



## Appendix 4D (under ASX Listing Rule 4.2A.3)

### Half-year Report for the six months ended December 31, 2022 (in US dollars)

#### Company Details

Name of Entity:	Keypath Education International, Inc.
ARBN:	649 711 026
Current Reporting Period:	December 31, 2022
Previous Reporting Period:	December 31, 2021

#### Results for Announcement to the Market

	For the Half-Years Ended December 31,			
	2022 US\$'000	2021 US\$'000	Up/(Down)	Change %
Revenue	58,709	56,939	1,770	3%
Loss from ordinary activities after tax attributable to members	(9,382)	(13,545)	4,163	(31%)
Net loss for the period attributable to members	(9,382)	(13,545)	4,163	(31%)

#### Dividends

No dividends were or will be paid or declared during this reporting period. There are no dividend or dividend reinvestment plans currently in operation.

#### Net Tangible Assets and Per Share

	For the Half-Years Ended December 31,	
	2022 US\$	2021 US\$
Net tangible assets per share	0.22	0.33

Net tangible assets are defined as the consolidated net assets of the Company, less goodwill and intangible assets. The number of shares of common stock outstanding at December 31, 2022 is 212,523,881 shares. For the purposes of determining the net tangible assets per share, the common stock to CDI ratio is 1:1.

## Changes in Control Over Entities

There were no entities over which control has been gained or lost during the reporting period.

## Basis of Preparation

The financial information included in this preliminary final report and the attached consolidated financial statements are prepared in accordance with United States generally accepted accounting principles ("US GAAP"). All amounts are reported in US dollars, unless otherwise noted.

## Other Information

Additional Appendix 4D disclosure requirements can be found in the notes to the half-year financial report and the Directors' Report for the half-year ended December 31, 2022. This document should be read in combination with any other public announcements made during the reporting period pursuant to continuous disclosure requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth).

The financial information in this report is based on the Company's unaudited condensed consolidated financial statements, which have been reviewed by PricewaterhouseCoopers. The Independent Auditor's Review Report is included within this Appendix 4D.

### SIGNED



Peter Vlerick  
*Chief Financial Officer*

**February 27, 2023**

# Interim Report for the Half-Year Ended December 31, 2022 (In US dollars)

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## Directors' Report

The Directors present their report together with the reviewed condensed consolidated financial statements of Keypath Education International, Inc.'s (the Company) and its wholly-owned subsidiaries for the half-year ended December 31, 2022.

### Directors

The following individuals were Directors of Keypath for the half-year ended December 31, 2022:

Diana Eilert	Chair and Independent, Non-Executive Director
Steve Fireng	Executive Director and Global Chief Executive Officer (CEO)
Melanie Laing	Independent, Non-Executive Director
Robert Bazzani	Independent, Non-Executive Director
Susan Wolford	Independent, Non-Executive Director
R. Christopher Hoehn-Saric	Non-Executive Director
M. Avi Epstein	Non-Executive Director

### Principal Activities

As an EdTech provider, Keypath's principal activities throughout the reporting period were to provide online program management primarily serving the postgraduate education market of traditional universities including: program design and development, marketing, management, student recruitment, student support, clinical placement services, faculty recruitment 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.

### Operating and Financial Review

- **Revenue growth aligned with FY23 full-year guidance:**
  - Half-year ended December 31, 2022 ("H1 FY23") revenue of US\$58.7 million, 3.1% higher than the half-year ended December 31, 2021 ("H1 FY22") (8.0% higher on a constant currency basis)
  - H1 FY23 revenue within our Healthcare verticals of US\$31.3 million was 22.3% higher than H1 FY22
- **Significant partner and program additions:**
  - Four new partners and 19 new programs added in H1 FY23, of which 15 were in the Healthcare verticals and four continuing our expansion with our Australian enterprise partners
  - Melbourne Business School signed as a partner for their online MBA as well as to support other executive education courses across the MBS Online marketplace (the "MBS Partnership")

- Southeast Asia continues to perform in line with internal expectations with a strong pipeline underpinning future growth
- **Contribution margin and adjusted EBITDA reflect investment in large vintages:**
  - Q2 (and therefore H1) is typically the lowest period in terms of revenue, contribution margin and adjusted EBITDA due to shortened terms and lower program commencements because of period-end holidays
  - Year-over-year comparisons impacted primarily by a tough comparison in H1 FY22 due to the COVID bump in FY22, with timing of launches, and continued pressure in more mature vintages, also contributing
- **Strong cash position:**
  - US\$51.5 million of cash on hand (no debt) as of December 31, 2022
  - Confident organic growth fully funded to cash flow breakeven

