s university partners to foster honest interaction and collaboration.

Talented, diverse and interesting employees are at the heart of what makes Keypath a great place to work. Collaboration among these celebrated individual Keypathers contributes to meaningful interactions with university partners that produce the best outcomes for their students.

Be inventive

Innovate ahead of the curve, unbound by convention.

To drive meaningful change in education, Keypath does not rest on convention. Keypath employees are disruptors and innovators who use creativity and thoughtfulness to challenge the status quo.

Be a lifelong learner

Cultivate and demonstrate expertise, learning and growth.

Education does not stop at graduation – not for students, and not for Keypathers. The Company promotes a culture that encourages curiosity and learning in any way possible as there is unlocked potential in every individual no matter what stage of life, career or expertise. As Keypathers grow individually, so does Keypath grow collectively.

KEYPATH DIVERSITY AND INCLUSION FRAMEWORK

Our People

- Policy
- Recruitment and Onboarding
- Training and Development

Our Identity

- Our Brand
- Language and Statements
- Celebrating Diversity

Our Actions

- Individual Action
- Giving Back – Philanthropy
- Partner Collaboration

COVID-19 and our employees

The COVID-19 pandemic presented the world with an unprecedented situation and Keypath responded strongly with focus on its employees during this challenging time. The Company's number one priority has been, and will continue to be, the health and well-being of its employees.

In March 2020 Keypath swiftly organized to support 100% of Keypathers working from home. This transition was seamless and did not adversely impact on operations.

The COVID-19 pandemic and related operational changes provided an opportunity for Keypath to re-imagine the way Keypathers work and engage with each other. In August of 2021, Keypath assured all employees that returning to a physical office will not be mandated and that the future of work experience at Keypath will be based on employee choice as to working in the office, at home or with a hybrid schedule of time spent both at home and in the office.

Diversity, equity and inclusion

An undeniable contributing factor to Keypath's success is its commitment to diversity, equity and inclusion (DEI). This commitment is reflected in the talent Keypath employs, communities in which it operates and the students it serves. The Board is committed to increasing the diversity of employees and aims to achieve a continued increase in diversity through the Company's recruitment and onboarding practices in addition to training and development opportunities. Keypath plans to establish measurable DEI objectives for reporting in its 2022 Annual Report.

Keypath formalized its Global DEI framework during FY21. This framework is built upon three pillars: People, Identity and Actions. This DEI framework is foundational for the Company's policies, procedures, communications and culture.

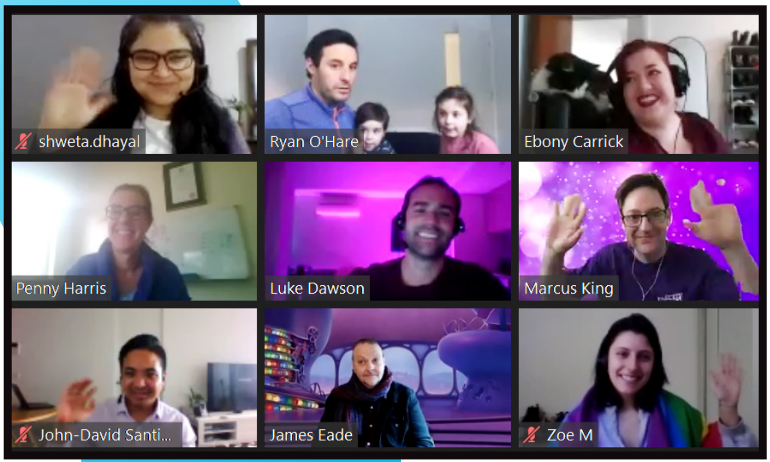
In accordance with the Company's Diversity and Inclusion Policy, all recruiting initiatives aim for a diverse pool of qualified candidates using various advertising strategies and search techniques. Importantly, the recruitment and selection process is designed to guard against conscious and unconscious biases that might influence unfair treatment. The Company's focus on merit and fairness is embedded in the Keypath culture where decisions surrounding development, promotion, remuneration and flexible work arrangements are made in accordance with Keypath's DEI principles.

All Keypathers have a responsibility to recognize, foster and promote the Company's diversity and inclusion culture at every opportunity. The Company's policy is clear that workplace discrimination, harassment, vilification, and victimization is not tolerated.

ESG report

1

Building a people-first organization



WEAR IT PURPLE DAY

The DEI framework is brought to life through Keypath's Global Diversity and Inclusion Standing Committee (DISC). DISC is made up of Keypathers across all geographies who identify and champion global objectives and make recommendations on diversity and inclusion matters and policies to Keypath's executive leadership team. DISC promotes appropriate events for advocacy, celebration and education on key issues relevant to the representative groups.

In FY21, the Company's initiatives to strengthen DEI education and awareness included:

First Nations people and communities
Keypath is proud of its commitment to the Indigenous communities in which it operates. In Australia, the Company appropriately disseminates an Acknowledgement of Country and land, offers global educational sessions and resources about Aboriginal and Torres Strait Islander history and culture, and, together with the Company's Canadian operations, participates with its university partners in an education series for students and employees.

LGBTIQA+
A highlight of FY21 was the Global Keypath Pride Panel where employees who identify with the LGBTIQA+ community were encouraged and supported to share their stories with fellow Keypathers to foster awareness and appreciation of Keypath's rich and diverse culture. Other notable events included Midsumma Festival, Global Pride month celebrations, IDAHOBIT Day, Wear it Purple Day and Trans Awareness Week.

Multiculturalism
Keypath is proud to celebrate the diverse cultures of all employees and embraces this diversity through education and awareness by providing resources such as the interactive "My Path" blog series where Keypathers from diverse backgrounds can share their stories and celebrate multicultural holidays and events with others.

Disability and mental health
Keypath acknowledges and supports people living with disabilities and emphasizes mental health awareness and support. Annual events remind all Keypathers to reach out and take care of each other such as the Canadian "Bell Let's Talk" week, Australia's RUOK Day, International Day of People Living with a Disability Day and global Mental Health Awareness Week.

Gender equality
Keypath unequivocally upholds gender equality principles. Keypath offers forums for all genders with the goals of equality, transparency and education. Recently, the Company promoted and hosted a Global Women in Leadership series that celebrated International Women's Day. This well-attended event featured storytelling and speaker panels where women from diverse backgrounds and in various positions of leadership across the organization shared insights, resources and inspiration for all Keypathers.

2

Improving social mobility through student outcomes

Social mobility

Online education reaches learners of all types from all backgrounds. Online programs are particularly impactful when, and where, it is difficult to access traditional education models. An urban MBA student may find it difficult to pursue an advanced degree while balancing current employment. A nursing student may find it difficult, if not impossible, to obtain quality education when they live in a rural area with few educational institutions. Both the MBA student and the nursing student are circumstantially stymied in their career progression and, as a result, social mobility stalls.

Keypath opens doors for students who may not otherwise pursue advanced degrees because Keypath reaches these students online — an environment where classes can be taken remotely and at a convenient time. Student testimonials repeatedly confirm that online education is truly transformational and dramatically changes the trajectory of their lives.

Student support

Keypath supports university students across their entire education journey, from program inquiry through graduation. Keypath's dedicated student enrollment advisors work with prospective students to understand the purpose of their inquiry and assist them with the steps and information required to enroll. Once enrolled, students are assigned a student success advisor for the course of their enrollment to provide ongoing, personalized support, with the aim of improving each student's experience and levels of satisfaction. Student outcomes are heavily impacted by the staunch and dedicated support that Keypath provides.

Accessibility

Keypath believes that online learning should be accessible to all learners. Keypath Instructional Services and Learning Design teams adhere to the rigorous WCAG 2.1 AA standards. Each course Keypath develops undergoes meticulous manual accessibility testing, based on both industry standards and a robust checklist developed by Keypath's IAAP (International Association of Accessibility Professionals) certified Content Quality Manager. Thoughtful courses designed to this standard of accessibility increase a university partner's reach to potential learners thereby positively impacting student outcomes and social mobility.

Stable partner relationships

Establishing strong, stable relationships with university partners is important for student success and improves the outcomes for Keypath, its university partners and their students. A key metric used to measure the welfare of these university partner relationships is the Net Promoter Score (NPS). The NPS metric is a quantitative gauge of the satisfaction and advocacy of Keypath's university partners. In January 2021, Keypath achieved an NPS of 53, a "high score",[1] based on a survey of its university partners.

1. According to Delight by Qualtrics NPS Benchmark Tool. NPS benchmark includes software companies Adobe, Microsoft, Google, Intuit, Sony, McAfee, Activision, Apple, Symantec and Blackboard.

ESG report

3

Operating with strong governance, ethics and data protection

The Keypath Board is committed to strong and effective governance. The Board of Directors is responsible for ensuring that the Company operates and delivers its market leading services within an appropriate governance framework. For additional information regarding governance, refer to Keypath's Corporate Governance Statement on pages 46 to 55 of this Annual Report.

Ethics and Responsibility

The Keypath Board has adopted a Code of Conduct[1], which sets the lawful, ethical and responsibility standards by which all Directors, employees and, to the extent applicable, consultants and contractors of the Company, must abide.

Data protection and cybersecurity

Data protection is a critical consideration for Keypath, it's university partners, the students Keypath serves and its employees. Keypath's employee and technology policies and procedures are designed to facilitate compliance with applicable data security obligations in all regions in which the Company operates. Keypath maintains appropriate technical and organizational measures to protect the data it collects and processes.

Risk infrastructure

- Keypath's security structure was implemented and is overseen by its internal Confidentiality and Security Team (comprising of Keypath's chief financial officer, general counsel, chief technology officer, and director of infrastructure and security).
- Keypath undertakes an annual security awareness training program for all Keypathers.
- Regular internal phishing simulated tests and training are conducted on Keypathers.
- Secure web application development training is provided to Keypath developers.
- Keypath has adopted information security policies and procedures, including an acceptable use policy in respect of Keypath and third-party software.
- Keypath maintains a cyber insurance policy.

Cybersecurity technology measures

- Keypath uses advanced threat protection software across its global computing environment.
- Keypath has endpoint protection in place including anti-virus software, web filtering and data encryption for Keypath endpoint assets (for example, laptops).

Infrastructure and standards

- Keypath's core software is hosted on Amazon Web Services and regional secure private cloud data centers provided by Rackspace.
- Keypath has data encryption in place to protect all data in transit.
- Keypath is currently pursuing SOC 2 compliance and certification.

Monitoring and testing

- Keypath's software infrastructure is monitored by a third-party security specialist providing regular vulnerability scans and penetration tests.

1. https://investors.keypathedu.com/about-us/corporate-governance

4

Playing an appropriate role in addressing climate change

Climate change is an issue of global significance and Keypath recognizes that every organization has a role to play in mitigating its impact. While Keypath's environmental footprint is not material, a number of initiatives are being undertaken within Keypath's offices around the globe to ensure that Keypath plays its part in operating sustainably and managing its carbon footprint through efficient use of energy and, water and managing waste.

Impact of online education

Keypath's primary way to influence the carbon footprint in this world is through the empowerment of schools to operate online learning. Remot-based learning reduces the amount of travel required on an ongoing basis by reducing the daily commutes required to attend ground-based learning. Keypath's belief is that a remote learning world can have a dramatic impact on the climate over time.

Energy use and management

Keypath is committed to efficient energy management. The global software infrastructure for the Keypath platform is hosted primarily on Amazon Web Services (AWS) and Rackspace.

AWS is committed to running its business in the most environmentally friendly manner possible and has established a target of 100% renewable energy usage by 2025[1], and net zero carbon emissions by 2040[2]. Rackspace's Global Energy Policy[3] is focused on energy conservation through efficiency; using renewable energy and energy advocacy to help stakeholders become more energy efficient.

Responsible corporate travel

Keypath promotes environmentally responsible and sustainable travel. Whenever possible, Keypath focuses on digital communication methods to minimize the need for corporate travel.

1. https://sustainability.aboutamazon.com/environment/sustainable-operations/renewable-energy
2. https://sustainability.aboutamazon.com/environment/sustainable-operations/carbon-footprint
3. https://www.rackspace.com/sites/default/files/2021-09/Global-Energy-Policy.pdf

Financial summary

- Revenue increased 77% (67% on constant currency) year on year to US$98.1m underpinned by course enrollment growth, strong student retention, new partners and the launch of new programs in key disciplines. FY21 saw the signing of 34 new programs. This revenue result is 6% higher, on a constant currency basis, than the prospectus forecast.
- During FY21, Keypath generated a contribution margin of 26% of revenue, more than double the prior year's 12% of revenue. The growth in contribution margin reflects the higher mix of revenue derived from maturing vintages.
- Keypath's FY21 Adjusted EBITDA of US$6.7 million exceeded the loss of US$1.4 million projected by Keypath as of the prospectus date primarily driven by the higher than forecast revenue performance and favorable timing of staffing costs. Adjusted EBITDA excluded US$8.1 million of certain non-recurring items and US$41.9 million of stock-based compensation expense associated with the IPO in FY21.
- The contribution of each region to total revenue was relatively unchanged in FY21. The US and Canada contributed a combined 46% of total revenue (compared to 51% in FY20), while Australia increased its contribution to 51% (compared to 45% in FY20). Both regions grew their total revenue in FY21 as new programs were progressively launched in both markets.
- The five largest partners by revenue contributed 47%, or US$45.6 million, to total revenue in FY21 (compared to 51%, or US$28.5 million, in FY20), as all other partners grew their share to 53%, or US$52.5 million, reflecting a growing partner base.
- Course enrollments grew 51% to 85,358 in FY21 reflecting higher rates of student retention and the signing of 34 new programs during the fiscal year, taking the total number of active programs to 140.
- Revenue per enrollment rose 22% to US$1,149 per student in FY21, as nursing and allied health disciplines grew (37.5% of total revenue in FY21). The health vertical will become an increasingly important contributor to revenue. The tuition fees for these programs are typically larger with Keypath providing added clinical placement services.
- US$67.5 million of cash on hand, to be used in operations and pursuit of growth objectives.

Keypath Financial Metrics

Year ending June 30,		2021	2020	2019
Revenue	US$m	98.1	55.5	37.2
Contribution Margin	US$m	25.7	6.7	(1.3)
EBITDA	US$m	(43.4)	(7.4)	(14.9)
Adjusted EBITDA	US$m	6.7	(7.4)	(14.9)
Contribution Margin %	%	26	12	(3)
EBITDA % of Revenue	%	(44)	(13)	(40)
Adjusted EBITDA % of Revenue	%	7	(13)	(40)
Revenue by Geography				
North America	US$m	45.5	28.6	19.2
APAC	US$m	49.7	24.9	17.0
Rest of World	US$m	2.9	2.0	1.0
Revenue by Partner Concentration				
Five Largest Partners	US$m	45.6	28.5	23.8
All Other Partners	US$m	52.5	27.0	13.4
Course Enrollments	ENRL	85,358	56,546	39,572
Revenue per Enrollment	US$/ENRL	1,149	982	940

Operating and Financial Review For the Years Ended June 30, 2021 and 2020

Overview

The Company was admitted to the Official List of ASX on June 1, 2021. As discussed in the Appendix 4E, the Company became the legal parent of the Keypath group of companies in place of Keypath International pursuant to a corporate reorganization completed immediately prior to the IPO. In accordance with US GAAP (and similar to IFRS), the corporate reorganization is considered a combination under common control, meaning that the consolidated results are reported as if the Company had always been the parent of the Group.

The Company's principal activity is online program management (OPM) serving the postgraduate education market of traditional universities. In collaboration with its university partners, Keypath delivers career-relevant, technology-enabled online higher education programs to 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 nearly 600 employees with offices and partners in Australia, the United States, Canada, the UK and is expanding into Malaysia.

Comparison of actual results for the year ended June 30, 2021 with Prospectus forecasts

The actual results for the year ended June 30, 2021 were significantly affected by various non-recurring transactions arising from or effectuated in connection with the IPO, as described in the Prospectus and included in the Statutory Forecast Income Statement and Cash Flows. The table below compares the actual results to the Prospectus forecasts on a statutory basis.

		Statutory	
For the Year Ended June 30, 2021	**Note**	**Actual US$'000**	**Prospectus US$'000**
Income statement			
Revenue	1	**98,092**	**91,054**
Operating costs	2	(91,584)	(92,440)
Stock-based compensation expense	3	(41,941)	(38,522)
Legacy long-term incentive plan (LTIP) Cash Awards	4	(3,187)	(3,187)
IPO transaction costs expensed	5	(4,915)	(4,916)
Other income	6	154	–
EBITDA		**(43,381)**	**(48,011)**
Depreciation and amortization		(4,152)	(4,613)
EBIT		**(47,533)**	**(52,624)**
Interest expense	7	(2,346)	(2,498)
Loss on redemption of non-controlling interest	8	(27,667)	(27,688)
Loss before income taxes		**(77,546)**	**(82,810)**
Income tax benefit (expense)	9	391	(3,604)
Net loss		**(77,155)**	**(86,414)**
Non-controlling interest redemption increment		(1,579)	(1,575)
Net loss attributable to Keypath Education International, Inc. shareholders		**(78,734)**	**(87,989)**
Cash flows			
Cash flow from operating activities	10	(11,224)	(12,883)
Cash flow from investing activities		(4,143)	(4,148)
Cash flow from financing activities	11	67,502	56,575
Effect of exchange rate changes		617	970
Net cash flows		**52,752**	**40,514**

Notes:
1. The Company outperformed its statutory forecast revenue for the year driven by several factors, including better retention, increased student course load and related credit hours, and a favorable foreign exchange impact.
2. The Company's key operating costs are direct marketing, salaries and wages and general and administration expenses. The lower total operating costs compared to the statutory forecast primarily reflect the timing of new employee commencements and other operating expenses.
3. The statutory forecast included stock-based compensation expense primarily relating to legacy incentive plans. For the Prospectus, this expense was based on the IPO share price of AUD$3.71 converted at an exchange rate 0.725 to USD. The actual exchange rate on the IPO date (June 1, 2021) was 0.773, giving rise to a higher USD converted value of the legacy plans and consequently a higher expense than the Prospectus forecast.
4. On the IPO date, the Company granted members of the executive leadership team Legacy LTIP Cash Awards in consideration for the cancellation of their existing employee performance awards. The actual and forecast expense for the Legacy LTIP Cash Awards was the same as this expense was unaffected by exchange rate movements.
5. The actual results and the statutory forecast included a portion of the costs of the IPO and other transaction costs expensed.
6. Other income primarily includes foreign currency transaction gains.
7. Interest expense includes interest paid, early termination fees and a non-cash write-off of unamortized borrowing costs both associated with debt that was fully repaid from the IPO proceeds.
8. Prior to the IPO, certain Keypath entities had redeemable non-controlling interests that held preferred units in those entities, details of which were set out in the Prospectus. All of these non-controlling interests were redeemed using a portion of the IPO proceeds. The loss on redemption shown above represents the difference between the payout values and their carrying amounts at the time of redemption.
9. For FY21 actual, the Company recorded tax benefits primarily related to the utilization of foreign net operating losses (NOLs) and the release of valuation allowances for its Canada and UK subsidiaries, post-IPO legal entity restructuring and recapitalization of certain foreign entities.
10. Operating cash flows compared to the statutory forecast primarily reflect stronger cash receipts reflective of increased revenue and lower operating costs as noted above.
11. All financing cash flows related to the IPO proceeds and the use of those funds to pay the non-controlling interests, the non-participating security holders, the loan and the IPO offer costs. The IPO proceeds were initially denominated in AUD. The net IPO proceeds retained by the Company were higher than forecasted due to the stronger AUD exchange rate as noted above at note 3.

