



# Unlocking greatness

Annual Report 2023

## Keypath Education

# Transform Education, Transform the World.

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

As a global education technology (“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 enabling our university partners to deliver programs that meet the needs of the future-of-work and help solve our global social and economic challenges.

## FY23 Highlights

US\$124.2m

Revenue  
(FY22: US\$118.4 million)

**+9%**

(constant currency)

212

Active programs  
(FY22: 178)

**+19%**

104,157

Course enrollments  
(FY22: 101,561)

**+3%**

46

University partners  
(FY22: 39)

**+18%**

## Contents

01	Chair’s Message	47	Corporate Governance Statement
03	CEO’s Review	57	Report of Independent Auditors
07	Keypath in FY23	62	Financial statements
18	Environmental, Social and Governance Report	66	Notes to the financial statements
28	United States Education Regulatory Updates	80	Auditor remuneration
30	Operating and financial review	81	Directors’ declaration
38	Board of Directors	82	Company information
40	Directors’ Report	83	Corporate directory
		84	Shareholder information
		86	Glossary

“FY23 saw continued delivery of our vision to “Transform Education, Transform the World” and “Unlock Greatness” in educators, students, and our people.

Keypath remains focussed on driving the evolution of online higher education to the benefit of students, universities, our people and the broader community – whilst creating long-term value for our shareholders. Our continued investment in our Healthcare and APAC businesses provides the foundation for continued revenue growth and accelerating profitability.”



DIANA EILERT  
Chair, Keypath

Our Annual Report last year outlined our strategic focus on transitioning investment into newer vintages where the programs show improved growth, unit economics, and higher returns. These two areas of focus are Healthcare and the APAC region. Our transition is progressing to plan and providing a strong foundation for impact, revenue growth and, in particular, accelerating our move to profit.

### Healthcare

The huge skills shortages that exist globally in Healthcare continue to increase, driven by social and economic factors. Keypath is proud to be at the forefront of solving this enormous societal challenge. We support our partners to drive innovative delivery of Healthcare programs across disciplines including Nursing, Social Work, Mental Health, Counseling, and Psychology, among others.

### APAC

Keypath is also building on our strong foundations in the APAC region by expanding access with partners and programs in Singapore and Malaysia.

We leverage our competitive strengths to partner with leading universities in the region. KeypathEdge, our data and information platform, is helping our partners to accelerate the delivery of online education.

## Strong operational and financial performance building on our track record ...

Operationally, we saw strong demand from both new university partners (of which we added seven during FY23) and for adding new programs (of which we added 34 during FY23). In a challenging student demand environment, we maintained strong student enrollment levels with over 104,000 enrollments in FY23. It is clear from this data that the demand from partners and students continues to build.

Financially, we delivered revenue growth of 9% (on a constant currency basis) driven by continued growth in Healthcare and APAC revenue. This growth was offset by some softening in mature vintages as we strategically reallocated investment into our newer vintages.

We delivered improvements in profitability with a contribution margin of US\$23.1 million, up 5%, and Adjusted EBITDA of US\$(9.4) million, up 11% showing continued improvement in profitability as we approach Adjusted EBITDA breakeven from the second half ("H2") of FY24.

## ... by our leadership resulting in our positive outlook

Throughout a challenging year, Keypath's strong results in FY23 were due to the leadership of Steve Fireng, supported by a seasoned and high performing Executive Leadership Team. The culture creates agility in thinking and making decisions, which allows the company to successfully navigate the rapidly changing environment and expectations of stakeholders.

Keypath is committed to achieving our vision to "Transform Education, Transform the World" in the most sustainable way possible. With our "Work from Anywhere" approach complementing the "Study from Anywhere" flexibility provided by online education, and the social benefits broadening access to education provides (particularly in critical areas such as Healthcare), we are proud of the positive impact Keypath has in progressing Environmental, Social and Governance practices and outcomes.

The initiatives of FY23 to invest in growth in our most attractive markets, coupled with our continued strong operational and financial performance, provide us with high levels of confidence in Keypath delivering strong growth in the future and progressing on our path to profitability, targeted from H2 FY24.

On behalf of the Directors, I thank Steve, his Executive Leadership Team and the company's wider team of talented and dedicated employees, for their passion and hard work in some of the most challenging circumstances our company has seen.

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

Finally, we thank our shareholders for their ongoing support as we execute on our long-term growth strategy and planned progress to profit.

Keypath is well placed to leverage our global scale and data-informed expertise in online higher education to solve global skills challenges, especially in Healthcare and in high growth regions such as APAC. We are confident we will seize the significant opportunities in our markets to continue to grow our impact, revenue and profitability.



**Diana Eilert**  
Chair, Keypath Education

“In the midst of rapid change in the EdTech sector, Keypath continued delivering on its operational, financial and strategic goals in FY23 while continuing to “Transform Education, Transform the World.”

Our strategic focus on Healthcare globally, and on the APAC region, positions us for long-term growth and profitability. We continue to expand access to education in these areas with significant demand for educated and qualified professionals, where Keypath has real market leadership and competitive advantages.”



STEVE FIRENG  
Founder, Executive Director  
and Global CEO, Keypath

### Highlights of our strong FY23 performance

In our Annual Report last year, I outlined that FY23 would be a transition year where, with the continued compilation of data from KeypathEDGE, we would proactively and analytically transition our focus and investment into newer vintages. Having seen the strong growth and profitability performance of our FY21 vintage when compared to our earlier “pre-KeypathEDGE” vintages, we are confident these newer vintages will drive strong revenue growth and improving profitability.

We are pleased to report that this reallocation of investment and the increased focus on Healthcare in the US and globally, as well as on expansion in the APAC region, led to numerous business highlights for FY23.

### Business highlights for the year

While navigating uncertain and challenging conditions, in FY23 we recorded many successes including:

**Continued growth in partners and programs:** to 46 partners offering 212 programs (up from 39 partners and 178 programs in FY22)

### Healthcare expansion:

- » **Programs:** university partners added 23 new Healthcare programs with Keypath, the highest annual increase to date
- » **Products:** we continued innovating across Healthcare online higher education by adding new products in Healthcare specialties such as Occupational Therapy, Medical Science Leadership, Social Work and Women’s and Children Health
- » **Clinical placements:** our clinical placement capacity continued to expand while the number of students we placed in a clinical setting for their programs increased to over 18,000
- » **Students graduated:** the numbers of students graduating from Keypath partnered Healthcare programs increased to over 4,500. These figures are expected to accelerate in future years as more Healthcare programs are added and more reach maturity
- » **Revenue:** Healthcare revenue contributed more than half of Keypath’s global revenue for the first time in FY23 (at 55%). The trend of increasing revenue contribution from the large and in-demand Healthcare vertical is expected to continue
- » **Keypath Connect launch:** New and innovative platform of capabilities to enable hospitals to reduce staff costs, time, and turnover. Keypath Connect will allow hospitals to focus on improving quality of care and clinical outcomes to build a sustainable, long-term solution that will transform nursing workforce development

**APAC:**» **Partners and programs:**

- Continued growth in partners in APAC adding three new partners including Melbourne Business School (“MBS”), HELP University in Malaysia and UNSW College, and 13 new programs, of which three were in Healthcare

» **MBS:**

- Launched their #1 ranked MBA<sup>[1]</sup> online for the first time with enrollments exceeding expectations; eight online executive education programs were also launched
- Launched as an online education platform to maximize reach, impact and economics for MBS and Keypath

» **Southeast Asia:**

- Continued development of high quality online higher education. Our partners increased enrollments across the Keypath-supported programs with Singapore Institute of Management and Sunway University
- Added a new partner in HELP University
- Continued innovation in Southeast Asia with UniFastTrack, a pathway program with UNSW College facilitating international student entry into Australian universities, building on our core capabilities in the region

**Continued focus on investment driving growth, profitability and strong cash management:**

- » Revenue growth of 9% (on a constant currency basis). This was US\$126.2 million at guidance exchange rates meeting our FY23 guidance<sup>[2]</sup>
- » Core profit of contribution margin improving 5% to US\$23.1 million in FY23
- » Adjusted EBITDA improving 11% to US\$(9.4) million in FY23. This was US\$(8.4) million at guidance exchange rates which was within FY23 guidance
- » Focus of targeted investment seeing investment reallocated away from the UK and Canada to focus on our core strategy in Healthcare and the APAC region – leading to cost savings and profitability improvements
- » Keypath's balance sheet remains strong with cash (no debt) at June 30, 2023 of US\$46.8 million, and we are confident we are fully funded to cash flow breakeven on our organic growth plans

**Strong forward sales of programs:** 48 programs sold from our future vintages (39 from the FY24 vintage, seven from the FY25 vintage and two from the FY26 vintage) with 37 of the 48 programs coming from the Healthcare vertical

**Best place to work recognition:** in the US by the Chicago Tribune Top Workplaces and Australia by Best Places to Work – Australia

**NONE OF THESE HIGHLIGHTS WOULD HAVE BEEN POSSIBLE WITHOUT THE SUPPORT OF OUR UNIVERSITY PARTNERS IN ADDING NEW PROGRAMS AND NEW PRODUCTS.**

**Building on our track record of growth in partners, programs and products ...**

Universities continue to see the value of our offering by working with Keypath and FY23 was no exception; we add added seven new university partnerships and 16 programs with our existing partners. These partnerships continue to build on our long-term foundation for profitable growth and build on our strong operational track record.

The majority of our programs in FY23 were in Healthcare and in the APAC region, continuing the strategic and investment focus to our more recent vintages.

This continued operational success has seen us continue to grow revenue at a healthy rate.

**... leading to continued revenue growth ...**

FY23 was another strong year for Keypath building on our track record of positive financial performance. Revenue of US\$124.2 million was a 9% improvement (on a constant currency basis) on the prior year revenue.

Our North America revenue (comprising 53% of total revenue) grew 13% to US\$65.7 million driven predominantly by Healthcare.

APAC (comprising 45% of total revenue) also saw growth with revenue increasing to US\$55.9 million, driven by our continued growth in partners, programs (including in Healthcare which now accounts for 22 programs in APAC) and which will continue to build into FY24 with innovative new offerings such as UniFastTrack.

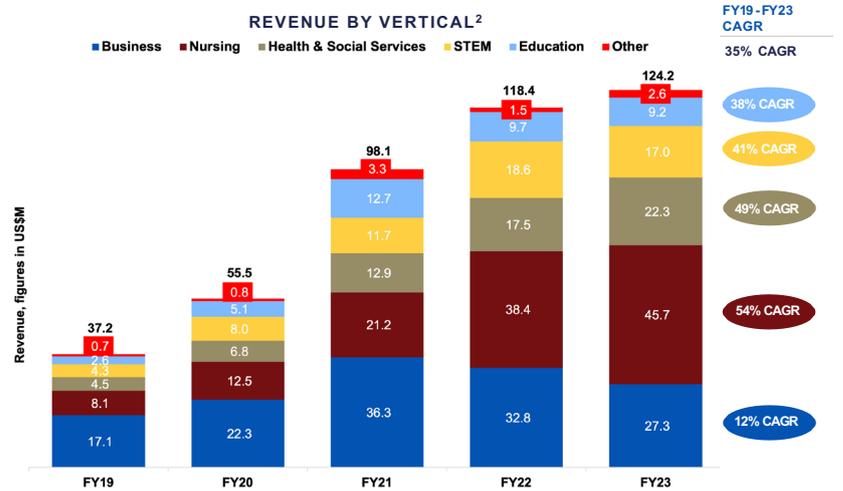
This growth was enabled by our global revenue diversity allowing us to nimbly pivot to verticals, regions and products where we see the most favorable outlook, strengthening our solid long-term foundation for growth and profitability improvements.

1. Source: QS Global MBA Rankings 2023.

2. FY23 revenue guidance was US\$125 million to US\$130 million and FY23 Adjusted EBITDA guidance was US\$(7) million to US\$(9) million on a constant currency basis assuming USD:AUD rate of 0.695.

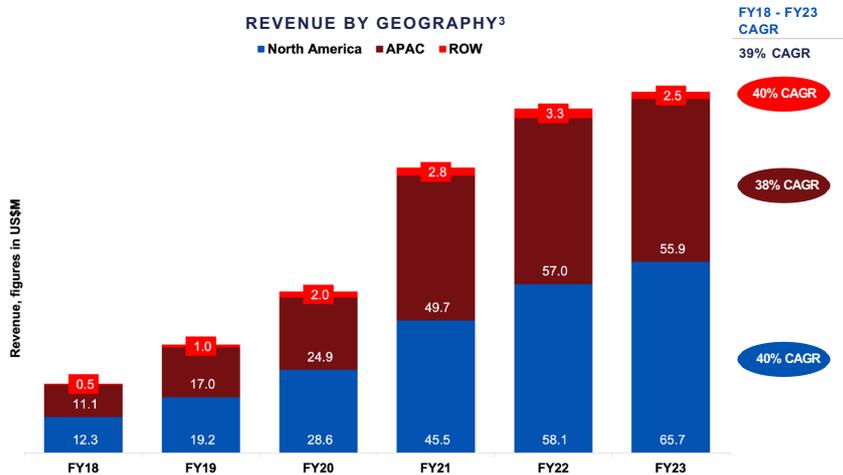
Keypath's diversified revenue by vertical enables Keypath to capture market opportunity in the highest demand verticals at any given time

**52%** Healthcare<sup>1</sup> revenue CAGR FY19 – FY23



Keypath's foundation of strong revenue growth is demonstrated in our geographic diversification and track record

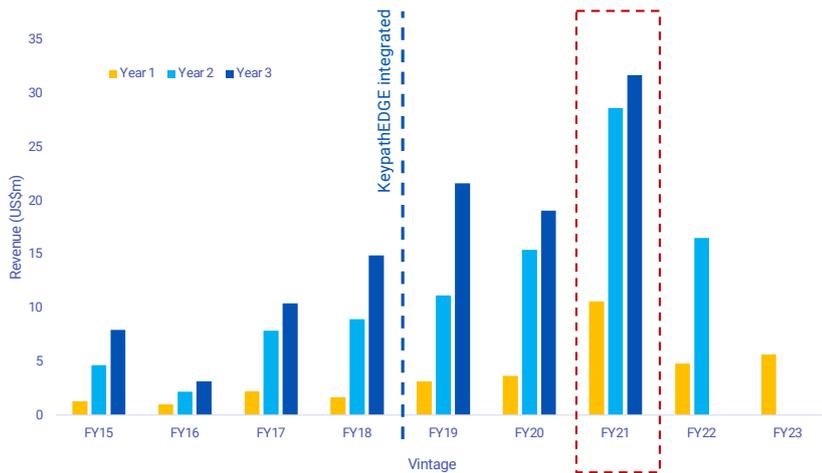
**39%** Revenue CAGR FY18 – FY23



1. Healthcare includes Nursing, Health & Social Services verticals.  
 2. Other primarily includes law.  
 3. North America region includes the United States and Canada. Asia-Pacific (APAC) region includes Australia, Malaysia and Singapore. The Rest of World includes the United Kingdom.

This strong revenue growth was seen despite FY23 seeing the softening in enrollments in some of our older vintages and the transition year of allocating investment into newer vintages where we see programs with improved growth, unit economics and returns profiles.

Building on our data driven approach to program selection through KeypathEDGE



COMMENTARY

- 1 Our FY21 vintage is performing strongly in its first three years versus vintages pre-KeypathEDGE and is indicative of the impact KeypathEDGE has had on our more recent vintages
- 2 We expect this positive momentum in the quality of our vintages to continue given the amount and quality of our proprietary data and technology informed pipeline of partners and programs driven by KeypathEDGE
- 3 We now expect the majority of newer vintages to be US\$25 million - US\$35 million at mature steady state revenue and achieve contribution margins of 40% - 60% following our proven unit economic model

... and improving profitability ...

Keypath is focussed on long-term financial sustainability and balancing growth with profitability. Over the last five years contribution margin has continued to improve, with contribution margin in FY23 of US\$23.1 million, up 5% from FY22. Continued improvement in margin is expected into the future as we deliver on our strategic focus on the US and APAC and across initiatives such as online education platforms.

This progress on core profitability, and the cost leverage our business model enables, has supported our confidence in our target of achieving Adjusted EBITDA breakeven from H2 FY24.

We continue to focus on cash management, with investment of US\$16 million in FY23 (down US\$3 million from FY22) and a strong balance sheet, including cash balance of US\$46.8 million. We are confident we have sufficient financial resources to deliver on our organic growth plans until we reach cash flow positivity.

... underpinned by our people

Our impact, strategy, growth and profitability are predicated on our values-based, mission driven and "people first" approach. Keypathers living our core values of collaboration, commitment, innovation, and life-long learning are critical to everything we do and without it our successes in FY23 would not have been possible.

We have 745 Keypathers representing a diverse, talented and hard-working team, that is reflective of the communities and the students we serve. We work hard to create a rewarding environment for our people and are consistently recognized as a leading place to work.

Conclusion

As shown by our results in FY23, we are successfully building on our strategy of investing our resources in the most attractive markets where we have key competitive advantages. We remain confident in the future of the online higher education sector, and in consolidating our market leading place in key growth areas such as Healthcare and in the APAC region. Our continued innovation and expansion in those markets is providing the foundation for our future growth and profitability improvements.

We are excited about the opportunities we see, including in developing online education platforms, Keypath Connect, and other pathway models. We are focussed on driving impact and access to the highest quality partners and programs to solve global skills shortages, while also driving growth and profitability for Keypath.

Amidst these opportunities, we are committed to helping our university partners harness innovation to take advantage of these developments, in particular through our proprietary KeypathEDGE platform, which optimizes the services we provide to our partners and the courses those partners can offer – broadening their impact and the experience they can provide to their students.

This strong business performance and strategic focus shows the continued opportunity that exists for Keypath to "Transform Education, Transform the World" and we thank our people, university partners, shareholders and other stakeholders for taking part in this journey with us.



Steve Fireng  
 Founder, Executive Director and Global CEO,  
 Keypath Education

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

Keypath university partner programs attract students looking to upskill or reskill to prepare for the future of work in an increasingly knowledge-based economy facing significant skills shortages, particularly in areas such as Healthcare. Keypath has 745 employees around the world and operates out of offices in Chicago, Kuala Lumpur, Melbourne and Sydney.

We are focussed on the large and in-demand Healthcare vertical in the US and globally while our APAC operations continue to leverage our market leadership and core strengths to lead innovation in higher education to maximize access in that large and fast-growing market.

As a global EdTech company, our vision is to be a leader in education transformation – the key that unlocks greatness in educators and individuals.

By transforming education, together we can transform the world for the better in a sustainable way for individuals (including our people), partners, and society in general.

We partner with leading universities to offer high quality online programs and other services across the most in-demand disciplines globally.

## Keypath at a glance

Growing, global business in an attractive market with strong underlying fundamentals



**46**  
Global university partners



**212**  
Total active programs



**745**  
Employees<sup>1</sup>



**Best place to work**  
Awards in Australia, Canada and the US



**22%**  
FY23 Healthcare revenue growth rate



**US\$124.2m**  
FY23 revenue  
(within FY23 guidance at **US\$126.2m** at guidance exchange rates)

(+5% from FY22, +9% constant currency)

**53%** North America revenue  
**45%** APAC revenue  
**2%** ROW revenue

**US\$46.8m**  
Cash balance (expected to be fully funded to cash flow breakeven)

**US\$(9.4)m**  
FY23 adjusted EBITDA (within FY23 guidance at **US\$(8.4)m** at guidance exchange rates)

(+11% from FY22)

**H2 FY24**  
Adjusted EBITDA breakeven target

## Keypath's real and measurable impact shows we are fulfilling our purpose

Keypath significantly extending the reach of high-quality higher education in the most in demand areas

Expanding reach of higher education

**>104,000**  
Annual enrollments

**~90%**  
Of students are outside geographic footprint<sup>2</sup> of university

**57%**  
Per annum growth 2016 — 2020 in Keypath regional enrollments in Australia<sup>3</sup>

**51%**  
Of enrollments in Keypath's programs are students from 'low' to 'medium' socio-economic areas<sup>4</sup>

Solving Healthcare shortages

**29**  
Partners with Healthcare programs

**118**  
Healthcare programs

**>18k**  
Clinical placements

**23**  
New Healthcare-focused degree and graduate certificate programs in FY23

1. As of June 30, 2023.  
2. In the US, defined as 25 miles  
3. Outperforming the industry average in Australia of just 8% p.a.; Source for Australia: DESE 2020 Data, 'SES Assessment' Keypath Impact Model (PowerBI) August 2022); source for US: www.ers.esda.gov. Remote and regional students are by post code that fits with USDA ERS definition of "Non-Metro"; low / medium / high income levels are categorized on a county-by-county basis as a % of state median income (Low = County Median Household Income <=75% of State Median, Medium = County Median Household Income >75% and <= 100% of State Median, High = County Median Household Income >100% of State Median).  
4. In Australia, compared in Australia to 36% for programs offered through on-campus study modes at the same universities; sources same as footnote 2.