## Half-year ended December 31, 2022 compared to the half-year ended December 31, 2021

	H1 FY23 US\$'000	% of Revenue	H1 FY22 US\$'000	% of Revenue	Change US\$'000	Change %
<b>Income statement</b>						
<b>Revenue</b>	<b>58,709</b>	<b>100.0%</b>	<b>56,939</b>	<b>100.0%</b>	<b>1,770</b>	<b>3.1%</b>
Operating costs	(65,177)	(111.0%)	(60,482)	(106.2%)	(4,695)	7.8%
Stock-based compensation expense (one-time)	(975)	(1.7%)	(5,274)	(9.3%)	4,299	(81.5%)
Stock-based compensation expense (ongoing)	(943)	(1.6%)	(1,045)	(1.8%)	102	(9.8%)
Legacy LTIP Cash Awards	2,000	3.4%	(443)	(0.8%)	2,443	(551.5%)
Other income and (expense), net	(188)	(0.3%)	(179)	(0.3%)	(9)	5.0%
<b>EBITDA</b>	<b>(6,574)</b>	<b>(11.2%)</b>	<b>(10,484)</b>	<b>(18.4%)</b>	<b>3,910</b>	<b>(37.3%)</b>
Depreciation and amortization	(2,548)	(4.3%)	(2,374)	(4.2%)	(174)	7.3%
<b>EBIT</b>	<b>(9,122)</b>	<b>(15.5%)</b>	<b>(12,858)</b>	<b>(22.6%)</b>	<b>3,736</b>	<b>(29.1%)</b>
Income taxes expense	(260)	(0.4%)	(687)	(1.2%)	427	(62.2%)
<b>Net loss</b>	<b>(9,382)</b>	<b>(16.0%)</b>	<b>(13,545)</b>	<b>(23.8%)</b>	<b>4,163</b>	<b>(30.7%)</b>

  

	H1 FY23 US\$'000	H1 FY22 US\$'000	Change US\$'000	Change %
<b>Cash flows</b>				
Cash flow from operating activities	(2,891)	7,731	(10,622)	(137.4%)
Cash flow from investing activities	(2,576)	(2,400)	(176)	7.3%
Cash flow from financing activities	(2,102)	-	(2,102)	-
Effect of exchange rate changes	(97)	(415)	318	(76.6%)
<b>Net cash flows</b>	<b>(7,666)</b>	<b>4,916</b>	<b>(12,582)</b>	<b>(255.9%)</b>

## Revenue

	H1 FY23 US\$'000	H1 FY22 US\$'000	Change US\$'000	Change %	Organic Growth <sup>(a)</sup>	Foreign Exchange <sup>(b)</sup>
North America	30,793	27,024	3,769	13.9%	14.4%	(0.5%)
APAC	26,727	28,283	(1,556)	-5.5%	3.3%	(8.8%)
Rest of World	1,189	1,632	(443)	-27.1%	-15.1%	(12.0%)
<b>Total revenue</b>	<b>58,709</b>	<b>56,939</b>	<b>1,770</b>	<b>3.1%</b>	<b>8.0%</b>	<b>(4.9%)</b>

- (a) Organic growth represents the change in revenue excluding the impact of foreign exchange impacts.
- (b) The comparisons at constant currency rates (foreign exchange) reflect comparative local currency foreign exchange rates at the prior period's average foreign exchange rates. This measure provides information on the change in revenue assuming that foreign currency exchange rates have not changed between the prior period and the current period. Management believes the use of this measure aids in the understanding of changes in revenue without the impact of foreign currency.

The Company earned revenue of US\$58.7 million in H1 FY23 compared to US\$56.9 million in H1 FY22, an increase of 3.1%. On a constant currency basis H1 FY23 revenue increased by 8.0% compared to H1 FY22 when adjusted for unfavorable foreign exchange impacts of US\$2.8 million. The revenue comparability has been impacted in Australia by the COVID-related increase in enrollments due to lockdowns in H1 FY22 and by the expected softening of enrollments in some programs from mature vintages, weighted to the business vertical, in H1 FY23.

Our North America region includes the United States and Canada. Our Asia-Pacific ("APAC") region includes Australia, Malaysia and Singapore. The Rest of World includes the United Kingdom. The Company's revenues are primarily earned in the North America and APAC markets where 98% and 97% of revenue was generated in H1 FY23 and H1 FY22, respectively.

	H1 FY23 %	H1 FY22 %
<b>Revenue by Geography</b>		
North America	52.5	47.5
APAC	45.5	49.7
Rest of world	2.0	2.9
<b>Revenue by Partner Concentration</b>		
Five largest partners	42.8	45.5
All other partners	57.2	54.5

The contribution of each region to total revenue was relatively unchanged in H1 FY23 compared to H1 FY22. North America contributed 52.5% of total revenue compared to 47.5% in H1 FY22, driven in part by our continued progress in Healthcare. APAC contributed 45.5% of total revenue compared to 49.7% in H1 FY22. Both regions grew their total revenue in H1 FY23 as a result of course enrollment growth, strong student retention and the launch of new programs in key disciplines.

The five largest partners by revenue contributed 42.8%, or US\$25.1 million, to total revenue in H1 FY23 (compared to 45.5%, or US\$25.9 million, in H1 FY22), as all other partners grew their share to 57.2%, or US\$33.6 million (compared to 54.5%, or US\$31.0 million, in H1 FY22), reflecting a growing partner base. This reduction in partner concentration continued the positive trend of diversifying across verticals and programs.

Revenue by vintage	H1 FY23 US\$'000	% of Revenue	H1 FY22 US\$'000	% of Revenue	Change US\$'000	Change %
Mature	26,599	45.3%	33,668	59.1%	(7,069)	(21.0%)
2020	8,651	14.7%	9,371	16.5%	(720)	(7.7%)
2021	15,430	26.3%	13,001	22.8%	2,429	18.7%
2022	6,781	11.6%	899	1.6%	5,882	654.3%
2023	1,248	2.1%	-	-%	1,248	-%
<b>Total revenue</b>	<b>58,709</b>	<b>100.0%</b>	<b>56,939</b>	<b>100.0%</b>	<b>1,770</b>	<b>3.1%</b>

The Company closely monitors revenue by vintage (the fiscal year in which a program has its first student intake, for example, if a program commences on July 1, 2022, it will be classified as an FY23 vintage) as this provides an insight into the ramp-up of programs as they progress through the unit economic model. Keypath does not earn revenue from a program until the first student intake into that program.