Operating and Financial Review
For the Years Ended June 30, 2021 and 2020

Comparison of actual results for the year ended June 30, 2021 compared to the year ended June 30, 2020

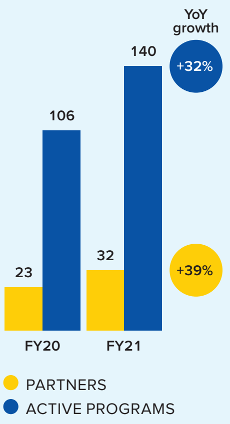
For the Years Ended June 30,	2021 US$'000	2020 US$'000
Income statement		
Revenue	**98,092**	**55,484**
Operating costs	(91,584)	(62,796)
Stock-based compensation expense	(41,941)	–
Legacy LTIP Cash Awards	(3,187)	–
IPO transaction costs expensed	(4,915)	–
Other income	154	(121)
EBITDA	**(43,381)**	**(7,433)**
Depreciation and amortization	(4,152)	(3,334)
EBIT	**(47,533)**	**(10,767)**
Interest expense	(2,346)	(328)
Loss on redemption of non-controlling interest	(27,667)	–
Loss before income taxes	**(77,546)**	**(11,095)**
Income taxes benefit	391	1,292
Net loss	**(77,155)**	**(9,803)**
Non-controlling interest redemption increment	(1,579)	(1,595)
Net loss attributable to Keypath Education International, Inc. Shareholders	**(78,734)**	**(11,398)**
Cash flows		
Cash flow from operating activities	(11,224)	(6,079)
Cash flow from investing activities	(4,143)	(3,771)
Cash flow from financing activities	67,502	19,496
Effect of exchange rate changes	617	41
Net cash flows	**52,752**	**9,687**

Revenue

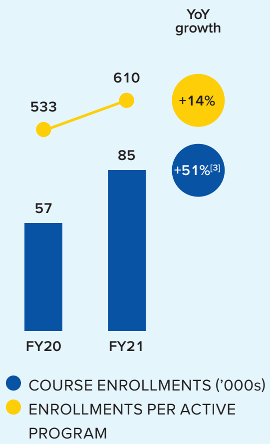
The Company earned revenue of US$98.1 million for the year ended June 30, 2021 (FY21) compared to US$55.5 million in the prior year (FY20), an increase of 77%. On a constant currency basis, FY21 revenue increased by 67% compared to FY20. Keypath's strong revenue performance is underpinned by course enrollment growth, strong student retention, new partners and the launch of new programs in key disciplines. FY21 saw the signing of 34 new programs, a record for the Company.

Partners, active programs and student enrollments have continued to grow

PARTNERS AND ACTIVE PROGRAMS OVER TIME[1][2]



STUDENT COURSE ENROLLMENTS IN ACTIVE PROGRAMS OVER TIME[2]



The Company closely monitors revenue by vintage (the fiscal year in which a program starts to be delivered to students) as this provides an insight into the ramp-up of programs once they begin and following the significant investment made by Keypath during their development and launch phase. Keypath does not earn revenue from a program until the first student intake into that program.

For the Years Ended June 30,	2021 US$'000	2020 US$'000
Revenue by vintage		
2015 and prior	10,580	11,386
2016	4,137	3,820
2017	15,367	10,636
2018[4]	20,468	14,468
2019	21,555	11,105
2020	15,363	4,068
2021	10,621	n/a
Total revenue	**98,091**	**55,483**

Vintages prior to 2019 grew less quickly than newer vintages as these programs have achieved or are quickly approaching maturity. 2019 and subsequent vintages continue to scale towards maturity and reflect the full benefit of the KeypathEDGE platform described in the prospectus.

The Company's revenues are primarily earned in the North America and Australian markets where approximately 97% and 96% of revenue was generated in FY21 and FY20, respectively. Programs signed in FY21 spanned all of Keypath's markets including the US, Canada, Australia and Malaysia. Management continues to explore further opportunities in South-East Asia.

1. Active programs refers to degree-granting programs (excludes diplomas and certificates) currently delivered by Keypath, excluding discontinued programs.
2. The 106 programs in FY20 include 16 non-revenue generating programs signed during FY20, in addition to the 90 revenue-generating programs in FY20 as disclosed in Keypath's prospectus.
3. This reflects real change based on whole numbers not rounded.
4. The 2018 vintage includes a one-time US$2.6 million transition services fee to assist a partner to take its programs in-house.

Operating and Financial Review For the Years Ended June 30, 2021 and 2020

Operating costs

The Company's key operating costs are:

- **Salaries and wages** – The Company's cost base is primarily employee costs relating to the salaries and wages of its direct cost departments including recruitment (comprising student recruitment advisors and recruitment management departments), marketing services, product development (employees who work on program and learning design), student retention, account management and student placement. In addition to these direct costs, the Company also has corporate functions such as IT, finance, legal, HR, business development and executive management functions. Employee levels in most direct areas are determined so as to ensure that existing and planned contractual service standards can be met and tend to be program specific. Salaries and wages in other areas are less program specific and less affected by significant increases in revenue, enabling Keypath management to achieve greater scalability from existing employee resources.
- **Direct marketing costs** – The Company relies on pay per click advertising via Google, Facebook and LinkedIn as its main marketing channels in promoting online programs. Other lead-generating channels also include search engine optimization (SEO), pay per impression and email marketing. Direct marketing costs include creative costs, representing outsourced expenses notably related to creative design work, public relations and video.
- **General and administration (G&A) expenses** – include contract and the aggregate costs of managing and administrating the affairs of the Company. Specialist contractors are engaged to assist with the design and development of programs. Other G&A expenses primarily include information technology and communications, lease and property outgoings, professional fees and outsourced services, insurance and travel.

For the Years Ended June 30,	2021 US$'000	2020 US$'000
Salaries and wages[1]	47,794	32,854
Direct marketing	33,245	22,197
G&A expenses[2]	10,545	7,745
Total operating costs	**91,584**	**62,796**

Salaries and wages increased in FY21 to US$47.8 million from US$32.9 million in FY20, an increase of 45%. This increase reflects the addition of 149 employees to support the growth in partners, programs and students as well as increased corporate staff to support this growth and all listed public company requirements. Salaries and wages as a proportion of revenue[3] declined in FY21 to 50% from 59% in FY20.

Direct marketing increased in FY21 to US$33.2 million from US$22.2 million, an increase of 50%. Direct marketing expense has increased due to an increased number of searches conducted and enquiries made by prospective students, an increased volume of marketing reflective of the increased number of active programs and a higher proportion of new programs in FY21 in their development and launch phase. Direct marketing expenses as a proportion of revenue[3] declined in FY21 to 35% from 40% in FY20.

G&A expenses increased in FY21 to US$10.5 million from US$7.7 million in FY20, an increase of 36%. While the majority of G&A related costs have increased with the larger size of the business and IT requirements, travel costs were lower in FY21 than in FY20 due to COVID-19 restrictions on domestic and international travel. G&A expenses as a proportion of revenue[3] declined in FY21 to 11% from 14% in FY20, reflecting the lower sensitivity of these costs to revenue or volume changes.

1. Excludes stock-based compensation expense and Legacy LTIP Cash Awards. Salaries and wages are also net of wages capitalized in intangible assets for software and course development (US$2.7 million for FY21 and US$2.1 million for FY20) and commissions capitalized in contract acquisition costs (US$0.8 million for both FY21 and FY20).
2. G&A are net of capitalized contractor costs (US$0.5 million for FY21 and US$0.9 million for FY20).
3. The percentage that each expense item represents of revenue in FY21 is based on revenue of US$98.1 million less the fee of US$2.6 million for transition services to be provided by the Company to assist a partner to take its programs in-house.

Contribution Margin, EBITDA and Adjusted EBITDA

Keypath uses the following non-US GAAP measures to assess its business performance: contribution margin, EBITDA and Adjusted EBITDA.

» **Contribution margin** is revenue less direct costs, which consists of salaries and wages, direct marketing and G&A expenses attributable to direct departments. Contribution margin is used to monitor and evaluate individual program's financial performance relative to planned performance targets over the whole-of-life of the program;

» **EBITDA** includes contribution margin less indirect costs to consider the performance of business operations as a whole, where corporate costs are operated on a global basis to support day-to-day operations; and

» **Adjusted EBITDA** includes EBITDA less certain non-recurring items and stock-based compensation expense.

For the Years Ended June 30,	2021 US$'000	2020 US$'000
Income statement		
Revenue	**98,092**	**55,484**
Direct salaries and wages	(37,156)	(24,124)
Direct marketing	(33,245)	(22,197)
G&A expenses allocated to direct departments	(2,022)	(2,456)
Contribution margin	**25,669**	**6,707**
Corporate costs	(22,957)	(10,806)
Depreciation and amortization	(4,152)	(3,334)
Stock-based compensation expense	(41,941)	–
EBITDA	**(43,381)**	**(7,433)**
Stock-based compensation expense	41,941	–
Legacy LTIP Cash Awards	3,187	–
IPO transaction costs expensed	4,915	–
Adjusted EBITDA	**6,662**	**(7,433)**
Contribution margin %[1]	26%	12%
EBITDA % of revenue[1]	(44%)	(13%)
Adjusted EBITDA % of revenue[1]	7%	(13%)

The improved contribution margin and Adjusted EBITDA margin in FY21 reflects the improving business scale and cost leverage noted above as vintages continue to mature and newer vintages scale more rapidly.

Depreciation and amortization

Depreciation and amortization is primarily incurred on intangible assets comprising program development, software and website platforms, and contract acquisition costs. Program development expenditure primarily includes capitalized salaries and wages of staff and contractor costs directly involved in program development. Contract acquisition costs include capitalized commissions paid to staff who earn such commissions as part of their remuneration for winning new partners and programs. The amounts capitalized are determined in accordance with US GAAP. Depreciation and amortization has increased in FY21 from FY20 due to the increased development expenditures and commissions paid reflective of the increase in new partners and programs (see also comments on cash flows below).

Stock-based compensation expense and Legacy LTIP Cash Awards

In conjunction with the IPO, the existing RU/options plan and the existing performance awards plan operated by Keypath Education Holdings, LLC 2017 Equity Incentive Plan (KEH) were terminated and replaced by conditional obligations on the Company to provide CDIs in relation to the restricted units, CDI Rights in relation to the employee options and the conditional rights to receive a cash payment (Legacy LTIP Cash Awards) in relation to the performance awards.

Stock-based compensation expense is comprised of:

» US$23.9 million for CDIs in relation to restricted units for Steve Fireng, the existing CEO (legacy/one-time);

» US$17.8 million for CDI Rights in relation to the employee options (legacy/one-time); and

» US$0.2 million for grants to the employees under the 2021 Equity Incentive Plan (ongoing and represents one month of expense).

IPO transaction costs expensed

IPO transaction costs expensed include a US$3.2 million fee payable to Sterling Fund Management, LLC for services provided by it to the Company and its affiliates, US$1.0 million of advisor fees incurred in preparing the Company to operate as a listed public company (such as auditor and tax advisory fees related to the audited financial statements and reviewed financial statements, corporate governance advice, remuneration benchmarking and advisory fees related to the 2021 Equity Incentive Plan) and US$0.7 million of internal costs.

1. When excluding from US$98.1 million FY21 revenue a fee of US$2.6 million for transition services to be provided by the Company to assist a partner to take its programs in-house, FY21 contribution margin was 24%, FY21 EBITDA % of revenue was (48%) and FY21 Adjusted EBITDA % of revenue was 4%.

Operating and Financial Review For the Years Ended June 30, 2021 and 2020

Interest expense

Interest expense was incurred on borrowings entered into by Keypath during FY20 and which were repaid in full at the IPO date. For FY21, the Company recognized a US$0.9 million non-cash write-off of unamortized balance of capitalized borrowing costs and the unwinding of the present value discount on the loan, and US$0.4 million in early termination fees, which have been recognized as an interest expense in the consolidated statement of loss.

Loss on redemption of non-controlling interest

A number of third parties held interests in the Group prior to the IPO primarily in the form of redeemable preferred units that carried a preferred return rate per annum. All non-controlling interests were redeemed from the proceeds from the IPO (see also comments on financial position below). A US$27.7 million loss represents the difference between the payout values and their carrying amounts at the time of redemption.

Income tax benefit

For FY21 actual, the Company recorded tax benefits primarily related to the utilization of foreign NOLs and the release of valuation allowances for its Canada and UK subsidiaries, post-IPO legal entity restructuring and recapitalization of certain foreign entities. For FY20, the Company recorded tax benefits related to the utilization of the NOLs and the release of valuation allowances in Australia.

Cash flows

For the Years Ended June 30,	2021 US$'000	2020 US$'000
EBITDA	**(43,381)**	**(7,433)**
Non-cash items:		
Stock-based compensation expense	41,941	–
Other non-cash items	208	(1,827)
Change in net working capital	(11,797)	3,452
Legacy LTIP Cash Awards	3,187	–
Interest paid	(1,382)	(271)
Income taxes paid	–	–
Cash flow from operating activities	**(11,224)**	**(6,079)**
Additions of amortizable intangible assets	(3,108)	(3,199)
Purchases of property and equipment	(1,035)	(572)
Cash flow from investing activities	**(4,143)**	**(3,771)**
(Repayments of) proceeds from long-term debt	(10,000)	10,000
Proceeds of initial public offering, net of issuance and transaction costs	154,432	–
Payments to redeemable non-controlling interests	(58,608)	–
Payments to non-participating security holders	(18,322)	–
Proceeds from issuance of preferred units to non-controlling interests in subsidiary entities	–	5,000
Proceeds from capital contributions	–	5,000
Payments of debt issuance costs	–	(504)
Cash flow from financing activities	**67,502**	**19,496**
Effect of exchange rate changes	**617**	**41**
Net cash flows	**52,752**	**9,687**

Operating cash flows, excluding US$4.9 million of IPO transaction costs paid, remained essentially unchanged at US$6.3 million cash used in FY21 compared to US$6.1 million cash used in FY20. During FY21, we have spent approximately US$12 million related to the FY21 and FY22 vintages primarily reflected in cash from operating activities. During FY20, we have spent approximately US$9 million related to the FY20 and FY21 vintages.

Investing cash expenditures increased to US$4.1 million from US$3.8 million in FY20 consistent with increased program development and contract acquisition costs (commissions paid) and which are eligible to be capitalized as intangible assets under US GAAP.

FY21 financing cash flows reflect the net proceeds from the IPO and the use of those funds to pay in full the non-controlling interests, the non-participating security holders and the borrowings. Financing cash flows in FY20 reflect the capital structure of the Group prior to the IPO.

Financial position

The Company's IPO has transformed its capital structure and provided the Company with liquidity sufficient to fund its operations and pursue its growth objectives stated in the Company's prospectus. A summary of the financial position of the Company as of June 30, 2021 compared to June 30, 2020 is provided below.

For the Years Ended June 30,	2021 US$'000	2020 US$'000
Cash and restricted cash	67,451	14,699
Accounts receivable and other current assets	21,923	7,323
Accounts payable and other current liabilities	(23,040)	(12,983)
Net Working Capital	**66,334**	**9,039**
Property and equipment, net	1,715	1,401
Goodwill	8,754	8,754
Intangible assets, net	5,813	5,609
Other non-current assets	8,784	5,668
Borrowings	–	(9,035)
Other non-current liabilities	(951)	(1,547)
Net Assets	**90,449**	**19,889**
Redeemable non-controlling interests (mezzanine equity)	–	29,362
Preferred shares	–	16,100
Common stock	2,082	–
Additional paid-in capital	246,154	54,085
Accumulated deficit	(157,787)	(79,658)
Total Shareholders' Equity (Deficit)	**90,449**	**(9,473)**
Total Equity	**90,449**	**19,889**

Board of Directors

Diana Eilert

Independent, Non-Executive Chair
Nomination Committee Chair

Diana was appointed as the independent, Non-Executive Chair of the Company in May 2021. She lives in New South Wales, Australia.

Diana has more than 10 years as a listed company director, and has held board roles in some of Australia's best-known companies. Her focus is on companies scaling up and sectors undergoing digital transformation. Diana is currently a Non-Executive Director of ASX-listed companies Domain Holdings Australia Limited (appointed 2017) and Elders Limited (appointed 2017). Previously Diana was a Non-Executive Director of Super Retail Group (2015–2021) Navitas Limited (2014–2019), REA Group Ltd (2010–2012) and Veda Group Limited (2013–2016).

With an extensive and diverse executive career spanning more than 25 years, Diana has run large businesses and held senior strategic roles. Her experience includes strategic roles in companies such as Suncorp, Newscorp, Citibank, IBM and A.T. Kearney.

Diana is a member of the Australian Competition Tribunal (appointed December 2019).

She holds a Bachelor of Science (Pure Mathematics) from The University of Sydney and a Master of Commerce from The University of New South Wales.

Steve Fireng

Executive Director and Global Chief Executive Officer (CEO)

Steve is the Global CEO and founder of Keypath, was appointed an Executive Director of the Company in March 2021 and has served as CEO of the Keypath business since January 2014. Steve lives in Illinois, US.

Steve has over 25 years of experience in higher education, having led both institutional and corporate teams. Prior to founding Keypath, Steve was CEO and President at EmbanetCompass (later renamed Pearson Embanet) where, after five years of leading the business, it was acquired by Pearson for US$650 million. He spent over 17 years at Career Education Corporation, holding a variety of senior leadership positions where he was one of the founding leadership members, growing two online universities from inception to over 30,000 students in five years, leaving as Group President.

Steve holds a Bachelor of Science (Business Administration) from the W.A. Franke College of Business at Northern Arizona University.

Melanie Laing

Independent, Non-Executive Director
People, Performance and Culture Committee Chair

Melanie was appointed as an independent, Non-Executive Director of the Company in May 2021. Melanie lives in New South Wales, Australia.

Melanie is a Non-Executive Director and global executive with an expansive and diverse background, bringing a depth of experience shaping enterprise-wide culture and capability in markets undergoing significant change and growth.

Melanie was previously Group Executive, Human Resources at the Commonwealth Bank of Australia. Prior to this, she was the global Executive General Manager, People and Culture at Origin Energy and has previously held executive human resources leadership roles with Unisys Asia Pacific, Vodafone Asia Pacific and the General Re Corporation Europe, having lived and worked extensively overseas.

Melanie is currently a Non-Executive Director of Inflection.com, Inc. (appointed 2020) and Chief Executive Women (appointed 2020).

Melanie holds a Post Graduate Diploma in Personnel Management (IPM) from the University of Westminster, London and a Bachelor of Arts (Hons) from the University of Witwatersrand, in South Africa.

Melanie is a Fellow of the Australian Institute of Company Directors (FAICD) and a Fellow of the Australian Human Resources Institute (FAHRI).

Robert Bazzani

Independent, Non-Executive Director
Audit and Risk Management Committee Chair

Robert was appointed as an independent, Non-Executive Director of the Company in May 2021. Rob lives in Victoria, Australia.

Robert spent 21 years at KPMG, holding a variety of senior leadership positions including as Chairman of KPMG Victoria, National Managing Partner for KPMG Australia's Enterprise Division and National Managing Partner for KPMG's M&A Division. Whilst in these various roles, Robert was a member of KPMG's National Executive Committee, which oversees and is responsible for KPMG's turnover, strategic decision making, profitability and operations.

Robert is currently Chairman of Natrio Australia and Non-Executive Director of ASX-listed Class Ltd (appointed 2020) and Mach7 Technologies (appointed 2020).

Robert holds a Master of Business Administration from Monash University and a Bachelor of Laws (LLB) and Bachelor of Science from Monash University.

Susan Wolford

Independent, Non-Executive Director

Susan was appointed as an independent, Non-Executive Director of the Company in May 2021. Susan lives in Pennsylvania, US.

Susan spent 17 years at BMO Capital Markets, holding a variety of senior leadership positions, and was Vice Chair in her final role. She has extensive investment and corporate banking experience and, at BMO Capital Markets, was previously Group Head and Managing Director of the Technology and Business Services Group. She has advised hundreds of education companies on M&A and financing activity over the past 23 years.

Susan is on the Director's Leadership Council of the Rutgers Cancer Institute of New Jersey (appointed 2008). She is currently serving as a board member of Savvas Learning Company, Lightbridge Academy, and Edify Acquisition Corporation.

Susan holds a Master of International Affairs (International Finance) from Columbia University and a Bachelor of Arts (History) from Villanova University.

R. Christopher Hoehn-Saric

Non-Executive Director

Christopher was appointed as a Non-Executive Director of the Company in March 2021 and has served as Director of Keypath entities since 2014. Christopher lives in Florida, US.

Christopher is the Co-founder and Senior Managing Director of Sterling Partners, a growth-oriented, private-equity firm that was an early investor in Keypath. Since its founding in 1983, Sterling Partners has established a track record of successful investment activity throughout a variety of economic and market conditions.

Christopher is currently a board member for Shorelight Education (appointed 2014), Amerigo Education (appointed 2016), and Hudson Global Scholars (appointed 2019). Christopher has previously served as a director of other companies in the education industry, including Sylvan Learning, and Connections Academy.

Christopher is an emeritus Trustee of Johns Hopkins University, having served on its board of directors for 18 years.

M. Avi Epstein

Non-Executive Director

Avi was appointed as a Non-Executive Director of the Company in March 2021 and has served as Director of Keypath entities since 2014. Avi lives in Illinois, US.

Avi joined Sterling Partners in 2008 and is currently a managing director and serves as the firm's chief operating officer, general counsel and chief compliance officer. Prior to this, Avi served as general counsel and Vice President of Business Affairs for a division of Kaplan, Inc. and also worked as a corporate attorney with Katten Muchin Rosenman LLP.

Avi is also currently a board member of School of Rock, LLC (appointed 2019), Edcura (appointed 2018) and Cintana Education (appointed 2019).

Avi holds a Juris Doctor from Harvard Law School and a Bachelor of Arts (Political Science) from The Ohio State University.