## Global strategy

In delivering on our purpose, Keypath is focusing our strategy on the most attractive markets where we have the competencies to make the largest positive impact, namely online higher education in Healthcare in the US and globally, and in the APAC region.

As the higher education EdTech sector continues to evolve post COVID, Keypath is proactively and strategically focusing our resources on the parts of the market where we can make the greatest possible impact for our partners and their students.

Focusing our strategy on markets where we have the competencies to make the largest positive impact



This is reflected in our long-term priorities to focus on the key drivers of growth, profitability and capital allocation:

### 1. Optimize the base:

- Optimize our portfolio/reallocating investment capital
- Drive mature vintage contribution margin
- Execute growth plans on new vintages

### 2. Grow in Healthcare:

- Existing product (e.g., Accelerated Bachelor of Science in Nursing (“ABSN”)) expansion
- New Healthcare product launches across a Healthcare online education platform
- Expand Australia clinical programs with our competitive advantages in Healthcare capabilities

### 3. Expand in APAC:

- Expand via enterprise relationships with leading universities
- Expand offerings across online education platforms
- Grow new partners in Southeast Asia
- Continue to drive innovation in Higher Education across the region

### 4. Continue our path to profitability with Adjusted EBITDA profitability from H2 FY24

1. HolonIQ. Estimate assuming healthcare is approximately 10% of the overall global online and alt cred education market. Healthcare spending accounted for ~10% of total GDP globally and graduate education in Healthcare accounted for ~16% of total graduate education in the US.  
 2. Lancet 2022; 399: 2129–54 Published Online May 23, 2022.  
 3. 2022-2023 Enrollment and Graduations in Baccalaureate and Graduate Programs in Nursing. Washington, DC: American Association of Colleges of Nursing.  
 4. HolonIQ

## Reallocation of investment to US Healthcare and APAC in FY23

These strategic priorities and focus led us to re-allocating capital and resources in FY23 from the UK and Canadian operations into the US and APAC operations where we see the greatest ability to achieve our purpose.

As a result, we reduced our workforce by approximately 50 people and restructured our Canadian, UK and some US operations to best support our strategic focus on Healthcare in the US and growing throughout the APAC region.

The restructuring and increased focus on US Healthcare and APAC expansion is expected to result in margin accretion over the medium term.

## Healthcare

**Healthcare is a huge market with significant shortages in skilled workers. Comprising 55% of Keypath FY23 revenue, Keypath is ideally positioned to deliver high quality online Healthcare higher education along with the critical clinical components of courses, to help satisfy the global market and societal demand for Healthcare professionals.**

### Why the focus on Healthcare?

Healthcare worker shortages is an issue globally. The scarcity of Healthcare workers poses significant challenges to the delivery of quality Healthcare services and undermines efforts to improve population health. This issue is particularly critical in the wake of the COVID-19 pandemic, which has placed an unprecedented strain on Healthcare systems worldwide.

Several factors contribute to Healthcare worker shortages. An aging population and increasing demand for Healthcare services have outpaced the supply of Healthcare professionals. The rising prevalence of chronic diseases and the need for long-term care have further exacerbated this issue. Inadequate investment in Healthcare education and training programs has resulted in a limited pipeline of qualified Healthcare workers. Insufficient funding and limited resources for medical schools and nursing programs hinder the production of an adequate workforce.

These shortages have been detailed in recent publications including the Lancet<sup>[1]</sup> which indicated a global shortage of Nurses and Midwives of 30.6 million and the National Skills Commission stating 301,000 more health and social care workers are needed in Australia from 2021 – 2026<sup>[2]</sup>.

The consequences of Healthcare worker shortages are far-reaching. Patient care suffers due to longer wait times, reduced access to specialized services, and decreased quality of care. Overworked Healthcare workers may experience burnout and diminished job satisfaction, impacting their performance and morale. This all can reduce the health outcomes of citizens across countries (and particularly in regional areas) diminishing quality of life.

Mental health challenges are also on the rise driven by societal pressures, economic instability, and the impact of the COVID-19 pandemic. The prolonged periods of isolation, fear, and uncertainty have taken a toll on people's well-being, affecting individuals, families, workplaces, and communities. Societies are looking to prioritize mental health support to address these significant challenges including by increasing access to mental healthcare services; this can mainly be done by increasing the access to Healthcare education across communities.

### Keypath is a leading EdTech provider in the global Healthcare space with extensive clinical placement expertise and reach

Keypath is at the forefront of solving this societal problem in the global online Healthcare higher education market, which has an estimated size of US\$12 billion by 2025<sup>[3]</sup>.

With 29 partners delivering 118 Healthcare programs (19 of which have Student Placement services), Keypath is leading the development and delivery of high-quality Healthcare programs. To solve the critical clinical placement challenge faced by many Healthcare programs, Keypath has developed over 15,000 clinical and field placement relationships which have delivered over 18,000 clinical placements as of June 30, 2023, a significant proportion of which were in regional and remote areas.

1. Lancet 2022; 399: 2129–54 Published Online May 23, 2022.

2. National Skills Commission (<https://www.nationalskillscommission.gov.au/insights/projecting-employment-2026>).

3. Source: HolonIQ. Estimate assuming healthcare is approximately 10% of the overall global online and alt cred education market. Healthcare spending accounted for ~10% of total GDP globally and graduate education in healthcare accounted for ~16% of total graduate education in the US.

Healthcare worker shortages are across many Healthcare disciplines; as a result, over time Keypath has helped deliver programs across a wide range of Healthcare disciplines including:

» **Nursing:**

- Accelerated Bachelor of Science in Nursing (“ABSBN”) is a 12-18 month program of study for individuals who already hold a college degree and are pivoting to the profession of nursing. Upon successful graduation, graduates are eligible to sit for registered nurse licensure exam
- Master of Science in Nursing (“MSN”) allows for advanced nursing studies in specialty areas that include clinical (nurse practitioner specialties) and non-clinical (e.g. leadership, administration, and education) in both full-time and part-time pathways
- Doctor of Nursing Practice is a clinical doctoral degree that focuses on quality and evidence-based practice. There are full and part-time plans of study for individuals who hold a master’s degree or bachelor’s degree

» **Social Work:** Master of Social Work leads to a professional qualification for individuals with existing undergraduate degrees, enabling graduates to enter the profession of social work

» **Speech Language Pathology:** Master’s level degree that prepares individuals for certification examination in the discipline of communication science and disorders including language, speech and swallowing. The full-time plan of study is typically two years and includes clinical experiences

» **Mental Health:** Postgraduate degrees that graduate students with patient-centred knowledge to work in and lead multidisciplinary teams and programs with a focus on mental health and well-being

» **Counseling:** Master of Counseling is a graduate program qualifying students as counseling professionals in areas such as social work, teaching and other community-based roles

» **Psychology:** Graduate Certificate and Diplomas in Psychology is the first step towards pursuing a career in psychology where individuals gain knowledge and skills to be able to apply psychological science in a range of disciplines, including healthcare, business management, HR, urban planning, sport performance, public service, and more

» **Pharmacy:** Doctor of Pharmacy is a clinical/practice doctorate preparing individuals for licensure as a pharmacist to assess, dispense, manage and provide education on drug therapies. It typically takes four academic years to complete the degree plan including experiential (practical) learning rotations in a variety of settings

» **Public Health:** Master of Public Health is directed at professionals wanting to develop specialist knowledge and skills that span health data, education and promotion, and graduate ready to develop public health programs at a local, national or global level

» **Occupational Therapy:** Master of Science in Occupational Therapy is a graduate degree preparing individuals assess and develop plans to promote independence and quality of life in everyday activities. Full-time plan of study is typically two years

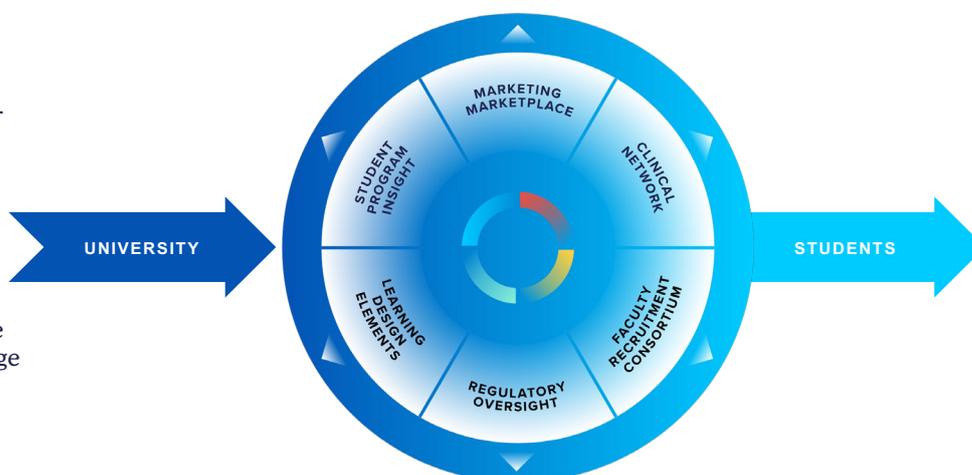
These disciplines have been offered as part of our Healthcare platform where the student and university can work with Keypath for all the services needed to complete these courses and create practice ready Healthcare professionals.

## Keypath has built a proprietary platform to benefit universities, students and the Healthcare industry

The capabilities will continue to expand as the platform grows, further benefitting all stakeholders; it is why partners choose us and it can’t be replicated or disintermediated.

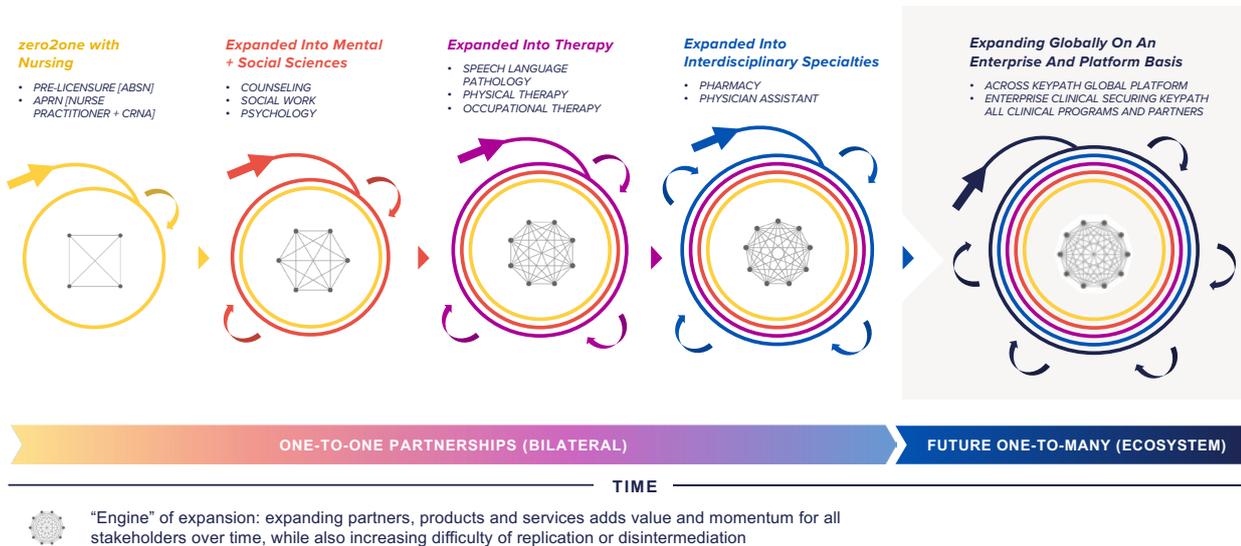
Keypath provides a “catch all” solution for universities to scale quickly in online Healthcare education

Universities are the only bodies who can confer degrees to qualify people to solve this healthcare shortage



## Building and accelerating the global Healthcare flywheel over time

Building 1) one of the largest, 2) most diverse, 3) global online Healthcare education offerings



Being in a position to deliver programs across such a wide range of Healthcare disciplines and the services needed to support them has been the result of many years of analysis, investment, effort and relationship building to develop our Healthcare flywheel.

### Keypath Connect: Keypath’s proprietary solution to the enormous shortages of Healthcare workers in the US

Hospitals need a steady and predictable supply of practice-ready nurses to ensure quality patient care and relieve staffing issues and burnout.

However the nursing workforce is facing critical issues:

1. Universities lack the capacity to prepare enough new entry-level Bachelor of Science in Nursing (“BSN”) or MSN nurses
2. New graduate nurses require extensive hospital-powered orientation to bridge the gap in practice readiness
3. Nurse retention and turnover challenges strain hospital resources

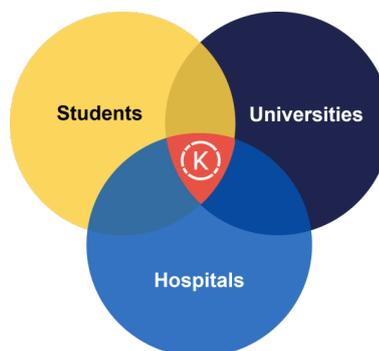
Solving Healthcare’s most critical workforce challenges requires a comprehensive solution that addresses needs across the ecosystem. Keypath Connect seeks to bridge the gap between hospitals, universities, and students with meaningful academic-practice partnerships that develop practice-ready nurses.

Using collaborative design solutions, Keypath Connect helps universities and hospitals align on key elements for entry-level nursing practice including in:

1. Closing the theory-practice skills gap
2. Reducing duplicative educational content and efforts
3. Promoting self-efficacy and embeddedness amongst new graduate nurses

Current strategies to address nursing workforce challenges create an unsustainable burden on hospital resources and don’t address the root of the problem.

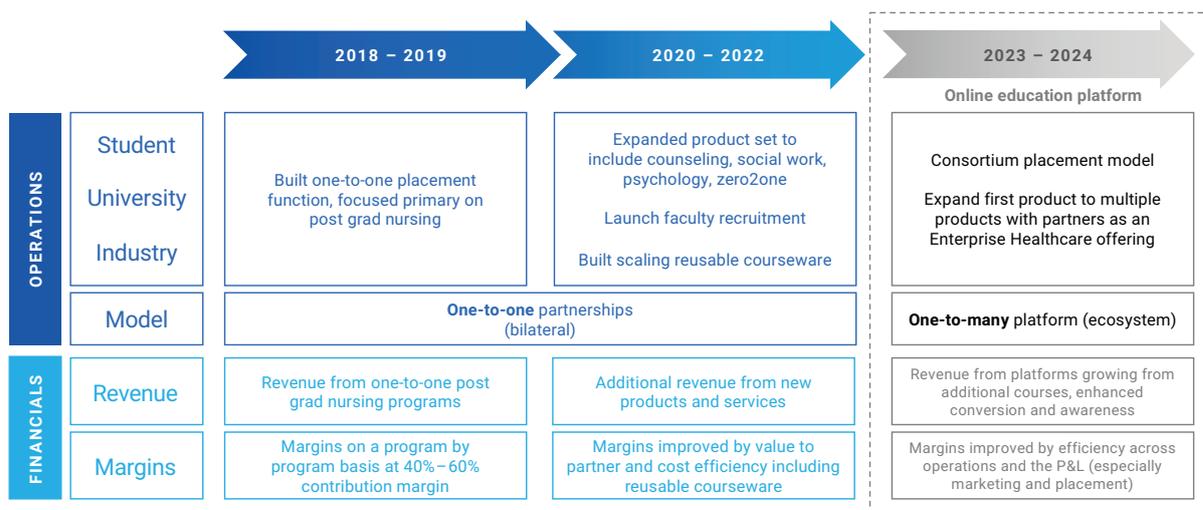
Keypath Connect enables hospitals to reduce staff costs, time, and turnover allowing them to focus on improving quality of care and clinical outcomes to build a sustainable, long-term solution that will transform nursing workforce development.



## Building on this to create the Healthcare online education platform of the future

In a huge market with such significant shortages, Keypath is focussed on delivering online higher education in Healthcare to continue to meet the demand for Healthcare workers in the most long-term sustainable way that also enhances Keypath revenue and profitability.

Using the existing head start to pull further ahead of the competition



## APAC

Keypath is the leader in online higher education in APAC with 11 education institutions in Australia and a market leading position in Southeast Asia, already partnering with three leading private institutions in Sunway University and HELP University in Malaysia and Singapore Institute of Management in Singapore. This strong foundation ideally positions Keypath to continue to drive innovation in higher education in APAC to meet the significant and increasing demand for high-quality higher education in the region.

### Keypath's strong foundation for growth in APAC

Since 2014, Keypath helped develop the online higher education market in Australia and has as many university partners as our competitors combined. Keypath is using this foundation to grow further into APAC by entering the Southeast Asia market, the largest EdTech growth region globally, with significant opportunities for us to innovate to continue to deliver on our mission to "Unlock Greatness" in educators and students.

#### Proven track record in APAC



---



**11** Australian educational institutions



**Full enterprise agreements**  
With many partners



**Healthcare expansion**  
Underway with 22 Healthcare programs



---



**3** Leading private institutions  
Keypath partners with in two major markets with more to come



**Largest EdTech growth region**  
In Southeast Asia with international markets growing 2x as fast as U.S. ability to scale with existing and new partners' online adoption journey



**Strategy**  
Build on three enterprise-level partnerships with online education platforms across the business and STEM / Future of Work areas, then Healthcare

## Why expand into Southeast Asia?

Southeast Asia is a rapidly growing and evolving higher education market driven by:

- » **Increasing demand:** the rising demand for higher education in Southeast Asia is driven by population growth, a growing middle class, and an increasing emphasis on the value of education for career prospects and social mobility
  - Between 2000 and 2018, the relative increase of students enrolled in higher education institutions in Southeast Asia tripled<sup>[1]</sup>
- » **Population and demographics:** Southeast Asia has a large and young population, which creates a substantial pool of potential students. According to the United Nations, the region's population is projected to reach over 700 million by 2030<sup>[2]</sup>, providing a strong base for the higher education market
- » **Economic development:** rapid economic growth in Southeast Asia has resulted in increased investment in education. As countries in the region strive to enhance their knowledge-based economies, higher education institutions play a crucial role in providing the necessary skills and expertise
- » **Government initiatives:** governments in Southeast Asia have prioritized education as a key development agenda. They have implemented policies and initiatives to expand access to higher education, improve quality assurance, and attract international students. Examples include:
  - Malaysia Ministry of Education announced sector-wide support in 2017
  - Skills Future initiative launched by Singaporean government in 2015 to address skills gaps can be met through online delivery
- » **Internationalization:** Southeast Asian countries have been actively attracting international students, contributing to the growth of the higher education market. The region's cultural diversity, affordability, and the availability of English-taught programs have made it an appealing destination for students from around the world. In 2018, there were over 324,000 international tertiary students studying in Southeast Asia, an increase of over 100,000 students since 2013 where just under 240,000 international tertiary students<sup>[3]</sup>
- » **Technological advancements:** the integration of technology in higher education has been a significant driver of growth. E-learning platforms, online courses, and digital infrastructure have expanded access to education, particularly in remote areas

The higher education sector in Southeast Asia has experienced substantial growth in terms of enrollment, internationalization, research output, and institutional development. Governments and institutions are investing in quality and technological advancements to meet the increasing demand for higher education and ensure its relevance in the evolving global landscape.