The mature vintages declined by US\$7.1 million in H1 FY23. This decline was expected and is due to continued pressure in enrollments in these pre-KeypathEDGE programs, primarily in the Business vertical. In addition, these mature vintages benefited from the COVID bump in H1 FY22.

The 2020 vintage declined by US\$0.7 million in H1 FY23. This decline is primarily due to unfavorable exchange rates. In addition, these mature vintages benefited from the COVID bump in H1 FY22.

The 2021 and subsequent vintages continue to scale toward maturity and reflect the full benefit of the KeypathEDGE platform.

Revenue by vertical	H1 FY23 US\$'000	% of Revenue	H1 FY22 US\$'000	% of Revenue	Change US\$'000	Change %
Business	13,633	23.2%	17,162	30.1%	(3,529)	(20.6%)
Nursing	21,741	37.0%	17,631	31.0%	4,110	23.3%
Health & Social Services	9,601	16.4%	8,001	14.1%	1,600	20.0%
STEM	8,138	13.9%	8,922	15.7%	(784)	(8.8%)
Education	4,464	7.6%	4,632	8.1%	(168)	(3.6%)
Other	1,132	1.9%	591	1.0%	541	91.5%
<b>Total revenue</b>	<b>58,709</b>	<b>100.0%</b>	<b>56,939</b>	<b>100.0%</b>	<b>1,770</b>	<b>3.1%</b>

Healthcare verticals includes Nursing, Health and Social Services verticals. H1 FY23 revenue within our Healthcare verticals was US\$31.3 million, 22.3% higher than H1 FY22. As a percentage of revenue, Healthcare verticals were 53.4% of total revenue in H1 FY23 compared to 45.0% in H1 FY22.

## Partners, active programs and student enrollments have continued to grow

	H1 FY23	H1 FY22	Change	Change %
Partners	43	37	6	16.2%
Active programs	197	166	31	18.7%
Course enrollments	45,707	44,690	1,017	2.3%
Revenue per enrollment (US\$)	1,284	1,274	10	0.8%

As of December 31, 2022, our current program count is 197, which represents an increase of 19 programs from the June 30, 2022 (FY22) period. The 19 programs added in the half-year came from the North American and APAC regions, with 15 coming from the Healthcare verticals.

## 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, corporate communications, 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 as the business continues to grow.

- Direct marketing costs – The Company relies on pay per click advertising via Google, Facebook and LinkedIn as its main marketing channel 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 – G&A includes the aggregate costs of managing and administrating the affairs of the Company. Other G&A expenses primarily include information technology and communications, lease and property outgoings, professional fees and outsourced services, insurance, and travel.

	H1 FY23 US\$'000	% of Revenue	H1 FY22 US\$'000	% of Revenue	Change US\$'000	Change %
Salaries and wages	34,491	58.7%	30,351	53.3%	4,140	13.6%
Direct marketing	22,499	38.3%	21,107	37.1%	1,392	6.6%
G&A expenses	8,187	13.9%	9,024	15.8%	(837)	(9.3%)
<b>Total operating costs</b>	<b>65,177</b>	<b>111.0%</b>	<b>60,482</b>	<b>106.2%</b>	<b>4,695</b>	<b>7.8%</b>

Salaries and wages, excluding stock-based compensation expense and Legacy LTIP Cash Awards, increased by US\$4.1 million, or 13.6%, to US\$34.5 million in H1 FY23. This increase primarily reflects the addition of employees to support the growth in partners and programs as well as annual merit based employee pay increases. We have approximately 800 employees at December 2022 compared to approximately 700 at December 2021.

Direct marketing increased by US\$1.4 million, or 6.6%, to US\$22.5 million in H1 FY23. Direct marketing as a percentage of revenue increased to 38.3% in H1 FY23 compared to 37.1% in H1 FY22. This increase is primarily attributed to the addition of new programs which have entered their investment phase and a more challenging marketing environment compared to last year when we benefitted from favorable student acquisition costs due to the COVID bump.

G&A expenses decreased by US\$0.8 million, or 9.3%, to US\$8.2 million in H1 FY23 driven by efficiencies and cost management.

## 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 financial performance for individual programs relative to planned performance targets over the whole-of-life of the programs.
- 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.



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

	H1 FY23 US\$'000	% of Revenue	H1 FY22 US\$'000	% of Revenue	Change US\$'000	Change %
<b>Revenue</b>	<b>58,709</b>	<b>100.0%</b>	<b>56,939</b>	<b>100.0%</b>	<b>1,770</b>	<b>3.1%</b>
Direct salaries and wages	(25,330)	(43.1%)	(22,377)	(39.3%)	(2,953)	13.2%
Direct marketing	(22,499)	(38.3%)	(21,107)	(37.1%)	(1,392)	6.6%
G&A allocated to direct departments	(1,560)	(2.7%)	(1,238)	(2.2%)	(322)	26.0%
<b>Contribution margin</b>	<b>9,320</b>	<b>15.9%</b>	<b>12,217</b>	<b>21.5%</b>	<b>(2,897)</b>	<b>(23.7%)</b>
Corporate costs	(15,788)	(26.9%)	(15,760)	(27.7%)	(28)	0.2%
Stock-based compensation expense (one-time)	(975)	(1.7%)	(5,274)	(9.3%)	4,299	(81.5%)
Stock-based compensation expense (ongoing)	(943)	(1.6%)	(1,045)	(1.8%)	102	(9.8%)
Legacy LTIP Cash Awards	2,000	3.4%	(443)	(0.8%)	2,443	(551.5%)
Other income and (expense), net	(188)	(0.3%)	(179)	(0.3%)	(9)	5.0%
<b>EBITDA</b>	<b>(6,574)</b>	<b>(11.2%)</b>	<b>(10,484)</b>	<b>(18.4%)</b>	<b>3,910</b>	<b>(37.3%)</b>
Stock-based compensation expense (one-time)	975	1.7%	5,274	9.3%	(4,299)	(81.5%)
Stock-based compensation expense (ongoing)	943	1.6%	1,045	1.8%	(102)	(9.8%)
Legacy LTIP Cash Awards	(2,000)	(3.4%)	443	0.8%	(2,443)	(551.5%)
<b>Adjusted EBITDA</b>	<b>(6,656)</b>	<b>(11.3%)</b>	<b>(3,722)</b>	<b>(6.5%)</b>	<b>(2,934)</b>	<b>78.8%</b>