Directors' report

Board

Since listing on June 1, 2021 and at all times throughout the reporting period, Keypath was directed by:

Director	Position	Board Committee Membership
Diana Eilert	Chair, Independent Non-Executive Director	Nomination Committee (Chair) Audit and Risk Management Committee People, Performance and Culture Committee
Steve Fireng	Chief Executive Office, Executive Director	None
Melanie Laing	Independent Non-Executive Director	People, Performance and Culture Committee (Chair) Nomination Committee
Robert Bazzani	Independent Non-Executive Director	Audit and Risk Management Committee (Chair) Nomination Committee
Susan Wolford	Independent Non-Executive Director	Audit and Risk Management Committee People, Performance and Culture Committee
R. Christopher Hoehn-Saric	Non-Executive Director	People, Performance and Culture Committee
M. Avi Epstein	Non-Executive Director	Audit and Risk Management Committee

Principal activities

As an education technology provider, Keypath's principal activities throughout the reporting period were to provide online program management serving the postgraduate education market of traditional universities including: design, development, marketing, management, student recruitment, student support, clinical placement services and additionally, the continued development and improvement of its KeypathEDGE data analytics platform to improve the experiences of universities and students alike.

Keypath has continued to build on and carry out the service offerings and vision first formulated by founder Steve Fireng at Keypath's inception in 2014. There were no significant changes in the nature of Keypath's business during the reporting period.

2021 review of operations

During the reporting period Keypath's revenue increased to US$98.1 million, up 77% from the previous reporting period. This increase in revenue has chiefly stemmed from course enrollment growth, strong student retention and the launch of new programs in key disciplines. In the same reporting period, Keypath's net loss increased to US$78.7 million. These losses are largely attributed to non-recurring transaction costs sustained as a result of Keypath's June 1, 2021 listing on ASX. In particular:

- US$41.7 million of stock-based compensation expenses relating to legacy incentive plans;
- US$3.2 million of legacy long-term incentive plan (LTIP) Cash Award expenses incurred to cancel existing employees performance rewards;
- US$4.9 million of IPO transaction costs expensed; and
- US$27.7 million of loss on redemption of non-controlling interests previously held in the group by 2U and AdVenture Interactive, Corp.

A detailed discussion of Keypath's results for the year ended June 30, 2021 is included in the Operating and Financial Review section of the Appendix 4E released to ASX on August 30, 2021.

Directors

The Directors of Keypath since its listing on ASX on June 1, 2021 and up to the date of this Directors' Report were Diana Eilert, Melanie Laing, M. Avi Epstein, Robert Bazzani, R. Christopher Hoehn-Saric, Steve Fireng and Susan Wolford. Further details about the current Directors, including the Board Skills Matrix, are set out in the Corporate Governance Statement on pages 46 to 55 of this Annual Report.

Significant changes in the state of affairs

During the year, Keypath completed an initial public offering (IPO) of CHESS Depositary Interests (CDIs) over its shares and the admission of Keypath to the official list of ASX on June 1, 2021. The IPO and listing on ASX enabled Keypath to raise approximately US$164 million to support its growth strategy. In connection with the IPO, Keypath also redeemed a number of non-controlling interests in Keypath's subsidiaries and terminated and replaced its legacy employee incentive arrangements. Details of these transactions are outlined in Keypath's IPO prospectus.

Pre-IPO restructure

Keypath was incorporated on March 11, 2021 in Delaware.

Prior to the incorporation of Keypath, the business of Keypath was conducted by Keypath Education Holdings (KEH), a direct subsidiary of (Keypath Education Intermediate Holdings) KEIH and an indirect subsidiary of (Keypath International). The existing investors indirectly controlled Keypath International through their interests in AVI Mezz. AVI Mezz held all the shares in Keypath International.

Pursuant to a corporate reorganization, Keypath acquired Keypath International immediately prior to, and in conjunction with, the IPO and became the legal parent of Keypath International and its controlled entities, which together comprise the consolidated group.

Post-IPO restructure

On July 1, 2021 as a part of an internal restructure, two of Keypath's wholly-owned subsidiaries KEIH and Keypath International merged with and into another Keypath wholly-owned subsidiary, KEH. The surviving entity, KEH, assumed all of KEIH's and Keypath International's assets, liabilities, rights and obligations. Given all entities were and (where applicable) remain, wholly-owned subsidiaries of Keypath during the previous and current reporting period, there is no material change to Keypath's profit or loss arising from the mergers.

Environmental regulation

Keypath is headquartered in Chicago, Illinois in the United States and also operates in Australia, Canada, Malaysia and the United Kingdom. During the reporting period Keypath was not subject to any particular or significant environmental regulation in any of these jurisdictions.

Events subsequent to the reporting date

No matter or circumstances have arisen since June 30, 2021 which has significantly affected or has the potential to significantly affect Keypath's operations in future financial years, the results of those operations in future financial years or its state of affairs in future financial years.

Future developments in operations and expected results

From its leading position within the global online higher education market and with reference to Keypath's upward historical growth trends, Keypath is confident in its ability to expand operations in future financial years. In particular, Keypath has invested in:

- **University partnerships**: Keypath's revenue is derived from providing services to universities, Keypath therefore plans to increase revenue by adding new programs with both existing university partners and new university partners.
- **Enrollments and retention**: Increased enrollment and retention in Keypath programs will also increase revenue. Accordingly, Keypath will continue to develop and enhance the KeypathEDGE data analytics platform to promote student enrollment and retention. Similarly, Keypath will also focus on identifying and responding to emerging, high demand industries so that it is able to expand the portfolio of service offerings which are appealing to new students.
- **New markets**: While Keypath has established markets in North America and Australia, it will continue to explore opportunities outside these markets including by increasing its presence in Canada and Malaysia or expanding into other countries with attractive growth possibilities.

Certain information regarding developments in operations in future years and expected results of those operations is excluded because it is likely to result in material prejudice to Keypath.

Directors' report

Remuneration Report

Keypath is a US-based company incorporated in the State of Delaware that is listed on the Australian Securities Exchange and as such is not subject to the remuneration disclosure requirements set out in section 300A of the Corporations Act. Notwithstanding this, the Board welcomes the opportunity to self-report remuneration information using the requirements of section 300A of the Corporations Act as a guide.

The majority of Keypath's senior executives are based in the US. While Keypath believes the market for talent is global, we recognize that we must also reflect the local market practices in which our executives reside. As such, our reward policies are designed to retain executives within the highly competitive EdTech industry in the US.

This Remuneration Report sets out information about the remuneration arrangements for Keypath's Key Management Personnel (KMP) during the reporting period.

Keypath's KMP are:

	Position	Appointment[1]
Executives		
Steve Fireng	Executive Director and Global CEO	January 2014
Peter Vlerick	Global CFO	January 2018
Directors		
Diana Eilert	Chair and Independent Non-Executive Director	May 2021
Melanie Laing	Independent Non-Executive Director	May 2021
Robert Bazzani	Independent Non-Executive Director	May 2021
Susan Wolford	Independent Non-Executive Director	May 2021
R. Christopher Hoehn-Saric	Non-Executive Director	January 2014
M. Avi Epstein	Non-Executive Director	January 2014

Role of the People, Performance and Culture Committee

The key purpose of the People, Performance and Culture (PPC) Committee is to provide an objective review and oversight of people, performance, remuneration and culture related policies, frameworks and practices, so that they:

» align with Keypath's purpose, culture and strategy;
» support the achievement of Keypath's overall strategies to grow value for shareholders;
» remain appropriate to changing market conditions;
» comply with Keypath's performance and risk management framework; and
» comply with legal and regulatory requirements.

The Committee assists the Board by reviewing and making recommendations in relation to:

» Keypath's Remuneration Policy, including as it applies to Directors and the process by which any pool of Directors' fees approved by shareholders is allocated to Directors;
» remuneration packages of senior executives, Non-Executive Directors and Executive Directors, equity-based incentive plans and other employee benefit programs;
» policies governing the recruitment, retention, termination and performance of Keypath's executive leadership team;
» diversity and inclusion, including reviewing and recommending measurable objectives for achieving gender diversity in Keypath's workforce;
» organizational change and business transformation initiatives, as well as employment engagement strategies; and
» strategies, policies and processes to promote a positive and safe working culture.

The PPC Committee is comprised of four Non-Executive Directors: Melanie Laing (Chair), Diana Eilert, Susan Wolford and Christopher Hoehn-Saric. Melanie Laing, Diana Eilert and Susan Wolford are independent Directors and all PPC Committee members have served since the Committee's inception.

More information regarding the PPC Committee can be found in the People, Performance and Culture Committee Charter which is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

1. Keypath was incorporated in March 2021 and became the holding company of the Keypath group of companies on completion of the IPO (Restructure). Steve Fireng has been an Executive Director and Chief Executive Officer of Keypath entities, and M. Avi Esptein and R. Christopher Hoehn-Saric have been Non-Executive Directors of Keypath entities, since January 2014 prior to the restructure.

Remuneration principles and framework

Keypath is committed to attracting and retaining the best talent, including Directors and executives. A key element in achieving that objective is to ensure the Company appropriately remunerates and rewards its people.

Keypath's Remuneration Policy establishes a framework for remuneration that is designed to:

» ensure the attraction and retention of highly skilled employees who will create value for shareholders;
» fairly and responsibly reward all employees, including Directors and the executive leadership team, having regard for Keypath's performance, the performance of the individual and the general pay environment; and
» comply with all relevant legal and regulatory provisions.

More information regarding the Remuneration Policy can be found on our website at https://investors.keypathedu.com/about-us/corporate-governance.

We achieve the Remuneration Policy's objectives by adopting a range of practices that include benchmarking our remuneration to other EdTech companies to maintain our competitiveness; ensuring an appropriate proportion of remuneration is at risk and tied to Company performance; and following appropriate governance standards.

Executive remuneration was restructured in May 2021 as Keypath became a publicly listed company on ASX. The remuneration was structured to better align with the conventions of similar listed companies, while remaining consistent with the practices of technology companies in the US.

Executive KMP FY21 remuneration

Details of the remuneration of Keypath's executive KMP for FY21 are set out in the following table:

KMP	Base salary	IPO Bonus	ICP[1] Bonus	Options Granted[2][3]	Legacy LTIP Cash Awards[4]
Steve Fireng, CEO	US$550,000	–	US$382,800	1,424,561	US$2,500,000
Peter Vlerick, CFO	US$370,000	US$200,000	US$176,264	645,833	US$500,000

Base salary

Keypath provides a competitive base salary with regard to the responsibilities and accountabilities of the position, market benchmarks and experience of the executive. The performance of the Company and the individual are considered during the annual remuneration review.

Leading up to our IPO in June 2021, the Board engaged Guerdon Associates to undertake remuneration benchmarking of all executive leadership team members (referred to as "executives"), including the executive KMPs. The peer group for the analysis was determined with regard to the Company's industry, anticipated market capitalization, total assets, revenue, profits and operational scope. Upon completion of the benchmarking, Keypath adjusted some executives' remuneration.

Keypath reviews the base salaries of its executives on an annual basis, and no further changes to executive base salary are currently anticipated before July 2022.

IPO bonus

As a part of the IPO, Peter Vlerick earned a one-off transaction payment of US$200,000 upon completion of the offer under the IPO.

Short-term incentive component

To promote and reward outstanding performance, executives are eligible for an annual cash incentive bonus under Keypath's Incentive Compensation Plan (ICP), calculated as a target percentage of base salary. For FY21, the target ICP opportunity was 60% of base salary for the Global CEO and 50% of base salary for the Global CFO, with opportunities to exceed target if the Company outperformed on revenue and Adjusted EBITDA targets. The Global CEO's and Global CFO's maximum ICP opportunity in FY21 was 116% of their target bonuses, or 69.6% and 58.0% of their base salaries, respectively.

An ICP bonus is only earned if Keypath achieves a minimum global revenue threshold determined by the Board each year (typically in June) and if the executive remains employed by Keypath on the date of payment. The FY21 ICP bonuses are weighted as follows:

» 40% on global revenue target achievement;
» 40% on global Adjusted EBITDA target achievement; and
» 20% on achievement of Board-approved individual objectives.

For FY21, based on the financial and individual achievements of the executive leadership team, the executives earned ICP bonuses at the maximum overachievement (116%) of their target bonuses.

1. FY21 Short-Term Cash Incentive Compensation Plan.
2. The Options have a strike price of A$3.71 and shall become exercisable on the third anniversary of the grant date and will expire on the sixth anniversary of the grant date.
3. No Options have been exercised by the executive KMP.
4. Legacy LTIP Cash Awards were granted on completion of the IPO to replace legacy performance awards provided by KEH that were held by Steve Fireng and Peter Vlerick prior to the IPO. Legacy LTIP Cash Awards provide Steve Fireng and Peter Vlerick the entitlement to receive the cash payment outlined above should certain performance criteria be met (outlined in further detail on page 44).

Directors' report

Long-term incentive component

Equity is a significant component of executive remuneration as the Board believes it is a critical element to ensure alignment with shareholder interests and long-term growth of the Company.

Keypath adopted the 2021 Equity Incentive Plan (Incentive Plan) with effect from May 2021 that provides the framework under which individual grants of equity-based awards (Awards) may be made to Directors and employees of the Company. The Incentive Plan was designed to allow the Board to grant Awards to attract and retain key employees, and to align the interests of its Directors and employees with those of the Company and its shareholders.

Options granted under the Incentive Plan are exercisable from the third anniversary of grant date provided the Option holder remains a Director or employee of Keypath. These Options expire on the sixth anniversary of the grant date and are otherwise subject to the terms of the Incentive Plan. There are no further performance-based vesting hurdles.

A full copy of the Incentive Plan was announced to ASX platform on June 1, 2021 and a summary of the key terms of the Incentive Plan are set out at section 6.4.2.2 of Keypath's prospectus.

Legacy LTIP Cash Awards

Steve Fireng and Peter Vlerick were granted legacy LTIP Cash Awards on completion of the IPO which may result in cash payments to them of US$2,500,000 and US$500,000 respectively, on or about the first anniversary of completion of the IPO. These payments, if earned, will therefore be made in a subsequent reporting period. The legacy LTIP Cash Awards were granted in consideration for the cancellation of pre-IPO legacy employee performance awards which were granted to Steve Fireng and Peter Vlerick by KEH, part of the Keypath group prior to the completion of the IPO and a wholly-owned subsidiary of Keypath.

Holders of Legacy LTIP Cash Awards will receive the cash payment stipulated by the award if the following is achieved:

» On the one year anniversary of the date of completion of the IPO, Keypath's market capitalization (calculated by determining the number of CDIs on issue at the close of trading on the trading day prior to that date and multiplying that number by the volume weighted average price of Keypath CDIs over the 10 trading days up to and including that date) is not less than US$395 million.

» If on the one year anniversary of the date of completion of the IPO the market capitalization of the Company is less than US$395 million, at the end of any subsequent three-month period in the following 12 months (i.e. representing potentially four subsequent retesting dates) the market capitalization of Keypath (as calculated in accordance with the above) is not less than US$395 million, provided that the holder of the Legacy LTIP Cash Award remains in continuous employment with Keypath until the date a test criteria described above is achieved.

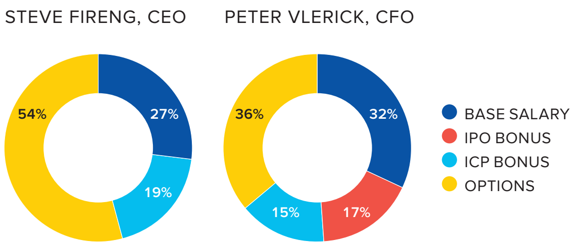
Fixed benefits

Certain fixed benefits are provided to executives in line with legislative requirements and prevalent market benefits of the residing country of the executive. Keypath's executive leadership team is predominantly based in the US, with one executive located in Australia. Fixed benefits for our executives therefore include medical benefits, life and disability insurance, and retirement benefits such as participation in Keypath's 401(k) Plan or superannuation contributions.

Executive KMP remuneration mix

In order to align remuneration of Keypath's Global CEO and Global CFO with shareholder interests and performance of the Company, Keypath ensures there is a meaningful portion of executive remuneration at risk. The remuneration mix of the Global CEO and Global CFO based on actual remuneration in FY21 is shown below.

Remuneration Mix FY21 Actual



In FY21, more than 70% of the remuneration for Steve Fireng was tied to Keypath's performance, either short- or long-term. For Peter Vlerick, just over 50% of remuneration is at risk; however, this increases to over 60% should the one-time IPO Bonus not be considered.

Non-Executive Director compensation

The Board seeks to set Non-Executive Director fees at a level that provides Keypath with the ability to attract and retain Non-Executive Directors in various geographies of high caliber with relevant professional expertise. The fees reflect the demands that are made on, and the responsibilities of, these Directors, while incurring a cost that is acceptable to shareholders.

Under ASX Listing Rules, the total amount or value of remuneration paid to Non-Executive Directors in any year may not exceed the amount approved by Keypath's shareholders. This amount is currently fixed at A$1,200,000 per annum and is expected to allow for the appointment of future Non-Executive Directors, who are considered appropriate by the Board. Any increase to the aggregate amount of fees payable to Non-Executive Directors must first be approved at a Keypath general meeting of shareholders.

The annual remuneration of Non-Executive Directors is summarized below:

Non-Executive Director	Annual Director's fees[1]	Options Granted[2][3]
Diana Eilert, Chair	A$200,000	128,070
Melanie Laing	A$100,000	83,246
Robert Bazzani	A$100,000	83,246
Susan Wolford	A$100,000	83,246
Christopher Hoehn-Saric[4]	$0	0
Avi Epstein[4]	$0	0

Generally, members of the following committees of the Board will also receive the amounts below for their service on those committees.

Board Committee	Annual committee Chair fees	Annual committee member fees
Audit and Risk Committee	A$25,000	A$10,000
People, Performance and Culture Committee	A$25,000	A$10,000
Nomination Committee	Nil	Nil

Note: Figures listed above are inclusive of all statutory superannuation contributions that Keypath will pay where required by law.

Diana Eilert, in her capacity as Chair, does not receive additional remuneration for her membership on the Board committees; and

The Board committees are currently comprised of:

Audit and Risk Management Committee:
Robert Bazzani (Chair), Diana Eilert, Susan Wolford and Avi Epstein

People, Performance and Culture Committee:
Melanie Laing (Chair), Diana Eilert, Susan Wolford and Christopher Hoehn-Saric

Nomination Committee:
Diana Eilert (Chair), Robert Bazzani and Melanie Laing

Equity ownership of KMP

As of June 30, 2021

KMP	CDIs	CDI Rights	Options[8]
Diana Eilert	80,863[5]	–	128,070
Steve Fireng	9,362,419[6]	–	1,424,561
Melanie Laing	30,997[5]	–	83,246
Robert Bazzani	30,997[5]	–	83,246
Susan Wolford	30,997[5]	–	83,246
Christopher Hoehn-Saric	–	–	–
Avi Epstein	–	–	–
Peter Vlerick	–	1,827,170[7]	645,833

1. Amounts are inclusive of all statutory superannuation contributions that Keypath will pay where required by law.
2. The Options have a strike price of A$3.71 and shall become exercisable on the third anniversary of the grant date and will expire on the sixth anniversary of the grant date.
3. No Options have been exercised by the Directors.
4. Christopher Hoehn-Saric and Avi Epstein, being associated with Keypath's majority shareholder, do not receive Director's fees, fees for being members of Board committees or Options.
5. CDIs acquired by the Non-Executive Directors in the IPO.
6. Steve Fireng was the holder of restricted units in KEH prior to the completion of the IPO (Existing CEO RUs). Existing CEO RUs represented a right to receive a portion of KEH's profits in excess of a specified participation threshold. In consideration for the transfer of his Existing CEO RUs to Keypath, on completion of the IPO, Keypath issued Steve Fireng: 8,232,573 CDIs for his vested Existing CEO RUs and 1,129,846 CDIs for his unvested Existing CEO RUs. The CDIs issued to Mr. Fireng in respect of his unvested Existing CEO RUs will retain the vesting schedule that applied to the Existing CEO RUs that they replaced (i.e., 27% of unvested CDIs will vest in October 2021 with 23,538 vesting monthly thereafter until all have vested by October 2024). This means that these CDIs will be liable to forfeiture (i.e., cancellation) if, in accordance with that vesting schedule, they remain unvested at a time that Steve Fireng ceases to be in continuous employment with Keypath.
7. Peter Vlerick was the holder of employee options in KEH prior to the completion of the IPO (Existing Employee Options). Existing Employee Options represented an option to acquire units in KEH for a nominal exercise price, subject to meeting various valuation thresholds. In consideration for the transfer of his Existing Employee Options to Keypath in connection with and on completion of the IPO, Keypath issued Peter Vlerick 1,827,170 CDI Rights for his Existing Employee Options. The CDI Rights issued to Peter Vlerick in respect of his vested Existing Employee Options will automatically convert to CDIs on a 1:1 basis on the date Keypath's FY22 results are released. The CDI Rights Issued to Peter Vlerick in respect of his unvested Existing Employee Options will follow the original monthly vesting schedule of the unvested Existing Employee Options that they replace and convert into CDIs on vesting.
8. Options were granted to executives and management under the Incentive Plan at the time of the IPO. No options vested during the reporting period. The options have a strike price of A$3.71, shall become exercisable on the third anniversary of the grant date and will expire on the sixth anniversary of the grant date. A summary of the key terms of the Incentive Plan are set out at section 6.4.2.2 of Keypath's prospectus.

