ANNUAL REPORT

2023

KEYSTONE
EDUCATION GROUP

FY23 AT A GLANCE

80,000
enrollments directly managed by Keystone

USD 81.3m
revenue

13%
revenue growth

1,224
student-athletes sent to US colleges by Keystone Sports

>100%
net revenue retention

120m
students visitors to Keystone websites

5,600
partner institutions

900
employees worldwide

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About Keystone Education group

We are the leading online resource for students, reaching over 120 million visitors each year.

At Keystone, we help students find the right education, whether they are seeking higher education, wanting to expand their knowledge through a course, or upskilling as a professional.

For education institutions, we offer an end-to-end solution across the entire student recruitment value chain, providing tech-powered student marketing and recruitment services.

With over 5,600 partner institutions worldwide in more than 100 countries, we are a trusted partner within the higher education industry. We aim to help them reach, engage, and recruit prospective students at scale, without compromising on providing a quality student experience.

Student Marketing - Search & Discovery

Over 120 million students used Keystone websites in 2023 as part of their study search, whether going abroad or looking for options in their home country. Influencing how students discover these opportunities is an essential part of building awareness and connection between students and educational institutions.

Delivering top results on all major search engines, for both international and domestic student markets, our multi-lingual network of 450+ student websites include platforms such as Masterstudies.com, Educations.com, Onlinestudies.com, FindAMasters.com, FindAPhD.com and local sites such as Studentum.se, Allestudier.se, Findcourses.co.uk, and Das-richtige-studieren.de. Through this sites, we help institutions to be visible online to students searching in their native language, delivering top results in 33 languages across all major search engines.

Not only do we support educational institutions to be visible on our websites, Keystone's range of additional student marketing solutions also helps to further generate brand awareness, traffic and leads for our partners, with products such as social media campaigns, email marketing and student fairs providing extra opportunities for student awareness and engagement.

Student Engagement & Enrollment Management

Supplementing our student search and discovery services, we go one step further with our range of end-to-end student engagement and enrollment services.

For our partner institutions who need support in guiding students further down the recruitment funnel, we assist them with a range of services, including Keystone Apply, our dedicated lead nurturing and support service. With Apply, we help universities to qualify and nurture their student leads all the way from initial interest through to completed application.

We also offer a full suite of student engagement and enrollment solutions powered by UniQuest. This includes our Admission Services which facilitate quicker turnaround times and increased application-to-offer stage conversions for admissions teams, in addition to offering trained admissions experts to upscale resources as required.

For institutions wanting to scale up their conversion to enrollment stage, UniQuest's Offer Conversion Service focuses on converting offer holders to enrolled students, while their range of Retention Services allows institutions to outsource vital support services once students are on campus, identifying early indicators that impact student progression and informing timely interventions.

In 2023 alone, UniQuest engaged over 750,000 students, resulting in more than 60,000 enrollments, and secured £800 million in tuition fee income for partners in the UK and globally.

Sports & Academic Recruitment – Agents

Our global education consultants, Blueberry and SONOR (Study Outside Norway), provide significant added value for students wanting to study abroad and universities wanting to improve their international student recruitment. Our agents help students through the entire recruitment journey, all the way from research to enrollment, find their first-choice education in destinations such as Australia, the U.S., Canada, and Asia.

For athletes wanting to pursue higher education, our Keystone Sports division helps student-athletes find opportunities abroad at institutions where they can combine their passion for sports with education. In 2023, Keystone Sports agents helped place 1,224 athletes from across Europe to various destinations in the US and abroad, securing scholarships in key sports such as soccer, tennis, golf, swimming, and track and field. Working in partnership with head coaches and admission offices across North America, Keystone Sports helps source, scout, and nurture the top sports talent to enroll and compete in college sports teams while helping students achieve their dreams!

At Keystone, we are an essential part of helping students pursue the right educational path for their needs, acting as the bridge that connects prospective students and higher education institutions.

A message from our CEO

Fredrik Högemark, CEO

Dear Shareholders,

Keystone continued our growth journey in 2023 and helped more students than ever. All of our key markets recovered from COVID effects, and record numbers of students started education programs both domestically and internationally. In 2023, we have seen AI significantly impact the world and Keystone has been at the forefront of this wave of innovation with significant technology investments into AI initiatives that streamline and automate student experiences, communications, and matchmaking.

Last year, Keystone made important strides toward our vision of helping everyone in the world find the right education. With the addition of the German search platform Studddy, Keystone can now help over ten million German students find higher education in Germany and internationally.