Adjusted EBITDA is impacted by the number of programs in the launch and development stages, public company costs, Malaysian and Singapore expansions and investments in systems to support the growth of the Company as well as its public company reporting.

## Depreciation and amortization

	H1 FY23 US\$'000	% of Revenue	H1 FY22 US\$'000	% of Revenue
Depreciation	488	0.8%	476	0.8%
Amortization of intangible assets	1,741	3.0%	1,603	2.8%
Amortization of acquisition costs	295	0.5%	242	0.4%
Amortization of capitalized implementation cost from hosting arrangement that is service contract	24	0.0%	53	0.1%
<b>Total depreciation and amortization</b>	<b>2,548</b>	<b>4.3%</b>	<b>2,374</b>	<b>4.2%</b>

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 selling new partners and programs. The amounts capitalized are determined in accordance with US GAAP.

## Stock-based compensation expense and Legacy LTIP Cash Awards

In conjunction with the IPO, the existing Restricted Unit and options plan and the existing performance awards 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 employee options and the conditional rights to receive a cash payment (Legacy LTIP Cash Awards) in relation to the performance awards.

	H1 FY23 US\$'000	H1 FY22 US\$'000
CDIs in relation to restricted units for Steve Fireng, the existing CEO (legacy/one-time)	388	1,437
CDI Rights in relation to the employee options (legacy/one-time)	587	3,837
Grants to the employees under the 2021 Equity Incentive Plan (ongoing)	943	1,045
<b>Stock-based compensation expense</b>	<b>1,918</b>	<b>6,319</b>

During H1 FY23, holders of the Legacy LTIP Cash Awards received a cash payment of US\$2.0 million (per the Board's approval of 50% of the maximum award). Legacy LTIP Cash Awards reflects a US\$2.0 million non-cash write off the remaining liability.

## Other (expense) income

Other (expense) income primarily includes foreign currency transaction losses. The Company recognized US\$0.2 million and US\$0.1 million in foreign currency exchange losses in H1 FY23 and H1 FY22, respectively.

## Income tax expense

The Company recorded US\$0.3 million and US\$0.7 million income tax expense in H1 FY23 and H1 FY22, respectively, primarily related to withholding taxes, minimum state income tax payments and book to tax temporary differences.

## Cash flows

	H1 FY23 US\$'000	H1 FY22 US\$'000
<b>EBITDA</b>	<b>(6,574)</b>	<b>(10,484)</b>
Non-cash items:		
Stock-based compensation expense	1,918	6,319
Legacy LTIP Cash Awards	(2,000)	443
Deferred income taxes	194	670
Other non-cash items	90	(41)
Change in net working capital	3,586	11,348
Income taxes paid	(105)	(524)
<b>Cash flow from operating activities</b>	<b>(2,891)</b>	<b>7,731</b>
Additions of amortizable intangible assets	(2,105)	(2,018)
Purchases of property and equipment	(471)	(382)
<b>Cash flow from investing activities</b>	<b>(2,576)</b>	<b>(2,400)</b>
Payments of taxes from withheld shares	(1,388)	-
Employee stock repurchases	(714)	-
<b>Cash flow from financing activities</b>	<b>(2,102)</b>	<b>-</b>
Effect of exchange rate changes	(97)	(415)
<b>Net cash flows</b>	<b>(7,666)</b>	<b>4,916</b>

Net cash used in operations in H1 FY23 decreased to US(\$2.9) million from US\$7.7 million cash provided in H1 FY22, primarily driven by the net working capital changes from the timing of payroll, vendor payments and collections.

Net cash used in investing activities in H1 FY23 was US\$2.6 million compared to US\$2.4 million in H1 FY22, primarily representing the capitalized value of employee and contractor costs directly involved in the development of programs and eligible for capitalization under US GAAP.

Net cash used in financing activities in H1 FY23 was US\$2.1 million, representing the amount of cash outflow to satisfy employees' income tax withholding obligations as part of a net-share settlement of stock-based awards and employee stock repurchases. There were no financing cash flow activities in H1 FY22.

## 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. A summary of the financial position of the Company as of December 31, 2022 and June 30, 2022 is provided below.