Corporate Governance Statement

Keypath is committed to maintaining a high standard of corporate governance to support its growth and the creation of sustainable value for its stakeholders.

In accordance with Keypath's high governance standards and ASX Listing Rule 4.10.3, we are pleased to report our progress and alignment with the recommendations set out in ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th Edition (ASX Recommendations).

The ASX Recommendations have been developed for Australian listed entities to promote investor confidence and to assist companies to meet stakeholder expectations. They are not prescriptions but guidelines. This Corporate Governance Statement sets out Keypath's corporate governance practices in operation from June 1, 2021 (the date it was admitted to the official list of ASX Limited) and June 30, 2021 (the end of the current reporting period).

Keypath's Board and committee charters and key corporate governance policies referred to in this section can be accessed from Keypath's website: https://investors.keypathedu.com/about-us/corporate-governance.

Board of Directors

Board responsibilities

On May 11, 2021 the Board adopted its Board Charter which governs the Board's operations, role and responsibilities, composition, structure and membership requirements.

Subject to any applicable ASX Listing Rules or Delaware law (the American state in which Keypath is incorporated), the Board is responsible for the overall operation and stewardship of Keypath, and in particular, promoting the long-term growth, compliance and profitability of the strategies, values, policies and financial objectives of Keypath.

The CEO and the executive leadership team is responsible for running the day to day affairs of Keypath under delegated authority from the Board. The role of management is to support the CEO and the executive leadership team and to run the general operations and financial business of Keypath.

The Board will review and reassess its Board Charter at least annually and make any amendments to the Board Charter deemed appropriate. The Board Charter was last reviewed on May 11, 2021, the date it was adopted.

Nomination and appointment of new Directors

The Board Charter sets out Keypath's procedures for the selection, appointment and re-appointment of Directors. The Nomination Committee, constituted pursuant to the Nomination Committee Charter established by the Board, is also responsible for developing and implementing procedures and processes for the selection and appointment of Directors, having regard to their skills, experience and judgement amongst other matters.

When considering the suitability of a person as a Director, the Board will undertake appropriate checks before appointing the person or putting the person forward to shareholders as a candidate for election as a Director. These checks will usually include reviewing the candidate's character, experience, education, criminal record and bankruptcy history. The Board will also seek confirmation from the candidate that they will have sufficient time to fulfil their responsibilities as a Director of Keypath.

Before recommending a candidate for election as a Director, the Board will ask the candidate to provide the information necessary to enable shareholders to make an informed decision as to whether to elect or re-elect the candidate. This will include:

» the candidate's biographical details such as relevant qualifications, experience and skills; and
» details of any other material directorships currently held by the candidate.

The Board Charter obliges Keypath to have a written agreement with each Director and member of the executive leadership team setting out the terms of their appointment.

A written agreement is in place with all current Directors and members of the executive leadersership team. Details of the Global CEO and Global CFO's material terms of employment are set out at Section 6 of our prospectus dated May 11, 2021.

Role of Company Secretary

The Board Charter sets out the Company Secretary's role and prescribes responsibilities with reference to ASX Recommendations. The Company Secretary is appointed and removed by the Board. The Company Secretary reports to, and is accountable to, the Board on all matters to do with the proper functioning of the Board and its committees.

Diversity

The Board has adopted a Diversity and Inclusion Policy which details its commitment to supporting and developing diversity through attracting, recruiting, engaging and retaining diverse talent and aligning Keypath's culture and management systems with this commitment.

Keypath is committed to providing and promoting a corporate culture which embraces diversity in line with its Diversity and Inclusion Policy, and aims to do so via:

» promoting the principles of merit and fairness when making decisions about recruitment, development, promotion, remuneration and flexible work arrangements for employees at all levels;
» considering a range of facets of diversity in addition to gender when considering the composition of the Board, including age, ethnicity and background;
» embedding the importance of diversity within Keypath's culture by encouraging and fostering a commitment to diversity by leaders at all levels while recognizing that diversity is the responsibility of all employees; and
» reinforcing with Keypath's people that in order to have an inclusive workplace, discrimination, harassment, vilification and victimisation will not be tolerated within Keypath.

Keypath has established objectives with respect to diversity and inclusion as described in the Diversity and Inclusion Policy and further detailed in Keypath's Diversity, Equity and Inclusion framework. Keypath is committed to designing, implementing and/or maintaining programs and initiatives to assist with improving diversity, including those as set forth in ASX Recommendations. Due to its recent listing on ASX on June 1, 2021, the Board has not yet had the opportunity to partner with management in establishing its measurable diversity objectives, however, it intends to do so in the next reporting period.

Corporate Governance Statement

Fifty percent of Keypath's Non-Executive Directors are women, including the Chair and the PPC Committee Chair.

As a relevant employer under the *Workplace Gender Equality Act 2012* (Cth), Keypath publishes its gender equality indicators on the Workplace Gender Equality Agency website and on the Keypath investor website (Diversity and Inclusion Policy).

Keypath was not in the S&P/ASX 300 Index during this reporting period.

The Board will periodically review its Diversion and Inclusion Policy. The Diversity and Inclusion Policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

Board performance review and evaluation

The Board Charter provides that the Board will undertake an annual evaluation of the performance of the Board, each Board Committee and their respective Chairs and individual Directors, comparing their performance with the requirements of the Board Charter, relevant committee charters and the reasonable expectations of such functions, including undertaking a periodic review of whether there is a need for existing Directors to undertake professional development to acquire or maintain the skills and knowledge needed to perform their role effectively.

The Nomination Committee is responsible for reviewing and making recommendations to the Board in relation to the process for evaluating the performance of the Board, each Board Committee and individual Directors. The People, Performance and Culture Committee is responsible for:

- » regularly reviewing and making recommendations to the Board with respect to the appropriate remuneration policy for Executive Directors; and
- » making recommendations as to the structure of remuneration for Non-Executive Directors, including in relation to equity-based incentives, reimbursement of expenses and other benefits.

Following the performance review, the Chair will establish the goals and objectives of the Board for the upcoming year and review the Board's skill matrix to assess the Board's ability to discharge its duties and lead Keypath.

Keypath has been listed for four months, only one of which fell within the current reporting period. As a result, the Board was relatively recently appointed and no additional review has taken place during the current reporting period. The next review of the Board will take place in the next reporting period.

Executive leadership team performance evaluation

The Board approves criteria for assessing, monitoring and evaluating the performance of the executive leadership team. Executive leadership performance will be evaluated at least once each reporting period.

The Nomination Committee is also responsible for reviewing and making recommendations to the Board on the succession plans of the executive leadership team to maintain an appropriate balance of skills, experience and expertise in the management of Keypath.

Relatedly, the People, Performance and Culture Committee is tasked with regularly reviewing and making recommendations to the Board with respect to an appropriate remuneration policy for members of the executive leadership team.

Nomination committee

The Board has established the Nomination Committee to consider the appointment, re-election, induction and professional development of Board members to ensure the Board is effective and high performing.

The Nomination Committee is constituted pursuant to the Nomination Committee Charter, which is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

The Nomination Committee is comprised of Diana Eilert (Chair), Robert Bazzani and Melanie Laing, each of whom are Independent Non-Executive, Directors.

Keypath has been listed for four months, only one of which fell within the current reporting period. The Nomination Committee met in July 2021 and intends to meet as frequently as necessary to effectively discharge its duties in the next reporting period.

Structure and composition of the Board

The Board currently comprises of seven Directors, including four independent Non-Executive Directors. Detailed biographies of Keypath's Directors are set out on pages 38 to 39 of this Annual Report.

Board skills and experience

The Board believes that its membership should comprise directors with an appropriate mix of skills, professional experience, knowledge and expertise.

The Board Charter states it is the role of the Board, with the assistance of the Nomination Committee, to review the Board's skills matrix to ensure the Board possesses the skills needed to address existing and emerging skills and individual director development.

In connection with establishing a Board appropriate for a listed entity, the Board considered the mix of skills considered appropriate for Keypath as part of the preparatory work it performed to seek admission to the official list of ASX.

Going forward in selecting potential new directors, the Nomination Committee will also use the Board's skills matrix as a part of assessing the needs of the Board against its current composition to ensure that there is a range of skills, knowledge and experience required to enable the Board to fulfil its responsibilities.

Board skills matrix

Number of Directors and skill level

STRATEGY
Development and/or implementation of enterprise-wide strategy

FINANCIAL AND COMMERCIAL ACUMEN
Understanding of financial accounting and reporting, corporate finance and financial risks; accounting standards and application; business value drivers
Experience in smaller, high-growth companies

EDUCATION SECTOR
Understanding of higher education sector
Experience with student programs and delivery
Oversight or work with university leadership

TECHNOLOGY AND DATA
Information technology strategies, architecture and applications
Data analytics
Digital platforms and culture
Digital disruption/leading-edge tech
Cybersecurity

REGULATION AND POLICY INFLUENCE/DEVELOPMENT
Public policy and regulation
Environmental and sustainability regulation

MARKETING, PRODUCT AND SALES
Development or oversight of “go to market” implementation – service- or product-based
Brand and customer-based design

INTERNATIONAL MARKETS
US
Australia
Asia
Global mindset and experience – significant exposure/working experience in a number of different global environments/jurisdictions (including emerging economies)

HUMAN RESOURCES
Human resource management, including organizational culture, talent development, succession planning
Development and management of remuneration schemes, including executive, salesforce and Award-based remuneration
Management and overview of workforce health and safety
Change Management

STAKEHOLDER MANAGEMENT
Development, management and/or oversight of relationships with stakeholders including:
» Investors
» University decision makers
» Regulators/government
Development, management and/or oversight of Environmental, Social and Governance (ESG) Program

LISTED COMPANY BOARD EXPERIENCE
Director (Executive or Non-Executive) of a listed company
Committee chair or member of Board sub-committees of a listed company

RISK MANAGEMENT
Development of risk frameworks, prioritization, risk management and risk mitigation
Governance and accountability
Crisis management

CAPITAL PROJECTS, ACQUISITIONS AND DIVESTITURES
Experience in evaluating projects with large scale financial commitments, investment horizons and major transactions

KEY
- EXTENSIVE EXECUTIVE EXPERIENCE
- STRONG EXECUTIVE OR BOARD EXPERIENCE
- MODERATE LEVEL OF EXPERIENCE
- LIMITED OR NO EXPERIENCE

Corporate Governance Statement

Director independence

Keypath recognizes the role of independent Directors in assuring security holders that the Board is able to act in the best interests of Keypath and independently of management.

Keypath considers Diana Eilert (Chair), Melanie Laing, Robert Bazzani and Susan Wolford to be independent, being those Directors free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. In reaching the conclusions set out above, the Board considered the guidelines of materiality for the purpose of determining director independence as set out in Box 2.3 of ASX Recommendations, as well as other facts, information and circumstances that the Board considers relevant.

Each of Diana Eilert, Melanie Laing, Robert Bazzani and Susan Wolford were appointed as Non-Executive Directors of Keypath in May 2021. Steve Fireng, the Global CEO and an Executive Director has served as CEO of the Keypath business since January 2014 and was appointed as an Executive Director in March 2021. Both Christopher Hoehn-Saric and Avi Epstein were appointed as a Non-Executive Director of Keypath in March 2021 and has served as Directors of Keypath entities since 2014.

Keypath's independent directors meet separately at the end of each Board meeting.

Induction of new Directors and ongoing development

The Nomination Committee is responsible for developing or arranging a program for inducting new Directors and reviewing the need for existing Directors to undertake professional development.

Keypath's induction program includes:

» meetings with senior executives in the form of videoconference, presentation and question and answer (Q&A) to gain a strong understanding of Keypath's structure, operations, growth strategy, financial details, history, culture, regulatory considerations and risks; and
» meetings with internal and external legal counsel in the form of videoconference, presentation and Q&A providing training on the legal and governance responsibilities of a Director of an ASX listed entity.

New Directors would also be provided with important information about Keypath and its business. The Nomination Committee will regularly review and adapt the professional development programs available to Directors to ensure that each Director has and maintains an appropriate mix of skills and knowledge.

Culture

Our values

Keypath's mantra is to be bold and do meaningful work, and its culture is underpinned by the four core values of collaboration, commitment, innovation and lifelong learning:

» **Commitment**: Keypath has an unwavering commitment to its vision and mission. By being committed and accountable to its colleagues and its collective goals as a company, it delivers results and achieves success for its partners and their students.
» **Innovation**: Keypath's focus is on providing innovative solutions to its partners and working with them to transform education. As disrupters and innovators, Keypath embraces risk-taking and strives to find the best answers through creativity and challenging the status quo.
» **Collaborate**: Keypath's diverse people are at the heart of what makes Keypath a great place to work and why it is committed to collaboration, teamwork and transparency.
» **Lifelong learning**: Education does not stop at graduation – not for Keypath's students, and not for Keypath. Keypath believes in the potential within everybody, and that this potential is unlocked by fostering a culture that encourages curiosity and learning in any way possible.

These values are incorporated into training programs and performance and assessment processes. Keypath's values are set out in its Code of Conduct Policy which will be reviewed periodically. The Code of Conduct Policy was last reviewed on May 11, 2021, the date it was adopted.

The Code of Conduct Policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

Code of Conduct

Keypath is committed to fostering an organizational culture of acting lawfully with openness, ethically, fairly, honestly, and with integrity in a manner consistent with the expectation of investors and the broader community. This is reflected in Keypath's Code of Conduct Policy which sets out expectations for how Keypath solves problems and makes decisions.

The Code of Conduct Policy requires material breaches of the policy to be reported to Keypath's Board. Keypath is committed to conducting its business with integrity and in accordance with Keypath's Code of Conduct.

Whistleblower Policy

To facilitate a working environment that observes the highest standards of business and personal ethics, the Board adopted a Whistleblower Policy. This policy helps to ensure all Directors, officers, employees, consultants contractors and suppliers feel safe to speak up when there are reasonable grounds to suspect that Keypath or any individuals working for Keypath, are acting unlawfully, unethically or in violation of Keypath's policies.

The Whistleblower Policy explains who can make a report, what can be reported, how to make a report and how Keypath will protect the whistleblower's confidentiality and identity. The policy also details Keypath's approach to investigating any reports it receives.

The Board will review and reassess its Whistleblower Policy periodically at least every two years and, if required, make any amendments to the policy.

The Whistleblower Policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

Anti-Bribery and Corruption Policy

Keypath strictly prohibits the offer, provision or acceptance of bribes and is committed to ensuring its corporate culture actively discourages corrupt conduct in the strongest possible terms. To this end, the Board has adopted an Anti-Bribery and Corruption Policy in line with the anti-bribery and corruption standards required by ASX Recommendations.

The Anti-Bribery and Corruption Policy covers such topics as bribery and corruption, gifts and hospitality, tenders and procurement, donations and sponsorships, and how to raise concerns about these matters. Any and all breaches of the policy must be reported to the Board or a Board Committee.

Keypath will periodically review the Anti-Bribery and Corruption Policy to ensure its effective operation.

The Anti-Bribery and Corruption Policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

Integrity of Corporate Reports

Audit and Risk Management Committee

The Board has established the Audit and Risk Management Committee (ARMC) to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to Keypath's financial reports and financial reporting process and internal control structure, risk management systems (financial and non-financial) and the external statutory audit process.

The ARMC was constituted pursuant to the Audit and Risk Management Committee Charter, which is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

The ARMC is comprised of Robert Bazzani (Chair), Diana Eilert, Susan Wolford and Avi Epstein, the majority of whom (Avi Epstein excepted) are independent Directors. Detailed information on the qualifications and experience of each of these members (and all of Keypath's Directors) is set out on pages 38 to 39 of this Annual Report.

Keypath has been listed for four months, only one of which fell within the current reporting period. The ARMC met once in June 2021 and three times in the first quarter of FY22 (July-September 2021) and intends to meet as frequently as necessary to effectively discharge its duties in the next reporting period. Further, the ARMC is committed to reviewing Keypath's risk management framework at least annually to satisfy itself that it continues to be sound and that Keypath is operating with due regard to the risk appetite set by the Board.

Assurances by management

The integrity of Keypath's financial reporting depends upon the existence of a sound system of risk oversight, management and internal control.

Prior to the Board's approval of Keypath's financial statements for a financial period, the Board and Audit and Risk Management Committee must first receive a declaration from the Global CEO and Global CFO that, in their opinion, the financial records of Keypath and its controlled entities have been properly maintained and that the financial statements comply with the applicable accounting standards and give a true and fair view of the financial position and performance of Keypath and its controlled entities and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

This declaration was provided to the Board by the Global CEO and Global CFO with respect to the financial reports prepared during the current reporting period.

Corporate Governance Statement

Verification of corporate reports

The Audit and Risk Management Committee is responsible for making recommendations to the Board on its processes to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external statutory auditor (such as the Directors' Report or this Corporate Governance Statement).

Keypath applies internal review, verification and approval processes to material public information, including periodic corporate reports that are not audited or reviewed by Keypath's external auditor. These established processes seek to ensure the accuracy of unaudited reports and are tailored to the nature of each periodic report. Typically, internal subject matter experts will prepare the document with input from Keypath's General Counsel. The report will then be provided to internal stakeholders and/or relevant executives (including the cross-checking of data against key source documents) and external advisors (if required), for their further comments. Following this, relevant periodic corporate reports are presented to the Board for their review and approval prior to release.

Continuous disclosure

Keypath has established processes to provide stakeholders, market participants and the wider community with timely and equal access to material and relevant information relating to Keypath's activities and performance so that trading in Keypath's securities takes place in an efficient, competitive and informed market. The Board has adopted a Continuous Disclosure Policy which aims to:

» achieve compliance with Keypath's continuous disclosure obligations,
» clearly set out the responsibilities of the Board, the Company Secretary and all other Keypath personnel, and
» to promote investor confidence in Keypath's securities.

The Company Secretary is responsible for the overall administration of the Continuous Disclosure Policy and all communications with ASX. The Board is responsible for approving any subsequent amendments to the Continuous Disclosure Policy and may be involved in the review of significant announcements. At least two of the Global CFO, Global CEO, the Company Secretary and Chair will be responsible for determining what information is to be disclosed. All employees have a duty to report any material price sensitive information to their disclosure officer, be it a general manager, the Company Secretary or the Chair.

All price sensitive information disclosed to ASX is posted to Keypath's website as soon as it is disclosed to ASX. Keypath will periodically review the Continuous Disclosure Policy to ensure its effective operation. The policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

The Company Secretary provides the Board with copies of all material market announcements promptly after they have been made to ensure that the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures. This obligation is also set out in Keypath's Continuous Disclosure Policy.

Keypath's Continuous Disclosure Policy and its Communications Policy (both of which are available on its website at https://investors.keypathedu.com/about-us/corporate-governance) state that Keypath will release any new and substantive presentations to ASX prior to delivering any such presentation, and that it will place any new and substantive investor or analyst presentations on the website ahead of any presentation.

Since listing in June 2021, Keypath did not hold any substantive investor or analyst presentations in the current reporting period. It recently held a conference call briefing for analysts and investors on July 29, 2021 relating to Keypath's results for the last quarter of FY21 and a conference call briefing for analysts and investors on August 30, 2021 relating to Keypath's full year FY21 results. Copies of the analyst and investor presentations supplementing these conference calls were uploaded to ASX Market Announcements Platform and Keypath's website prior to the calls. Recordings of these briefings are made available on Keypath's website promptly following the calls.

Security holder engagement

Security holder engagement

Keypath has created an "Investors" section of its website to easily convey all relevant information regarding its corporate governance policies and procedures, including information about its Directors. Interested parties may also access copies of Keypath's financial reports and ASX announcements from the same investor section of its website.

Keypath is committed to effective communication with its clients, customers, shareholders, market participants, employees, suppliers, financiers, creditors, other stakeholders and the wider community.

To support its commitment, Keypath has an investor relations program that focuses on both professional and retail investors to help them understand matters of interest or concern to those investors. The investor relations program also seeks to empower investors to raise significant concerns which will then be conveyed to the Board or senior management as appropriate.

Keypath will periodically review its Communications Policy to ensure its effective operation. The policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

Keypath provides shareholders with reasonable notice of shareholder meetings, including details of the time and place of the meeting (which may be held online, laws and regulations permitting), the resolutions to be considered and proxy voting procedures.