## Keypath's APAC strategy

Through our market leadership in Australia, Keypath has developed three key competitive advantages driving our APAC strategy:

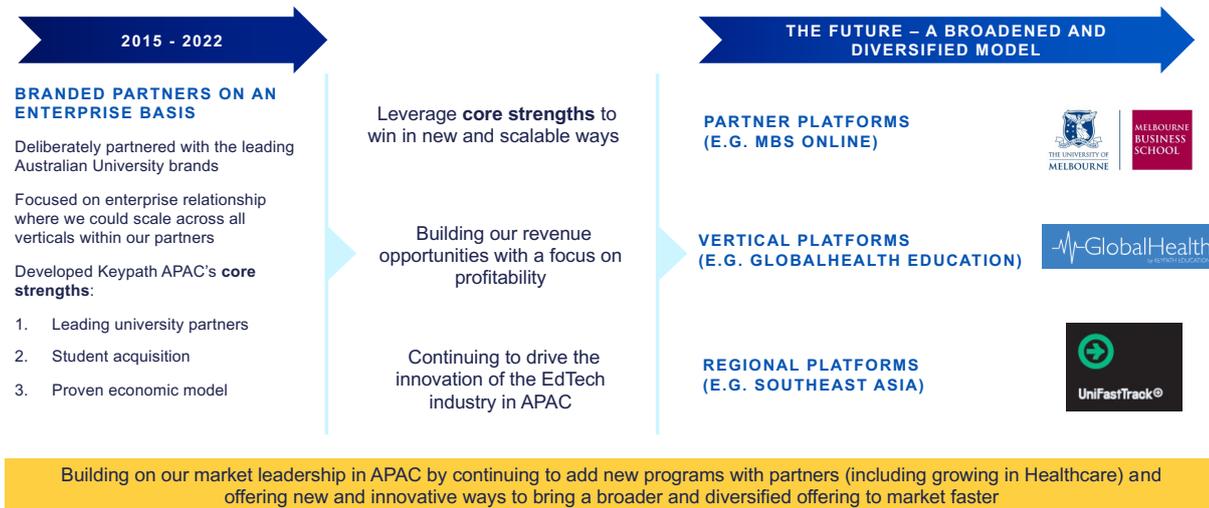
1. **Student acquisition:** since our beginnings in 2014, Keypath has developed significant amounts of data and insights about which courses will appeal to students across our range of verticals and across the regions we operate in. We know which students will suit which programs and can market to these students in the most effective way possible
2. **Proven economic model:** our proven win-win 40% – 60% revenue share economic model works for both:
  - a. Our partners who see increased impact and revenue with minimal financial outlay; and,
  - b. Keypath who benefits from the seven to ten year contract length and 40% – 60% contribution margin throughout the life of the contacts creating long-term returns on the investment we make in the early years of the programs
3. **Leading education institutions:** Keypath has secured leading education institutions in Australia and Southeast Asia creating opportunities to continue to innovate across highly regarded institutions to provide access to an increasing number of students in APAC

These strengths will enable us to continue to add new partners and add new programs with our existing partners while also win in new ways in new geographies with new and innovative offerings such as student pathway models (e.g. UniFastTrack).

1. [www.iesalc.unesco.org/en/2020/12/23/understanding-access-to-higher-education-in-the-last-two-decades](http://www.iesalc.unesco.org/en/2020/12/23/understanding-access-to-higher-education-in-the-last-two-decades).  
 2. [www.population-trends-asiapacific.org/data/sea](http://www.population-trends-asiapacific.org/data/sea).  
 3. [www.statista.com/statistics/1093609/southeast-asia-number-of-international-tertiary-students](http://www.statista.com/statistics/1093609/southeast-asia-number-of-international-tertiary-students).

## Building on our market leading innovation in EdTech in the region

Always innovating on our core strengths to provide the best possible EdTech solutions to our partners and their students



## Building on this to create partner, vertical and regional online education platforms

With this strong foundation Keypath is innovating on our core strengths to provide the best possible EdTech solutions to our partners and their students through online education platforms.

Online education platforms have the potential to transform the landscape of learning by providing accessible and flexible educational opportunities to “meet students where they are.” These platforms offer a wide range of courses and programs on one platform or website, catering to diverse learner needs. These platforms democratize education, breaking down barriers of time, location, affordability, and empowering learners to acquire knowledge and skills in a flexible and accessible manner in a way that best suits their lifestyle.

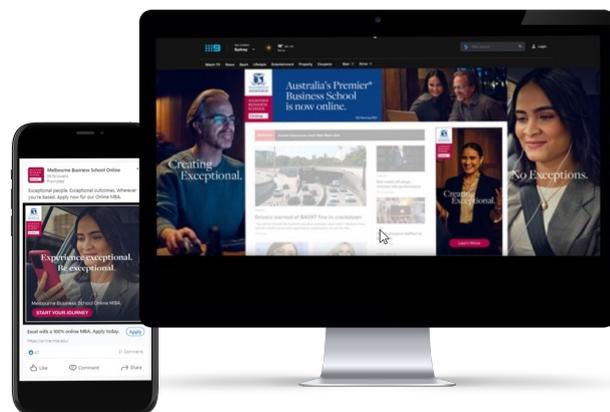
This also facilitates Keypath and our partners maximizing our impact as we can access the widest possible student audience with the widest range of courses possible while also assisting students in their education choices through our subject matter expertise of the offerings on the platforms.

## CASE STUDY OF PLATFORMS:

### Melbourne Business School (“MBS”) and Keypath: above expectations

Enrollments for Australia’s top ranked MBA<sup>(1)</sup> going online ahead of expectations for first intake

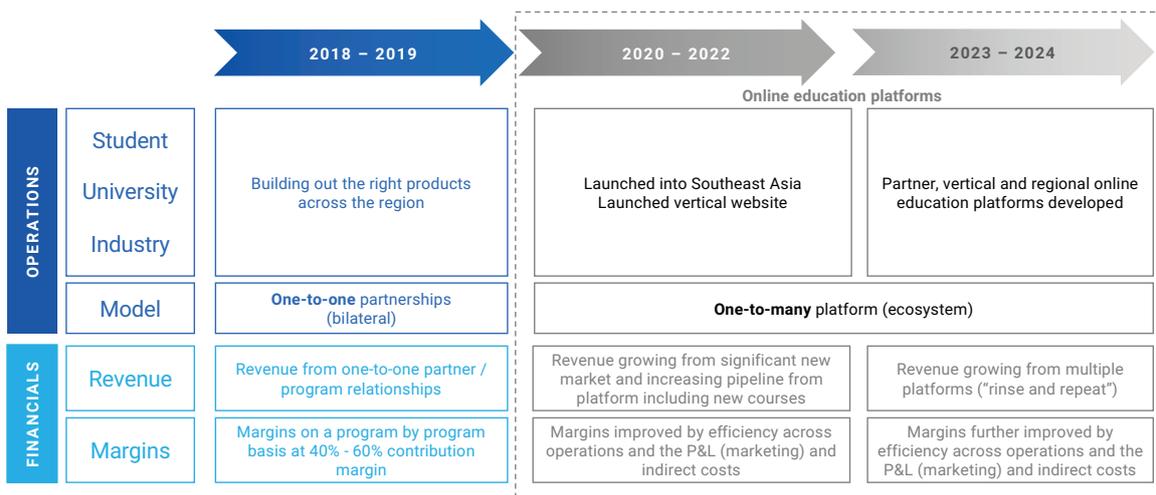
 <p>MBS MBA launching online plus short courses, career accelerators and degrees</p>	 <p>Offered as a platform concept for increased market reach and impact beyond postgraduate programs</p>	 <p>MBS online enrollments ahead of expectations for the first intake with &gt;1/3 of students from outside Victoria</p>
---	---	---



1. QS Global MBA Rankings 2023

## Building the APAC online education platforms

Using our market leadership in APAC to pull further ahead of any competition



### Building on this to create the APAC online education platforms of the future

In a similar way to Healthcare, in such a huge market with such significant demand for quality higher education, Keypath is focussed on driving innovation in online higher education in APAC to continue to “meet the students where they are” in a way that also enhances Keypath’s long-term sustainability, revenue and profitability.

With this market position and track record of innovation across the APAC region, Keypath is looking forward to leading, with our partners, the expansion of high-quality higher education and driving growth and profitability improvements into the future.

### Conclusion

We are excited about the opportunities to maximize our impact, revenue and profitability in the large and in-demand Healthcare vertical in the US and globally and in the APAC region. We are looking forward to communicating our progress in leveraging our core strengths to lead innovation in higher education to maximize access in these large and fast-growing markets throughout FY24.

# Environmental, Social and Governance Report

---

Keypath's 2023 Environmental, Social and Governance ("ESG") Report outlines the continuing positive impact our business makes in terms of sustainability. ESG considerations are inherent in our business model of partnering with leading universities to deliver socially impactful online educational programs in a sustainable way, with opportunity, accessibility, and equality at the forefront of our business.

## Framework: United Nations Sustainable Development Goals (“SDGs”)

Keypath supports the SDGs as a framework for achieving a more sustainable future for the world. Keypath aligns its focus to the following SDGs that we consider most relevant to our business strategy, operations and purpose.



Keypath is right sizing its physical space to the hybrid workforce model thereby responsibly impacting disposables consumption and carbon emissions.

Through our “Work from Anywhere” and “Study from Anywhere” philosophies, our business model inherently has low negative environmental impact.

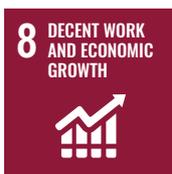


As a global leader in EdTech, Keypath has created opportunity and access to quality education for over 104,000 enrollments in FY23, including maximizing reach to regional and lower socio-economic locations.



Keypath invests in its people and culture by supporting their well-being and mental health.

Keypath’s university partnerships currently offer 118 online healthcare programs to mitigate the shortage of skilled healthcare workers.



Keypath’s overall vision is to Transform Education, Transform the World. By creating access to quality online education in skilled fields of need, Keypath is promoting decent work and economic growth in communities that otherwise do not provide such opportunities for students.



Keypath is a place for everyone, where diversity is embraced and where all contributors, regardless of personal characteristics are celebrated.

## Key achievements and focus areas

Keypath considers the five relevant SDGs as comprising three primary areas of focus:

### Environmental Sustainability

- » Minimizing negative environmental impact while also driving employee engagement for promoting a positive environmental impact

### Social Opportunity through Access and Equality

Community	Employees
» Creating social impact with greater access and opportunity for higher education	» Diversity, Equity and Inclusion (“DE&I”)
» Helping solve some of society’s most pressing challenges in Healthcare availability	» Gender balance
	» A positive culture enabling employees to thrive in their roles

### Strong Corporate Governance and Data Security

Community	Employees
» Data and security	» Operating with responsible and ethical business practices
» Strong governance policies, principles and practices	

This report aims to set out key achievements resulting from Keypath’s ESG activities throughout FY23 and provide a future view of Keypath’s continued pursuit of meaningful corporate sustainability.

## Current ESG Foundations:

While growing our business and continuing to evolve in a “post COVID-19 pandemic world”, we continued several important ESG initiatives in FY23 as further detailed in this report. Most notably, we:

### ENVIRONMENTAL:

- » Expanded our product offering to continue to facilitate “Learn from Anywhere” across courses that traditionally were only offered on campus, including helping Melbourne Business School take their MBA and other short courses online for the first time
- » Continued to explore ways for reducing our overall environmental footprint including an evaluation of office space that resulted in a reduction of leased property square footage aligned to our flexible Work from Anywhere approach
- » Proactively encouraged and facilitated initiatives to educate our workforce and share ideas among staff around sustainability

### SOCIAL:

- » Expanded provision to quality higher education through seven new partners and 34 new programs, including to students in regional and remote regions
- » With our university partners, we launched 23 new Healthcare-focussed degree and certificate programs in fields such as Nursing, Counseling and Health Administration to create opportunities and help solve healthcare skills gaps and shortages
- » Secured over 18,000 clinical and field placements creating localized opportunity and social impact in regional communities across the countries we operate in

### GOVERNANCE:

- » Continued strong governance policies, principles and practices
- » Obtained SOC-2 Type 2 Certification validating the design sufficiency of our administrative, technical and logical controls related to data security and the SOC-2 principles

## Our future ESG goals:

In the rapidly evolving ESG landscape, we are focussed on continuing our journey of sustainability initiatives and reporting in a way that reflects our size and existing environmental, social and governance profile, including in the future:

### ENVIRONMENTAL:

- » Exploring a carbon emissions measurement and reduction strategy addressing Keypath’s global carbon emissions, as appropriate
- » Preparing for upcoming regulatory developments around climate risk disclosure frameworks using at this stage the International Sustainability Standards Board (“ISSB”) framework as the baseline
- » Working with a third party ESG ratings agency to obtain our rating and benchmark

### SOCIAL:

- » Continuing to develop metrics and a long-term social impact strategy and roadmap
- » Taking measurable steps to improve gender balance and diversity across the company and intentionally expanding our outreach to underrepresented groups through Keypath’s hiring processes
- » Bringing new distance education programs to market areas from cyber security to psychology continuing to unlock greatness in educators and individuals to drive a broader positive societal impact, including in addressing key societal skills shortages in areas such as Healthcare

### GOVERNANCE:

- » Continuing to report on innovation, resilience and business continuity initiatives
- » Continued focus on data stewardship and security

We look forward to updating the market on these initiatives in future reporting.



## Environmental Sustainability

### Reduction of physical office space:

Climate change is an issue of global significance and Keypath recognizes that every organization has a role to play in mitigating its impact. Over the past year, Keypath employees continued their preference for a “Work from Anywhere” approach balancing work and life with a hybrid working model where employees can work 100% remote or choose to be in a Keypath office as often as they like. The employee choice-first model for work location allowed Keypath to further evaluate and right size its physical office space requirements in FY23. As a result, significant reductions in square footage have mitigated Keypath’s impact on the environment as smaller building footprints equate to a reduction of green-house gases emitted by building operations, less reliance on automobile transportation, and reduced consumable waste.

- » **USA:** Keypath’s corporate headquarters in Schaumburg, Illinois reduced the leased office space from **26,737** square feet to **6,164** square feet (a reduction of **77%**).

Like Keypath’s physical space in Australia, the office space in Schaumburg is arranged to promote collaboration with open working spaces and multiple conference rooms. Individual desks are reserved through the hybrid working software RobinPowered which provides the user flexibility, visibility and the power to coordinate with co-workers for optimal use of the on-site space.



### Employee engagement around sustainability:

Team Green is comprised of volunteer employees throughout the company and part of their stated mission is to promote environmental values within the business through education and collaboration. Example Team Green-led activities include:

- » Staff engagement surveys to understand and help establish sustainability priorities
- » Sharing educational content with staff, including through educational sessions on topics such as food waste and home gardening, energy and e-waste at home, and sustainable fabric.

Keypath’s second annual environmental sustainability staff survey (some key metrics below) clearly shows that Keypathers desire to be more involved with Team Green and Keypath’s sustainability initiatives. Employees self-reported significant reductions in automobile use with the hybrid working program and reductions in the use of consumable waste and paper. With a high participation rate, respondents were engaged on the topic and offered ideas and insight for a more strategic and meaningful sustainability conversation within Keypath.

How important are environmental sustainability considerations to you?

**>75%** answered either “quite important to me” or “most important to me”

Has working from home increased, decreased or not changed your: **automobile use?**

**>86%** replied “decreased” with 72% of those indicating a decrease of more than 50%

Has working from home increased, decreased or not changed your use of: **non-recyclable packaging and single use items (e.g. food wrap, drink cups, plastic cutlery)?**

**>77%** replied “decreased” with 40% of those indicating a decrease of 25%–50% and 32% indicating a decrease of more than 75%

Has working from home increased, decreased or not changed your: **paper use?**

**>70%** replied “decreased” with over 30% indicating a decrease of 25%–50% and 43% indicating a decrease of more than 50%

### Educational sessions on food waste and sustainability in the home:

In FY23, Team Green organized a workshop and discussion about food waste and home gardening. Team Green shared tips and tricks on how Keypathers can be better consumers and cultivators when it comes to what we do in our kitchens, on our balconies or in our backyards with home sustainability practices shared broadly.

A separate session “*The sustainable garden*” was held to discuss household organic waste and the benefits of using it to improve soil, and the joys of growing your own food. Team Green also provided resources to help people learn more about composting and worm farming.

Additionally, a session “*Assessing your home office*” shared resources on energy consumption, what to do with e-waste, unwanted plastics and corporate clothes. Also highlighted, were Keypath resources that support employees to set up a safe, ergonomic workspace.

Team Green also held a workshop “*The maker mindset*” on sustainable clothing/fabric choices with a Keypather who makes their own clothes, providing real insight into this topic. This workshop was inspired by the fact that many of us need to update our wardrobes post-Covid. We talked about fast fashion and raised some questions about what happens to donated clothing that doesn’t get re-sold. We talked about considering the quality of the materials when buying new goods (for example, synthetics are cheaper but have very low resale value and do not break down easily when they end up in landfill).

### Earth Day 2023:

Team Green’s US team acted on April 22nd by participating in the Great American Clean-Up and Earth Day Celebration with Keep Orlando Beautiful in partnership with the Main Street Districts of Ivanhoe and Mills. Our Australian team also raised awareness of Earth Day through internal communications.

### Resource efficiency & waste management:

While Keypath’s waste footprint is low due to the nature of our business and our Work from Anywhere program, efforts to manage waste are undertaken where appropriate and impactful in our office settings and through education. As it relates to electronic equipment, Keypath’s US operations utilize information technology (“IT”) asset disposition company that picks up our disposals and recycles the raw components and materials. Useable equipment is remarketed rather than disposed.

### Supply chain considerations:

An assessment of Keypath’s supply chain indicates that the top three supplier categories are professional services, IT and digital marketing services with the largest category spend being for digital marketing services. Although the nature of Keypath’s supply chain does not present a material business risk for Keypath, as the company’s operations continue to evolve around sustainability, Keypath will look for opportunities to require suppliers’ alignment to Keypath sustainability values and initiatives.



## Social Opportunity: Access and Equality

### Opportunity through access:

Keypath is committed to changing education with technology and positively benefiting communities with educated, upskilled and reskilled workforces. Together, Keypath and its partners are reimagining online degrees and creating accessible world class training through a sophisticated online approach.

Across the globe, Keypath's partners have served students in more than 200 programs. These programs are purposefully designed to increase opportunity through access; by unlocking capacity constraints in complex, high demand fields. Informed by our proprietary KeypathEDGE platform, we identify patterns and predict trends in markets, consumer behavior and the student experience by analyzing millions of global data points. These insights enable us to develop, design, and deliver the most socially significant online education opportunities in fields that lead to clear career outcomes.

Keypath is particularly focussed on Healthcare programs where there is a demonstrated societal need and strong projected job growth. Informed by the KeypathEDGE analytics, Keypath partners with universities to launch programs that are in demand and that will reach underserved communities. In FY23, Keypath partnered with universities in the US and Australia to offer 23 new Healthcare-focussed degree and graduate certificate programs in fields such as Nursing, Counseling, and Health Administration.

Programs like the distance ABSN are successful due in part to Keypath's ability to create capacity with its established network of more than 15,000 clinical placement sites and over 7,000 active preceptors. Across all of the Keypath-partnered programs that include a clinical component, Keypath has successfully placed over 18,000 clinical and field placements. In the past year, Keypath's placements increased by approximately 80%.

### Keypath Connect:

To support its continued focus on solving the most critical issues of workforce shortage impacting Healthcare, Keypath introduced a new program in the US, Keypath Connect. Led by veteran nurses, the Keypath Connect program is a consciously designed ecosystem that meaningfully provides healthcare systems access to universities and their students to ensure the development of practice-ready clinicians. In leveraging the Keypath Connect program, Hospitals will be able to seamlessly connect with universities to create a clear and attractive pathway for students from their program enrollment to becoming practice-ready nurses. Throughout the program, Keypath provides logistical support and placement coordination, ensuring that all participants across the Keypath Connect ecosystem enjoy a smooth and frictionless journey in preparing practice ready clinicians.



**Opportunity through equality:**

We are proud of our culture, and we know it is one of our greatest strengths at Keypath. When asked in our 2023 Employee Engagement Pulse Survey, the top three reasons Keypathers chose to stay with the organization was overwhelmingly global collaboration with great people, followed by flexibility and our culture of building and maintaining a diverse and inclusive working environment.

Our Global DEI framework is brought to life through Keypath’s Global Employee Resource Groups (“ERGs”) which are 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. ERGs promote appropriate events for advocacy, celebration and education on key issues relevant to the representative groups.

Evidence of our successful Global DEI initiatives is **Keypath being named the winner of the 2022 LinkedIn Talent Awards in the Diversity Champion category** (below 1,000 employees on LinkedIn) – recognizing companies that initiated and inspired meaningful conversations around Diversity, Inclusion Belonging, and Equity. While Keypath was included in the US category given our HQ in Schaumburg, this award recognizes our DEI efforts globally.