	December 31, 2022 US\$'000	June 30, 2022 US\$'000
Cash and restricted cash	51,513	59,179
Accounts receivable and other current assets	6,090	18,957
Accounts payable and other current liabilities	(18,507)	(29,319)
<b>Net working capital</b>	<b>39,096</b>	<b>48,817</b>
Property and equipment, net	1,232	1,260
Goodwill	8,754	8,754
Intangible assets, net	7,028	6,678
Other non-current assets	7,129	7,187
Other non-current liabilities	(662)	(440)
<b>Net assets</b>	<b>62,577</b>	<b>72,256</b>
Common stock	2,135	2,082
Additional paid-in capital	255,293	255,530
Accumulated deficit	(194,851)	(185,356)
<b>Total equity</b>	<b>62,577</b>	<b>72,256</b>

## 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 of Directors (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 Article VIII, Section 8.03 of the Bylaws provides as follows:

"The Corporation may refuse to acknowledge any transfer of shares of the Corporation's capital stock (including 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 unless such transfer is made:

- (a) in accordance with the provisions of Regulation S of the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "U.S. Securities Act");
- (b) pursuant to a registration under the U.S. Securities Act; or
- (c) pursuant to an exemption from registration under the U.S. Securities Act."

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



## ***Independent auditor's review report to the members of Keypath Education International, Inc.***

### **Report on the half-year financial report**

#### ***Conclusion***

We have reviewed the half-year financial report of Keypath Education International, Inc. (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated balance sheet as at 31 December 2022, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Keypath Education International, Inc. does not present fairly, in all material respects, the Group's financial position as at 31 December 2022 and its financial performance and its cash flows for the half-year ended on that date, in accordance with United States generally accepted accounting principles ("US GAAP").

#### ***Basis for conclusion***

We conducted our review in accordance with ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ISRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibilities of the directors for the half-year financial report***

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with US GAAP and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibilities for the review of the half-year financial report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Group as at 31 December 2022 and of its financial performance and its cash flows for the half-year ended on that date in accordance with US GAAP.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

S.P. #A

Jon Roberts  
Partner

Melbourne  
27 February 2023

# Keypath Education International, Inc.

## Condensed consolidated balance sheets (unaudited)

As of December 31, 2022 and June 30, 2022

		December 31, 2022 US\$'000	June 30, 2022 US\$'000
	Note		
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		51,513	58,810
Restricted cash		-	369
Accounts receivable, net of allowance	3	4,050	16,441
Prepaid expenses and other current assets		2,040	2,516
<b>Total Current Assets</b>		<b>57,603</b>	<b>78,136</b>
<b>Non-Current Assets</b>			
Property and equipment, net		1,232	1,260
Goodwill		8,754	8,754
Intangible assets, net	4	7,028	6,678
Operating leases right-of-use assets		1,220	1,090
Contract acquisition cost	3	3,599	3,256
Deferred tax asset		1,286	1,507
Contract with customer, non-current portion		576	1,052
Other assets		448	282
<b>Total Assets</b>		<b>81,746</b>	<b>102,015</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable		6,569	8,259
Accrued liabilities	5	9,830	12,874
Deferred revenue	3	829	2,542
Income tax payable		599	773
Operating lease liabilities		680	871
Deferred compensation liability	6	-	4,000
<b>Total Current Liabilities</b>		<b>18,507</b>	<b>29,319</b>
<b>Non-Current Liabilities</b>			
Long-term operating lease liabilities		662	440
<b>Total Liabilities</b>		<b>19,169</b>	<b>29,759</b>
<b>Shareholders' Equity</b>			
Common stock		2,135	2,082
Additional paid-in capital		255,293	255,530
Accumulated deficit		(193,960)	(184,578)
Accumulated other comprehensive loss		(891)	(778)
<b>Total Shareholders' Equity</b>		<b>62,577</b>	<b>72,256</b>
<b>Total Liabilities and Equity</b>		<b>81,746</b>	<b>102,015</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Keypath Education International, Inc.

## Condensed consolidated statements of profit or loss and other comprehensive loss (unaudited)

For the half-years ended December 31, 2022 and 2021

	Note	For The Half-Years Ended December 31,	
		2022 US\$'000	2021 US\$'000
<b>Revenue</b>	2	<b>58,709</b>	<b>56,939</b>
<b>Operating Expenses</b>			
Salaries and wages		34,409	37,113
Direct marketing		22,499	21,107
General and administrative		10,735	11,398
<b>Total operating expenses</b>		<b>67,643</b>	<b>69,618</b>
<b>Operating Loss</b>		<b>(8,934)</b>	<b>(12,679)</b>
<b>Other Expense</b>			
Other (expense) income, net		(188)	(179)
<b>Loss before income taxes</b>		<b>(9,122)</b>	<b>(12,858)</b>
Income taxes expense		(260)	(687)
<b>Net Loss</b>		<b>(9,382)</b>	<b>(13,545)</b>
		For The Half-Years Ended December 31,	
		2022	2021
<b>Loss Per Share:</b>			
Basic and diluted loss per common share	7	<b>\$(0.04)</b>	<b>\$(0.07)</b>
Basic and diluted weighted average shares of common stock outstanding	7	<b>212,359,686</b>	<b>208,223,105</b>
		For The Half-Years Ended December 31,	
		2022 US\$'000	2021 US\$'000
<b>Other Comprehensive Loss:</b>			
Net loss		(9,382)	(13,545)
Foreign currency translation adjustment		(113)	(579)
<b>Total Other Comprehensive Loss</b>		<b>(9,495)</b>	<b>(14,124)</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.