Where a vote is to be put to shareholders, all shareholders are provided with details of the resolution, are invited to attend the meeting and are provided with the ability to vote online or to vote by proxy. As Keypath is an ASX listed foreign company incorporated under the General Corporation Law of the State of Delaware in the United States, it has on issue both shares of common stock and CDIs over those shares of common stock. Different voting procedures apply to holders of common stock and holders of CDIs. Accordingly, to enable shareholders to exercise their votes correctly, Keypath also provides detailed instructions and guidelines on how holders of common stock and holders of CDIs may vote.

In advance of shareholder meetings and as set forth in a notice of meeting, shareholders may submit questions about, or make comments on, the management of Keypath. Keypath encourages shareholders to submit their questions prior to the meeting in accordance with the detailed instructions in the Notice of Meeting. Where appropriate, these questions and comments will be read out and answered at the meeting. Security holders are given the option to receive communications from, and send communications to, Keypath and its share registry electronically. All attendees of the annual general meeting will also be able to ask questions live at the meeting.

Keypath was established in Delaware and is currently headquartered in Chicago, Illinois in the United States. To enable its United States and Australian shareholders to participate in meetings, Keypath intends to schedule its shareholder meetings virtually and at a reasonable local time in Chicago and Sydney. Keypath has not held a security holder meeting since admission to ASX.

Keypath's next meeting of shareholders will be its Annual General Meeting in respect of the FY21 reporting period, to be held at:

» 10:00am Sydney time on November 18, 2021
» 5:00pm Chicago time on November 17, 2021

Keypath intends to make its external auditor PricewaterhouseCoopers available at its next annual general meeting to answer relevant questions submitted from Keypath's security holders.

Corporate Governance Statement

Risk management

Risk management and assurance

Keypath has adopted a Risk Management Policy which outlines Keypath's risk management framework. The Risk Management Policy outlines the risk management policies and practices underpinning Keypath's risk management framework, including establishing processes for:

» identifying, monitoring and managing risk;
» assisting Keypath to understand identified risks; and
» allocating appropriate responsibilities of the Board and other personnel of Keypath in managing risk.

The Audit and Risk Management Committee is responsible for assisting the Board in fulfilling its corporate governance and oversight responsibilities in relation to Keypath's risk management systems. The Audit and Risk Management Committee will (among other things):

» monitor the adequacy of Keypath's processes for managing risk;
» make recommendations to the Board regarding Keypath's processes for managing risk or to the risk appetite set by the Board;
» receive reports from management on new and emerging sources of risk and the risk controls that management has put in place to deal with those risks; and
» review material incidents or break-downs of Keypath's risk controls or other failures of Keypath's internal controls.

Keypath will review its Risk Management Policy at least once every reporting period to ensure its effective operation. The policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

In addition, the Audit and Risk Management Committee reviews the Risk Management Policy and Keypath's risk management framework at least annually.

Keypath has been listed for four months, only one of which within the current reporting period. As a result, the risk management framework has not been reviewed during the reporting period. The Audit and Risk Management Committee is satisfied that its current framework developed immediately prior to listing is a sound system of risk management and internal control. The Audit and Risk Management Committee will review the risk management framework in the next reporting period as required by the Audit and Risk Management Charter.

Internal audit

The Board considers that an internal audit function is not currently required; however, the Audit and Risk Management Committee still reviews the business and reports to the Board regarding Keypath's internal processes for managing material risks and internal controls.

The Board is satisfied that the processes in place to identify Keypath's material business risks are appropriate and that these risks are being effectively managed.

Environmental and social risks

It is the role of the Audit and Risk Management Committee to identify, assess and manage material risks that arise in the course of business. Keypath reviews key risks on an ongoing basis and manages them via a risk management and governance framework which is overseen by the Audit and Risk Management Committee. Additionally, the People Performance and Culture (PPC) Committee assesses certain risks including environmental and social.

The Board does not believe that Keypath has any material exposure to environmental or social risks and is committed to conducting a risk assessment in the next reporting period.

Performance and remuneration

The Board has established a PPC Committee to objectively review and oversee people, performance, remuneration and social related policies and practices to ensure they remain appropriate to changing market conditions and align with Keypath's purpose, culture and strategy.

The PPC Committee is constituted pursuant to the People, Performance and Culture Charter, which is available on the website at https://investors.keypathedu.com/about-us/corporate-governance.

The PPC Committee is comprised of Melanie Laing (Chair), Diana Eilert, Susan Wolford and Christopher Hoehn-Saric, the majority of whom (Christopher Hoehn-Saric excepted) are independent directors.

Keypath has been listed for four months, only one of which fell within the current reporting period. The PPC Committee met in August 2021 and intends to meet as frequently as necessary to effectively discharge its duties in the next reporting period.

Remuneration Policy

Keypath's policies and practices regarding the remuneration of its Directors and executive leadership team are set out in the Remuneration Policy, which is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance. The PPC Committee is responsible for assisting the Board to determine the appropriate remuneration.

The PPC Committee will make recommendations to the Board regarding the remuneration of Directors and senior management having regard to various factors including performance and any recommendations made by the Global CEO, senior management, compensation consultants and other advisors. The PPC Committee will also make recommendations to the Board regarding the remuneration of Non-Executive Directors having regard to, among other things, any recommendations made by compensation consultants and other advisors.

Remuneration for Executive Directors and senior executives may include annual base salary, performance-based remuneration, equity-based remuneration and other benefits. Remuneration for Non-Executive Directors may contain annual fees, performance-based remuneration, equity-based remuneration, expense reimbursement and other benefits.

Details of the current remuneration of Directors and other key management personnel are provided on pages 42 to 45 of this Annual Report.

Any equity-based remuneration awards are made pursuant to Keypath's 2021 Equity Incentive Plan, which is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

Keypath's Remuneration Policy clearly states that no Director or senior management personnel who participates in an equity-based remuneration scheme may enter into any transactions designed to limit the economic risk of participating in the equity-based remuneration scheme.

The Board has also adopted a Securities Trading Policy to regulate how and when Directors and employees may trade in Keypath securities in accordance with the insider trading prohibitions of the *Corporations Act 2001* (Cth).
The Securities Trading Policy is available on Keypath's website at https://investors.keypathedu.com/about-us/corporate-governance.

Financial report

For the Years Ended June 30, 2021 and 2020

57 Report of Independent Auditors

58 Consolidated balance sheet
59 Consolidated statement of profit or loss and other comprehensive income
60 Consolidated statement of changes in equity
61 Consolidated statement of cash flows

Notes to the consolidated financial statements
62 Note 1: Principal business activity and significant accounting policies
67 Note 2: Property and equipment
68 Note 3: Amortizable intangible assets
68 Note 4: Contract assets and liabilities
69 Note 5: Long-term debt
69 Note 6: Leases
70 Note 7: Accrued liabilities
70 Note 8: Deferred compensation liability
71 Note 9: Income taxes
72 Note 10: Redeemable non-controlling interests
72 Note 11: Loss per share
73 Note 12: Equity
74 Note 13: Stock-based compensation
75 Note 14: Commitments and contingencies
76 Note 15: Related party transactions
76 Note 16: Employee retirement plans
77 Note 17: Segment and geographic information
77 Note 18: Subsequent events

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Report of Independent Auditors

To the Shareholders and Board of Directors of Keypath Education International, Inc.

We have audited the accompanying consolidated financial statements of Keypath Education International, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2021 and June 30, 2020, and the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Keypath Education International, Inc. and its subsidiaries as of June 30, 2021 and June 30, 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario, Canada
August 29, 2021

PricewaterhouseCoopers LLP
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5
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Consolidated balance sheet

As of June 30, 2021 and 2020

	Note	2021 US$'000	2020 US$'000
ASSETS			
Current Assets			
Cash		67,049	14,331
Restricted cash		402	368
Accounts receivable, net of allowance	4	19,384	6,875
Prepaid expenses and other current assets		2,539	448
Total Current Assets		**89,374**	**22,022**
Non-Current Assets			
Property and equipment, net	2	1,715	1,401
Goodwill		8,754	8,754
Intangible assets, net	3	5,813	5,609
Operating leases right-of-use assets	6	1,502	1,600
Contract acquisition cost	4	2,501	1,990
Deferred tax asset	9	2,535	1,714
Contract with customer, non-current portion		2,110	201
Other assets		136	163
Total Assets		**114,440**	**43,454**
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current Liabilities			
Accounts payable		4,280	3,385
Accrued liabilities	7	11,297	6,813
Deferred revenue	4	1,779	1,168
Income tax payable	9	1,076	722
Operating lease liabilities	6	1,421	895
Deferred compensation liability	8	3,187	–
Total Current Liabilities		**23,040**	**12,983**
Non-Current Liabilities			
Long-term debt, net	5	–	9,035
Long-term operating lease liabilities	6	604	1,353
Other liabilities		347	194
Total Liabilities		**23,991**	**23,565**
Mezzanine Equity			
Redeemable non-controlling interests	10	–	29,362
Shareholders' Equity (Deficit)			
Preferred shares (par value $0.01 per share, 500,000 shares authorized, zero issued and outstanding in 2021)	12	–	16,100
Common stock (par value $0.01 per share, 500,000,000 shares authorized, 208,223,105 issued and outstanding in 2021)	12	2,082	–
Additional paid-in capital	12	246,154	54,085
Accumulated deficit		(157,883)	(79,149)
Accumulated other comprehensive income (loss)		96	(509)
Total Shareholders' Equity (Deficit)		**90,449**	**(9,473)**
Total Liabilities and Equity		**114,440**	**43,454**

The accompanying notes on pages 62 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the years ended June 30, 2021 and 2020

	Note	2021 US$'000	2020 US$'000
REVENUE	17	98,092	55,484
Operating Expenses			
Salaries and wages		93,585	32,854
Direct marketing		33,245	22,197
General and administrative		18,949	11,079
Total operating expenses		**145,779**	**66,130**
Operating Loss		**(47,687)**	**(10,646)**
OTHER INCOME (EXPENSE)			
Interest expense	5	(2,346)	(328)
Loss on redemption of non-controlling interest	10	(27,667)	–
Other income and (expense), net		154	(121)
Loss before income taxes		**(77,546)**	**(11,095)**
Income taxes benefit	9	391	1,292
Net Loss		**(77,155)**	**(9,803)**
Non-controlling interest redemption increment	10	(1,579)	(1,595)
Net Loss Attributable to Keypath Education International, Inc. Shareholders		**(78,734)**	**(11,398)**

	Note	2021	2020
LOSS PER SHARE:			
Basic and diluted loss per common share	11	$ (0.54)	$ (0.08)
Basic and diluted weighted average shares of common stock outstanding		146,791,203	141,671,878

	2021 US$'000	2020 US$'000
OTHER COMPREHENSIVE LOSS:		
Net loss attributable to Keypath Education International, Inc. shareholders	(78,734)	(11,398)
Foreign currency translation adjustment	605	41
Total Other Comprehensive Loss Attributable to Keypath Education International, Inc. Shareholders	**(78,129)**	**(11,357)**

The accompanying notes on pages 62 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the years ended June 30, 2021 and 2020

	Preferred Units		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)
	Shares	US$'000	Shares	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as of July 1, 2019	**16,100**	**16,100**	**141,671,878**	**–**	**49,085**	**(67,751)**	**(550)**	**(3,116)**
Net loss						(11,398)		(11,398)
Currency translation adjustment							41	41
Capital contributions					5,000			5,000
Balance as of June 30, 2020	**16,100**	**16,100**	**141,671,878**	**–**	**54,085**	**(79,149)**	**(509)**	**(9,473)**
Net loss						(78,734)		(78,734)
Currency translation adjustment							605	605
Conversion of preferred shares to Common (Note 12)	(16,100)	(16,100)	16,100		16,100			–
Common control transaction (Note12)			–	1,417	(19,739)			(18,322)
Proceeds of initial public offering, net of issuance and transaction costs (Note 12)			57,172,708	572	153,860			154,432
Stock-based compensation (Note 13)			9,362,419	93	41,848			41,941
Balance as of June 30, 2021	**–**	**–**	**208,223,105**	**2,082**	**246,154**	**(157,883)**	**96**	**90,449**

The accompanying notes on pages 62 to 77 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the years ended June 30, 2021 and 2020

	Note	2021 US$'000	2020 US$'000
OPERATING ACTIVITIES			
Net loss		(77,155)	(9,803)
Adjustments to reconcile net loss to net cash from operating activities:			
Loss on redemption of non-controlling interest	10	27,667	–
Depreciation and amortization		4,152	3,334
Stock-based compensation expense	13	41,941	–
Deferred income taxes	9	(670)	(1,714)
Other, net	5	878	(113)
Changes in operating assets and liabilities:			
Accounts receivable		(11,940)	(841)
Prepaids and other		(4,771)	(1,050)
Accounts payable and accrued liabilities		4,634	2,904
Deferred revenue		573	792
Income taxes payable	9	280	412
Deferred compensation liability	8	3,187	–
Net cash from operating activities		**(11,224)**	**(6,079)**
INVESTING ACTIVITIES			
Additions of amortizable intangible assets		(3,108)	(3,199)
Purchases of property and equipment		(1,035)	(572)
Net cash from investing activities		**(4,143)**	**(3,771)**
FINANCING ACTIVITIES			
Proceeds from long-term debt	5	–	10,000
Repayments of long-term debt	5	(10,000)	–
Proceeds of initial public offering, net of issuance and transaction costs	12	154,432	–
Payments to redeemable non-controlling interests	10	(58,608)	–
Payments to non-participating security holders	12	(18,322)	–
Proceeds from issuance of preferred units to non-controlling interests in subsidiary entities		–	5,000
Proceeds from capital contributions		–	5,000
Payments of debt issuance costs	5	–	(504)
Net cash from financing activities		**67,502**	**19,496**
Effect of exchange rate changes on cash and restricted cash		617	41
Net change in cash and restricted cash		52,752	9,687
Cash and restricted cash at beginning of year		14,699	5,012
Cash and restricted cash at end of year		**67,451**	**14,699**
SUPPLEMENTAL CASH FLOWS INFORMATION			
Interest paid		1,382	271
Income taxes paid		–	–

The accompanying notes on pages 62 to 77 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 1

Principal business activity and significant accounting policies

—

Description of business

Keypath Education International, Inc.'s (the Company) principal activity is online program management (OPM) serving the postgraduate education market of traditional universities. The Company enables universities in Australia, Malaysia, North America and the United Kingdom to deliver technology-enabled online degrees and programs driven by market-demand. Through end-to-end technology and data-driven service, the Company and its subsidiaries (the Group) partner with universities to design, launch, and grow online programs that deliver career-relevant skills to address global, social and economic challenges and prepare busy professionals for the future of work.

Services provided include design and development of program courses, marketing to prospective students, recruitment and retention of students during their enrollment, and for certain programs, placement services. The Company enters into bespoke long-term contracts with universities and earns revenue through an agreed revenue share with the relevant university during the contracted term. Keypath's employees and offices are presently located in Canada, the United States, Australia and the United Kingdom.

Initial public offering

The Company was incorporated in Delaware on March 11, 2021. Pursuant to a corporate reorganization, the Company acquired Keypath International Ltd. (Keypath International) immediately prior to, and in conjunction with, an initial public offering (IPO) of CHESS Depositary Interests (CDIs) over the Company's common stock. The Company was admitted to the Official List of the Australian Securities Exchange (ASX) on June 1, 2021. All common stock of the Company is represented by CDIs on a one-for-one ratio, which are tradable on ASX. Further information on the capital structure of the Company, including the financial effect of the IPO, is set out in Note 12.

Basis of presentation

The accompanying consolidated financial statements include these of the Company and its subsidiaries after elimination of all intercompany accounts and transactions. These consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (US GAAP). All amounts are reported in US dollars, unless otherwise noted. Some financial data is non-IFRS information under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by the Australian Securities and Investments Commission or non-US GAAP financial measures within the meaning of Regulation G of the US Securities Exchange Act of 1934.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances. Estimates and assumptions are inherent in the analysis and the measurement of impairment of accounts receivable, the recoverability of long-lived assets, amortizable intangibles, goodwill, deferred tax assets, and stock-based compensation expense. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates. The Company evaluates its estimates and assumptions on an ongoing basis.

The Company has not experienced a significant disruption to its business as a result of COVID-19, primarily as a result of all of the programs operated by the Group being online programs and university partners implementing other online meeting platforms to substantially reduce or replace the need for students to attend campus. Certain programs continue to experience sustained increased demand, while other disciplines are demonstrating a return to pre-COVID-19 levels of demand. However, while COVID-19 persists, there continues to be some uncertainty as to its future effects on the Company's business.

Revenue from contract with customers

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. OPM services consist of marketing, recruitment, program management, placement services, student retention, course development and help desk support services to support online e-learning degree programs offered by universities. Revenue from OPM is comprised primarily of a share of tuition fees invoiced to students who enroll in the program courses with university partners. The Company's contracts with university partners typically have terms of seven to ten years. The Company determined that OPM services are a single performance obligation as the obligations under the contracts consist of tightly integrated technology and services that university partners need to attract, enroll, educate and support students, which are not distinct within the context of the contracts. The single performance obligation is delivered as the university partners receive and consume benefits, which occurs ratably over a series of academic terms. The amounts received from university partners over the term of the arrangement are variable in nature in that they are dependent upon the number of students that are enrolled in the program within each academic term. These amounts are allocated to and are recognized ratably over the related academic term, defined as the period beginning on the first day of classes through the last. Fees paid by customers, paid in advance, are deferred on the consolidated balance sheets and recognized as income as they are earned.

The Company does not disclose the value of unsatisfied performance obligations because the variable consideration is allocated entirely to a wholly unsatisfied promise to transfer a service that forms part of a single performance obligation.

Contract acquisition costs

Under ASC 606 and Subtopic 340-40, the "incremental costs of obtaining a contract with a customer" are to be capitalized as an asset if the Company expects to recover these costs. The Company has identified that sales commissions paid on the signing of a new partner and/or program have met this criterion as it relates directly to obtaining university partner degree program contracts and are not earned unless a contract is executed and the related programs launch. The capitalized commissions are amortized over the term of the contract life, which usually ranges from seven to ten years.

Concentration of credit risk

Financial Instruments: The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable and accrued expenses. The carrying values of cash, accounts receivable and accounts payable and accrued expenses are considered to be representative of their respective fair values because of the relatively short-term maturity or variable pricing of these financial instruments.

Accounts Receivable: Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. Concentration of credit risk with respect to trade receivables exists due to the size of the Company's dependence on larger clients. The Company maintains allowances for potential credit losses. Concentration of credit risk with respect to trade receivables exists due to the size of the Company's dependence on large clients.

As of June 30, 2021 and 2020, the Company's top five customers comprised over 46.5% and 51.4%, respectively, of total revenue as follows:

	2021	2020
Customer 1	16.7%	19.0%
Customer 2	8.8%	10.3%
Customer 3	7.5%	8.3%
Customer 4	6.8%	7.8%
Customer 5	6.7%	6.0%
Total	46.5%	51.4%

Foreign Currency Risk: The Company is exposed to foreign currency risk relating to transactions and assets denominated in a foreign currency. The Company does not currently use derivative instruments to manage its foreign currency risk.

Cash and restricted cash

Restricted cash is represented by a bank guarantee required on the Company's office lease in Australia.

Accounts receivable and allowance for doubtful accounts

Accounts receivable, net of allowance includes trade accounts receivable, which is comprised of billed and unbilled revenue. Accounts receivable is stated at amortized cost net of allowance for doubtful accounts. The Company's methodology to measure the allowance for doubtful accounts requires an estimation of loss rates based on historical loss experience adjusted for factors that are relevant to determining the expected collectability of accounts receivable. Some of these factors include current market conditions, delinquency trends, aging behaviour of receivables and credit and liquidity quality indicators for industry groups, customer classes or individual customers. The Company's estimates are reviewed and revised periodically based on the ongoing evaluation of credit quality indicators. Historically, actual write-offs for uncollectible accounts have not significantly differed from prior estimates.

The Company recognizes unbilled revenue when revenue recognition occurs in advance of billings. Unbilled revenue is recognized because billings to university clients do not occur until after the academic term has commenced and final enrollment information is available. The Company's unbilled revenue represents contract assets. Unbilled accounts receivable is recognized once the presentation period commences for amounts to be invoiced to students under instalment plans that are paid over the same presentation period.

Contract liability

The Company records a contract liability that represents the excess of amounts billed or received as compared to amounts recognized in revenue on the Company's consolidated statements of loss and comprehensive loss as of the end of the reporting period, and such amounts are reflected as a current liability on the consolidated balance sheets. The Company generally receives payments from university clients early in each academic term. These payments are recorded as deferred revenue until the services are delivered or until the Company's obligations are otherwise met, at which time revenue is recognized.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Expenditures for purchases and improvements are capitalized. Depreciation on furniture and fixtures is calculated using the straight-line method over the estimated seven-year useful lives of the assets. Computer hardware is depreciated on a straight-line basis over three to five years. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives of the improvements, ranging from five to seven years using the straight-line method.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 1

Principal business activity and significant accounting policies (continued)

—

Leases

The Company leases office premises in the US, Canada and Australia, as well as some office equipment, and has determined that these would continue as operating leases under ASC 842, Leases. The Company does not have any finance leases.