**This award is a celebration and acknowledgement of the incredible efforts our ERG teams contribute to meet our DEI mission here at Keypath.**

**Gender equality:**

Keypath unequivocally upholds gender equality principles. Keypath offers forums for all genders with the goals of equality, transparency and education. At Keypath, we continue to promote and host events which focus on celebrating the achievements of the female talent across our business. We ensure to provide many opportunities where women from diverse backgrounds and in various positions of leadership across the organization can share insights, resources and inspiration for all Keypathers. Many of our university partners join us in their commitment to end gendered violence and inequality and we continue to share and spotlight our partner efforts with Keypathers regularly.

We are proud of our gender representation at Keypath. As our female representation statistics show, we have over 40% of women on our Board, led by a female chair and a female chair of the People, Remuneration and Sustainability Committee (“PRS Committee”), and strong representation at senior leadership levels and below. At the time of this report’s release, our female representation at Executive Leadership Team (“ELT”) has increased to 29% as a result of internal promotion of talented female leaders. This is a significant improvement on a statistic that has remained largely unchanged over recent years, and testament to talent and succession planning processes.

	June 30, 2023	June 30, 2022
Female Representation %		
Board of Directors	43%	43%
ELT (direct reports to the CEO)	0%	14%
Senior Leadership Team <sup>1</sup>	57%	59%
Workforce – all employees	67%	66%

1. This is defined based on job title, level and seniority attributed to role, as per information captured by Keypath’s HR Information System.



## Strong Corporate Governance and Data Security

### Board and Audit and Risk Management Committee (“ARMC”) Oversight:

The role of our Board in respect of risk management includes: (a) identifying the principal risks of the Company’s business; (b) establishing the acceptable levels of risk within which the Board expects the management of the Company to operate, and analyzing whether the Company is operating with due regard to the risk appetite set by the Board; and (c) reviewing and ratifying the Company’s systems of internal compliance and control, risk management frameworks and legal compliance systems, to determine the integrity and effectiveness of those systems.

The ARMC assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company’s internal control structure and risk management systems (financial and non-financial). The Executive Leadership Team briefs the ARMC and the Board on privacy and security related risks, as appropriate.

Further information in relation to the central role of the Board and the ARMC in Keypath’s corporate governance and risk management framework is outlined in our Corporate Governance Statement on pages 47 to 55 of this Annual Report.

### Operating with Responsible and Ethical Business Practices:

Keypath conducts business in an honest and ethical way and in accordance with the Keypath [Code of Conduct](#). The Board and management of Keypath are committed to the highest standards of corporate governance to ensure the future sustainability of the organization and to create long-term value for its shareholders. We do this by promoting a culture built around our values of diversity, inclusion, care for our community and the environment.

### Corporate Governance Statement:

Each year Keypath prepares a Corporate Governance Statement which is released to the ASX as part of our Annual Report. The Corporate Governance Statement can be found on pages 47 to 55 and includes details about our Code of Conduct, Whistleblower Policy, our Securities Trading Policy and our anti-corruption commitments.

### Role of Independent Directors:

Keypath recognizes the important 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. This helps ensure that the company is being run in a responsible and ethical manner and that the interests of all stakeholders are being taken into account. Importantly, Keypath’s independent Directors meet separately at the start and/or end of each Board meeting.

### Protecting Human Rights/ Modern Slavery:

Modern slavery is an issue of global significance and Keypath recognizes that every organization has a role to play in mitigating its impact.

Keypath is required under Australian law to prepare a Modern Slavery Statement in relation to our global business operations each year, the statement described the due diligence and actions Keypath has taken to address the risk of modern slavery in its operations and supply chain. Our most recent [Modern Slavery Statement](#) was lodged in December 2022.

Keypath uses a risk assessment methodology to consider a number of indicators of modern slavery including sector and industry, type of products and services, geographical location and specific entity risk. Keypath maps its supply chain for the suppliers comprising around 90% of supply chain spend in each of the United States, Canada, the United Kingdom and Asia-Pacific. Continual risk assessments indicate that our operations and supply chain have a low potential for modern slavery risks.

While our due diligence indicates that Keypath's exposure to modern slavery risk is limited, we are committed to building upon our operations with initiatives targeted to ensure that Keypath plays a part in protecting the human rights of those potentially affected by our business activities. Suppliers entering into Keypath terms of business agree to identify, assess and address risks of Modern Slavery practices in the operations and supply chains used in the provision of their services.

### Keypath's ESG governance and reporting:

With our mission to "Unlock Greatness" and increasing stakeholder focus on sustainability, Keypath is committed to delivering our value proposition in a holistic way, including our sustainability impact. As a matter of importance, and as it relates to shareholder value, the Keypath Board of Directors through the PRS Committee is responsible for oversight of the Company's ESG strategy and risks. The Board, through the PRS Committee, receives periodic updates from management on emerging ESG matters that are relevant to Keypath. After consideration of ESG risks to the business and transparency to stakeholders for relevant risks and mitigation, the Board approves the ESG reporting topics and subsequently this ESG report. Our Executive Leadership Team is accountable for ESG reporting supported by senior management from across the business who account for ESG matters in their functional roles.

### Data security:

Keypath is committed to protecting the privacy and integrity of the data entrusted to us by our university partners, employees, and stakeholders. As privacy and security matters are ever-evolving, Keypath monitors cyber risks, establishes effective protocols and continually trains staff on the importance of being vigilant. Through its corporate governance structure, Keypath maintains a rigorous program to protect data and invests heavily in solutions, controls and internal processes.

Keypath's overall information and cybersecurity structure for the organization is headed by the Chief Technology Officer ("CTO") who manages a team of IT professionals charged with planning, developing, supporting, and maintaining IT processes and initiatives that support the organization's business goals. The CTO is a member of the Executive Leadership Team and reports directly to the Global Chief Executive Officer.

Reporting to the CTO is the VP of IT Infrastructure and Security who manages the Lead Cybersecurity Engineer and various Systems Administrators charged with securing enterprise systems and resources and implementing technology and security initiatives within the organization.

The Confidentiality and Security Team ("CST") is comprised of the CTO, General Counsel, CFO, Legal Counsel (located in North America and APAC), Executive Director of Business Services – APAC, and the VP of IT Infrastructure and Security, and is responsible for working with users, management, and support organizations across the Company to assess risk and implement and oversee prudent security policies, procedures, and controls.

### Cybersecurity measures:

- » In January 2023 Keypath successfully completed a SOC2 Type 2 audit and was issued an independent service auditors report validating the suitability of the design and operating effectiveness of Keypath's technical and organizational measures and related controls. The report was issued without exception or finding by Keypath's third-party auditor, PricewaterhouseCoopers LLP.
- » Keypath developed and maintains information security policies and supporting procedures to protect Keypath and its partner's information assets.
- » Keypath undertakes an annual security awareness training program and deploys periodic phishing simulations for all Keypathers.
- » Keypath's cybersecurity team deploys and maintains technical measures to protect Keypath and its partner's information assets including data encryption, Multi-Factor Authentication, network and endpoint security, protection of privileged accounts, and regular third-party vulnerability scans and penetration tests.

## Third-party Servicer Designation

The United States (“US”) Department of Education (“DOE”) recently issued guidance outlining – and then subsequently delaying – significant changes to longstanding agency interpretations of entities that qualify as “third-party servicers” (“TPS”).

An organization designated as a TPS by DOE is required to, among other terms, agree to be jointly and severally liable to the DOE with any institution it supports for any noncompliance related to services provided, undergo annual compliance audits to assess compliance with federal requirements, and must be reported to the DOE by each institution it supports. If the DOE determines that a TPS has not met DOE regulations or has violated its fiduciary duty, the DOE may fine the TPS or limit, suspend or terminate the ability of a TPS to support institutions that participate in federal student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (“Title IV Programs”). Currently, Keypath believes the services it provides, including those related to student recruiting and retention, do not meet the definition of a TPS.

On February 15, 2023, the DOE announced revisions to TPS guidance through a “Dear Colleague Letter” (“DCL”) to expand the definition of covered activities and exclude certain foreign companies from providing such services. The DCL is a form of policy guidance issued by the DOE generally to interpret a statute or regulation and can be issued at any time by the agency. Based on the originally proposed TPS guidance, Keypath likely would have met the definition of a TPS for its US university partners. Following significant concerns expressed by service providers and universities alike, the DOE quickly updated the guidance on February 28, 2023, to delay implementation and reporting requirements originally scheduled for May 1, 2023, until September 1, 2023, while encouraging comments from the public.

On May 16, 2023, the DOE published another DCL (the “Revised TPS DCL”) rescinding the prohibition on contracting with foreign or foreign-owned servicers (noting the issue may be addressed in future rulemaking), emphasizing the considerable feedback it received, and further delayed implementing the prior guidance and reporting obligations indefinitely. The Revised TPS DCL also noted the deadlines for audit and contractual requirements for entities deemed to be TPS will follow in a future DCL with an effective date no earlier than six months after issuance and the DOE clarified that the audit and contractual obligations will apply to the institution’s first fiscal year that begins after the effective date of such guidance. For now, there is no change to the longstanding DOE guidance regarding the definition of a TPS and no new obligations for universities or organizations that support their missions.

## Incentive Compensation Rule

As previously disclosed, all of Keypath’s university partners in the US participate in Title IV Programs and are subject to extensive regulation by the DOE, as well as various state agencies, licensing boards and accrediting commissions.

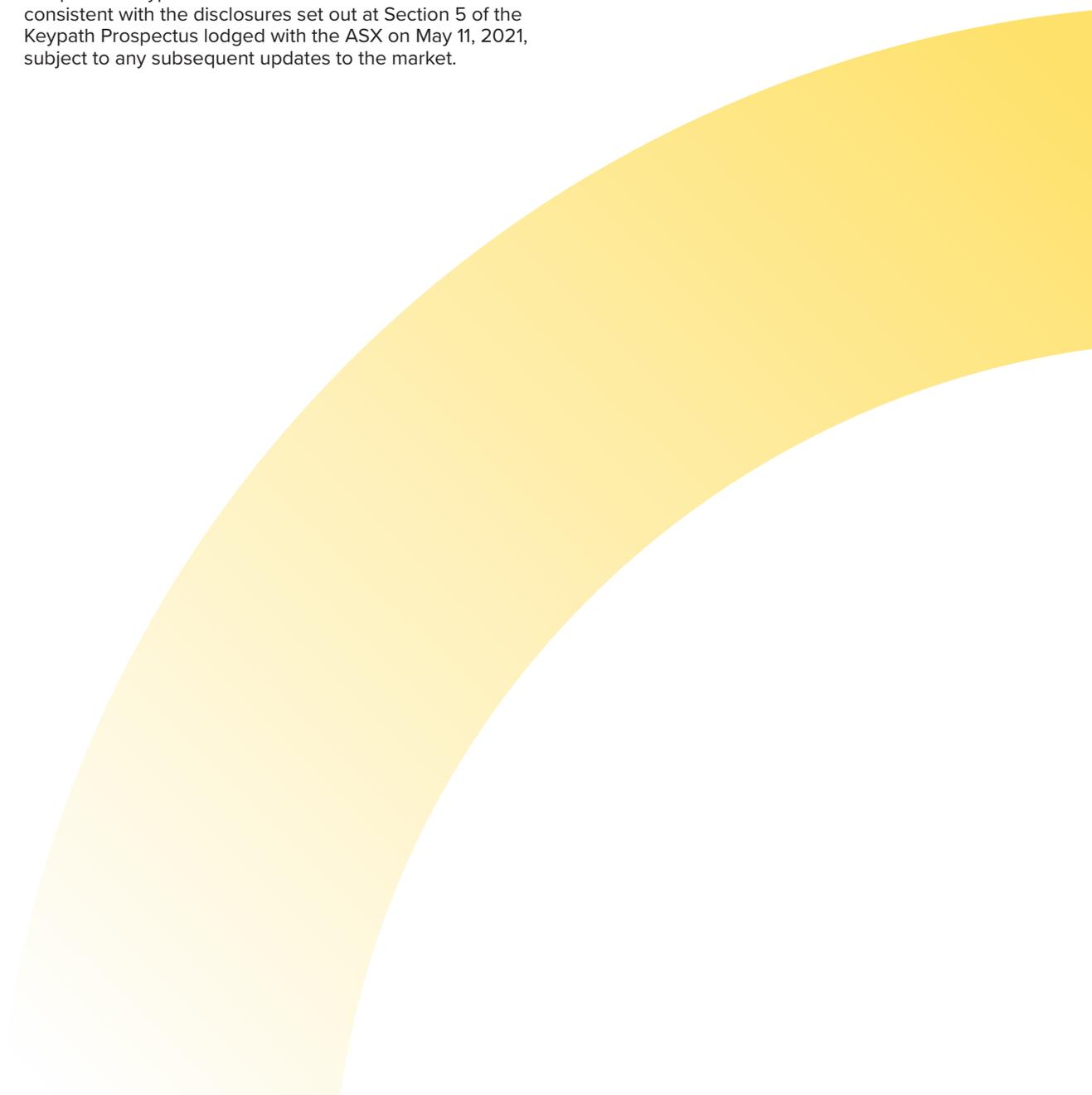
Pursuant to DOE requirements, each US higher education institution that participates in Title IV Programs agrees that it will not “provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity who is engaged in any student recruitment or admission activity, or in making decisions regarding the award of Title IV, HEA program funds” (commonly referred to as the “incentive compensation rule”).

Although the incentive compensation rule generally prohibits entities or individuals from receiving direct or indirect compensation payments for the successful recruitment, admission or enrollment of students, the DOE provided guidance in a March 17, 2011 DCL (the “IC DCL”) permitting certain tuition sharing arrangements between higher education institutions and unaffiliated organizations providing a “bundle” of services that include recruitment and non-recruitment services. This is known as the “bundled services exception.” Keypath’s current tuition share business model (in the US) relies primarily on the bundled services exception to permit tuition sharing agreements with its US university partners.

As evidenced by the recent announcements related to the TPS designation discussed above, there is risk that the rule could be reinterpreted, altered or removed without prior notice, public comment period or other administrative procedural requirements that accompany formal agency rulemaking. Although the IC DCL represents the current policy of the DOE, the bundled services exception could be altered or vacated in the future. In addition, the legal weight the IC DCL would carry in litigation over the propriety of any specific compensation arrangements or the incentive compensation rule is uncertain. Keypath can offer no assurances as to how the IC DCL would be interpreted by a court. The revision, removal or invalidation of the bundled services exception by US Congress, the DOE or a court could require Keypath to change its business model in the US and renegotiate certain terms of its US university partner contracts.

Although the IC DCL remains the longstanding policy, the DOE solicited feedback from the public and conducted “listening sessions” in March 2023 confirming the intent to reconsider prior guidance related to the incentive compensation rule, including with respect to the bundled services exception. Any change to the long-standing guidance is unlikely to prevent partnerships between institutions and third parties, but may change how institutions compensate supportive organizations that are involved in student recruiting, admissions, or financial aid.

In addition to monitoring relevant regulatory updates that may impact our business, Keypath continually monitors its operating environment for any change to the Company’s risk profile. Keypath’s current risk assessment remains consistent with the disclosures set out at Section 5 of the Keypath Prospectus lodged with the ASX on May 11, 2021, subject to any subsequent updates to the market.



# Operating and financial review

---



# Operating and Financial Review

31 KEYPATH  
ANNUAL REPORT  
2023

For the Years Ended June 30, 2023 and 2022

## Highlights of FY23

- » Year ended June 30, 2023 (“FY23”) revenue of US\$124.2 million, 4.9% higher than the year ended June 30, 2022 (“FY22”) (9.1% higher on a constant currency basis). This was US\$126.2 million at guidance exchange rates meeting our FY23 guidance<sup>[1]</sup>. FY23 revenue within Healthcare of US\$68.0 million was 21.6% higher than FY22.
- » Significant partner and program additions: seven new partners and 34 new programs added in FY23; 23 of the 34 programs were in the Healthcare vertical and 13 of the 34 programs added in the year were continuing our expansion in Australia and Malaysia.
- » FY23 contribution margin was US\$23.1 million, up 5.2% from FY22, despite year-over-year comparisons impacted primarily by a tough comparison in FY22 due to the COVID bump in FY22, with timing of launches, and continued pressure in more mature vintages, also contributing.
- » FY23 Adjusted EBITDA was US\$(9.4) million, up 10.9% from FY22. This was US\$(8.4) million at guidance exchange rates which was within FY23 guidance<sup>[2]</sup>.
- » Course enrollments grew 2.6% to 104,157 in FY23 primarily driven by the launch of new programs, partially offset by a decline in enrollments from exited programs. This was driven by the reallocation of investment away from mature vintages (primarily in non-Healthcare programs) into newer vintages aligned with our strategic focus on Healthcare in the US and globally, the APAC region.
- » Revenue per enrollment increased 2.3% to US\$1,192 per student in FY23, as the Nursing, Healthcare and Social Services verticals continued to grow as a percentage of revenue (54.8% of total revenue in FY23 compared to 47.2% in FY22).
- » Strong cash position with US\$46.8 million of cash on hand (no debt) as of June 30, 2023.

## Year ended June 30, 2023 compared to the year ended June 30, 2022

	2023 US\$'000	% of Revenue	2022 US\$'000	% of Revenue	Change US\$'000	Change %
<b>Income statement</b>						
<b>Revenue</b>	<b>124,168</b>	<b>100.0%</b>	<b>118,399</b>	<b>100.0%</b>	<b>5,769</b>	<b>4.9%</b>
Operating costs	(132,849)	(107.0%)	(127,730)	(107.9%)	(5,119)	4.0%
Stock-based compensation expense (one-time)	(1,466)	(1.2%)	(7,240)	(6.1%)	5,774	(79.8%)
Stock-based compensation expense (ongoing)	(2,666)	(2.1%)	(2,136)	(1.8%)	(530)	24.8%
Legacy LTIP Cash Awards	2,000	1.6%	(813)	(0.7%)	2,813	(346.0%)
Restructuring	(1,966)	(1.6%)	–	–%	(1,966)	–%
SEC registration costs	(285)	(0.2%)	–	–%	(285)	–%
Other expense	(689)	(0.6%)	(1,182)	(1.0%)	493	(41.7%)
<b>EBITDA</b>	<b>(13,753)</b>	<b>(11.1%)</b>	<b>(20,702)</b>	<b>(17.5%)</b>	<b>6,949</b>	<b>(33.6%)</b>
Depreciation and amortization	(5,178)	(4.2%)	(4,905)	(4.1%)	(273)	5.6%
<b>EBIT</b>	<b>(18,931)</b>	<b>(15.2%)</b>	<b>(25,607)</b>	<b>(21.6%)</b>	<b>6,676</b>	<b>(26.1%)</b>
Income taxes expense	(774)	(0.6%)	(1,088)	(0.9%)	314	(28.9%)
<b>Net loss</b>	<b>(19,705)</b>	<b>(15.9%)</b>	<b>(26,695)</b>	<b>(22.5%)</b>	<b>6,990</b>	<b>(26.2%)</b>

	2023 US\$'000	2022 US\$'000	Change US\$'000	Change %
<b>Cash flows</b>				
Cash flow from operating activities	(4,624)	(1,705)	(2,919)	171.2%
Cash flow from investing activities	(5,367)	(4,870)	(497)	10.2%
Cash flow from financing activities	(2,154)	-	(2,154)	-%
Effect of exchange rate changes	(194)	(1,697)	1,503	(88.6%)
<b>Net cash flows</b>	<b>(12,339)</b>	<b>(8,272)</b>	<b>(4,067)</b>	<b>49.2%</b>

1. FY23 revenue guidance was US\$125 million to US\$130 million on a constant currency basis assuming USD:AUD rate of 0.695.

2. FY23 Adjusted EBITDA guidance was US\$(7) million to US\$(9) million on a constant currency basis assuming USD:AUD rate of 0.695.