# Keypath Education International, Inc.

## Condensed consolidated statements of changes in equity (unaudited)

For the half-years ended December 31, 2022 and 2021

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehen- sive Loss	Total Share- holders' Equity
	Shares	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance as of July 1, 2021</b>	<b>208,223,105</b>	<b>2,082</b>	<b>246,154</b>	<b>(157,883)</b>	<b>96</b>	<b>90,449</b>
Net loss	-	-	-	(13,545)	-	(13,545)
Currency translation adjustment	-	-	-	-	(579)	(579)
Stock-based compensation (Note 8)	-	-	6,319	-	-	6,319
<b>Balance as of December, 2021</b>	<b>208,223,105</b>	<b>2,082</b>	<b>252,473</b>	<b>(171,428)</b>	<b>(483)</b>	<b>82,644</b>
<b>Balance as of July 1, 2022</b>	<b>208,223,105</b>	<b>2,082</b>	<b>255,530</b>	<b>(184,578)</b>	<b>(778)</b>	<b>72,256</b>
Net loss	-	-	-	(9,382)	-	(9,382)
Currency translation adjustment	-	-	-	-	(113)	(113)
Stock-based compensation (Note 8)	-	-	1,918	-	-	1,918
CDI vesting, net of payments of taxes from withheld shares	6,370,318	64	(1,451)	-	-	(1,387)
Employee stock repurchases	(1,069,542)	(11)	(704)	-	-	(715)
<b>Balance as of December 31, 2022</b>	<b>213,523,881</b>	<b>2,135</b>	<b>255,293</b>	<b>(193,960)</b>	<b>(891)</b>	<b>62,577</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Keypath Education International, Inc.

## Condensed consolidated statements of cash flows (unaudited)

For the half-years ended December 31, 2022 and 2021

		For The Half-Years Ended December 31,	
	Note	2022 US\$'000	2021 US\$'000
<b>Operating activities:</b>			
Net loss		(9,382)	(13,545)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization		2,548	2,374
Stock-based compensation expense	8	1,918	6,319
Deferred compensation liability	6	(2,000)	443
Deferred income taxes		194	670
Other, net		90	(41)
Changes in operating assets and liabilities:			
Accounts receivable		12,159	14,124
Prepays and other		101	(403)
Accounts payable and accrued liabilities		(6,636)	(293)
Deferred revenue		(1,710)	(1,411)
Income taxes payable		(173)	(506)
<b>Net cash from operating activities</b>		<b>(2,891)</b>	<b>7,731</b>
<b>Investing activities:</b>			
Additions of amortizable intangible assets		(2,105)	(2,018)
Purchases of property and equipment		(471)	(382)
<b>Net cash from investing activities</b>		<b>(2,576)</b>	<b>(2,400)</b>
<b>Financing activities:</b>			
Payments of taxes from withheld shares		(1,388)	-
Employee stock repurchases		(714)	-
<b>Net cash from financing activities</b>		<b>(2,102)</b>	<b>-</b>
Effect of exchange rate changes on cash and restricted cash		(97)	(415)
Net change in cash and restricted cash		(7,666)	4,916
Cash and restricted cash at beginning of period		59,179	67,451
<b>Cash and restricted cash at end of period</b>		<b>51,513</b>	<b>72,367</b>
<b>Supplemental cash flows information:</b>			
Income taxes paid		105	524

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Notes to the condensed consolidated financial statements

For the Half-Years Ended December 31, 2022 and 2021 (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") primarily serving the postgraduate education market of traditional universities. The Company enables universities in Australia, the United States, Canada, the United Kingdom, Malaysia and Singapore 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.

The suite of services the Company provides to its university partners includes program design and development, marketing, management, student recruitment, student support, clinical placement services, faculty recruitment. Additionally, the continued development and improvement of KeypathEDGE, our proprietary data platform, provides data analytics platform to improve the experiences of universities and students alike. The Company enters into long-term contracts with universities and earns revenue through an agreed revenue share with the relevant university during the contracted term. Keypath has approximately 800 employees around the world and operates offices in Chicago, Melbourne, Sydney, Toronto and Kuala Lumpur.

#### Basis of presentation

The accompanying audited consolidated financial statements include the accounts of the Company and its subsidiaries after elimination of all intercompany accounts and transactions. The Company's 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 disclosed are non-US GAAP financial measures within the meaning of Regulation G of the *US Securities Exchange Act of 1934*.

The accompanying unaudited condensed consolidated financial Statements as of December 31, 2022 and for the half-years ended December 31, 2022 and 2021 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting and, therefore, do not include all information and footnote disclosures normally included in audited financial statements prepared in conformity with US GAAP. In the opinion of management, however, all adjustments, consisting of normal recurring adjustments necessary to present fairly the results of operations, financial position and cash flows have been made. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual consolidated financial statements for the year ended June 30, 2022 and any public announcements made by the Company during the half-year ended December 31, 2022. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year or any other period.

#### 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. While certain programs experienced an increase in demand during the height of COVID-19, most are demonstrating a return to pre-COVID-19 levels of demand or even some moderate pull-back from there. However, while COVID-19 persists, there continues to be some uncertainty as to its future effects on the Company's business.

### **Seasonality**

The Company's business is subject to seasonality as revenue is affected by when programs start as determined by university partners. In the United States and Canada, program starts are typically similar in all quarters except for the second (December) quarter. All jurisdictions experience negligible levels of program starts during November and December due to closure of universities for the holiday period. In Australia, program starts are higher in the first and third quarters. Accordingly, the Company's financial position, results and cash flow for the half-year periods presented in these financial statements should not be interpreted as being indicative of the Company's financial position, results and cash flows for the full fiscal year.

