



Keypath Education International, Inc.

ARBN: 649 711 026

ASX code: KED

www.keypathedu.com

ASX ANNOUNCEMENT – MAY 30, 2024

SEC FORM 8K -- Q3 FY24 RESULTS INVESTOR BRIEFING TRANSCRIPT

Chicago, USA and Melbourne, AUS, Keypath Education International, Inc. (ASX: KED) (Keypath) held an investor briefing webcast on May 24, 2024, discussing its financial results for the third quarter ended March 31, 2024. A copy of the transcript of the webcast (relating to the financial results) has been furnished to the Securities and Exchange Commission on Form 8K, a copy of which is attached hereto.

This announcement has been authorized by Eric Israel, General Counsel and Company Secretary.

Ends.

Investor Contact

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About Keypath

Founded in 2014, Keypath is a global, market-leading edtech company in the online program management (OPM) market. In collaboration with its university partners, Keypath delivers career-relevant, technology-enabled online higher education programs with the goal of preparing students for the future of work. The suite of services Keypath provides to its university partners includes designing, developing, launching, marketing, and managing online programs. Keypath also undertakes market research and provides student recruitment, support and placement services. The services Keypath provides are underpinned by KeypathEDGE, its integrated technology and data platform. Keypath has approximately 750 employees with operations in Australia, the United States, Canada, the UK, Malaysia and Singapore.

Forward Looking Statements

This announcement contains forward-looking statements. Forward-looking statements may include statements regarding Keypath's intentions, objectives, plans, expectations, assumptions and beliefs about future events, including Keypath's expectations with respect to the financial and operating position or performance of its business, its capital position and future growth. Forward-

looking statements are based on assumptions and contingencies that are subject to change without notice and are not guarantees of future performance. They involve known and unknown risks, uncertainties and other important factors, many of which are beyond the control of Keypath, its directors and management and which may cause actual outcomes to differ materially from those expressed or implied in this announcement. Forward-looking statements should be read in conjunction with, and are qualified by reference to, information in this announcement or previously released by Keypath to ASX. Readers are cautioned not to place undue reliance on forward-looking statements, which are provided for illustrative purposes only and are not necessarily a guide to future performance. No representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, and to the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements is disclaimed, and except as required by law or regulation (including the ASX Listing Rules), Keypath undertakes no obligation to update any forward-looking statements. Keypath also notes that past performance may not be a reliable indicator of future performance.

Restriction on Purchases of CDIs by US Persons

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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 23, 2024**

Keypath Education International, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

000-56641
(Commission File Number)

86-2590572
(IRS Employer
Identification No.)

1501 East Woodfield Road, Suite 204N
Schaumburg, IL 60173
(Address of principal executive offices and zip code)

(224) 419 - 7988
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$0.01 per share

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 2.02. Results of Operations and Financial Condition.

On May 23, 2024 (May 24, 2024 Australian Time), Keypath Education International, Inc. (the “Company”) held an investor briefing webcast discussing its financial results for the third quarter ended March 31, 2024. A copy of the transcript of the webcast is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

In the investor briefing webcast, the Company utilizes financial measures not recognized in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). These non-GAAP financial measures are used by management to monitor and evaluate the Company’s operating performance and make strategic decisions, including those related to operating expenses, and are used by investors to understand and evaluate our operating performance. These measures are not intended to serve as an alternative to U.S. GAAP measures of performance and may not be comparable to similarly titled measures presented by other companies. For a description, and reconciliation with U.S. GAAP, of these non-GAAP measures, see the Company’s press release dated May 24, 2024, announcing the Company’s third quarter ended March 31, 2024 financial results, a copy of which was furnished as Exhibit 99.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 24, 2024. The information in this Form 8-K (including Exhibit 99.1 attached hereto) is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing by the Company, under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Cautionary Statement Regarding Forward-Looking Statements

All statements included in or incorporated into this Form 8-K, other than statements of historical fact, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management’s beliefs, and certain assumptions made by us, all of which are subject to change. In some cases, you can identify forward-looking statements by the following words: “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. These forward-looking statements are not guarantees of future results and are subject to factors, risks, uncertainties and assumptions that could cause our actual results to differ materially and adversely from those expressed in any forward-looking statement, including (but not limited to) the factors described in the Company’s filings with the Securities Exchange Commission under the heading “Risk Factors.” The Company assumes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1 [Q3 FY24 Results Investor Briefing Transcript \(furnished herewith\).](#)

Exhibit 104 The cover page from this Current Report on Form 8-K, formatted in iXBRL (Inline eXtensible Business Reporting Language).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Keypath Education International, Inc.

Date: May 28, 2024

/s/ Stephen C. Fireng

Stephen C. Fireng

Global Chief Executive Officer



TRANSCRIPTION

Company: Keypath Education International, Inc.

Date/Time: May 24, 2024 at 10:30 a.m. Australian Eastern Standard Time

Subject: Q3 FY24 Results Investor Briefing

Duration: 18 Minutes

Reservation Number: 10038150

[START OF TRANSCRIPT]

Operator: Thank you for standing by and welcome to the Keypath Education International Q3 FY24 Results Investor Briefing. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr. Steve Fireng, Founder and Global CEO. Please go ahead.