For the Company's operating leases, an assessment is performed to determine if an arrangement contains a lease at lease inception, which is generally when the Company takes possession of the asset. The Company records a lease liability and a corresponding right-of-use asset. Lease liabilities represent the Company's obligation to make lease payments arising from the lease and are calculated as the present value of minimum lease payments over the expected lease term, which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The present value of the lease liability is determined using the Company's incremental borrowing rate based on relevant benchmark interest rates at the lease commencement, as the information necessary to determine the rate implicit in the lease is not readily available. Right-of-use assets represent the right to control the use of the leased asset during the lease and are initially recognized in an amount equal to the lease liability. In addition, prepaid rent, initial direct costs and adjustments for lease incentives are components of the right-of-use asset. The lease expense is recognized on a straight-line basis over the lease term.

The Company has elected, as an accounting policy for its leases of real estate, to account for lease and non-lease components in a contract as a single lease component. In addition, the recognition requirements are not applied to leases with a term of 12 months or less. Rather, the lease payments for short-term leases are recognized in the consolidated statements of loss and comprehensive loss on a straight-line basis over the lease term.

Variable payments that depend on an index or a rate are initially measured using the index or rate at the lease commencement date. Such variable payments are included in the total lease payments when measuring the lease liability and right-of-use asset. The Company will only re-measure variable payments that depend on an index or a rate when the Company is re-measuring the lease liability due to any of the following occurring: (i) the lease is modified and the modification is not accounted for as a separate contract; (ii) a contingency, upon which some or all of the variable lease payments that will be paid over the remainder of the lease term are based, is resolved; (iii) there is a change in lease term; (iv) there is a change in the probability of exercising a purchase option or (v) there is a change in the amount probable of being owed under residual value guarantees. Until the lease liability is re-measured due to one of the aforementioned events, additional payments for an increase in the index or rate will be recognized in the period in which they are incurred. Variable payments that do not depend on an index or a rate are excluded from the measurement of the lease liability and recognized in the consolidated statements of loss and comprehensive loss in the period in which the obligation for those payments is incurred. The Company will re-measure its lease payments when the contingency underlying such variable payments is resolved such that some or all of the remaining payments become fixed.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The Company tests for goodwill impairment at the reporting unit level. When testing for goodwill impairment, the Company performs a qualitative assessment. Based on the results of this qualitative assessment, if the Company concludes it is more likely than not that a reporting unit's fair value is less than its carrying amount, a quantitative analysis is performed. The quantitative analysis involves comparing the fair value of each reporting unit to its carrying value, including goodwill. Fair value reflects the price a market participant would be willing to pay in a potential sale of the reporting unit and may be based on the income approach (discounted cash flow method) or the market approach (guideline public company method). If the fair value exceeds carrying value, then it is concluded that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, a second step is required to measure possible goodwill impairment loss. The second step includes valuing the tangible and intangible assets and liabilities of the reporting unit as if the reporting unit had been acquired in a business combination. Then, the implied fair value of the reporting unit's goodwill is compared to the carrying value of that goodwill. If the carrying value of the reporting unit's goodwill exceeds the implied fair value of the goodwill, the Company recognizes an impairment loss in an amount equal to the excess, not to exceed the carrying value.

In conducting the qualitative assessment, the Company performs an analysis on the conditions below as it relates to the business to determine if goodwill is impaired:

- macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets;
- industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics (consider in both absolute terms and relative to peers), a change in the market for an entity's products or services, or a regulatory or political development;
- cost factors such as increases in labor, or other costs that have a negative effect on earnings and cash flows;
- overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods, company valuation trend;
- other relevant entity-specific events such as changes in management, key personnel, strategy, or customers; contemplation of bankruptcy; or litigation; and
- events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a

more-likely-than-not expectation of selling or disposing of all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.

After performing the qualitative assessment as June 30, 2021 and 2020, the Company determined that goodwill was not impaired.

Intangible assets

Intangible assets with a definite life are amortized on the straight-line basis over periods ranging from three to eleven years. Such assets are periodically evaluated as to the recoverability of their carrying values. These intangible assets include customer relationships, trade names, website platforms, software and other intangibles (which includes capitalized course development).

Capitalized course development: Costs related to the development of online learning courses are capitalized and amortized on a straight-line basis over three years. These costs include instructional design, multimedia development and the uploading of course material. Applicable costs include direct third-party costs (such as specific contract labor, software and licence purchases) as well as salaries and wages and other payroll-related costs of employees specifically involved in development of courses contracted with university partners.

Capitalized course development costs are assessed for impairment whenever circumstances, such as the cancellation of a program with a university partner, indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized to the extent that the carrying amount exceeds the estimated fair value of the asset.

Impairment of long-lived assets

The Company evaluates the recoverability of the carrying value of long-lived assets (property and equipment and amortizable intangible assets) whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Income taxes

The Company is a holding company for subsidiaries that are corporations or limited liability companies.

The consolidated financial statements reflect the tax cost or benefit of the results of its operations, and as such, the Company presents its income taxes in accordance with income tax accounting guidance (ASC 740, Income Taxes). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenue.

The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company files income tax returns for itself and its subsidiaries in the US federal jurisdiction, various US States and foreign jurisdictions as required.

Fair value measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs – unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date;
- Level 2 inputs – other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 inputs – unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. In these cases, the Company develops its own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The Company's cash is classified as Level 1.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 1

Principal business activity and significant accounting policies (continued)

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Stock-based compensation

2021 Equity Incentive Plan: The terms of stock option grants, including the exercise price per share and vesting periods, are determined by the Company's Board of Directors and the Company's People, Performance and Culture Committee. Stock options granted under the 2021 Equity Incentive Plan are granted at exercise prices of not less than the fair market value of the Company's common stock on the date of grant. Stock options are subject to service-based vesting conditions and may vest at various times from the date of the grant, with options vesting after a period of three years.

The Company accounts for stock-based compensation awards made to employees and directors under ASC 718, Share-Based Payments, which requires measurement and recognition of compensation expense for all share-based payment awards based on the fair value. The Company values stock options using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the risk-free interest rate, expected life of the option, expected stock price volatility and dividend yield. The risk-free interest rate assumption is based on observed interest rates for constant maturity US Treasury securities consistent with the expected term of the Company's employee stock options. The expected life represents the period of time the stock options are expected to be outstanding and is based on the "simplified method." Under the "simplified method", the expected life of an option is presumed to be the mid-point between the vesting date and the end of the contractual term. Due to the lack of sufficient historical exercise data, the Company uses the "simplified method" to provide a reasonable basis on which to otherwise estimate the expected life of the stock options. The Company analysed the market data of peer companies and calculated implied asset volatility. This volatility factor was then applied as a variable to determine the fair value of our stock options granted for the year ended June 30, 2021. The Company assumes no dividend yield because dividends are not expected to be paid in the near future. See Note 13 for additional information.

Under ASC 718, share-based compensation expense is recognized based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. The Company recognizes stock-based compensation expense on a straight-line basis over the awards' requisite service period.

Legacy Plans: Prior to the IPO, a subsidiary entity had granted to certain employees limited liability company profits interests for federal income tax purposes, in the form of restricted units, as well as options to acquire restricted units ("unit options"). These awards were cancelled upon the IPO and replaced by:

- the issue of CDI Rights for all vested and unvested unit options as of the IPO date.)The CDI Rights convert to CDIs on a one-for-one basis.);
- the issue of restricted CDIs for restricted units that had vested as of the IPO date and the allotment of restricted stock for those restricted units that were not vested as of the IPO date.

Information in relation to these legacy plans is provided in Note 13. Further, the terms of a cash-based long term performance awards scheme were also cancelled and replaced by Legacy LTIP Cash Awards on the IPO date, resulting in the recognition of a deferred compensation liability. Information on this liability is provided in Note 8.

Combination of entities under common control and comparative information

As stated above, the Company became the legal parent of the Group pursuant to a corporate reorganization. The Company has accounted for the capital reorganization at book value and on a retrospective basis, consistent with the guidance for combinations under common control provided under ASC 805, Business Combinations. On this basis, the consolidated financial statements for the Company will effectively reflect a continuation of the Keypath International consolidated financial statements accounted for using the continuity of interests method of accounting, where:

- the consolidated assets and liabilities of the Company at the IPO date reflected the carrying values of the consolidated assets and liabilities acquired from Keypath International (rather than their fair values), and the results of the Company reflect the results of operations in a manner consistent with Keypath International's historical financial reporting;
- the accumulated losses and other reserves recognized in the consolidated financial statements of the Company will include the consolidated accumulated losses and other reserves acquired from Keypath International;
- the amount recognized as issued capital in the consolidated financial statements of the Company reflects the book value of the CDIs issued by the Company to effect its acquisition of Keypath International; and
- the comparative financial information to be presented in the Company's consolidated financial statements for the year ended June 30, 2021 will be that as reported by Keypath International in its consolidated financial statements for the year ended June 30, 2020.

Foreign currency

The functional and reporting currency of the Company is United States dollars. In accordance with ASC 830, Foreign Currency Matters, assets and liabilities of non-US subsidiaries whose functional currency is the local currency are translated into US dollars at exchange rates prevailing at the consolidated balance sheet date. Functional currencies of non-US subsidiaries include Australian dollars, Canadian dollars, British Pounds Sterling and Malaysian Ringgit. Revenue and expenses are translated at average exchange rates during the year. The net exchange differences resulting from these translations are reported in accumulated other comprehensive (loss) income. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of loss and comprehensive loss.

Recently adopted accounting pronouncements

The Company adopted Accounting Standards Update (ASU) No. 2020-10, Codification Improvements (ASU 2020-10). The amendments in ASU 2020-10 affect a wide variety of topics in the Accounting Standards Codification (ASC) by either clarifying the codification or correcting unintended applications of the guidance. The amendments do not change US GAAP and, therefore, are not expected to result in a significant change in current accounting practice. The adoption of ASU 2020-10 did not have a material impact on the consolidated financial statements or related disclosures.

The Company adopted ASU No. 2018-15, Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (ASU 2018-15). ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs for internal-use software, effective January 1, 2020. The adoption of ASU 2018-15 did not have a material impact on the consolidated financial statements.

Recent accounting pronouncements not yet adopted

In August 2020, the Financial Accounting Standards Board (FASB) issued ASU No. 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts indexed to and potentially settled in an entity's own equity. The new guidance eliminates the beneficial conversion and cash conversion accounting models for convertible instruments. As a result, in more cases, convertible debt will be accounted for as a single instrument. The guidance also removes certain conditions for equity classification related to contracts in an entity's own equity and requires the application of the if-converted method for calculating diluted earnings per share. This ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements and related disclosures.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASU 2020-04). ASU 2020-04 is intended to provide optional expedients and exceptions for applying US GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, to ease the potential accounting and financial reporting burden associated with the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. This ASU may be applied as of the beginning of any interim period that includes its effective date (i.e., March 12, 2020) through December 31, 2022. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements or related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2019-12). ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions such as (i) exceptions to the incremental approach for intra-period tax allocation when there is a loss from continuing operations and income/gain from other items; (ii) exceptions to the requirement to recognize deferred tax liabilities for equity method investments when a foreign subsidiary becomes an equity method investment; and (iii) exceptions to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The amendments also simplify the accounting for income taxes by requiring that an entity evaluate when a step-up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered a separate transition. Further, the amendments require that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The amendments in ASU 2019-12 are effective for annual and interim periods in fiscal years beginning after December 15, 2020, with early adoption permitted. The Company is currently assessing the impact the adoption of this amendment will have on the Company's financial position and its related disclosures.

NOTE 2

Property and equipment

Property and equipment consisted of the following as of June 30, 2021 and 2020:

	2021 US$'000	2020 US$'000
Computer equipment	1,810	1,419
Leasehold improvements	1,318	963
Furniture and fixtures	495	331
Work in progress	12	122
Total	3,635	2,835
Less: accumulated depreciation	(1,920)	(1,434)
Property and equipment, net	1,715	1,401

Depreciation expense was $771 and $540 for the years ended June 30, 2021 and 2020, respectively.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 3

Amortizable intangible assets

Finite-lived intangible assets consisted of the following as of June 30, 2021 and 2020:

2021	Gross Carrying Amount US$'000	Accumulated Amortization US$'000	Net Value US$'000
Customer relationships	1,910	(902)	1,008
Website platforms, software and other intangibles	11,144	(6,447)	4,697
Trade names	205	(97)	108
	13,259	**(7,446)**	**5,813**

2020	Gross Carrying Amount US$'000	Accumulated Amortization US$'000	Net Value US$'000
Customer relationships	1,910	(743)	1,167
Website platforms, software and other intangibles	8,666	(4,349)	4,317
Trade names	205	(80)	125
	10,781	**(5,172)**	**5,609**

The changes in the carrying amount of intangible assets were as follows:

	Total US$'000
Balance as of June 30, 2019	**4,893**
Capitalized course development during the year	3,222
Amortization during the year	(2,483)
Changes due to foreign currency fluctuations	(23)
Balance as of June 30, 2020	**5,609**
Capitalized course development during the year	3,002
Amortization during the year	(2,955)
Changes due to foreign currency fluctuations	157
Balance as of June 30, 2021	**5,813**

The estimated intangible assets amortization expense for each of the next five years ended June 30, is as follows:

	2021 US$'000
2022	2,797
2023	1,809
2024	766
2025	177
2026	176

NOTE 4

Contract assets and liabilities

Contract liabilities

Contract liabilities comprise of deferred revenue and were $1,779 and $1,168 as of June 30, 2021 and 2020, respectively. The following table presents the change in the Company's deferred revenue for the years ended June 30, 2021 and 2020:

	2021 US$'000	2020 US$'000
Balance as of July 1	**1,168**	**376**
Revenue deferred in current period	1,779	1,168
Revenue deferred in prior periods recognized as revenue in consolidated statement of loss	(1,168)	(376)
Balance as of June 30	**1,779**	**1,168**

Contract Acquisition Costs

Sales commissions capitalized for the years ended June 30, 2021 and 2020 were $815 and $818, respectively. Total amortization during the years ended June 30, 2021 and 2020 was $426 and $310, respectively.

Contract acquisition costs consisted of the following as of June 30, 2021 and 2020:

	2021 US$'000	2020 US$'000
Gross carrying amount	3,766	2,829
Accumulated amortization	(1,265)	(839)
Net value	**2,501**	**1,990**

Allowance for Doubtful Accounts

The following table presents the change in the Company's provision for doubtful accounts for the years ended June 30, 2021 and 2020:

	2021 US$'000	2020 US$'000
Balance as of July 1	**745**	**417**
Current period change	(269)	328
Write-offs	(33)	–
Balance as of June 30	**443**	**745**

NOTE 5

Long-term debt

Long-term debt, net was $nil and $9,035 as of June 30, 2021 and 2020, respectively. At the IPO date, the Company repaid the $10,000 loan balance under the Venture Loan and Security Agreement with Horizon Technology Finance Corporation (Horizon).

Long-term debt, net consisted of secured promissory notes and as of June 30, 2020, was as follows:

	2020 US$'000
Loan A – LIBOR plus 8.5%, maturing October 1, 2024	3,750
Loan B – LIBOR plus 8.5%, maturing October 1, 2024	3,750
Loan C – LIBOR plus 8.5%, maturing October 1, 2024	2,500
Total debt	10,000
Unamortized debt discount	(489)
Unamortized transaction costs	(476)
Long-term debt, net	9,035

On March 30, 2020, the Company entered into a Venture Loan and Security Agreement with Horizon to borrow up to $15,000 under four separate loan commitments consisting of $3,750 (Loan A), $3,750 (Loan B), $2,500 (Loan C) and $5,000 (Loan D). The funds were to be used for general working capital purposes. As of June 30, 2020, the Company had fully drawn on the facilities available under Loans A, B and C (the secured promissory notes). The secured promissory notes had a maturity date of October 1, 2024 and were subject to interest at a per annum rate (based on a 360-day year) equal to the One-Month LIBOR Rate as reported in the Wall Street Journal on the first calendar day of the month plus 8.5%. The One-Month LIBOR Rate was subject to a minimum/floor of 2%. The secured promissory notes were subject to interest only for the first 24 months of the promissory note term, followed by 30 months of principal and accrued interest payments. The principal was repayable in 30 equal payments of $125, $125 and $83 for Loan A, B and C respectively with the terminal amount due on the maturity date. The availability of the Loan D commitment was subject to the Company and its subsidiaries achieving $50,000 in trailing 12-month revenues. Note that this condition had been met as of June 30, 2020. Loan D was undrawn as of June 30, 2020 and has a termination date of March 31, 2022, if undrawn as of such date. The secured promissory notes were secured by collateral consisting of certain assets of the Company including stock pledges in its subsidiaries, property, plant and equipment, intangibles, licences and cash, among others as defined in the Venture Loan and Security Agreement.

For the year ended June 30, 2020, the Company capitalized $504 in transaction costs related to the issuance of the Venture Loan and Security Agreement against the secured promissory notes. The unamortized balance was amortized over the remaining term of the secured promissory notes on a straight-line basis.

For the years ended June 30, 2021 and 2020, the Company recorded amortization of $103 and $28, respectively, in relation to the transaction costs which has been recorded within interest expense in the consolidated statement of loss. For the year ended June 30, 2021, the Company recognized a $862 non-cash write-off of unamortized balance of capitalized borrowing costs and the unwinding of the present value discount on the loan, and $405 in early termination fees, which have been included in interest expense in the consolidated statement of loss.

In connection with the Venture Loan and Security Agreement, the lender was issued warrants to purchase Series B preferred units in a subsidiary entity. The warrants were cash settled on the IPO date for an amount of $1,597. Further information is provided in Note 10.

NOTE 6

Leases

The Company holds operating leases for its office premises in the US, Canada and Australia, as well as certain office equipment. Non-cancellable operating leases for office space expire in fiscal years through 2023 and require the Company to pay its pro rata portion of operating costs (property taxes, maintenance and insurance). The leases for office space include options to extend the leases for a further five years for both the Melbourne, Australia and Canadian offices, and for two seven-year terms for the US office. These extension options were not deemed to be reasonably certain of exercise as of lease commencement as the existing office spaces may or may not meet future capacity requirements. Therefore, the extension options are not included in the determination of their respective non-cancellable lease terms.

Total lease expense recorded for the years ended June 30, 2021 and 2020 was $1,392 and $1,138, respectively, and is recognized within general and administrative expenses in the consolidated statements of loss. Included in the operating lease expense above are certain variable payments to common area maintenance and property taxes. Expenses for variable payments were $397 and $309, respectively, for the years ended June 30, 2021 and 2020.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 6

Leases (continued)

Information regarding operating lease terms and discount rates as of June 30, 2021 and 2020 were as follows:

	2021	2020
Weighted average remaining lease term (years)	1.49	2.31
Weighted average discount rate	10%	10%

Maturities of lease liabilities as of June 30, 2021 were as follows:

	2021 US$'000
2022	1,560
2023	629
Total lease payments	2,189
Less: implicit interest	164
Total lease liability (short-term and long-term)	**2,025**

Supplemental cash flow information related to operating leases were as follows for the years ended June 30, 2021 and 2020:

	2021 US$'000	2020 US$'000
Cash paid for amounts included in the measurement of lease liabilities	1,284	1,039
Right-of-use assets obtained in exchange for operating lease obligations, net of lease incentives	392	2,183

NOTE 7

Accrued Liabilities

Accrued liabilities consisted of the following as of June 30, 2021 and 2020:

	2021 US$'000	2020 US$'000
Compensation	6,404	3,982
Professional fees	1,114	382
Direct marketing costs	3,325	2,195
Other	454	254
Total accrued liabilities	**11,297**	**6,813**

NOTE 8

Deferred compensation liability

On the IPO date, a legacy cash incentive award plan, the Keypath Education Holdings, LLC 2017 Equity Incentive Plan, and all award agreements evidencing the grant of Performance Awards issued thereunder, was terminated and replaced by new individual cash awards, the Legacy long-term incentive plan (LTIP) Cash Awards. No expense had been previously recognized in relation to the Performance Awards as the conditions giving rise to any liability had not been met.

The Legacy LTIP Cash Awards grant the relevant employee the right to receive a cash payment if the Company achieves certain market capitalization criteria within two years following the IPO, provided that, subject to certain exceptions, the relevant employee remains in continuous employment with the Company on the payment date following the achievement of the applicable market capitalization criteria.