## Revenue

	2023 US\$'000	2022 US\$'000	Change US\$'000	Change %	Organic Growth <sup>(a)</sup>	Foreign Exchange <sup>(b)</sup>
<b>Revenue by region</b>						
North America	65,703	58,096	7,607	13.1%	13.6%	(0.5%)
APAC	55,945	57,040	(1,095)	(1.9%)	5.8%	(7.7%)
Rest of World	2,520	3,263	(743)	(22.8%)	(14.5%)	(8.4%)
<b>Total revenue</b>	<b>124,168</b>	<b>118,399</b>	<b>5,769</b>	<b>4.9%</b>	<b>9.1%</b>	<b>(4.2%)</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\$124.2 million in FY23 compared to US\$118.4 million in FY22, an increase of 4.9%. On a constant currency basis, FY23 revenue increased by 9.1% compared to FY22 when adjusted for unfavorable foreign exchange impacts of US\$5.0 million. The revenue comparability has been impacted in Australia by the COVID-related increase in enrollments due to lockdowns in FY22 and by the expected softening of enrollments in some programs from mature vintages, weighted to the business vertical in 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 98.0% and 97.2% of revenue was generated in FY23 and FY22, respectively.

North America contributed 52.9% of total revenue compared to 49.1% in FY22, driven in part by our continued progress in Healthcare. APAC contributed 45.1% of total revenue compared to 48.2% in FY22. On a constant currency basis, both regions grew their total revenue in FY23 as a result of growing existing programs and also the launch of new programs in key disciplines.

The five largest partners by revenue contributed 41.8%, or US\$51.9 million, to total revenue in FY23 compared to 44.9%, or US\$53.2 million, in FY22. All other partners grew their share to 58.2%, or US\$72.3 million compared to 55.1%, or US\$65.2 million, in FY22, reflecting a growing partner base. This reduction in partner concentration continued the positive trend of diversifying across verticals and programs.

	2023 US\$'000	% of Revenue	2022 US\$'000	% of Revenue	Change US\$'000	Change %
<b>Revenue by vintage</b>						
Mature	53,009	42.7%	66,010	55.8%	(13,001)	(19.7%)
2020	17,398	14.0%	19,029	16.1%	(1,631)	(8.6%)
2021	31,624	25.5%	28,570	24.1%	3,054	10.7%
2022	16,481	13.3%	4,790	4.0%	11,691	244.1%
2023	5,656	4.6%	–	–%	5,656	–%
<b>Total revenue</b>	<b>124,168</b>	<b>100.0%</b>	<b>118,399</b>	<b>100.0%</b>	<b>5,769</b>	<b>4.9%</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, as expected, by US\$13.0 million in FY23, a decline from FY22 of 16.4% on a constant currency basis. This decline was due to tough comparison due to the COVID bump in FY22, softening enrollment environment in some non-Healthcare programs as well as our own reallocation of capital to our newer, more in demand programs, primarily in the Healthcare vertical.

The 2020 vintage declined by US\$1.6 million in FY23. Approximately US\$0.7 million of this decline was foreign currency related with the remainder being driven entirely by non-Healthcare programs and the lingering COVID effect in FY22. Our Healthcare programs in this vintage were up by over US\$0.7 million year-over-year.

The 2021 and subsequent vintages continue to scale toward maturity and reflect the full benefit of the KeypathEDGE platform and are primarily focussed in the Healthcare vertical in the US as well as across all verticals in the APAC market.

	2023 US\$'000	% of Revenue	2022 US\$'000	% of Revenue	Change US\$'000	Change %
<b>Revenue by vertical</b>						
Business	27,337	22.0%	32,751	27.7%	(5,414)	(16.5%)
Nursing	45,713	36.8%	38,399	32.4%	7,314	19.0%
Health & Social Services	22,282	17.9%	17,496	14.8%	4,786	27.4%
STEM	17,025	13.7%	18,557	15.7%	(1,532)	(8.3%)
Education	9,221	7.4%	9,670	8.2%	(449)	(4.6%)
Other	2,590	2.1%	1,526	1.3%	1,064	69.7%
<b>Total revenue</b>	<b>124,168</b>	<b>100.0%</b>	<b>118,399</b>	<b>100.0%</b>	<b>5,769</b>	<b>4.9%</b>

Healthcare includes Nursing, Health & Social Services verticals. FY23 Healthcare revenue was US\$68.0 million, 21.6% higher than FY22. As a percentage of revenue, Healthcare was 54.8% of total revenue in FY23 compared to 47.2% in FY22.

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

	2023	2022	Change	Change %
Partners	46	39	7	17.9%
Active programs	212	178	34	19.1%
Course enrollments	104,157	101,561	2,596	2.6%
Revenue per enrollment (US\$)	1,192	1,166	26	2.3%

As of June 30, 2023, our current program count is 212, which represents an increase of 34 programs from the June 30, 2022 period with 23 coming from the Healthcare vertical.

## 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 also 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.

	2023 US\$'000	% of Revenue	2022 US\$'000	% of Revenue	Change US\$'000	Change %
Salaries and wages	69,016	55.6%	63,342	53.5%	5,674	9.0%
Direct marketing	47,387	38.2%	47,056	39.7%	331	0.7%
G&A expenses	16,446	13.2%	17,332	14.6%	(886)	(5.1%)
<b>Total operating costs</b>	<b>132,849</b>	<b>107.0%</b>	<b>127,730</b>	<b>107.9%</b>	<b>5,119</b>	<b>4.0%</b>

Salaries and wages, excluding stock-based compensation expense, Legacy LTIP Cash Awards, and one-time employee termination charges from restructuring increased by US\$5.7 million, or 9.0%, to US\$69.0 million in FY23. This increase primarily reflects the full year impact of FY22 employee additions, higher mid-year FY23 headcount that was reduced as part of our restructuring later in the year, annual merit-based employee pay increases, and higher employee benefits costs.

Direct marketing slightly increased by US\$0.3 million, or 0.7%, to US\$47.4 million in FY23. This increase is primarily attributed to the growth in active programs and the number and size of programs in their development and launch phase, which was partially offset by spend rationalization for existing programs and reductions from exited programs.

G&A expenses, excluding Restructuring and SEC registration costs, decreased by US\$0.9 million, or 5.1%, to US\$16.4 million in 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 (“SBC”) expense.

	2023 US\$'000	% of Revenue	2022 US\$'000	% of Revenue	Change US\$'000	Change %
<b>Revenue</b>	<b>124,168</b>	<b>100.0%</b>	<b>118,399</b>	<b>100.0%</b>	<b>5,769</b>	<b>4.9%</b>
Direct salaries and wages	(50,548)	(40.7%)	(46,558)	(39.3%)	(3,990)	8.6%
Direct marketing	(47,387)	(38.2%)	(47,056)	(39.7%)	(331)	0.7%
G&A allocated to direct departments	(3,089)	(2.5%)	(2,780)	(2.3%)	(309)	11.1%
<b>Contribution margin</b>	<b>23,144</b>	<b>18.6%</b>	<b>22,005</b>	<b>18.6%</b>	<b>1,139</b>	<b>5.2%</b>
Corporate costs	(31,825)	(25.6%)	(31,336)	(26.5%)	(489)	1.6%
SBC expense (one-time)	(1,466)	(1.2%)	(7,240)	(6.1%)	5,774	(79.8%)
SBC (ongoing)	(2,666)	(2.1%)	(2,136)	(1.8%)	(530)	24.8%
Legacy LTIP Cash Awards	2,000	1.6%	(813)	(0.7%)	2,813	(346.0%)
Restructuring	(1,966)	(1.6%)	–	–%	(1,966)	–%
SEC registration costs	(285)	(0.2%)	–	–%	(285)	–%
Other expense	(689)	(0.6%)	(1,182)	(1.0%)	493	(41.7%)
<b>EBITDA</b>	<b>(13,753)</b>	<b>(11.1%)</b>	<b>(20,702)</b>	<b>(17.5%)</b>	<b>6,949</b>	<b>(33.6%)</b>
SBC (one-time)	1,466	1.2%	7,240	6.1%	(5,774)	(79.8%)
SBC (ongoing)	2,666	2.1%	2,136	1.8%	530	24.8%
Legacy LTIP Cash Awards	(2,000)	(1.6%)	813	0.7%	(2,813)	(346.0%)
Restructuring	1,966	1.6%	–	–%	1,966	–%
SEC registration costs	285	0.2%	–	–%	285	–%
<b>Adjusted EBITDA</b>	<b>(9,370)</b>	<b>(7.5%)</b>	<b>(10,513)</b>	<b>(8.9%)</b>	<b>1,143</b>	<b>(10.9%)</b>

The contribution margin for FY23 improved compared to FY22, primarily driven by higher revenue and effective cost management, partially offset by investments made in new programs, continued pressure in more mature vintages driven by the expected softening of enrollments in some programs, weighted to the business vertical, and the tough comparison to FY22, due to the COVID bump in FY22.

### Depreciation and amortization

	2023 US\$'000	% of Revenue	2022 US\$'000	% of Revenue
Depreciation	924	0.7%	962	0.8%
Amortization of intangible assets	3,593	2.9%	3,291	2.8%
Amortization of acquisition costs	594	0.5%	526	0.4%
Amortization of capitalized implementation cost from hosting arrangement that is service contract	67	0.1%	126	0.1%
<b>Total depreciation and amortization</b>	<b>5,178</b>	<b>4.2%</b>	<b>4,905</b>	<b>4.1%</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

	2023 US\$'000	2022 US\$'000
CDIs in relation to restricted units for Steve Fireng, the existing CEO (legacy/one-time)	647	2,019
CDI Rights in relation to the employee options (legacy/one-time)	819	5,221
Grants to the employees under the 2021 Equity Incentive Plan (ongoing)	2,666	2,136
<b>Stock-based compensation expense</b>	<b>4,132</b>	<b>9,376</b>
<b>Legacy LTIP Cash Awards (legacy/one-time)</b>	<b>(2,000)</b>	<b>813</b>

During 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 of the remaining liability.

### One-time restructuring and SEC registration costs

To continue to focus our strategy and investment on where we can make the biggest impact with our unique competitive strengths, during Q4 FY23 we reduced our workforce by approximately 50 people and restructured our Canadian, UK and some US operations resulting in one-time restructuring charges of US\$2.0 million, of which US\$1.2 million was employee termination related charges and US\$0.8 million was non-cash asset impairments. These activities primarily occurred in our UK and Canada businesses, given our strategic focus on Healthcare in the US and growing throughout the APAC region.

In FY23, after extensive review and analysis, the Company determined it is required to register its shares with the SEC under the US Securities Exchange Act of 1934. In connection with the Company's evaluation of such matters and taking of initial steps to effect the SEC registration, the Company incurred costs, including accounting and legal advice, of US\$0.3 million in FY23. This registration may increase the Company's flexibility to access a broader range of investors in the future and list its securities on a national security exchange, but the Company has no current plans for any such listing or any US capital raising.

Due to the one-time, non-recurring nature of the above costs, they have been removed from Adjusted EBITDA.

### Other expense

Other expense primarily includes foreign currency transaction losses. For FY23, the Company recognized US\$0.7 million in foreign currency exchange losses compared to US\$1.1 million in FY22.

### Income tax expense

For FY23, the Company recorded US\$0.8 million income tax expense primarily related to withholding taxes, minimum state income tax payments and book to tax temporary differences. For FY22, the Company recorded US\$1.1 million income tax expense primarily related to withholding taxes, minimum state income tax payments and adjustments related to prior year differences.

## Cash flows

	2023 US\$'000	2022 US\$'000
<b>EBITDA</b>	<b>(13,753)</b>	<b>(20,702)</b>
Non-cash items:		
Stock-based compensation expense	4,132	9,376
Legacy LTIP Cash Awards	(2,000)	813
Deferred income taxes	434	813
Asset impairments	802	–
Other non-cash items	391	219
Change in net working capital	5,844	8,309
Income taxes paid	(474)	(533)
<b>Cash flow from operating activities</b>	<b>(4,624)</b>	<b>(1,705)</b>
Additions of amortizable intangible assets	(4,649)	(4,315)
Purchases of property and equipment	(718)	(555)
<b>Cash flow from investing activities</b>	<b>(5,367)</b>	<b>(4,870)</b>
Payments of taxes from withheld shares	(1,440)	–
Employee stock repurchases	(714)	–
<b>Cash flow from financing activities</b>	<b>(2,154)</b>	<b>–</b>
Effect of exchange rate changes	(194)	(1,697)
<b>Net cash flows</b>	<b>(12,339)</b>	<b>(8,272)</b>

Net cash used in operations in FY23 increased to US\$4.6 million from US\$1.7 million in FY22, primarily driven by the US\$2.0 million LTIP Cash Awards payments in FY23 and change in the net working capital. The US\$0.8 million non-cash impairment charges are related to long-lived assets, primarily right-of-use assets and capitalized contract acquisition costs.

Net cash used in investing activities in FY23 increased to US\$5.4 million from US\$4.9 million in 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 FY23 was US\$2.2 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 FY22.

## Financial position

A summary of the financial position of the Company as of June 30, 2023 and June 30, 2022 is provided below.

	2023 US\$'000	2022 US\$'000
Cash and restricted cash	46,840	59,179
Accounts receivable and other current assets	13,570	18,957
Accounts payable and other current liabilities	(27,779)	(29,319)
<b>Net working capital</b>	<b>32,631</b>	<b>48,817</b>
Property and equipment, net	1,007	1,260
Goodwill	8,754	8,754
Intangible assets, net	7,589	6,678
Other non-current assets	5,120	7,187
Other non-current liabilities	(469)	(440)
<b>Net assets</b>	<b>54,632</b>	<b>72,256</b>
Common stock	2,140	2,082
Additional Paid-in Capital	257,450	255,530
Accumulated deficit	(204,958)	(185,356)
<b>Total equity</b>	<b>54,632</b>	<b>72,256</b>



**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 of experience 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 – resignation announced to ASX on July 6, 2023, effective September 30, 2023). 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's operational experience includes as Group Executive running Suncorp's entire insurance business, and subsequently Group Executive for Technology, People and Marketing at Suncorp, as well as various profit and loss management roles in her ten years with Citibank.

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. He was appointed as 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's experience in higher education spans four decades, having led both institutional and corporate teams. Prior to founding Keypath, Steve was CEO and President at EmbanetCompass (later renamed Pearson Online Learning Services) 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 American InterContinental University Online and Colorado Technical University Online 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, Remuneration and  
Sustainability 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; remuneration, sustainability and people committee chair, and advisor, with significant international and domestic experience.

Melanie was Group Executive of Human Resources at the CBA, Australia's largest ASX-listed company and a leading provider of financial services globally for more than six years.

Prior to this, Melanie was Global Head of People and Culture with Origin Energy, a top-20 ASX-listed company and Australia's only vertically integrated energy provider. Melanie has also held senior HR leadership roles with Unisys, Vodafone, General Re and Times Mirror, locally and overseas.

Melanie was previously a director and Chair of the People, Performance and Culture Committee with Inflection, a US-based leader in data-driven background screening. Inflection was acquired in May 2022 by Checkr.

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.



**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, ORDE Financial and a Non-Executive Director of Mach7 Technologies (appointed 2020).

Robert holds a Master of Business Administration, a Bachelor of Laws 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 throughout her career.

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, Edify Acquisition Corporation and in 2022 became a board member of eDynamic Learning. In 2023 Susan joined the Board of Mindprint Learning.

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.

## Board

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, Remuneration and Sustainability Committee
Steve Fireng	Chief Executive Officer, Executive Director	» None
Melanie Laing	Independent Non-Executive Director	» People, Remuneration and Sustainability 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, Remuneration and Sustainability Committee
R. Christopher Hoehn-Saric	Non-Executive Director	» People, Remuneration and Sustainability Committee
M. Avi Epstein	Non-Executive Director	» Audit and Risk Management Committee

## Board attendance

The number of meetings of Directors (including meetings of committees of Directors) held during the Reporting Period, and the members' respective attendances, are set out below. Directors hold a standing invitation to attend all committee meetings, regardless of whether they are a member of the relevant committee:

Director	Board of Directors	Audit and Risk Management Committee	People, Remuneration and Sustainability Committee	Nomination Committee
	Attended/Held	Attended/Held	Attended/Held	Attended/Held
Diana Eilert	12/12	6/6	4/4	1/1
Steve Fireng	12/12	–	–	–
Melanie Laing	11/12	–	4/4	1/1
Robert Bazzani	12/12	6/6	–	1/1
Susan Wolford	12/12	6/6	4/4	–
R. Christopher Hoehn-Saric	11/12	–	4/4	–
M. Avi Epstein	12/12	6/6	–	–

## Principal activities

As an EdTech provider, Keypath's principal activities throughout the reporting period were to provide online program management 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.

## 2023 review of operations

During the reporting period Keypath's revenue increased to US\$124.2 million, 4.9% higher than the previous reporting period. This increase in revenue has chiefly stemmed from maintaining strong course enrollments and the launch of new programs in key disciplines, particularly in the Healthcare vertical.

A detailed discussion of Keypath's results for the year ended June 30, 2023 is included in the Operating and Financial Review section of this Annual Report.

## 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, Steve Fireng, Melanie Laing, Robert Bazzani, Susan Wolford, R. Christopher Hoehn-Saric, and M. Avi Epstein. Further details about the current Directors, including the Board Skills Matrix, are set out in the Corporate Governance Statement on pages 47 to 55 of this Annual Report.

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs during the year ending June 30, 2023.

## Environmental regulation

Keypath is headquartered in Chicago, Illinois in the United States and also operates in Australia, Canada, Malaysia, Singapore 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, 2023 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

As a leader within the global online higher education market and with reference to Keypath's 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 increased student enrollment and retention.
- » **New products:** 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. This is reflected in our strategic focus on Healthcare in the US and globally, and the extension of our services to support short courses and university pathway programs in the APAC region.
- » **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 Southeast Asia and 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.

## 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.

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

### Key Management Personnel

Keypath's KMP are:

Executive <sup>(1)</sup>	KMP type	Positions Held	Term
Steve Fireng	Executive KMP	» Global Chief Executive Officer ( <b>CEO</b> ) and Executive Director	Full Year
Peter Vlerick	Executive KMP	» Global Chief Financial Officer ( <b>CFO</b> )	Full Year
Diana Eilert	Chair, Independent Non-Executive Director	» Nomination Committee – Chair » People, Remuneration and Sustainability Committee – Member » Audit and Risk Management Committee – Member	Full Year
Melanie Laing	Independent Non-Executive Director	» People, Remuneration and Sustainability Committee – Chair » Nomination Committee – Member	Full Year
Robert Bazzani	Independent Non-Executive Director	» Audit and Risk Management Committee – Chair » Nomination Committee – Member	Full Year
Susan Wolford	Independent Non-Executive Director	» People, Remuneration and Sustainability Committee – Member » Audit and Risk Management Committee – Member	Full Year
R. Christopher Hoehn-Saric	Non-Executive Director	» People, Remuneration and Sustainability Committee – Member	Full Year
M. Avi Epstein	Non-Executive Director	» Audit and Risk Management Committee – Member	Full Year

1. Refer to the Directors' Report for further information relating to Directors.

## Remuneration Governance

The primary purpose of the People, Remuneration and Sustainability Committee (“PRS Committee”) is to provide an objective review and oversight of people, remuneration and sustainability related policies, frameworks, and practices, so that they:

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

As it relates to People and Remuneration, the Committee assists the Board by reviewing and making recommendations to:

- » Keypath’s Remuneration Policy, including as it applies to Directors and the process by which any pool of Non-Executive Directors’ fees approved by shareholders is allocated to Directors;
- » remuneration packages of the Executive Leadership Team and Non-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.

For more information regarding the Committee’s role and function, particularly in relation to People and Sustainability, please see the Sustainability report on pages 23 to 26 and the PRS Committee Charter which is available on Keypath’s website at [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance).

The PRS Committee met formally 4 times during FY23 with the following members: Melanie Laing (Chair), Diana Eilert, Susan Wolford and Christopher Hoehn-Saric.

Remuneration Advisors may be appointed by the Committee or management to provide external advice. In FY23, the Company engaged external advisors to provide market data and insights, and review remuneration disclosures. When advice and market data is obtained, the Committee follows protocols regarding the engagement and use of external remuneration advisors to ensure ongoing compliance with relevant legislation. No remuneration recommendations were provided in FY23.

## Remuneration principles and framework

### OUR VALUES

BE COLLABORATIVE

BE COMMITTED

BE INVENTIVE

BE A LIFELONG LEARNER



### OUR TOTAL REWARD PRINCIPLES

- ✔ Competitive to attract the best talent
- ✔ Global with local at the heart
- ✔ Aligned to shareholder, and partner success
- ✔ Key driver to unlock greatness
- ✔ Celebrate our culture and values

### OUR REMUNERATION POLICY

Establishes a framework for remuneration that is designed to:

- » support the attraction and retention of the best talent, who will create value for shareholders
- » fairly and responsibly reward all employees, Non-Executive Directors and the Executive Leadership Team, having regard for Keypath’s performance, the performance of the individual and the general pay environment
- » comply with all relevant legal and regulatory provisions

More information regarding the Remuneration Policy can be found on our website at [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance).