## **NOTE 2**

### **Segment and geographic information**

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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 on 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.

Our North America region includes the United States and Canada. Our Asia-Pacific ("APAC") region currently includes Australia, Malaysia and Singapore. The Rest of World includes the United Kingdom.

The following table presents a breakdown of consolidated revenue by geography for the half-years ended December 31, 2022 and 2021:

	For The Half-Years Ended December 31,	
	2022 US\$'000	2021 US\$'000
<b>Revenue</b>		
US	28,629	24,988
Canada	2,164	2,036
North America	30,793	27,024
APAC	26,727	28,283
Rest of World	1,189	1,632
<b>Total revenue</b>	<b>58,709</b>	<b>56,939</b>

The following table reconciles the Company's primary measures of profitability, EBITDA and Adjusted EBITDA, to Operating loss for the half-years ended December 31, 2022 and 2021:

	For The Half-Years Ended December 31,	
	2022 US\$'000	2021 US\$'000
<b>Operating loss</b>	(8,934)	(12,679)
Other (expense) income, net	(188)	(179)
EBIT	(9,122)	(12,858)
Depreciation and amortization	2,548	2,374
<b>EBITDA</b>	<b>(6,574)</b>	<b>(10,484)</b>
Stock-based compensation expense	1,918	6,319
Legacy LTIP Cash Awards	(2,000)	443
<b>Adjusted EBITDA</b>	<b>(6,656)</b>	<b>(3,722)</b>

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 3

#### Contract assets and liabilities

##### Contract Acquisition Costs

Sales commissions capitalized for the half-years ended December 31, 2022 and 2021 were \$651 and \$1,084, respectively. Total amortization during the half-years ended December 31, 2022 and 2021 was \$295 and \$242, respectively.

Contract acquisition costs consisted of the following as of December 31, 2022 and June 30, 2022:

	December 31, 2022 US\$'000	June 30, 2022 US\$'000
Gross carrying amount	5,596	4,967
Accumulated amortization	(1,997)	(1,711)
<b>Net value</b>	<b>3,599</b>	<b>3,256</b>

### Contract liabilities

Contract liabilities comprised of deferred revenue. The following table presents the change in the Company's deferred revenue as of December 31, 2022 and June 30, 2022:

	Total US\$'000
Balance as of July 1, 2021	1,779
Additional amounts deferred	2,542
Revenue recognized	(1,779)
Balance as of June 30, 2022	2,542
Additional amounts deferred	829
Revenue recognized	(2,542)
Balance as of December 31, 2022	829

### Allowance for Doubtful Accounts

The following table presents the change in the Company's provision for doubtful accounts as of December 31, 2022 and June 30, 2022:

	Total US\$'000
Balance as of July 1, 2021	443
Current year change	(49)
Balance as of June 30, 2022	394
Current year change	(384)
Balance as of December 31, 2022	10

## NOTE 4

### Amortizable intangible assets

Finite-lived intangible assets consisted of the following as of December 31, 2022 and June 30, 2022:

	Gross Carrying Amount US\$'000	Accumulated Amortization US\$'000	Net Value US\$'000
<b>December 31, 2022</b>			
Capitalized course development costs	11,747	(7,598)	4,149
Software and website platforms	4,612	(2,869)	1,743
Customer relationships	1,910	(1,141)	769
Trade names	205	(122)	83
Work in progress	284	0	284
	<b>18,758</b>	<b>(11,730)</b>	<b>7,028</b>
<b>June 30, 2022</b>			
Capitalized course development costs	10,288	(6,629)	3,659
Software and website platforms	4,043	(2,407)	1,636
Customer relationships	1,910	(1,061)	849
Trade names	205	(114)	91
Work in progress	443	0	443
	<b>16,889</b>	<b>(10,211)</b>	<b>6,678</b>

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

	<b>Total US\$'000</b>
<b>Balance as of July 1, 2021</b>	<b>5,813</b>
Additions	4,315
Amortization during the year	(3,291)
Changes due to foreign currency fluctuations	(159)
<b>Balance as of June 30, 2022</b>	<b>6,678</b>
Additions	2,105
Amortization during the year	(1,741)
Changes due to foreign currency fluctuations	(14)
<b>Balance as of December 31, 2022</b>	<b>7,028</b>

## NOTE 5

### Accrued liabilities

Accrued liabilities consisted of the following as December 31, 2022 and June 30, 2022:

	<b>December 31, 2022 US\$'000</b>	<b>June 30, 2022 US\$'000</b>
Compensation	5,496	7,082
Direct marketing costs	3,211	5,008
Professional fees	738	640
Other	385	144
<b>Total accrued liabilities</b>	<b>9,830</b>	<b>12,874</b>

## NOTE 6

### Deferred compensation liability

In conjunction with IPO, the Legacy LTIP Cash Awards granted 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 the relevant employee remains in continuous employment with the Company on the payment date following the achievement of the applicable market capitalization criteria.

As of June 30, 2022, the Company did not achieve the threshold amount and a maximum liability of \$4,000 was classified as a current liability on the basis that market capitalization criteria would be remeasured over the following 12 months.

In August 2022, the Board of Directors approved termination of the Legacy LTIP Cash Awards in exchange for the payment of an amount equal to 50% of the maximum award.

In September 2022, holders of the Legacy LTIP Cash Awards received a cash payment of \$2,000.

Legacy LTIP Cash Awards reflects a \$2,000 non-cash write off the remaining liability for the half-years ended December 31, 2022 and \$443 expense for the half-years ended December 31, 2021.