The granting of the Legacy LTIP Cash Awards at the IPO date resulted in the recognition of a liability for $3,115, representing the pro rata liability at the IPO date for relevant employees' service periods since the grant date to one year from the IPO date (the earliest possible date payment of the Legacy LTIP Cash Awards could occur). The corresponding expense is included in the consolidated statement of loss. A further expense and liability of $73 are recognized from the IPO date to June 30, 2021, such that the liability as of June 30, 2021 is $3,187. Further expense of $813 will be recognized during the year ending June 30, 2022 to a maximum liability of $4,000 (which includes a maximum liability to Chief Executive Officer (CEO) and Executive Director Steve Fireng of $2,500). The liability has been classified as a current liability on the basis that the conditions above will be met on the first anniversary from the IPO date.

NOTE 9

Income taxes

The US and foreign components of (loss) income before income taxes for the years ended June 30, 2021 and 2020 are as follows:

	2021 US$'000	2020 US$'000
United States	(80,673)	(9,771)
Foreign	3,127	(1,324)
Total	**(77,546)**	**(11,095)**

The Company files income tax returns in the US federal jurisdiction, various state jurisdictions and foreign jurisdictions. The provision for income taxes for the years ended June 30, 2021 and 2020 includes these components:

	2021 US$'000	2020 US$'000
Current		
United States – federal	–	–
United State – states and local	–	–
Foreign	279	426
Total current income tax provision	279	426
Deferred		
United States – federal	–	–
United State – states and local	–	–
Foreign	(670)	(1,718)
Total deferred income tax benefit	(670)	(1,718)
Total income tax benefit	**(391)**	**(1,292)**

A reconciliation of the Company's income tax benefit at the statutory rate to the reported income tax benefit for the years ended June 30, 2021 and 2020 is as follows:

	2021 US$'000	2020 US$'000
Tax at statutory rate (21%)	(16,285)	(2,330)
Withholding tax	279	426
Change in partnership investment	1,606	(863)
Prior year changes	(109)	92
Change in valuation allowance	10,485	918
State income taxes	(2,777)	(261)
Earnings of foreign subsidiaries	1,196	(43)
Stock-based compensation	5,118	–
Non-deductible expenses	170	834
Other	(74)	(65)
	(391)	**(1,292)**

The components of current and deferred income taxes on the consolidated balance sheets as of June 30, 2021 and 2020 are as follows:

	2021 US$'000	2020 US$'000
Income taxes payable	(1,076)	(722)
Deferred income tax asset	2,535	1,714

The tax effects of temporary differences related to deferred taxes shown on the consolidated balance sheets as of June 30, 2021 and 2020 are as follows:

	2021 US$'000	2020 US$'000
Deferred tax assets:		
Allowance for doubtful accounts	111	–
Accrued expenses and other	837	351
Stock-based compensation	4,380	–
Accrued compensation and related benefits	1,486	326
Goodwill and fixed assets	12,649	–
Partnership investment	–	5,669
Net operating losses (NOLs)	17,263	16,946
Other	592	–
Valuation allowance	(31,360)	(20,877)
Total deferred tax assets	5,958	2,415
Deferred tax liabilities:		
Prepaid expenses and security deposits	564	–
Fixed assets	1,408	365
Intangible assets	746	–
Accrued business commissions	678	336
Other	27	–
Total deferred tax liabilities	3,423	701
Net deferred tax asset	**2,535**	**1,714**

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2021 US$'000	2020 US$'000
Balance as of July 1	255	208
Additions related to current year provisions	212	59
Reductions related to prior years provisions	–	(12)
Balance as of June 30	**467**	**255**

The Company had $467 of unrecognized tax benefits, including interest and penalties as of June 30, 2021. Substantially all of these amounts, if recognized, would impact the Company's tax provision and effective tax rate. It is the Company's policy to recognize interest and penalties related to income tax matters in income tax expense (benefit).

Prior to the year ended June 30, 2021, the Company had a history of losses. As a result, it was uncertain if the Company would generate sufficient taxable income to realize the deferred tax assets and, hence, had established a valuation allowance. For the year ended June 30, 2021, the Canadian and UK subsidiaries reported earnings. It is expected that these earnings will continue and strengthen. Therefore, the valuation allowances for the Canadian and UK subsidiaries were removed. The valuation allowance for the Australian subsidiary was removed in 2020. The valuation allowance for the deferred tax asset in the US remains.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 9

Income taxes (continued)

As of June 30, 2021, the Company had total net operating loss carry-forwards for income tax purposes of $69,947, comprised of $59,183 of federal NOLs and $10,764 of foreign NOLs. Federal NOLs of $29,484 expire at various intervals between the years 2036 and 2038, while $29,699 have an unlimited life. Foreign NOLs of $1,394 expire at various intervals between the years 2028 and 2037, while $9,370 have an unlimited life. The Company also has loss carry-forwards in certain US states, which will expire over various periods based on individual state tax laws.

The Company's foreign subsidiaries are subject to income tax in foreign jurisdictions. Tax years 2018 through 2021 remain open to examination.

NOTE 10

Redeemable non-controlling interests

Redeemable non-controlling interests were classified as mezzanine equity on the consolidated balance sheet as of June 30, 2020 comprising:

	2020 US$'000
Preferred units in Keypath Education Holdings, LLC (KEH)	18,141
Preferred units in Keypath Education Intermediate Holdings, LLC (KEIH)	10,704
Warrants held by Horizon	517
	29,362

All non-controlling interests were redeemed from the proceeds received from the IPO at or immediately after completion of the IPO.

The redemption of the non-controlling interests resulted from the following transactions:

» The preferred units in KEH were redeemed for a cash payment of $19,136, with no gain or loss on redemption. The consolidated statement of loss for the year ended June 30, 2021 includes non-controlling redemption increment on these units of $995 for the period from July 1, 2020 to the date of redemption.

» The preferred units in KEIH were redeemed for a cash payment of $37,875. The consolidated statement of loss for the year ended June 30, 2021 includes non-controlling redemption increment on these units of $584 for the period from July 1, 2020 to the date of redemption, and a non-cash loss on redemption of $26,587, being the difference between the redemption amount and the carrying amount of these units at the date of redemption.

» The warrants held by Horizon were redeemed for a cash payment of $1,597, giving rise to a non-cash loss on redemption included in the consolidated statement of loss of $1,080.

NOTE 11

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include options for CDIs and CDI Rights.

The following table summarizes the pro forma impact of the Company's IPO on loss per share for the years ended June 30, 2021 and 2020, assuming 141,671,878 shares had been issued on July 1, 2019. No pro forma adjustments have been made to net loss as reported.

	2021 US$'000	2020 US$'000
Numerator		
Net loss attributable to Keypath Education International, Inc. shareholders	(78,734)	(11,398)
Numerator for basic loss per share attributable to Keypath Education International, Inc. common shareholders	(78,734)	(11,398)

	2021 Number	2020 Number
Denominator		
Denominator for basic loss per share – weighted average common shares	146,791,203	141,671,878
Effect of dilutive securities:		
Options for CDIs	–	–
CDI Rights	–	–
Denominator for diluted loss per share – weighted average common shares	146,791,203	141,671,878

	2021	2020
Loss per share – Basic	$ (0.54)	$ (0.08)
Loss per share – Diluted	$ (0.54)	$ (0.08)

Diluted net loss per share is the same as basic loss per share for the years ended June 30, 2021 and 2020 because the effects of potentially dilutive items were anti-dilutive, given the Company's net loss. Accordingly, 5,996,151 options for CDIs and 9,235,539 CDI Rights have been excluded from the calculation of weighted average number of shares for the year ended June 30, 2021.

NOTE 12

Equity

Pre-IPO transactions

Prior to the incorporation of the Company, the business of Keypath was conducted by KEH, a direct subsidiary of KEIH and an indirect subsidiary of Keypath International. The existing investors indirectly controlled Keypath International through their interests in AVI Mezz. AVI Mezz held all of the shares in Keypath International.

The Company was incorporated on March 11, 2021 in Delaware. Pursuant to a corporate reorganization, the Company acquired Keypath International immediately prior to, and in conjunction with, the IPO and became the legal parent of Keypath International and its controlled entities, which together comprise the consolidated group.

On July 1, 2021 as a part of an internal restructure, two of Keypath's wholly-owned subsidiaries KEIH and Keypath International merged with and into another Keypath wholly-owned subsidiary, KEH. The surviving entity, KEH, assumed all of KEIH's and Keypath International's assets, liabilities, rights and obligations. Given all entities were and (where applicable) remain, wholly-owned subsidiaries of Keypath during the previous and current reporting period, there is no material change to Keypath's profit or loss arising from the mergers.

A list of the directly and indirectly wholly-owned subsidiaries of the Company as of June 30, 2021 is as follows:

Name	Country of Incorporation	% of the Company's Equity Interest in the Subsidiary
Keypath International, Inc.	United States[1]	100%
Keypath Education Intermediate Holdings, LLC	United States[2]	100%
Keypath Education Holdings, LLC	United States[2]	100%
Keypath Education, LLC	United States[2]	100%
Keypath Education Canada, Inc.	Canada	100%
Keypath Education UK, Ltd.	United Kingdom	100%
Keypath Education Australia Pty Ltd	Australia	100%
Keypath Education Malaysia Sdn. Bhd.	Malaysia	100%

1. Domesticated into Delaware from the Cayman Islands on June 30, 2021.
2. Formed in the state of Delaware.

In connection with the IPO, the Company undertook the following restructuring transactions:

» **Conversion of preferred shares to ordinary shares** – the existing preferred shares in Keypath International were converted into ordinary shares of Keypath International. This resulted in a decrease of preferred shares by $16,100 with a corresponding increase in ordinary shares.

» **Acquisition of Keypath International by the Company** – Keypath International's sole shareholder (AVI Mezz) and a unitholder in that shareholder (AVI Holdings) distributed ordinary shares in Keypath International to the existing investors in those entities that "exited" their interests in the Keypath business (non-participating security holders). Those non-participating security holders transferred their ordinary shares in Keypath International to the Company in exchange for an $18,322 cash payment, and AVI Mezz transferred its remaining ordinary shares in Keypath International in exchange for restricted stock in the Company to be held as CDIs, which resulted in the Company becoming the owner of the existing Group members. The restricted CDIs held by AVI Mezz will be released from voluntary escrow upon the announcement of the Company's results for the year ending June 30, 2022.
This transaction was accounted for as a combination under common control and resulted in the carrying amount of ordinary shares of Keypath International of $70,185 being replaced by $1,417, representing 141,687,978 CDIs issued by the Company to AVI Mezz.

» **Termination of the existing restricted units (RU)/options plan and the existing performance awards plan** – in conjunction with the IPO, the existing RU/options plan and the existing performance awards plan operated by KEH (Keypath Education Holdings, LLC 2017 Equity Incentive Plan) were terminated and replaced by conditional obligations on the Company to provide CDIs in relation to the restricted units, CDI Rights in relation to the options and the Legacy LTIP Cash Awards plan in relation to the performance awards. See Note 8 in relation to the Legacy LTIP Cash Awards plan and Note 13 in relation to the CDI Rights.

On the IPO date, 7,000 restricted units had been granted, all to the CEO and Executive Director, Steve Fireng. The termination of the restricted units resulted in 9,362,419 CDIs being held by Steve Fireng, of which 1,129,846 CDIs are subject to forfeiture in accordance with the vesting schedule that originally applied to the restricted units that runs periodically through October 2024. The CDIs issued to Steve Fireng on the IPO date in exchange for the restricted units represented 6,000 vested restricted units as of that date, and the CDIs subject to forfeiture represent 1,000 unvested units as of that date.

The CDIs held by Steve Fireng will be released from voluntary escrow in the following tranches: 50% released upon the announcement of the Company's results for the year ending June 30, 2022, 25% released upon the announcement of the Company's results for the year ending June 30, 2023 and 25% released upon the announcement of the Company's results for the year ending June 30, 2024.

Initial Public Offering

The Company was admitted to the Official List of ASX on June 1, 2021. The initial public offering of CDIs over shares of common stock (one CDI equivalent to one common share) were offered at an issue price of A$3.71 (approximately $2.87) per CDI to raise $163,961. Total cost of the IPO incurred during the year ended June 30, 2021 totaled $9,529, resulting in overall net proceeds of $154,432, of which $58,608 was used to payout non-controlling interests, $18,322 to pay the non-participating security holders and $10,000 to repay the outstanding loan.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 12

Equity (continued)

Information in relation to the payments made to redeem the non-controlling interests is set out in Note 10. Payments made to non-participating security holders represent payments made to individual shareholders in Keypath International that exchanged their equity holdings for notes payable in cash by the Company on the IPO date.

Common and Preferred Stock

The total number of shares of stock of all classes of capital stock that the Company is authorized to issue is 500,500,000, of which 500,000,000 are shares of common stock having a par value of $0.01 per share and 500,000 are preferred stock having a par value of $0.01 per share. As of June 30, 2021, the Company had issued 208,223,105 shares of common stock on 1:1 ratio to CDIs as follows:

	Number of Shares	Common Stock US$'000
CDIs	57,172,708	572
CDIs held in escrow	151,050,397	1,510
	208,223,105	2,082

As of June 30, 2021, no preferred stock was issued.

NOTE 13

Stock-based compensation

The Company has the following stock-based compensation plans:

- The 2021 Equity Incentive Plan, which commenced on the IPO date; and
- CDI Rights, which replace, from the IPO date, options issued under the Keypath Education Holdings, LLC 2017 Equity Incentive Plan.

Information in relation to the restricted units issued under the Keypath Education Holdings, LLC 2017 Equity Incentive Plan is set out in Note 12.

The assumptions used in estimating the fair value of Options granted under Black-Sholes method include:

- risk-free interest rate 0.3%;
- expected term 6 years;
- expected volatility 45%; and
- dividend yield 0%

In estimating the fair value of CDIs and CDI Rights, an Illiquidity discount of 7% to 10% was applied.

2021 Equity Incentive Plan

Type of awards: Effective from the IPO date, the Company implemented the 2021 Equity Incentive Plan which provides a framework under which individual grants of equity or equity-based incentive awards (Awards) may be made to directors and employees of the Company. The following types of Awards may be granted:

- options to subscribe for CDIs (Options);
- rights to be paid a cash amount determined by the price of CDIs at a specified time or the movement in price over a period of time (Stock Appreciation Rights);
- ability to subscribe for CDIs that are subject to restrictions, including on transfer, until specified conditions are satisfied (Restricted Stock);
- rights to receive CDIs or cash that are subject to restrictions, including on transfer, until specified conditions are satisfied (Restricted Stock Units); or
- rights to receive CDIs, which may be based on specified conditions (Stock Bonus Awards).

Exercise price or strike price: The exercise price or purchase price or strike price will not be less than 100% of the fair market value of CDIs on the grant date and will be determined by the Company's Board of Directors.

Vesting and exercise: Options will become exercisable when the applicable vesting conditions have been satisfied.

Stock Appreciation Rights granted in tandem with an Option follow the same vesting and exercise provisions as the corresponding Option. Stock Appreciation Rights have a term of no more than 10 years from the date of grant and shall vest as set forth in the applicable Award agreement. Stock Appreciation Rights will be settled either in CDIs and/or by a cash payment equal to the fair market value of the number of CDIs subject to the Stock Appreciation Rights multiplied by the fair market value of a CDIs over the strike price when exercised (subject to any federal, state, local and non-US income and employment taxes required to be withheld).

Restricted Stock Units will cease to be restricted when the applicable vesting conditions have been satisfied in accordance with the Award agreement.

Stock Bonus Awards are a grant of unrestricted securities, subject to any conditions set forth in the Award agreement.

Lapsing and forfeiture: Options and Stock Appreciation Rights will expire on the date specified in the grant, or any earlier date specified in the Award agreement (for example, upon failure to satisfy a vesting condition or in certain circumstances where a participant's employment is terminated).

Restricted Stock and Restricted Stock Units will become subject to forfeiture or compulsory transfer on the occurrence of a date or circumstance specified in the Award agreement (for example, upon failure to satisfy a vesting condition).

NOTE 13

Stock-based compensation (continued)

Options granted: The only Awards granted under the 2021 Equity Incentive Plan as of June 30, 2021 are Options. The table below sets out Options granted from the IPO date to June 30, 2021:

	Number of Options	Grant Date Fair Value US$'000
Steve Fireng	1,424,561	1,624
Other Executive leadership team employees	3,434,309	3,915
Non-Executive Directors	377,807	431
Other employees	759,474	866
	5,996,151	**6,836**

These Options have an exercise price of the CDI price as of the IPO date (being Australian dollars $3.71, which at that date equated to United States dollars $2.87) and are exercisable from the third anniversary of the IPO date, expire on the sixth anniversary from the IPO date and otherwise are subject to the terms of the applicable Award agreement and the 2021 Equity Incentive Plan.

CDIs

CDIs issued to Steve Fireng are described in the Note 12.

CDI Rights

Prior to the IPO, certain employees (other than Steve Fireng) had been granted 6,850 unit options under the Keypath Education Holdings, LLC 2017 Equity Incentive Plan. Prior to the IPO date, no unit options had been exercised and no stock-based compensation expense was recognized. These unit options were cancelled on the IPO date in consideration for the granting by the Company of 9,235,539 CDI Rights.

On the IPO date, 6,381,565 CDI Rights (representing 4,654 unit options) were vested, with the remainder vesting according to the original monthly vesting schedule that applied to the unit options. CDI Rights will automatically convert to CDIs on specific conversion dates as follows:

» CDI Rights vested as of the IPO date will automatically convert into CDIs upon the announcement of the Company's results for the year ending June 30, 2022. As these CDI Rights represent "vested" interests of a holder, CDIs in respect of these CDI Rights will be issued to that holder whether or not the holder remains employed by a Group member on the results announcement date.

» CDI Rights unvested on the IPO date will follow the original monthly vesting schedule of the unvested unit options that they replaced. For the CDI Rights that vest after the IPO date and before the date of the announcement of the Company's results for the year ending June 30, 2022, these CDI Rights will automatically convert into CDIs on the results announcement date. For the CDI Rights that are unvested following the date of the announcement of the Company's results for the year ending June 30, 2022, those CDI Rights will vest on a monthly basis and automatically convert into CDIs on a monthly basis until the second anniversary of the IPO date, at which time any remaining CDI Rights will automatically convert into CDIs, subject to the relevant holder remaining an employee until the relevant vesting date (for example, if a holder of CDI Rights ceases employment, all of their CDI Rights which have not vested and converted into CDIs will lapse).

The table below sets out the expected timing of conversion of CDI Rights to CDIs (one-for-one) assuming that all relevant employees remain entitled to their CDI Rights.

	Number of CDIs
Vested on the IPO date	6,381,563
Vested at June 30, 2021	153,410
Forfeited at June 30, 2021	68,422
Expected to vest at June 30, 2022	1,529,218
Expected to vest at June 30, 2023	1,102,926
	9,235,539

Stock-based compensation expense

The following table presents stock-based compensation expense recognized in the consolidated statement of loss for the year ended June 30, 2021. Stock-based compensation expense for the year ended June 30, 2020 was $nil.

	2021 US$'000
CDIs	23,926
CDI Rights	17,819
2021 Equity Incentive Plan	196
Stock-based compensation expense	41,941

NOTE 14

Commitments and contingencies

Other than the commitments on the operating leases (Note 6), the Company has no legal commitments or contingencies as of June 30, 2021.

Notes to the consolidated financial statements

June 30, 2021 and 2020 (in thousands of US dollars)

NOTE 15

Related party transactions

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Affiliates

On July 1, 2017, KEH entered into an advisory services agreement with Sterling Fund Management, LLC (an entity associated with Sterling Capital Partners IV, the general partner of the Sterling Funds, who through AVI Mezz represents the majority shareholder of the Company) for the provision of certain management, consulting and financial services to KEH. Payment of fees under that agreement by KEH has been deferred since July 1, 2017. This agreement was terminated on the IPO date whereupon the Company and Sterling Fund Management, LLC mutually agreed that the Company would pay $3,250 to Sterling Fund Management, LLC in respect of services provided by Sterling Fund Management, LLC to the Company and its affiliates.

The Company through a combination under common control acquired Keypath International from AVI Mezz. Further information on this transaction is provided in Note 12.

Immediately prior to the IPO, certain individual unitholders in AVI Mezz and other entities affiliated with Sterling Funds (the non-participating security holders) exchanged their equity interests in these entities for shares in Keypath International. These shares were then exchanged for cash consideration payable by the Company upon IPO, resulting in Keypath International becoming wholly-owned by the Company. On or about the IPO date, the non-participating security holders were paid a total of $18,322, which included a payment to Steve Fireng of $1,963.

The Company entered into a Relationship Deed on May 11, 2021 with Sterling Capital Partners IV as general partner of the Sterling Funds. This document governs the parties' relationship while the Sterling Funds retain at least 5% of issued shares in the Company. Sterling Capital Partners IV, the Sterling Funds and Sterling Fund Management, LLC have also entered into confidentiality arrangements with the Company which govern access to Keypath's information, including information provided pursuant to the above Relationship Deed.