## Executive KMP FY23 remuneration

### 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 PRS Committee reviews the base salaries of executives on an annual basis, considering the performance of the Company and the individual.

After no increase in FY22, the Board approved a modest increase to Executive KMP base salaries in FY23.

Name	Base salary at June 30, 2023	Base salary at June 30, 2022	Change %
Steve Fireng, Global CEO	US\$566,500	US\$550,000	3.0%
Peter Vlerick, Global CFO	US\$381,100	US\$370,000	3.0%

### Short-term incentive component

To promote and reward outstanding performance, executives are eligible for an annual cash incentive under Keypath's Incentive Compensation Plan ("ICP"), calculated as a target percentage of base salary.

Details of the FY23 ICP opportunity is represented below. This remains unchanged from FY22.

Name	Target Opportunity (as a % of base salary)	Maximum Opportunity (as a % of base salary)	% Change from prior year
Steve Fireng, Global CEO	60%	108%	0.0%
Peter Vlerick, Global CFO	50%	90%	0.0%

An incentive is only earned if Keypath achieves a minimum global revenue threshold determined by the Board each year and if the executive remains employed by Keypath on the date of payment.

For the FY23 ICP, due to the strategic importance of Keypath achieving profitability, the Board approved increasing the weighting of the Adjusted EBITDA measure from 30% to 40% (and subsequently reducing the weighting of the Revenue measure from 50% to 40%).

The FY23 ICP measures 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.

Name	FY23 ICP Target	FY22 ICP Target	% change
Steve Fireng, Global CEO	US\$339,900	US\$330,000	3.0%
Peter Vlerick, Global CFO	US\$190,550	US\$185,000	3.0%

For FY23, based on the financial and individual achievements of the Executive Leadership Team, the executives earned ICP at 100% of their target bonuses. Overall, financial hurdles were achieved on both global revenue and global Adjusted EBITDA, and the executives successfully accomplished individual objectives. As such, FY23 ICP Actual payments are detailed below.

Name	FY23 ICP Actual	FY22 ICP Actual	% change
Steve Fireng, Global CEO	US\$339,900	US\$286,436	18.7%
Peter Vlerick, Global CFO	US\$190,550	US\$160,578	18.7%

### Long-term incentive component

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.

During FY23 a significant priority for the Board was to review the current executive remuneration frameworks in the context of continuing to meet the objectives of attracting, retaining and incentivizing senior executives. As Keypath's executive team is predominantly US domiciled, our remuneration structures need to take a balanced approach across global pay practices to ensure we retain talent locally and globally within a highly competitive technology sector.

Following the review, equity grants made in FY23 were delivered as Restricted Stock Units ("RSUs") and structured as follows to align with US market practice:

- » Long-term Incentive ("LTI") award: contingent on continued service and vesting after three years
- » Long-term Equity ("LTE") award: aligned to US market practice that is contingent on continued service and vesting in equal tranches over three years

### FY23 Grant:

KMP	LTE # of RSUs	LTE \$ (at grant date 30 Nov 2022)	LTI # of RSUs	LTI \$ (at grant date 30 Nov 2022)
Steve Fireng, Global CEO	676,225	US\$332,063	1,352,450	US\$664,125
Peter Vlerick, Global CFO	227,458	US\$111,694	227,458	US\$111,694

A full copy of the Incentive Plan was announced to ASX platform on June 1, 2021 and more details can be found on our website at [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance).

### Legacy Long-Term Incentive Plan (“LTIP”) Cash Awards

As outlined in the FY21 annual report, Steve Fireng and Peter Vlerick were granted Legacy LTIP Cash Awards, in consideration for the cancellation of Existing Employee Performance Awards at the time of IPO. The Legacy LTIP Cash Awards may have resulted in cash payments to them of US\$2.5 million and US\$0.5 million, respectively, to be paid within FY23.

The performance criteria of the Legacy LTIP Cash Award performance criteria was contingent on the Company achieving a market capitalization of US\$395 million or greater, and the Executive’s continuous employment. The performance criteria was tested at the first anniversary of the IPO, and if not achieved, was to be tested in three-month periods for the following 12 months.

The performance hurdle was not met at the second retesting, at which time the Board exercised their discretion to award an early partial payout of 50% achievement to Mr Fireng and Mr Vlerick. The partial payment resulted in no further opportunity for additional payment under the plan, regardless if the performance hurdle was met at a future time.

In making this determination, the Board considered the following factors:

- » the significant outperformance in key financial performance measures, including Revenue and EBITDA, against the Prospectus;
- » the completion of a successful IPO;
- » the changes in market conditions and adjusted sentiment towards valuations of technology companies, such as those of Keypath’s profile, that impacted market capitalization;
- » the Company’s commitment to maintaining a remuneration structure that effectively motivates and retains executive talent.

#### Legacy LTIP Cash Award outcome:

KMP	Legacy LTIP Award Target	Legacy LTIP Award Received	% Achievement
Steve Fireng, Global CEO	US\$2,500,000	US\$1,250,000	50%
Peter Vlerick, Global CFO	US\$500,000	US\$250,000	50%

### 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.

### 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 high caliber Non-Executive Directors in various geographies with relevant professional expertise. The fees reflect the demands that are made on, and the responsibilities of, these Non-Executive 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, of high caliber and specialized skills as deemed 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 total of Board and Committee fees, including superannuation, paid to Non-Executive Directors in FY23 remained within the approved fee pool.

The Board and standing Committee policy fees are summarized in the table below:

Board/Committee	Chair	Member
Board	A\$200,000	A\$100,000
Audit and Risk Management Committee	A\$25,000	A\$10,000
People, Remuneration and Sustainability 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 of Board committees; and Christopher Hoehn-Saric and Avi Epstein, being associated with Keypath’s majority shareholder, do not receive Non-Executive Director’s fees or, fees for being members of Board committees.

There were no increases to Non-Executive Director remuneration in FY23.

## Equity ownership of KMP

The securities held by Directors, and Executive KMP of the organization, and changes made throughout FY23, is shown below.

### Equity ownership as of June 30, 2023:

Executive Director/KMP	June 30, 2022				Granted as remuneration	June 30, 2023			
	CDI's	CDI Rights	Options	Total		CDI's	Options	RSUs	Total
Steve Fireng	9,362,419	–	1,424,561	10,786,980	2,028,675	9,362,419	1,424,561	2,028,675	12,815,655
Peter Vlerick	–	1,827,170	645,833	2,473,003	454,916	1,251,284	645,833	454,916	2,352,033
Diana Eilert	92,853	–	128,070	220,933	–	92,853	128,070	–	220,933
Melanie Laing	30,997	–	83,246	114,243	–	30,997	83,246	–	114,243
Robert Bazzani	48,097	–	83,246	131,343	–	48,097	83,246	–	131,343
Susan Wolford	30,997	–	83,246	114,243	–	30,997	83,246	–	114,243
R. Christopher Hoehn-Saric	–	–	–	–	–	–	–	–	–
M. Avi Epstein	–	–	–	–	–	–	–	–	–

Note: For details on prior ownership, please refer to prior year disclosures.

# 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 ASX Listing Rule 4.10.3, we are pleased to report our progress and alignment with the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th edition, 2019 (ASX Recommendations).

## Board of Directors

### Board responsibilities

The Keypath [Board Charter](#) governs the Board's operations, role and responsibilities, composition, structure and membership requirements. The Board Charter identifies those matters reserved for the Board and those delegated to the CEO and management team.

Subject to any applicable ASX Listing Rules, the Corporations Act (to the extent applicable), 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 are 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 conducted a review of the Board Charter during the reporting period and approved the charter as constituted. The Board will continue to 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 June 15, 2023.

### 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 (or as a senior executive), the Board undertakes appropriate checks before appointing the person or putting the person forward to shareholders as a candidate for election or appointment. In the case of potential Board directors, 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.

As required by the Board Charter, a written agreement is in place with all current Directors and Senior Executives, setting out the terms of their appointment.

The Nomination Committee conducted a review of the Nomination Committee Charter during the reporting period, and made minor updates to the charter, including amendments to reflect re-alignment between committees. As a result, the Executive Director (i.e., Global CEO) succession planning, remuneration, objective setting and performance assessment now fall under the remit of the Nomination Committee, which is chaired by our Board chair.

The Nomination Committee will continue to review and assess its Nomination Committee Charter and, at least annually, will make any amendments deemed appropriate. The Nomination Committee Charter was last reviewed on February 22, 2023.

### 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 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. The Board has not yet established formal measurable diversity objectives, however, the Company has engaged in a strong program of DEI initiatives, as discussed in this Corporate Governance Statement, and at page 24 of our ESG Report.

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

The Board periodically reviews its Diversity and Inclusion Policy.

### Board performance review and evaluation

In accordance with the [Board Charter](#), the Board undertakes 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, the following reviews have been completed during the reporting period:

Board or Committee	Annual Evaluation Completed
Board	✓
Audit and Risk Management Committee	✓
People, Remuneration & Sustainability Committee	✓
Nomination Committee	✓

Keypath also undertakes 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. During the reporting period the Board undertook a self-assessment of their skills, the results of which are outlined at page 50 of this Annual Report.

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, Remuneration and Sustainability 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 a Board performance review, the Chair establishes the goals and objectives of the Board for the upcoming year and reviews the Board’s skill matrix to assess the Board’s ability to discharge its duties and lead Keypath.

### Executive Leadership Team performance evaluation

The Board approves criteria for assessing, monitoring and evaluating the performance of the Executive Leadership Team. Executive leadership performance is evaluated at least once each reporting period and evaluations have been performed for the 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, Remuneration and Sustainability 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, governed by the [Nomination Committee Charter](#). Its function is 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 comprised of Diana Eilert (Chair), Robert Bazzani and Melanie Laing, each of whom are Independent Non-Executive Directors.

The Nomination Committee meets as frequently as is necessary to discharge its duties, and during FY23 met on one occasion (as well as meeting shortly after the end of the FY23 financial year).

### Structure and composition of the Board

The Board is currently comprised 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.

In accordance with the Board Charter, and with the assistance of the Nomination Committee, the Board members have, during the reporting period, re-assessed their own skills in accordance with the Board’s skills matrix to determine whether the Board possesses the skills needed to address existing and emerging skills and individual director development. The updated skills matrix of the Board is located at page 50 of this Annual Report and the Board has determined that it holds the appropriate mix of skills for a listed entity of the size of Keypath and for the industry in which it operates.

When required to select potential new directors, the Nomination Committee will 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

● ● ● ● ● ● ● ●	<b>STRATEGY</b> Development and/or implementation of enterprise-wide strategy
● ● ● ● ● ● ● ●	<b>FINANCIAL AND COMMERCIAL ACUMEN</b> Understanding of financial accounting and reporting, corporate finance and financial risks; accounting standards and application; business value drivers Experience in smaller, high-growth companies
● ● ● ● ● ● ● ●	<b>EDUCATION SECTOR</b> Understanding of higher education sector Experience with student programs and delivery Oversight or work with university leadership
● ● ● ● ● ● ● ●	<b>TECHNOLOGY AND DATA</b> Information technology strategies, architecture and applications Data analytics Digital platforms and culture Digital disruption/leading-edge tech Cybersecurity
● ● ● ● ● ● ● ●	<b>REGULATION AND POLICY INFLUENCE/DEVELOPMENT</b> Public policy and regulation Environmental and sustainability regulation
● ● ● ● ● ● ● ●	<b>MARKETING, PRODUCT AND SALES</b> Development or oversight of “go to market” implementation – service- or product-based Brand and customer-based design
● ● ● ● ● ● ● ●	<b>INTERNATIONAL MARKETS</b> US Australia Asia Global mindset and experience – significant exposure/working experience in a number of different global environments/jurisdictions (including emerging economies)
● ● ● ● ● ● ● ●	<b>HUMAN RESOURCES</b> 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
● ● ● ● ● ● ● ●	<b>STAKEHOLDER MANAGEMENT</b> 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
● ● ● ● ● ● ● ●	<b>LISTED COMPANY BOARD EXPERIENCE</b> Director (Executive or Non-Executive) of a listed company Committee chair or member of Board sub-committees of a listed company
● ● ● ● ● ● ● ●	<b>RISK MANAGEMENT</b> Development of risk frameworks, prioritization, risk management and risk mitigation Governance and accountability Crisis management
● ● ● ● ● ● ● ●	<b>CAPITAL PROJECTS, ACQUISITIONS AND DIVESTITURES</b> Experience in evaluating projects with large scale financial commitments, investment horizons and major transactions
	<b>KEY</b> ● EXTENSIVE EXECUTIVE EXPERIENCE ● STRONG EXECUTIVE OR BOARD EXPERIENCE ● MODERATE LEVEL OF EXPERIENCE ● LIMITED OR NO EXPERIENCE

### 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 have served as Directors of Keypath entities since 2014. All Directors were re-elected for additional one-year terms at the November 2021 and 2022 Annual General Meetings.

Keypath's independent Directors meet separately at the start and/or 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 are also 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 and Code of Conduct

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 which is reviewed periodically. The [Code of Conduct Policy](#) was last reviewed on May 11, 2021, the date it was adopted.

As expressed in the 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 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.

### 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.

### 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 periodically reviews the Anti-Bribery and Corruption Policy to ensure its effective operation.

## 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 statements and financial reporting process and internal control structure, risk management systems (financial and non-financial) and the external statutory audit process.

The ARMC is constituted pursuant to the [Audit and Risk Management Committee Charter](#) and 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.

The ARMC meets as frequently as necessary to effectively discharge its duties, being a minimum of four times per calendar year. In the reporting period, the ARMC met six times to perform its duties, including in relation to quarterly and half-year financial reporting approvals. The ARMC reviews 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 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 CFO with respect to the financial statements prepared during the current reporting period.

### 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 CFO and 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 processes in place 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:

- » ensure compliance with Keypath's continuous disclosure obligations,
- » clearly set out the responsibilities of the Board, the Company Secretary and all other Keypath personnel, and
- » 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 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 periodically reviews the Continuous Disclosure Policy to ensure its effective operation.

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.

In accordance with Keypath's [Continuous Disclosure Policy](#) and its [Communications Policy](#) (both of which are available on its website at [keypathedu.com/investor-relations/corporate-governance](http://keypathedu.com/investor-relations/corporate-governance)) Keypath releases any new and substantive presentations to ASX prior to delivering any such presentation, it also places any new and substantive investor or analyst presentations on the website ahead of any presentation.

## 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 statements 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 led by a Director of Investor Relations 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 [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance).

Keypath provides shareholders with reasonable notice of shareholder meetings, in line with its regulatory obligations, including details of the time and place of the meeting (which may be held online or in hybrid format, 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 in person by poll (if a physical meeting is held), 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 schedules its shareholder meetings virtually and at a reasonable local time in Chicago and Sydney.

Keypath’s next meeting of shareholders will be its Annual General Meeting in respect of the FY23 reporting period, to be held at:

- » 10:00am Sydney time on November 14, 2023
- » 5:00pm Chicago time on November 13, 2023

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.

## 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 breakdowns of Keypath’s risk controls or other failures of Keypath’s internal controls.

Keypath reviews its Risk Management Policy at least once every reporting period to ensure its effective operation. The policy is available on Keypath’s website at [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance).

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

The Audit and Risk Management Committee is satisfied that its current framework is a sound system of risk management and internal control. The Audit and Risk Management Committee will continue to 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, Remuneration and Sustainability Committee assesses certain risks, including environmental and social matters.

The Board does not believe that Keypath has any material exposure to environmental or social risks. We will continue to conduct a risk assessment in each reporting period.

## Performance and remuneration

The Board has established a People, Remuneration and Sustainability Committee (formerly the People, Performance and Culture Committee) or the "PRS 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 People, Remuneration and Sustainability Committee is constituted pursuant to the People, Remuneration and Sustainability Charter, which is available on the website at [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance).

The PRS 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.

The PRS Committee met four times during the reporting period, 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 [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance). The PRS Committee is responsible for assisting the Board to determine the appropriate remuneration.

The PRS Committee makes 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 PRS Committee also makes 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 46 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 [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/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. The Securities Trading Policy is available on Keypath's website at [keypathedu.com/investor-relations/corporate-governance](https://keypathedu.com/investor-relations/corporate-governance).

# Financial statements

For the Years Ended June 30, 2023 and 2022

- 57 Independent auditor's report
- 62 Consolidated balance sheets
- 63 Consolidated statements of profit or loss and other comprehensive loss
- 64 Consolidated statements of changes in equity
- 65 Consolidated statements of cash flows

## Notes to the consolidated financial statements

- 66 Note 1: Principal business activity and significant accounting policies
- 71 Note 2: Segment and geographic information
- 72 Note 3: Contract assets and liabilities
- 72 Note 4: Property and equipment
- 73 Note 5: Amortizable intangible assets
- 73 Note 6: Leases
- 74 Note 7: Accrued liabilities
- 74 Note 8: Deferred compensation liability
- 74 Note 9: Income taxes
- 76 Note 10: Loss per share
- 76 Note 11: Equity
- 77 Note 12: Stock-based compensation
- 78 Note 13: Employee retirement plans
- 78 Note 14: Related party transactions
- 79 Note 15: Commitments and contingencies
- 79 Note 16: Subsequent events



## Independent auditor's report

To the members of Keypath Education International, Inc.

---

### Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Keypath Education International, Inc. (the Company) and its controlled entities (together the Group) as at 30 June 2023 and of its financial performance and its cash flows for the year then ended in accordance with United States generally accepted accounting principles ("US GAAP").

#### *What we have audited*

The Group financial statements comprise:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive loss for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information

---

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

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 our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

---

### Our audit approach

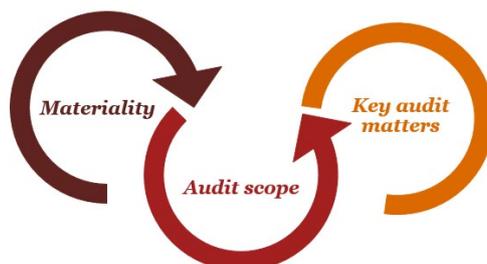
An audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999

Liability limited by a scheme approved under Professional Standards Legislation.



We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> <li>For the purpose of our audit we used overall Group materiality of \$1,240,000, which represents approximately 1% of the Group's revenue.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.</li> <li>We chose Group revenue because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.</li> <li>We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>The Group operates across a single operating segment, being the provision of online program management services. Its head office function is based in Schaumburg, United States of America.</li> </ul>	<ul style="list-style-type: none"> <li>Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:               <ul style="list-style-type: none"> <li>Revenue Recognition</li> <li>Goodwill valuation</li> </ul> </li> <li>These are further described in the <i>Key audit matters</i> section of our report.</li> </ul>

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and



we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue Recognition</b> <i>(Refer to note 1 and note 2) \$124.2m</i></p> <p>The Group recognised revenue of \$124.2m from the provision of online program management services.</p> <p>Revenue recognition is a key audit matter due to the significance of revenue to the Group's financial results and the extent of unbilled revenue, deferred revenue and contract assets recognised by the Group and the related revenue recognised during the year.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Developing an understanding of the process undertaken by the Group to recognise revenue from the provision of online program management services.</li> <li>• Agreeing a sample of revenue transactions to relevant supporting documentation including census data, term sheets, invoices, and proof of payment.</li> <li>• Agreeing a sample of unbilled revenue transactions to relevant supporting documents including forecast enrolments, census data and underlying term sheets.</li> <li>• Recalculating deferred revenue at the end of the year for a sample of transactions based on the service period per the underlying invoice.</li> </ul>
<p><b>Goodwill valuation</b> <i>(Refer to note 1) \$8.8m</i></p> <p>The Group performed a qualitative goodwill impairment assessment as of April 1, 2023. Based on the results of this qualitative assessment, the Company determined that goodwill was not impaired. As a result of the deterioration of the Company's share price in Q4 FY23, a quantitative goodwill impairment review was performed as of June 30, 2023.</p> <p>Goodwill valuation is a key audit matter due to the material impact subjective changes to the assumptions used in the quantitative assessment can have on the valuation.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Testing on a sample basis the mathematical accuracy of key underlying calculations in the quantitative assessment.</li> <li>• Assessing the significant assumptions used in the quantitative assessment by comparing them to historic performance.</li> <li>• With the assistance of our internal valuation experts, assessing the discount rate and terminal growth rate used in the quantitative assessment through comparison to external market data.</li> <li>• Assessing the historical accuracy of the Group cash flow forecasts by comparing prior budgets to actual performance.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial statements and our auditor's report thereon.



Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

### **Responsibilities of the directors for the financial statements**

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with United States generally accepted accounting principles ("US GAAP"), and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

---

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

*J.R.*  
Jon Roberts  
Partner

Melbourne  
28 August 2023

# Consolidated balance sheets

As of June 30, 2023 and 2022

	Note	2023 US\$'000	2022 US\$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash		46,840	58,810
Restricted cash		–	369
Accounts receivable, net of allowance		11,338	16,441
Prepaid expenses and other current assets		2,232	2,516
<b>Total Current Assets</b>		<b>60,410</b>	<b>78,136</b>
<b>Non-Current Assets</b>			
Property and equipment, net	4	1,007	1,260
Goodwill		8,754	8,754
Intangible assets, net	5	7,589	6,678
Operating leases right-of-use assets	6	392	1,090
Contract acquisition cost	3	3,205	3,256
Deferred tax asset	9	1,103	1,507
Contract with customer, non-current portion		26	1,052
Other assets		394	282
<b>Total Assets</b>		<b>82,880</b>	<b>102,015</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable		6,991	8,259
Accrued liabilities	7	12,704	12,874
Deferred revenue	3	7,023	2,542
Income tax payable	9	508	773
Operating lease liabilities	6	553	871
Deferred compensation liability	8	–	4,000
<b>Total Current Liabilities</b>		<b>27,779</b>	<b>29,319</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	9	29	–
Long-term operating lease liabilities	6	440	440
<b>Total Liabilities</b>		<b>28,248</b>	<b>29,759</b>
<b>Shareholders' Equity</b>			
Preferred shares (par value \$0.01 per share, 500,000 shares authorized, zero issued and outstanding in 2023 and 2022)	11	–	–
Common stock (par value \$0.01 per share, 500,000,000 shares authorized, 213,971,128 and 208,223,105 issued and outstanding in 2023 and 2022, respectively)	11	2,140	2,082
Additional paid-in capital		257,450	255,530
Accumulated deficit		(204,283)	(184,578)
Accumulated other comprehensive (loss) income		(675)	(778)
<b>Total Shareholders' Equity</b>		<b>54,632</b>	<b>72,256</b>
<b>Total Liabilities and Equity</b>		<b>82,880</b>	<b>102,015</b>

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

# Consolidated statements of profit or loss and other comprehensive loss

For the years ended June 30, 2023 and 2022

	Note	2023 US\$'000	2022 US\$'000
<b>Revenue</b>	2	124,168	118,399
<b>Operating Expenses</b>			
Salaries and wages		72,150	73,531
Direct marketing		47,387	47,056
General and administrative		22,873	22,237
<b>Total operating expenses</b>		<b>142,410</b>	<b>142,824</b>
<b>Operating Loss</b>		<b>(18,242)</b>	<b>(24,425)</b>
<b>Other Income (Expense)</b>			
Other income and (expense), net		(689)	(1,182)
<b>Loss before income taxes</b>		<b>(18,931)</b>	<b>(25,607)</b>
Income taxes expense	9	(774)	(1,088)
<b>Net Loss</b>		<b>(19,705)</b>	<b>(26,695)</b>
		2023	2022
<b>Loss Per Share:</b>			
Basic and diluted loss per common share	10	\$ (0.09)	\$ (0.13)
Basic and diluted weighted average shares of common stock outstanding	10	213,038,279	208,223,105
		2023 US\$'000	2022 US\$'000
<b>Other Comprehensive Loss:</b>			
Net loss		(19,705)	(26,695)
Foreign currency translation adjustment		103	(874)
<b>Total Other Comprehensive Loss</b>		<b>(19,602)</b>	<b>(27,569)</b>

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

## Consolidated statements of changes in equity

For the years ended June 30, 2023 and 2022

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' 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	–	–	–	(26,695)	–	(26,695)
Currency translation adjustment	–	–	–	–	(874)	(874)
Stock-based compensation (Note 12)	–	–	9,376	–	–	9,376
<b>Balance as of June 30, 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	–	–	–	(19,705)	–	(19,705)
Currency translation adjustment	–	–	–	–	103	103
Stock-based compensation (Note 12)	–	–	4,132	–	–	4,132
CDI vesting, net of payments of taxes from withheld shares	6,817,565	68	(1,508)	–	–	(1,440)
Employee stock repurchases	(1,069,542)	(10)	(704)	–	–	(714)
<b>Balance as of June 30, 2023</b>	<b>213,971,128</b>	<b>2,140</b>	<b>257,450</b>	<b>(204,283)</b>	<b>(675)</b>	<b>54,632</b>

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

## Consolidated statements of cash flows

For the years ended June 30, 2023 and 2022

	Note	2023 US\$'000	2022 US\$'000
<b>Operating Activities:</b>			
Net loss		(19,705)	(26,695)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization	3,4,5	5,178	4,905
Stock-based compensation expense	12	4,132	9,376
Deferred compensation liability	8	(2,000)	813
Deferred income taxes	9	434	813
Asset impairments		802	–
Other, net		691	774
Changes in operating assets and liabilities:			
Accounts receivable		4,484	2,449
Prepays and other		344	(608)
Accounts payable and accrued liabilities		(3,122)	5,908
Deferred revenue		4,400	811
Income taxes payable	9	(262)	(251)
<b>Net cash from operating activities</b>		<b>(4,624)</b>	<b>(1,705)</b>
<b>Investing Activities:</b>			
Additions of amortizable intangible assets	5	(4,649)	(4,315)
Purchases of property and equipment	4	(718)	(555)
<b>Net cash from investing activities</b>		<b>(5,367)</b>	<b>(4,870)</b>
<b>Financing Activities:</b>			
Repayments of taxes from withheld shares		(1,440)	–
Employee stock repurchases		(714)	–
<b>Net cash from financing activities</b>		<b>(2,154)</b>	<b>–</b>
Effect of exchange rate changes on cash and restricted cash		(194)	(1,697)
Net change in cash and restricted cash		(12,339)	(8,272)
Cash and restricted cash at beginning of year		59,179	67,451
<b>Cash and restricted cash at end of year</b>		<b>46,840</b>	<b>59,179</b>
<b>Supplemental cash flows information:</b>			
Income taxes paid		474	533

## 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 and faculty recruitment. Additionally, the continued development and improvement of KeypathEDGE, our proprietary data platform, provides a 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 745 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*.

**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.

**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.

**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 market research, program development, academic services, marketing and recruitment, placement services, student services, faculty recruitment and course development to support online e-learning degree programs offered by universities. Revenue is comprised primarily of a share of tuition fees invoiced to students who enroll in the program courses with customers (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 partners. 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 partners.

As of June 30, 2023 and 2022, the Company’s top five customers comprised over 41.8% and 44.9%, respectively, of total revenue as follows:

	2023	2022
Customer 1	10.4%	12.5%
Customer 2	9.3%	9.3%
Customer 3	8.4%	8.8%
Customer 4	7.6%	7.9%
Customer 5	6.1%	6.4%
<b>Total</b>	<b>41.8%</b>	<b>44.9%</b>

**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.

### 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 behavior 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 profit or loss and other comprehensive income 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 is computed using a straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	7 years
Computer hardware	3 years
Leasehold improvements	Duration of the lease or 7 years

## NOTE 1

## Principal business activity and significant accounting policies (continued)

## Amortizable intangible assets

Intangible assets with a definite life are amortized over their useful lives using straight-line method.

**Software:** Expenditures for software purchases, website platforms and software developed for internal use are capitalized and have useful lives of three years.

**Capitalized Course Development:** Costs related to the development of online learning programs are capitalized and have useful lives of 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 license purchases) as well as salaries and wages and other payroll-related costs of employees specifically involved in development of courses contracted with university partners.

**Acquired intangible assets:** Acquired intangible assets include customer relationships and trade names. These assets are capitalized on acquisition at cost and included in intangible assets. Intangible assets acquired in material business combinations are capitalized at their fair value as determined by an independent valuer and amortized over their estimated useful lives of 12 years.

## Evaluation 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 and changes are reflected prospectively as the asset is amortized over the revised remaining useful life.

## Goodwill

The Company reviews Goodwill for impairment annually as of April 1 of each year, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company tests for goodwill impairment at the reporting unit level, defined as the same as, or one level below, an operating segment. As per the Company's segment reporting, there is one reportable segment which is the OPM business. The goodwill analysis is based on this reportable segment.

When testing for goodwill impairment, the Company performs a qualitative assessment. Based on the results of this qualitative assessment, we determine if it is necessary to perform a quantitative goodwill impairment review. We review goodwill for impairment using a quantitative approach if we decide to bypass the qualitative assessment or determine that it is more likely than not that the fair value of a reporting unit is less than its carrying value based on a qualitative assessment. Upon completion of a quantitative assessment, we may be required to recognize an impairment based on the difference between the carrying value and the fair value of the reporting unit.

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).

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 of April 1, 2023, the Company determined that goodwill was not impaired. As a result of the deterioration of the Company's share price in Q4 FY23, a quantitative goodwill impairment review was performed as of June 30, 2023. No impairment was required to be recognized as the fair value of the reporting unit was determined to be greater than the carrying value.

## Leases

The Company subleases office premises in Canada and Australia and has determined that these would classify as operating leases under ASC 842, Leases. In addition, the Company applies the short-term lease recognition exemption for leases in the US and Malaysia with terms at commencement of not greater than 12 months. The Company does not have any financing 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

**NOTE 1****Principal business activity and significant accounting policies (continued)**

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 profit or loss and other comprehensive income 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 profit or loss and other comprehensive income 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.

**Accrued liabilities**

Liability is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Long service leave and annual leave (specific to Australia):**

The Company does not expect its long service leave or annual leave to settle wholly within 12 months for each reporting date but is recognized as a current liability when the Company does not have an unconditional right to defer settlement. The liability for long service leave and annual leave is recognized and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using market yields at the end of the reporting period of government bonds.

Involuntary termination benefits are accrued upon the commitment to a termination plan and when the benefit arrangement is communicated to affected employees, or when liabilities are determined to be probable and estimable, depending on the existence of a substantive plan for severance or termination.

**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.

## NOTE 1

## Principal business activity and significant accounting policies (continued)

## 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.

## Stock-based compensation

**2021 Equity Incentive Plan:** The Company adopted the 2021 Equity 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 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 "RSUs"); or
- » rights to receive CDIs, which may be based on specified conditions ("Stock Bonus Awards").

The Company accounts for stock-based compensation awards under ASC 718, *Compensation – Stock Compensation*, which requires measurement and recognition of compensation expense for all share-based payment awards based on the fair value.

Stock options 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. All options granted to date vest after a period of three years.

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. Given the considerable judgment involved in these assumptions and complex modeling, we typically obtain assistance from third-party valuation specialists.

The fair value of each RSU granted is equal to the market price of the Company's stock at date of grant.

The Company recognizes stock-based compensation expense on a straight-line basis over the awards' requisite service period, generally the vesting period. See Note 12 for additional information.

**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 CDIs for restricted units that had vested as of the IPO date and the allotment of restricted CDIs for those restricted units that were not vested as of the IPO date
- » 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. All CDI Rights issued under these arrangements were either delivered or forfeited during the year ended June 30, 2023.

Information in relation to these legacy plans is provided in Note 12. Further, cash-based long-term performance awards held by certain employees were also cancelled upon the IPO and replaced by legacy long-term incentive plan Cash Awards ("Legacy LTIP Cash Awards") on the IPO date, see in Note 8 for additional information.

## 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, Malaysian Ringgit and Singapore dollar. 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. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of profit or loss and comprehensive income.

## Recent accounting pronouncements not yet adopted

To date, there have been no recent accounting pronouncements not yet effective that have a material, or potential material, impact to the consolidated financial statements.

**NOTE 2****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 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 years ended June 30, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
<b>Revenue</b>		
US	60,759	53,628
Canada	4,944	4,468
North America	65,703	58,096
APAC	55,945	57,040
Rest of World	2,520	3,263
<b>Total Revenue</b>	<b>124,168</b>	<b>118,399</b>

The following table reconciles the Company's primary measures of profitability, EBITDA and Adjusted EBITDA, to Operating loss for the years ended June 30, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
Operating loss	(18,242)	(24,425)
Other income and (expense), net	(689)	(1,182)
EBIT	(18,931)	(25,607)
Depreciation and amortization	5,178	4,905
<b>EBITDA</b>	<b>(13,753)</b>	<b>(20,702)</b>
Stock-based compensation expense	4,132	9,376
Legacy LTIP Cash Awards	(2,000)	813
Restructuring	1,966	–
SEC registration costs	285	–
<b>Adjusted EBITDA</b>	<b>(9,370)</b>	<b>(10,513)</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.

## Notes to the consolidated financial statements

For the years ended June 30, 2023 and 2022 (in thousands of US dollars)

### NOTE 3

#### Contract assets and liabilities

##### Contract Acquisition Costs

Sales commissions capitalized for the years ended June 30, 2023 and 2022 were \$801 and \$1,386, respectively. Total amortization during the years ended June 30, 2023 and 2022 was \$594 and \$526, respectively.

Contract acquisition costs consisted of the following as of June 30, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
Gross carrying amount	5,145	4,967
Accumulated amortization	(1,940)	(1,711)
<b>Net value</b>	<b>3,205</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 for the years ended June 30, 2023 and 2022:

	Total US\$'000
<b>Balance as of July 1, 2021</b>	<b>1,779</b>
Additional amounts deferred	2,542
Revenue recognized	(1,779)
<b>Balance as of June 30, 2022</b>	<b>2,542</b>
Additional amounts deferred	7,023
Revenue recognized	(2,542)
<b>Balance as of June 30, 2023</b>	<b>7,023</b>

##### Allowance for Doubtful Accounts

The following table presents the change in the Company's provision for doubtful accounts for the years ended June 30, 2023 and 2022:

	Total US\$'000
<b>Balance as of July 1, 2021</b>	<b>443</b>
Current year change	(49)
<b>Balance as of June 30, 2022</b>	<b>394</b>
Current year change	181
<b>Balance as of June 30, 2023</b>	<b>575</b>

### NOTE 4

#### Property and equipment

Property and equipment consisted of the following as of June 30, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
Computer equipment	2,465	2,218
Leasehold improvements	591	1,295
Furniture and fixtures	249	512
<b>Total</b>	<b>3,305</b>	<b>4,025</b>
Less: accumulated depreciation	(2,298)	(2,765)
<b>Property and equipment, net</b>	<b>1,007</b>	<b>1,260</b>

The changes in the carrying amount of property and equipment were as follows:

	Total US\$'000
<b>Balance as of July 1, 2021</b>	<b>1,715</b>
Additions	555
Depreciation during the year	(962)
Changes due to foreign currency fluctuations	(48)
<b>Balance as of June 30, 2022</b>	<b>1,260</b>
Additions	718
Depreciation during the year	(924)
Asset impairments	(24)
Changes due to foreign currency fluctuations	(23)
<b>Balance as of June 30, 2023</b>	<b>1,007</b>

## NOTE 5

## Amortizable intangible assets

Finite-lived intangible assets consisted of the following as of June 30, 2023 and 2022:

	Gross Carrying Amount US\$'000	Accumulated Amortization US\$'000	Net Value US\$'000
<b>2023</b>			
Capitalized course development costs	11,582	(7,382)	4,200
Software and website platforms	5,388	(3,238)	2,150
Customer relationships	1,910	(1,220)	690
Trade names	205	(131)	74
Work in progress	475	0	475
	<b>19,560</b>	<b>(11,971)</b>	<b>7,589</b>

	Gross Carrying Amount US\$'000	Accumulated Amortization US\$'000	Net Value US\$'000
<b>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:

	Total US\$'000
<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	4,649
Amortization during the year	(3,593)
Asset impairments	(84)
Changes due to foreign currency fluctuations	(61)
<b>Balance as of June 30, 2023</b>	<b>7,589</b>

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

	Total US\$'000
2024	3,546
2025	2,521
2026	1,266
2027	197
2028	59

## NOTE 6

## Leases

The Company holds operating subleases for its office premises in Canada and Australia. Non-cancellable operating subleases for office space expire in fiscal years through 2025 and require the Company to pay its pro rata portion of operating costs (property taxes, maintenance and insurance).

Total lease expense recorded for the years ended June 30, 2023 and 2022 was \$1,105 and \$1,676, respectively, and is recognized within general and administrative expenses in the consolidated statements of profit or loss and other comprehensive income. Included in the operating lease expense above are certain variable payments to common area maintenance and property taxes. Expenses for variable payments were \$338 and \$448, respectively, for the years ended June 30, 2023 and 2022.

Short-term lease costs were \$76 for the year ended June 30, 2023.

Information regarding operating lease terms and discount rates as of June 30, 2023 and 2022 were as follows:

	2023	2022
Weighted average remaining lease term (years)	1.89	1.64
Weighted average discount rate	10%	10%

Maturities of lease liabilities as of June 30, 2023 were as follows:

	2023 US\$'000
2024	582
2025	361
2026	81
Total lease payments	1,024
Less: implicit interest	31
<b>Total lease liability (short-term and long-term)</b>	<b>993</b>

Supplemental cash flow information related to operating leases were as follows for the years ended June 30, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
Cash paid for amounts included in the measurement of lease liabilities	1,150	1,526
Right-of-use assets obtained in exchange for operating lease obligations, net of lease incentives	655	711

During the year ended June 30, 2023, the Company assessed the carrying value of its right-of-use assets for potential impairment driven by the decision to close the office in Canada and recognized the impairment loss of \$487.

## NOTE 7

## Accrued liabilities

Accrued liabilities consisted of the following as of June 30, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
Compensation	7,446	7,082
Direct marketing costs	4,304	5,008
Professional fees	550	640
Other	404	144
<b>Total accrued liabilities</b>	<b>12,704</b>	<b>12,874</b>

## NOTE 8

## 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 of the remaining liability for the year ended June 30, 2023. Legacy LTIP Cash Awards expense was \$813 for the year ended June 30, 2022.

## NOTE 9

## Income taxes

The US and foreign components of loss before income taxes for the years ended June 30, 2023 and 2022 are as follows:

	2023 US\$'000	2022 US\$'000
United States	(17,032)	(26,586)
Foreign	(1,900)	979
<b>Total</b>	<b>(18,931)</b>	<b>(25,607)</b>

The Company files income tax returns in the US federal jurisdiction, various state jurisdictions and foreign jurisdictions. Income tax expense for the years ended June 30, 2023 and 2022 includes these components:

	2023 US\$'000	2022 US\$'000
<b>Current</b>		
United States – federal	233	250
United States – states and local	93	25
Foreign	14	–
<b>Total current income tax expense</b>	<b>340</b>	<b>275</b>
<b>Deferred</b>		
United States – federal	–	–
United State – states and local	–	–
Foreign	434	813
<b>Total deferred income tax expense</b>	<b>434</b>	<b>813</b>
<b>Total income tax expense</b>	<b>774</b>	<b>1,088</b>

A reconciliation of the Company's income tax benefit at the statutory rate to the reported income tax expense for the years ended June 30, 2023 and 2022 is as follows:

	2023 US\$'000	2022 US\$'000
Tax at statutory rate (21%)	(3,835)	(5,377)
Withholding tax	198	250
Provision to return	(57)	11,041
Change in valuation allowance	4,454	(4,991)
State income taxes	73	(513)
Earnings of foreign subsidiaries	(49)	629
Stock-based compensation	33	94
Non-deductible expenses and other	(42)	(45)
	<b>774</b>	<b>1,088</b>

## NOTE 9

## Income taxes (continued)

The components of current and deferred income taxes on the consolidated balance sheets as of June 30, 2023 and 2022 are as follows:

	2023 US\$'000	2022 US\$'000
Income taxes payable	(508)	(773)
Deferred income tax asset	1,103	1,507
Deferred income tax liability	(29)	—

The tax effects of temporary differences related to deferred taxes shown on the consolidated balance sheets as of June 30, 2023 and 2022 are as follows:

	2023 US\$'000	2022 US\$'000
<b>Deferred tax assets:</b>		
Allowance for doubtful accounts	144	98
Accrued expenses and other	1,407	983
Stock-based compensation	6,142	6,302
Accrued compensation and related benefits	814	1,635
Depreciation and amortization	119	58
Net operating losses (NOLs)	26,555	21,910
Other	1,565	1,532
Valuation allowance	(29,652)	(26,358)
<b>Total deferred tax assets</b>	<b>7,095</b>	<b>6,160</b>
<b>Deferred tax liabilities:</b>		
Prepaid expenses and security deposits	27	84
Depreciation and amortization	4,143	3,703
Accrued business commissions	1,850	866
Other	—	—
<b>Total deferred tax liabilities</b>	<b>6,021</b>	<b>4,653</b>
<b>Net deferred tax asset</b>	<b>1,074</b>	<b>1,507</b>

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

	2023 US\$'000	2022 US\$'000
<b>Balance as of July 1</b>	<b>467</b>	<b>467</b>
Additions related to current year provisions	—	—
<b>Balance as of June 30</b>	<b>467</b>	<b>467</b>

The Company had \$467 of unrecognized tax benefits, including interest and penalties as of June 30, 2023. 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.