## NOTE 7

### 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 net loss per share is the same as basic loss per share for the half-years ended December 31, 2022 and 2021 because the

effects of potentially dilutive items were anti-dilutive, given the Company's net loss. Accordingly, 6,158,314 options for CDIs, 680,514 CDI Rights and 5,651,208 RSUs have been excluded from the calculation of weighted average number of shares for the half-year ended December 31, 2022. 5,744,861 options for CDIs and 9,167,120 CDI Rights have been excluded from the calculation of weighted average number of shares for the half-year ended December 31, 2021.

The following table summarizes loss per share for the half-years ended December 31, 2022 and 2021:

	<u>For The Half-Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>US\$'000</u>	<u>US\$'000</u>
<b>Numerator</b>		
Net loss	(9,382)	(13,545)
<b>Numerator for basic loss per share</b>	<b>(9,382)</b>	<b>(13,545)</b>
	<u>For The Half-Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Number</u>	<u>Number</u>
<b>Denominator</b>		
Denominator for basic loss per share - weighted average common shares	212,359,686	208,223,105
Effect of dilutive securities:		
Options for CDIs	-	-
CDI Rights	-	-
RSUs	-	-
<b>Denominator for diluted loss per share - weighted average common shares</b>	<b>212,359,686</b>	<b>208,223,105</b>
	<u>For The Half-Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>US\$</u>	<u>US\$</u>
<b>Loss per share – Basic</b>	<b>(0.04)</b>	<b>(0.07)</b>
<b>Loss per share – Diluted</b>	<b>(0.04)</b>	<b>(0.07)</b>

## NOTE 8

### Stock-based compensation

In November 2022, the Board of Directors of Keypath approved the issuance of Restricted Stock Units (RSUs) to certain employees and Executive Leadership Team ("ELT") granted under the 2021 Equity Incentive Plan. There are two plans under the RSU award agreement:

- Long-Term Equity (LTE) Plan – to ELT and certain employees
- Long-Term Incentive (LTI) Plan – to ELT

The fair value of RSUs is based on the closing price of the Company's common stock on the date of grant and is amortized to expense over the service period.

RSUs under the LTE Plan vest in equal, annual installments over a three-year period (a "tranche") on September 1, 2023, September 1, 2024 and September 1, 2025, in each case, if the participant is continuously employed by, or maintains a service relationship with, the Company or any Affiliate through the applicable vesting date. 3,051,364 RSUs under LTE Plan were assigned a weighted average fair value of \$0.49 per award, for a total value of approximately \$1.5 million.

RSUs under the LTI Plan vest on September 1, 2025, if the participant is continuously employed by, or maintains a service relationship with, the Company or any affiliate through such date. 2,599,844 RSUs under the LTI Plan were assigned a weighted average fair value of \$0.49 per award, for a total value of approximately \$1.3 million.



### Stock-based compensation expense

The following table presents stock-based compensation expense recognized in the consolidated statement of profit or loss for the half-years ended December, 2022 and 2021:

	For The Half-Years Ended December 31,	
	2022 US\$'000	2021 US\$'000
CDIs	388	1,437
CDI Rights	587	3,837
Options	810	1,045
RSUs	133	-
<b>Stock-based compensation expense</b>	<b>1,918</b>	<b>6,319</b>

### NOTE 9

#### Commitments and contingencies

The Company is not aware of any pending or threatened legal proceedings that individually or in the aggregate would have a material adverse effect on the Company's business, operating results, or financial conditions. The Company may in the future be party to litigation arising in the ordinary course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provides for the potential of indemnification obligations. The Company's exposure under these agreements is unknown because it involves future claims that may be made against the Company but have not yet been made. To date, the Company has not paid any claims or been required to defend any actions related to its indemnification obligations; however, the Company may record charges in the future as a result of these indemnification obligations. In addition, the Company has indemnification agreements with its directors and certain executive officers that require it, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service with the Company. The terms of such obligations may vary.

### NOTE 10

#### Subsequent events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through February 27, 2023, the date the consolidated financial statements were available to be issued.

## 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
APAC	Asia Pacific
ASX	The Australian Securities Exchange
ASX Listing Rules	The official listing rules of ASX
Board or Board of Directors	The board of directors of the Company
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
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.
Director	A director of Keypath
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortization
EdTech	Education Technology
H1 FY23 or Reporting Period	The half-year beginning July 1, 2022 to December 31, 2022
H1 FY22	The half-year beginning July 1, 2021 to December 31, 2021
G&A	General and administration
Global CEO or CEO	Chief Executive Officer of the Keypath group, being Steve Fireng
Group	The group of companies constituted by Keypath, Keypath Education Holdings, LLC, Keypath Education, LLC, Keypath Education Canada, Inc, Keypath Education UK, Ltd, Keypath Education Australia Pty Ltd, Keypath Education Malaysia Sdn. Bhd. and Keypath Education Singapore Pte. Ltd.
Healthcare	Keypath Healthcare vertical comprising Nursing, Health and Social Services courses
IPO	The initial public offering of Keypath on June 1, 2021
KeypathEDGE	Integrated technology and data platform that underpins Keypath's ability to acquire and retain university partners and students
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
LTIP	Long-term incentive plan
Non-Executive Director	A Non-Executive Director of Keypath
OPM	Online Program Management
Options	Options to subscribe for CDIs
Restricted Stock Units or RSUs	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
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	<i>Securities Act of 1933</i> (US), as amended