Steve Fireng: Well, thank you very much. Welcome to the Keypath Education Results Presentation for our third quarter fiscal year 2024 results. I am Steve Fireng, Founder and Global CEO. With me today is Diana Eilert, Keypath's chair, who will take you through the recommendation offer from Sterling, our main shareholder, to buy securities of the unaffiliated stockholders of Keypath, which we also announced earlier today.

Let me first remind you that today's call and remarks made today include forward-looking statements. These statements are based on assumptions and contingencies that are subject to change without notice and are not guarantees of future performance. They involve known and unknown risks, uncertainty, and other important factors, many of which are beyond the control of Keypath, its directors, and management.

These risks and uncertainties include, but are not limited to, those factors identified in Keypath's periodic and continuous disclosure announcements lodged with the ASX, in its general form of registration of securities on Form 10 and in filings with the SEC. Except as expressly required by applicable security laws, Keypath undertakes no obligation to update those factors or any forward-looking statements to reflect future events, developments, or changed circumstances, or for any other reason.

In addition, today's remarks refer to non-GAAP financial measures, which are intended to supplement but not substitute for the most directly comparable GAAP measures. The investor presentation that accompanies today's call contains financial and other quantitative information to be discussed today, as well as the reconciliation of the GAAP to non-GAAP measures and is available within our investor relations page of Keypath's website. Now, a quick overview of our Q3 FY24 results, and I'm going to start on slide 10.



We're very pleased with our Q3 results both operationally and financial performance. We saw enrollments grow 6% driven by our strategic focus on healthcare vertical and the APAC market. This was despite our partner count having a net reduction of three partners primarily as a result of our previously discussed exit from Canada and UK markets, and transitioning non-healthcare programs and the US partners that offered those programs.

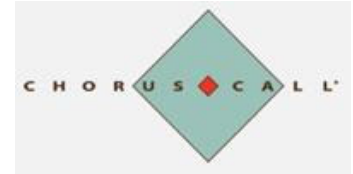
Revenue grew 14% year-over-year on a constant currency basis. We believe this further validates our continued healthcare focus and APAC strategy. Contribution margin increased 66% year-over-year to 27.2 million, or a margin of 26.5%. If we normalize contribution margin for the impact of transition programs, it improved to 23.3% versus 17.9% in the prior corresponding period. Q3 year-to-date adjusted EBITDA was positive 2.7 million and improved by 10.5 million year-over-year. On a constant currency basis, our adjusted EBITDA was 3.1 million.

As a result of our performance on the top and bottom line, we have recorded approximately 1.5 million of incremental bonus expense in FY24 that will not reoccur in FY25. We ended third quarter fiscal year 2024 with 41.2 million of cash on hand. When adjusted for one-time cash spend of approximately 1.2 million in the quarter, associated with the previously discussed SEC registration, we generated 700,000 of cash in the quarter versus a burn of 14.7 million in Q3, fiscal 2023.

On a year-to-date basis after adjusting 2.2 million of one-time SEC registration spend, overall year-to-date cash burn was 3.4 million. This further supports that we're approaching our overall cash flow break even in the near term and continue to be expected to be fully funded through cash flow break even.

As mentioned earlier, our contribution margin reflects the large recent vintages progressing through our unit economic model to maturity. We expect these vintages to each reach steady state revenue of 25 to 35 million. Adjusted EBITDA improvements reflect our continued growth, strategic focus, cost efficiency and leverage, and the impact of previously disclosed transition programs. One demonstration of that is our investment of 3.7 million in the quarter into new larger vintages, which was approximately 8% lower than third quarter of fiscal year 2023.

Net cash provided operating activities in the third quarter of 1.4 million, reflecting the timing of collection, employee costs, and direct marketing required to procure, develop, and manage new programs ahead of our launches. Q1 and Q3 are typically lower cash receipt quarters as our largest student starts are in these quarters with a relatively high cash outflow versus cash inflow. Quarterly cash flow is also impacted by the timing of launches and therefore spending on new programs. The use of cash in the quarter was expected and is in line with our plan for a full year.



Now, let's turn to our outlook. We are positioned as a leading, growing online education company profitable on an online and ongoing basis. Driven by these results, we are raising FY24 revenue guidance range to 137 to 139 million and raising our FY24 adjusted EBITDA guidance range to positive 2 to 4 million, and expect continued improvements in positive adjusted EBITDA into FY25.

As previously disclosed, guidance includes revenue and adjusted EBITDA from transition programs. FY24 is expected to have US 8.4 million of revenue, and 4.7 million of adjusted EBITDA including the 1.9 million of adjusted additional bonus expense contributed by transition programs. There will also be some impact on FY25. However, FY25 impact is expected to be at a lower level than FY24.

Operator:

Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. Once again, that is star one if you would like to ask a question. We'll now pause a moment to allow for any questions to register.

Thank you. There are no questions at this time. That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]