As of each reporting date, management considers new evidence, both positive and negative, that could affect the future realization of the Company's deferred tax assets. The Company had a history of losses. As a result, it was uncertain that it would generate sufficient taxable income to realize the deferred tax assets, and hence had established valuation allowances. The valuation allowance for certain foreign subsidiaries were reversed when there was positive evidence of earnings that would continue and strengthen. A full valuation allowance for the net deferred tax asset in the US remains as of June 30, 2023.

As of June 30, 2023, the Company has total net operating loss carry-forwards for income tax purposes of \$117,498 comprised of \$109,279 of federal net operating losses, and \$8,219 of foreign net operating losses. Federal net operating losses of \$29,484 expire at various intervals between the years 2036 and 2038, while \$79,795 have an unlimited life. Foreign net operating losses of \$4,298 expire at various intervals between the years 2037 and 2043, while \$3,921 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 2020 through 2023 remain open to examination.

## Notes to the consolidated financial statements

For the years ended June 30, 2023 and 2022 (in thousands of US dollars)

### NOTE 10

#### 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 years ended June 30, 2023 and 2022 because the effects of potentially dilutive items were anti-dilutive, given the Company's net loss. Accordingly, 5,361,556 options for CDIs and 5,436,045 RSUs have been excluded from the calculation of weighted average number of shares for the year ended June 30, 2023. 6,158,314 options for CDIs and 9,135,621 CDI Rights have been excluded from the calculation of weighted average number of shares for the year ended June 30, 2022.

The following table summarizes the pro forma impact of the Company's IPO on loss per share for the years ended June 30, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
<b>Numerator:</b>		
Net loss	(19,705)	(26,695)
<b>Numerator for basic loss per share</b>	<b>(19,705)</b>	<b>(26,695)</b>
	2023 Number	2022 Number
<b>Denominator</b>		
Denominator for basic loss per share – weighted average common shares	213,038,279	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>213,038,279</b>	<b>208,223,105</b>
	2023 US\$	2022 US\$
<b>Loss per share – Basic</b>	<b>(0.09)</b>	<b>(0.13)</b>
<b>Loss per share – Diluted</b>	<b>(0.09)</b>	<b>(0.13)</b>

### NOTE 11

#### Equity

A list of the directly and indirectly wholly-owned subsidiaries of the Company as of June 30, 2023 is as follows:

Name	Country of Incorporation	% of the Company's Equity Interest in the Subsidiary
Keypath Education Holdings, LLC	United States <sup>(1)</sup>	100%
Keypath Education, LLC	United States <sup>(1)</sup>	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%
Keypath Education Singapore Pte. Ltd.	Singapore	100%

1. Formed in the State of Delaware.

#### 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, 2023, the Company had issued 213,971,128 shares of common stock on 1:1 ratio to CDIs as follows:

	Number of Shares	Par Value US\$'000
CDIs	209,289,919	2,093
CDIs held in escrow	4,681,209	47
	<b>213,971,128</b>	<b>2,140</b>

As of June 30, 2023, no preferred stock was issued.

## NOTE 12

## Stock-based compensation

—

## Options

The following tables summarize the options issued, outstanding and exercisable as of June 30, 2023 and 2022:

	Number of Options	Weighted Average Exercise Price US\$	Weighted Average Remaining Life Years	Total Aggregate Intrinsic Value US\$'000
Outstanding as of July 1, 2022	6,158,314	2.58		
Granted	—	—		
Forfeited	(796,758)	2.16		
<b>Outstanding as of June 30, 2023</b>	<b>5,361,556</b>	<b>2.64</b>	<b>4.0</b>	<b>—</b>
<b>Exercisable as of June 30, 2023</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

	Number of Options	Weighted Average Exercise Price US\$	Weighted Average Remaining Life Years	Total Aggregate Intrinsic Value US\$'000
Outstanding as of July 1, 2021	5,996,151	2.69		
Granted	715,259	1.71		
Forfeited	(553,096)	2.69		
<b>Outstanding as of June 30, 2022</b>	<b>6,158,314</b>	<b>2.58</b>	<b>5.1</b>	<b>—</b>
<b>Exercisable as of June 30, 2022</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

During the years ended June 30, 2023 and 2022 no options had vested and accordingly, no options were exercised into shares of common stock.

At June 30, 2023, there was \$1,890 of total unrecognized compensation expense related to stock options, which is expected to be recognized over a weighted average period of 1.0 year.

The assumptions used in estimating the fair value of Options granted during the year ended June 30, 2022 under Black-Scholes method include:

Number of Options	Expected Volatility	Expected Option Life Years	Dividend Yield %	Risk Free Interest Rate %
452,759	45.0%	6.0	0%	0.3%
262,500	65.0%	4.5	0%	3.1%

## RSUs

In November 2022, the Board of Directors of Keypath approved the issuance of RSUs to certain employees and Executive Leadership Team (“ELT”) members 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.

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.

The following tables summarize the RSUs outstanding and exercisable as of June 30, 2023:

	Number of Units	Weighted Average Grant Date Fair Value US\$	Total Aggregate Intrinsic Value US\$'000
Non-vested as of July 1, 2022	—	—	
Granted	5,651,208	0.49	
Forfeited	(239,037)	0.49	
<b>Non-vested as of June 30, 2023</b>	<b>5,412,171</b>	<b>0.49</b>	<b>1,294</b>

## NOTE 12

## Stock-based compensation (continued)

## CDIs

Certain CDIs held by Steve Fireng, the CEO and Executive Director, continue to be subject to voluntary escrow, to be released in accordance with the following schedule:

	Number of CDIs
Released as of August 29, 2022	4,681,209
Expected to release as of announcement of results for FY23	2,340,605
Expected to release as of announcement of results for FY24	2,340,605
	<b>9,362,419</b>

## CDI Rights

CDI Rights automatically converted to CDIs on specific conversion dates. The table below sets out the timing of conversion of CDI Rights to CDIs (1 for 1). All CDI Rights not otherwise forfeited were delivered to CDI Rights holders during the year ended June 30, 2023, between August 2022 and May 2023.

	Number of CDIs
Vested on the IPO date	6,381,563
Vested at June 30, 2021	153,410
Vested at June 30, 2022	1,524,372
Vested at June 30, 2023	1,009,732
Forfeited	166,462
	<b>9,235,539</b>

9,235,539 CDIs Rights granted in 2021 were assigned a weighted average fair value of \$2.61 per share, for a total value of approximately \$24.1 million.

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

## Stock-based compensation expense

The following table presents stock-based compensation expense recognized in the consolidated statement of profit or loss for the years ended June 30, 2023 and 2022.

	2023 US\$'000	2022 US\$'000
CDIs	647	2,019
CDI Rights	819	5,221
Options	1,771	2,136
RSUs	895	—
<b>Stock-based compensation expense</b>	<b>4,132</b>	<b>9,376</b>

## NOTE 13

## Employee retirement plans

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 equal to 100% of salary deferrals that do not exceed 3% of compensation plus 50% of salary deferrals between 3% and 5% of compensation 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, 2023 and 2022, the Company contributions were \$1,222 and \$1,074, respectively, for the US plan, \$123 and \$141, respectively, for the Canadian plan, and \$35 and \$39, respectively, for the UK plan.

In Australia, pension (superannuation) contributions are made in accordance with Australian statutory mandated rates, which was 10% of an employee's gross salary or wage for the year ended June 30, 2022, increasing to 10.5% for the year ended June 30, 2023, 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, 2023 and 2022, the Company's superannuation contributions expense for Australian employees were \$1,769 and \$1,617, respectively.

## NOTE 14

## Related party transactions

There were no transactions that have been entered into with affiliates for the years ended June 30, 2023 and 2022.

## 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. Detailed remuneration disclosures are provided in the Remuneration Report in the Directors' Report set forth in the Annual Report.

**NOTE 15****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 16****Subsequent events**

---

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through August 28, 2023, 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, 2023 and 2022:

	2023 US\$'000	2022 US\$'000
Audit fees	322	338
Tax fees	35	374
All other fees	40	–
<b>Total</b>	<b>397</b>	<b>712</b>

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 ("ARMC").

All of the PricewaterhouseCoopers services for the Company during FY23 were pre-approved by the ARMC.

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, 2023 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, 2023.

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

On behalf of the Directors



**Diana Eilert**  
Chair  
August 28, 2023



**Steve Fireng**  
Global CEO  
August 28, 2023

## Company Secretary

Keypath's General Counsel and Company 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 7, 567 Collins 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 310  
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.

## 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.

## 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

## Keypath Headquarters

1933 N. Meacham Rd.,  
Suite 310  
Schaumburg, IL 60173  
United States  
P: +1 224 419 7988

## Keypath Australian Registered Office

Level 7, 567 Collins Street  
Melbourne VIC 3000  
Australia  
P: +61 3 9020 6190

## Keypath US Registered Office

251 Little Falls Drive  
Wilmington Delaware 19808  
United States

## Websites

- » [keypathedu.com](http://keypathedu.com)
- » [keypathedu.com/investor-relations](http://keypathedu.com/investor-relations)

## Registry

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

## Auditor

**PricewaterhouseCoopers**  
2 Riverside Quay  
Southbank VIC 3006  
Australia

The shareholder information set out below was applicable as of August 11, 2023.

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 CHESSE Depository 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 one-for-one basis	213,971,128	628
CDI Rights	0	0
Options	4,929,974	39
Restricted Stock Unites (RSUs)	5,054,065	34

## 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 CHESSE Depository 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 CHESSE Depository Nominees Pty Ltd on how they wish to vote their CDIs.
- (c) Options and RSUs: holders of Options and CDI Rights do not have any voting rights.

## Distribution schedule

The number of equity security holders in each class of Keypath’s securities is distributed as follows:

Category	Number of Holders	Number of Securities	% of Holdings
<b>CDIs</b>			
1–1,000	330	167,234	0.08
1,001–5,000	180	418,992	0.20
5,001–10,000	45	320,457	0.15
10,001–100,000	56	1,784,418	0.83
100,001 and over	17	211,280,027	98.74
<b>Options</b>			
1–1,000	0	0	0
1,001–5,000	0	0	0
5,001–10,000	1	8,661	0.18%
10,001–100,000	32	1,316,391	26.70%
100,001 and over	6	3,604,922	73.12%
<b>RSUs</b>			
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	1,151,916	22.79%
100,001 and over	5	3,902,149	77.21%

### Substantial holders of CDIs (5% or more)

The number of securities held by substantial Shareholders and their associates as of August 11, 2023 are:

Substantial Holder	Type of Security	Number of Securities Held	% of Holding
AVI MEZZ CO LP	CDIs	141,687,978	66.22
CITICORP NOMINEES PTY LIMITED	CDIs	14,782,564	6.91
NATIONAL NOMINEES LIMITED	CDIs	11,333,158	5.30

### 20 largest holders of CDIs

CDI Holder	Number of CDIs	% Holding
1. AVI MEZZ CO LP	141,687,978	66.22
2. CITICORP NOMINEES PTY LIMITED	14,782,564	6.91
3. NATIONAL NOMINEES LIMITED	11,333,158	5.30
4. STEVE FIRENG	9,362,419	4.38
5. BNP PARIBAS NOMINEES PTY LTD	8,906,423	4.16
6. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,068,989	3.30
7. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,398,607	2.99
8. UBS NOMINEES PTY LTD	4,413,088	2.06
9. WARBONT NOMINEES PTY LTD	2,473,057	1.16
10. BUTTONWOOD NOMINEES PTY LTD	1,540,574	0.72
11. NEWECONOMY COM AU NOMINEES PTY LIMITED	1,004,122	0.47
12. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	629,848	0.29
13. MR RYAN O'HARE	552,819	0.26
14. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	466,256	0.22
15. MR ANTONY GEORGE HILL + MISS ANNETTE LORRAINE HONE	375,000	0.18
16. CHATEAU LAMOTTE PTY LIMITED	164,741	0.08
17. MISS RENAISSA SHARLENE TEE	120,384	0.06
18. MS DIANA EILERT	92,863	0.04
19. BNP PARIBAS NOMS PTY LTD	90,884	0.04
20. MR CHRISTOPHER PETER MCLEAN	86,266	0.04

### Unmarketable parcels

Based on a CDI price of A\$0.44, being Keypath's closing CDI price on August 11, 2023, 343 CDI holders are holding less than A\$500 worth of 1,137 CDIs.

### Restricted securities

Number of Securities	Type	Release from Restriction
2,340,605	CDIs	Date FY23 results are released
2,340,604	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 purchased 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.

<b>\$ or USD</b>	United States Dollars (unless otherwise specified)	<b>CAGR</b>	Compound annual growth rate
<b>2021 Equity Incentive Plan</b>	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	<b>CDI</b>	CHES Depository Interest
<b>ABSN</b>	Accelerated Bachelor of Science in Nursing	<b>CDI Rights</b>	Rights to receive CDIs following the completion of the IPO received by certain employees in substitution for their previously existing employee options
<b>Adjusted EBITDA</b>	Earnings before interest, tax, depreciation and amortization excluding certain non-recurring items and stock-based compensation	<b>CEO</b>	Chief Executive Officer
<b>ARMC</b>	Audit and Risk Management Committee	<b>Chair</b>	The chair of the Board, being Diana Eilert or the chair of a Board Committee, as the context requires
<b>APAC</b>	Asia-Pacific	<b>CHES</b>	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
<b>ASC 606</b>	Accounting Standards Codification Topic 606 "Revenue from Contracts with Customers" issued by FASB	<b>Company or Keypath</b>	Keypath Education International, Inc.
<b>ASC 718</b>	Accounting Standards Codification Topic 718 "Compensation – Stock Compensation" issued by FASB	<b>Company Secretary</b>	Company secretary of Keypath, being Eric Israel
<b>ASC 740</b>	Accounting Standards Codification Topic 740 "Income Taxes" issued by FASB	<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth)</i>
<b>ASC 830</b>	Accounting Standards Codification Topic 830 "Foreign Currency Matters" issued by FASB	<b>CTO</b>	Chief Technology Officer
<b>ASC 842</b>	Accounting Standards Codification Topic 842 "Leases" issued by FASB	<b>CST</b>	Confidentiality and Security Team
<b>ASU</b>	Accounting Standard Update	<b>DCL</b>	Dear Colleague Letter
<b>ASX</b>	The Australian Stock Exchange	<b>DEI</b>	Diversity, Equity and Inclusion
<b>ASX Listing Rules</b>	The official listing rules of ASX	<b>Director</b>	A director of Keypath
<b>ASX Recommendations</b>	The recommendations set out in ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition	<b>DISC</b>	Keypath's Global Diversity and Inclusion Standing Committee
<b>ASX Settlement</b>	The settlement system and electronic securities depository for cash equities, warranties and other equity related securities traded in Australia	<b>DOE</b>	United States Federal Department of Education
<b>AUD</b>	Australia dollars	<b>EBIT</b>	Earnings before interest and tax
<b>AVI Holdings</b>	AVI Holdings, L.P. and unitholder in AVI Mezz	<b>EBITDA</b>	Earnings before interest, tax, depreciation, amortization
<b>AVI Mezz</b>	AVI Mezz Co., LP, the sole shareholder of Keypath International prior to the Restructure and IPO	<b>EdTech</b>	Education Technology
<b>Awards</b>	Equity based incentive awards	<b>ERG</b>	Employee Resource Groups
<b>Board or Board of Directors</b>	The board of directors of the Company	<b>ESG</b>	Environmental, Social and Governance
<b>Board Committee</b>	A committee of the Board, including the Audit and Risk Management Committee, Nomination Committee and People, Remuneration and Sustainability Committee	<b>Executive Leadership Team or ELT</b>	Keypath Executive Leadership Team comprising Steve Fireng, Peter Vlerick, Eric Israel, Ryan O'Hare, Jon Gaunt (until November 1, 2022), Edward Baughman, Paul Gleason and Jacqui Levings (until April 28, 2023)
		<b>FASB</b>	Financial Accounting Standards Board of the United States
		<b>FY21</b>	The period between July 1, 2020 and June 30, 2021
		<b>FY22</b>	The period between July 1, 2021 and June 30, 2022
		<b>FY23</b>	The period between July 1, 2022 and June 30, 2023
		<b>FY24</b>	The period between July 1, 2023 and June 30, 2024

<b>G&amp;A</b>	General and administration	<b>PRS Committee</b>	People, Remuneration and Sustainability Committee, being a subcommittee of the Board governed by the People, Remuneration and Sustainability Charter
<b>Global CEO or CEO</b>	Chief Executive Officer of the Keypath group, being Steve Fireng	<b>Prospectus</b>	Prospectus, dated May 11, 2021 (including the electronic form of the Prospectus)
<b>Global CFO or CFO</b>	Chief financial officer of the Keypath group, being Peter Vlerick	<b>QS</b>	Quacquarelli Symonds
<b>Group</b>	The group of companies constituted by Keypath, KEH, 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.	<b>RN</b>	Registered Nurse
<b>Healthcare</b>	Keypath healthcare vertical comprising Nursing, Health & Social Services courses	<b>Restricted Stock</b>	CDIs issued by the Company to AVI Mezz and to Steve Fireng that are subject to voluntary escrow agreements as set out in Note 13
<b>H2</b>	Second half of financial year	<b>Restricted Stock Units</b>	Rights to receive CDIs or cash that are subject to restrictions, including on transfer, until specified conditions are satisfied
<b>ICP</b>	Incentive Compensation Plan	<b>SBC</b>	Stock-based compensation
<b>Incentive Plan</b>	2021 Equity Incentive Plan, being an LTIP	<b>SDGs</b>	United Nations Sustainable Development Goals
<b>IPO</b>	The initial public offering of Keypath's CDIs and admission to the official list of ASX	<b>SEC</b>	US Securities and Exchange Commission
<b>IPO Date</b>	June 1, 2021	<b>SEO</b>	Search Engine Optimization
<b>KEH</b>	Keypath Education Holdings, LLC, a Group member	<b>Share</b>	a fully paid share of common stock in Keypath
<b>Keypath International</b>	Keypath International, Ltd.	<b>Stock Appreciation Rights</b>	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
<b>KeypathEDGE</b>	Integrated technology and data platform that underpins Keypath's ability to acquire and retain university partners and students	<b>Stock Bonus Award</b>	Rights to receive CDIs, which may be based on specified conditions
<b>KMP</b>	Key management personnel as listed on page 42 of this Annual Report	<b>TPS</b>	Third Party Servicers as regulated by the US Department of Education
<b>Legacy LTIP Cash Awards</b>	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	<b>Title IV Programs</b>	Title IV Federal Student Financial Assistance Programs
<b>LTIP</b>	Long-term incentive plan	<b>US or United States</b>	United States of America, its territories and provinces and any state of the United States of America
<b>M&amp;A</b>	Mergers and acquisitions	<b>US GAAP</b>	US generally accepted accounting principles
<b>MFA</b>	Multi-Factor Authentication	<b>US Securities Act</b>	<i>Securities Act of 1933 (US)</i> , as amended
<b>MBS</b>	Melbourne Business School	<b>WCAG</b>	Keypath adheres to the Web Content Accessibility Guidelines
<b>MSN</b>	Master of Sciences in Nursing		
<b>MOOC</b>	Massive online open course		
<b>Non-Executive Director</b>	A Non-Executive Director of Keypath		
<b>OPM</b>	Online program management		
<b>Options</b>	Options to subscribe for CDIs		

# Unlocking greatness



[keypathedu.com](http://keypathedu.com)