Directors

M Avi Epstein and R. Christopher Hoehn-Saric are Non-Executive Directors of the Company and have certain ownership interests and employment arrangements with the Sterling Funds and their affiliates. No payments, remuneration or other transactions have been made or entered into by the Company directly with these directors.

Ms. Diana Eilert, Ms. Melanie Laing, Mr. Robert Bazzani and Ms. Susan Wolford are independent Non-Executive Directors of the Company and receive remuneration as directors on standard commercial terms, either directly or through companies associated with them. Each of these Directors has also been granted Options under the 2021 Equity Incentive Plan (128,070 Options to Ms. Eilert, and 83,246 Options to each of Ms. Laing, Mr. Bazzani and Ms. Wolford, either directly or through companies associated with them). Information on directors' remuneration will be provided in the Company's Annual Report.

Mr. Steve Fireng is the CEO and Executive Director of the Company. He is entitled to a maximum payment under the Legacy LTIP Cash Awards (Note 9) of $2,500, received CDIs (which are subject to escrow arrangements) in exchange for his legacy restricted units as set out in Note 12, was granted Options under the 2021 Equity Incentive Plan as set out in Note 13, granted Legacy LTIP Cash Awards in exchange for the cancellation of his legacy performance awards, and, as a non-participating security holder, received cash from the payments made as noted above. Information on his remuneration will be provided in the Company's Remuneration Report, prepared as part of its Annual Report to shareholders.

NOTE 16

Employee retirement plans

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The Company has a 401(k) defined contribution retirement savings plan offered to all US employees, a similar registered retirement savings plan match plan offered to all Canadian employees and a UK pension plan offered to all UK employees. Employees can elect to contribute up to the maximum allowable contribution, and the Company will match the employee's contribution up to 100% of the first 3% and then 50% on the next 2% for both the US and Canadian plans. The UK plan match is a set employee contribution of 5% matched 80% by the employer. During the years ended June 30, 2021 and 2020, the Company contributions were $787 and $565, respectively, for the US plan, $106 and $85, respectively, for the Canadian plan and $42 and $33, respectively, for the UK plan.

In Australia, pension (superannuation) contributions are made in accordance with Australian statutory mandated rates, which were 9.5% of an employee's gross salary or wage for the years ended June 30, 2021 and 2020, increasing to 10% from July 1, 2021, subject to set limits over certain salary thresholds. Employees may contribute to any plan operated by registered superannuation funds of their choice. During the years ended June 30, 2021 and 2020, the Company's superannuation contributions expense for Australian employees were $1,277 and $801, respectively.

NOTE 17

Segment and geographic information

The Company has one reportable operating segment, being OPM. The Company's reportable segments are determined based on (i) financial information reviewed by the chief operating decision maker, being the CEO, (ii) internal management and related reporting structure, and (iii) the basis upon which the CEO makes resource allocation decisions. While the Company operates in different geographies, the OPM business offered by the Company in each geography is fundamentally the same. The CEO evaluates revenue by geography as an important measure of operating performance and growth. However, the costs of the Company are assessed by the CEO on a consolidated basis as many costs are centralized or cross geographic boundaries, and accordingly any measure of profitability by geography is not considered meaningful. The primary measure of profitability used by the CEO is earnings before interest, taxes, depreciation and amortization (EBITDA) on a consolidated basis and Adjusted EBITDA, which is EBITDA adjusted to exclude the effects of certain non-recurring items and stock-based compensation expense.

The following table presents a breakdown of consolidated revenue by geography for the years ended June 30, 2021 and 2020:

	2021 US$'000	2020 US$'000
Revenue		
US	41,828	26,041
Canada	3,703	2,522
North America	45,531	28,563
APAC[1]	49,719	24,948
Rest of World[2]	2,842	1,973
Total Revenue	**98,092**	**55,484**

1. Asia-Pacific Countries (APAC) currently includes Australia and Malaysia, with the Malaysian business commencing operations during the year ended June 30, 2021 but not earning any revenue.
2. Rest of World currently includes the United Kingdom.

Revenue for the year ended June 30, 2020 includes a $2,556 fee for transition services to assist that partner to take its programs in-house, which will be paid by the university partner through 2024.

The following table reconciles the Company's primary measures of profitability, EBITDA and Adjusted EBITDA, to Operating loss for the years ended June 30, 2021 and 2020:

	June 30 2021 US$'000	June 30 2020 US$'000
Operating loss	(47,687)	(10,646)
Other income and (expense), net	154	(121)
EBIT	(47,533)	(10,767)
Depreciation and amortization	4,152	3,334
EBITDA	**(43,381)**	**(7,433)**
Stock-based compensation expense	41,941	–
Legacy long-term incentive plan (LTIP) Cash Awards	3,187	–
IPO transaction costs expensed	4,915	–
Adjusted EBITDA	**6,662**	**(7,433)**

The calculation of EBITDA and Adjusted EBITDA should not be viewed as a substitute for calculations under US GAAP. EBITDA and Adjusted EBITDA calculated by the Company may not be comparable to the EBITDA and Adjusted EBITDA calculations of another company. Management believes the use of these measures aid in the understanding of the Company's operating performance.

NOTE 18

Subsequent events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through August 30, 2021, the date the consolidated financial statements were available to be issued.

Auditor remuneration

During the period the following fees were paid or payable to the auditor PricewaterhouseCoopers and its network firms for audit and non-audit services provided during the fiscal years ended June 30, 2021 and June 30, 2020:

	2021 US$'000	2020 US$'000
Audit fees[1]	640	78
Tax fees[2]	1,013	106
All other fees[3]	798	–
Total	2,451	184

1. Includes fees for the audits of annual consolidated financial statements for the years ended June 30, 2021, 2020, 2019 and 2018 and half-year review for December 31, 2020 in relation to the Company's prospectus and related procedures.
2. Includes fees related to tax compliance, tax advice and tax planning services.
3. Includes IPO related services and fees related to Service Organization Control (SOC) compliance report services.

In accordance with policies adopted by the Audit and Risk Management Committee, all audit and non-audit related services to be performed for the Company by the independent registered public accounting firm must be approved in advance by the Audit and Risk Management Committee.

All of the PricewaterhouseCoopers services for the Company during 2021 were pre-approved by the Audit and Risk Management Committee.

Directors' declaration

1. In the opinion of the Directors:
   (a) the consolidated financial statements and notes to the financial statements of Keypath are in accordance with US GAAP, including:
      (i) giving a true and fair view of Keypath's and the Group's financial position as of June 30, 2021 and of their performance for the year ended on that date; and
      (ii) complying with US GAAP; and
   (b) there are reasonable grounds to believe that Keypath will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations made by the CEO and CFO in respect of the financial statements for the financial period ended June 30, 2021.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors

Diana Eilert
Chair
September 29, 2021

Steve Fireng
Global CEO
September 29, 2021

Company information

Company Secretary

Keypath's general counsel and secretary is Eric Israel. Eric joined Keypath in January 2016 and has over 20 years of legal experience in the K-12 and higher education sectors. Prior to joining Keypath, Eric served as general counsel and secretary for the Meritas Family of Schools, Senior Vice President and Business Unit General Counsel for Career Education Corporation, and as a corporate attorney at the law firm Katten Muchin Rosenman LLP.

Eric holds a Juris Doctor (cum laude) from Loyola University Chicago School of Law and a Bachelor of Arts (Political Science) from the University of Michigan.

Offices

Keypath's registered Australian office and the telephone number of that office is:

Level 5, 246 Bourke Street
Melbourne VIC 3000
Australia
P: +61 3 9020 6190

Keypath's principal place of business and the telephone number of that office is:

1933 N. Meacham Road, Suite 400
Schaumburg, IL 60173
United States
P: +1 224 419 7988

Keypath's register of securities, register of depositary receipts and other facilities for registration of transfers is kept at:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Australia
P: +61 3 9415 4062

Stock exchanges

Keypath has been admitted to the official list of ASX.
It is not listed on any other stock exchange.

Use of cash and assets

From June 1, 2021 to June 30, 2021, Keypath has used its cash and assets readily convertible to cash that it had at the time of admission in a way consistent with its business objectives as disclosed in its IPO prospectus.

Relevant considerations regarding United States and Delaware law

Keypath is incorporated under the laws of the State of Delaware. Consequently, Keypath is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares, including substantial holdings and takeovers.

Provisions of the Delaware General Corporation Law, the Company's Certificate of Incorporation and the Company's Bylaws could make it more difficult to acquire the Company by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and Directors of the Company. These provisions could discourage certain types of coercive takeover practices and takeover bids that the Board may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with the Board. The Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

The Company's bylaws do not contain any limitations on the acquisition of securities, except that clause 9 of Article XI, Section 11.1. of the bylaws provides as follows:

> "The Corporation may refuse to acknowledge or register any transfer of shares of the Corporation's capital stock (including shares in the form of CDIs) held or acquired by a stockholder (including shares of the Corporation's capital stock that may be acquired upon exercise of a stock option, warrant or other right) or shares of the Corporation's capital stock which attach to or arise from such shares which are not made:
> (a) in accordance with the provisions of Regulation S of the Securities Act of 1933 (US), as amended to date and the rules and regulations promulgated thereunder (the US Securities Act) (Rule 901 through Rule 905 and preliminary notes);
> (b) pursuant to registration under the US Securities Act; or
> (c) pursuant to an available exemption from registration."

Under the Delaware law, shares generally are freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or by-laws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and amended and restated by-laws do not impose any specific restrictions on transfer. The Company's CDIs were issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers that are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. As a result of relying on the Regulation S exemption, the CDIs are "restricted securities" under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the resale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a "FOR US" designation on ASX. This designation restricts any CDIs from being sold on ASX to US persons. However, you still may freely transfer your CDIs on ASX to any person other than a US person.

Corporate directory

Directors

Diana Eilert
Chair, Independent Non-Executive Director, Australia

Steve Fireng
CEO, Executive Director, United States

Melanie Laing
Independent, Non-Executive Director, Australia

Robert Bazzani
Independent, Non-Executive Director, Australia

Susan Wolford
Independent, Non-Executive Director, United States

R. Christopher Hoehn-Saric
Non-executive Director, United States

M. Avi Epstein
Non-Executive Director, United States

Company Secretary

Eric Israel
United States

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- keypathedu.com/
- Investors: investors.keypathedu.com/

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Auditor

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Australian Legal Advisor

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Australia

US Legal Advisor

Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, Illinois 60661
United States

Shareholder information

The Shareholder information set out below was applicable as of September 15, 2021.

The ASX Listing Rules require Keypath to provide various information about its Shareholders.

Securities on issue

As of the date of this document, all of the Shares are represented and traded on ASX as CDIs on a one for one basis. The legal holder of all of the Shares is CHESS Depositary Nominees Pty Ltd, a subsidiary of ASX.

Keypath has on issue the following securities:

Type of Security	Number of Securities Issued	Number of Security holders
CDIs over Shares on a 1 for 1 basis	208,223,105	489
CDI Rights	9,235,539	32
Options	6,149,583	38

Voting rights

(a) Shares – at every Shareholders' meeting, holders of shares are entitled to one vote for each share held on the record date. They may exercise that vote in person or by proxy. Currently all Shares are held by CHESS Depositary Nominees Pty Ltd in order to facilitate the creation and trading of Keypath's CDIs on ASX.

(b) CDIs – at every Shareholders' meeting, holders of CDIs are entitled to one vote for each CDI held on the record date and may provide instructions to CHESS Depositary Nominees Pty Ltd on how they wish to vote their CDIs.

(c) Options and CDI Rights: holders of Options and CDI Rights do not have any voting rights.

Distribution schedule

The number of equity Securityholders in each class of Keypath's securities is distributed as follows:

Category	Number of Holders	Number of Securities	% of Holdings
CDIs			
1–1,000	316	171,611	0.08
1,001–5,000	115	251,579	0.12
5,001–10,000	22	167,532	0.08
10,001–100,000	21	760,253	0.37
100,001 and over	15	206,872,130	99.35
CDI Rights			
1–1,000	0	0	0
1,001–5,000	0	0	0
5,001–10,000	0	0	0
10,001–100,000	8	441,479	4.78
100,001 and over	24	8,794,060	95.22
Options			
1–1,000	0	0	0
1,001–5,000	0	0	0
5,001–10,000	0	0	0
10,001–100,000	29	1,162,645	18.91
100,001 and over	9	4,986,939	81.09

Substantial holders of CDIs (5% or more)

The number of securities held by substantial Shareholders and their associates as of September 15, 2021 are:

Substantial Holder	Type of Security	Number of Securities Held	% of Holding
AVI MEZZ CO LP	CDIs	141,687,978	68.05
NATIONAL NOMINEES LIMITED	CDIs	15,592,241	7.49
CITICORP NOMINEES PTY LIMITED	CDIs	13,586,702	6.53

20 largest holders of CDIs

	CDI Holder	Number of CDIs	% Holding
1.	AVI MEZZ CO LP	141,687,978	68.05
2.	NATIONAL NOMINEES LIMITED	15,592,241	7.49
3.	CITICORP NOMINEES PTY LIMITED	13,586,702	6.53
4.	STEVE FIRENG	9,362,419	4.50
5.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	8,015,082	3.85
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,233,365	2.51
7.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,191,297	2.49
8.	UBS NOMINEES PTY LTD	3,212,505	1.54
9.	BNP PARIBAS NOMS PTY LTD <DRP>	2,753,865	1.32
10.	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	714,616	0.34
11.	BNP PARIBAS NOMINEES PTY LTD <IOOF INVMT MNGT LTD DRP>	662,500	0.32
12.	INVIA CUSTODIAN PTY LIMITED <GSJBW MANAGED A/C>	277,561	0.13
13.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	240,277	0.12
14.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	206,006	0.10
15.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	135,716	0.07
16.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <EQUITY FINANCE A/C>	97,445	0.05
17.	MS DIANA EILERT	80,863	0.04
18.	AMP LIFE LIMITED	77,173	0.04
19.	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	74,673	0.04
20.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	45,831	0.02

Unmarketable parcels

Based on a CDI price of A$3.25, being Keypath's closing CDI price on September 15, 2021, 24 CDI holders are holding less than A$500 worth of 154 CDIs.

Restricted securities

Number of Securities	Type	Release from Restriction
146,369,187	CDIs	Date FY22 results are released
2,340,605	CDIs	Date FY23 results are released
2,340,605	CDIs	Date FY24 results are released

Market buy-back

There is no current on-market buy-back.

Employee incentive scheme

During the reporting period no securities were purchase on market under or for the purposes of an employee incentive scheme or to satisfy the entitlements of holders of options or other rights to acquire securities granted under an employee incentive scheme.

Glossary

$ or USD	United States Dollars (unless otherwise specified)
2021 Equity Incentive Plan	The 2021 Equity Incentive Plan adopted by the Company under which options over CDIs have been granted to members of management and Independent Non Executive Directors
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortization excluding certain non-recurring items and stock-based compensation
ASC 606	Accounting Standards Codification Topic 606 “Revenue from Contracts with Customers” issued by FASB
ASC 718	Accounting Standards Codification Topic 718 “Compensation – Stock Compensation” issued by FASB
ASC 740	Accounting Standards Codification Topic 740 “Income Taxes” issued by FASB
ASC 805	Accounting Standards Codification Topic 805 “Business Combinations” issued by FASB
ASC 830	Accounting Standards Codification Topic 830 “Foreign Currency Matters” issued by FASB
ASC 842	Accounting Standards Codification Topic 842 “Leases” issued by FASB
ASU	Accounting Standard Update
ASX	The Australian Stock Exchange
ASX Listing Rules	The official listing rules of ASX
ASX Recommendations	The recommendations set out in ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition
ASX Settlement	The settlement system and electronic securities depository for cash equities, warranties and other equity related securities traded in Australia
AUD	Australia dollars
AVI Holdings	AVI Holdings, L.P. and unitholder in AVI Mezz
AVI Mezz	AVI Mezz Co., LP, the sole shareholder of Keypath International prior to the Restructure and IPO
Awards	Equity based incentive awards
Board or Board of Directors	The board of directors of the Company
Board Committee	A committee of the Board, including the Audit and Risk Management Committee, Nomination Committee and People, Performance and Culture Committee
CAGR	Compound annual growth rate
CDI	CHESS Depositary Interest
CDI Rights	Rights to receive CDIs following the completion of the IPO received by certain employees in substitution for their previously existing employee options
CEO	Chief Executive Officer
Chair	The chair of the Board, being Diana Eilert or the chair of a Board Committee, as the context requires
CHESS	The Clearing House Electronic Sub-register System for settlement of shares on ASX, operated by ASX settlement system and electronic securities depository for cash equities, warranties and other equity related securities traded in Australia
Company or Keypath	Keypath Education International, Inc.
Company Secretary	Company secretary of Keypath, being Eric Israel
Corporations Act	*Corporations Act 2001* (Cth)
Director	A director of Keypath
DOE	United States Federal Department of Education
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortization
EdTech	education technology
FASB	Financial Accounting Standards Board of the United States
FY20	The period between July 1, 2019 and June 30, 2020
FY21	The period between July 1, 2020 and June 30, 2021
FY22	The period between July 1, 2021 and June 30, 2022
FY23	The period between July 1, 2022 and June 30, 2023
FY24	The period between July 1, 2022 and June 30, 2024
G&A	General and administration
Global CEO or CEO	Chief Executive Officer of the Keypath group, being Steve Fireng
Global CFO or CFO	Chief financial officer of the Keypath group, being Peter Vlerick
Group	The group of companies constituted by Keypath, KEH, KEIH (prior to the merger), Keypath Education, LLC, Keypath Education Canada, Inc, Keypath Education UK, Ltd, Keypath Education Australia Pty Ltd and Keypath Education Malaysia Sdn. Bhd.
HES	Higher education standard
Horizon	Horizon Technology Finance Corporation as: » lender under the Venture Loan and Security Agreement; and » holder of the warrants in KEIH. Horizon is referred to as a Non-controlling interest in respect of the warrants
ICP	Incentive Compensation Plan
IFRS	International Financial Reporting Standards

Incentive Plan	2021 Equity Incentive Plan, being an LTIP
IPO	The initial public offering of Keypath's CDIs and admission to the official list of ASX
KEH	Keypath Education Holdings, LLC, a Group member
KEIH	Keypath Education Intermediate Holdings, LLC, a Group member
Keypath International	Keypath International, Ltd.
KeypathEDGE	Integrated technology and data platform that underpins Keypath's ability to acquire and retain university partners and students
KMP	Key management personnel as listed on page 42 of the Annual Report
Legacy LTIP Cash Awards	Awards granted to certain employees of the Company in substitution for their legacy performance awards, and which provide for a cash payment on satisfaction of certain conditions following the IPO date and described in the Company's prospectus
LIBOR	London Interbank Offered Rate
LTIP	Long term incentive scheme
M&A	Mergers and acquisitions
Mezzanine equity	Under US GAAP, the Non-Controlling Interests are considered to be mezzanine equity, a concept which does not exist under Australian Accounting Standards
MOOC	Massive online open course
Non-Executive Director	A Non-Executive Director of Keypath
Noncontrolling interests	» 2U in relation to preferred units it held in KEIH; » AdVenture Interactive in relation to preferred units it held in KEH; and » Horizon in relation to the warrants it held in KEIH
Nonparticipating security holders	Existing investors in AVI Mezz and AVI Holdings (a unitholder in AVI Mezz) who "exited" their interests in the Keypath business in connection with the IPO
OECD	Organisation for Economic Co-operation and Development
OPM	Online program management
Options	Options to subscribe for CDIs
PPC Committee	People, Performance and Culture Committee, being a subcommittee of the Board governed by the People, Performance and Culture Charter
Prospectus	Prospectus, dated May 11, 2021 (including the electronic form of the Prospectus)
Restricted Stock	CDIs issued by the Company to AVI Mezz and to Steve Fireng that are subject to voluntary escrow agreements as set out in Note 12
Restricted Stock Units	Rights to receive CDIs or cash that are subject to restrictions, including on transfer, until specified conditions are satisfied
SEC	US Securities and Exchange Commission
Share	a fully paid share of common stock in Keypath
Stock Appreciation Rights	Rights to be paid a cash amount determined by the price of CDIs at a specified time or the movement in price over a period of time
Stock Bonus Award	Rights to receive CDIs, which may be based on specified conditions
TEQSA	Tertiary Education Quality and Standards Agency
Title IV Programs	Title IV Federal Student Financial Assistance Programs
US or United States	United States of America, its territories and provinces and any state of the United States of America
US GAAP	US generally accepted accounting principles
US Securities Act	*Securities Act of 1933* (US), as amended
Venture Loan and Security Agreement	The loan agreement between the Company and Horizon under which Horizon agreed to lend to the Company up to US$15,000

Keypath EDUCATION

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