Most of the students Keystone matched with schools were helped to apply and enroll directly by the admission offices at one of our 5,600 school partners. However, more than 80,000 enrollments were directly managed by Keystone, an increase of 10,000 direct enrollments compared to 2022.

Keystone is organized into a search and discovery business where we help students match with the right education on our market-leading websites and our enrollment business where we help schools and students with admission and enrollment. An achievement we are incredibly proud of is that we helped over 1200 student-athletes enroll in US schools and secured almost 100 USD Million in scholarships for these athletes, enabling them to combine academic studies with athletic ambition.

Building a global network of student services

We are guided by the belief that education is the key to unlocking human potential in society, and our role is to match the right student to the right education opportunity, whether that exists locally or internationally.

Keystone operates more than 450 websites that promote higher education, professional training, and upskilling courses, complemented by application, conversion, and enrollment services to streamline the entire recruitment process for students and schools alike.

By offering students a complete selection of local and international options side by side, and the services to guide them through the process, Keystone helps students make an informed decision about a critical life decision, namely their ideal study program.

Growing Keystone

In 2023, we introduced three new companies to the Keystone group: Studddy, a search and discovery platform in the DACH region; I-Con Sports, a study abroad sports agency operating in Spain and Japan; and Future Elite Sports, a leading UK study abroad sports agency. Since joining the group, the companies have all outperformed their historical growth rates.

Outlook

The Group has experienced consecutive profitable growth over the past 20 years, which we continued in 2023. The group revenue grew by 9.2 USD million, and we have seen further margin improvements by leveraging the synergies between the group's companies and the scale we now have in our products and markets. We will continue to focus on organic growth and strategic acquisitions while maintaining our high R&D spending to drive change and improvement in the industry using technology.

Thank you,

Fredrik Högemark

Chief Executive Officer

We are Keystone Education Group

Vision

To help everyone in the world find the right education.

Mission

To help students and learners make one of the most important decisions of their lifetimes, namely, which higher education degree program or course to attend.

To help higher education institutions recruit the best fit students for their programs, improving the student journey for all.

Values

Passion

We are passionate about education and the power it has to change lives and communities. We're inspired by the students we work with and the institutions that nurture them.

Performance

We create outstanding impact with a team of exceptional people. We go the extra mile to deliver, driven to exceed expectations every step of the way.

Professionalism

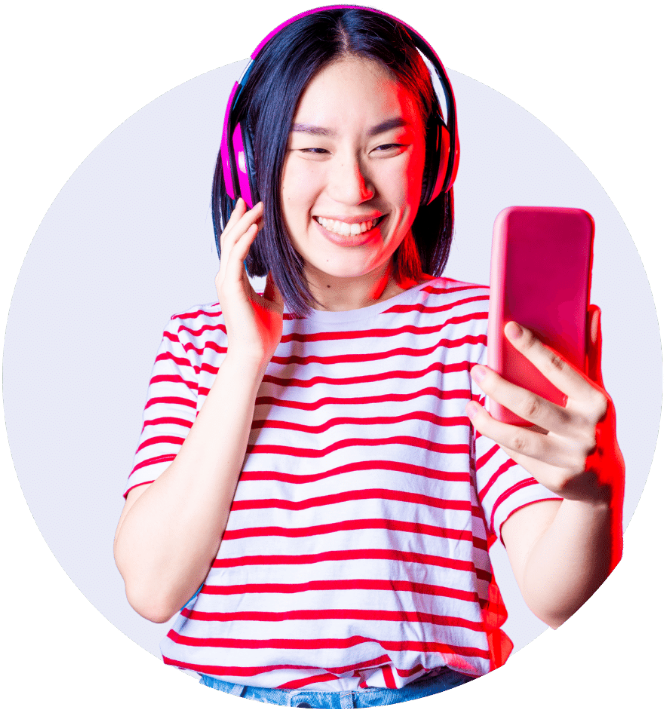
We are dedicated and collaborative with an entrepreneurial spirit. We focus every day on understanding schools' and students' needs to respond flexibly to changing market demands.

Transforming the Student Journey through Technology

Technology is at the core of our mission to help students and learners make one of the most important decisions of their lifetime, and through our technology, we help institutions recruit the best-fit students.

In 2023, Keystone Education Group made significant investments in our products, our people, and our technologies to better serve in our role as a trusted resource for both students and institutions.

We have invested in expanding the available content and resources across our student search websites, publishing tens of thousands of institution and program profiles to offer students a more complete selection from a single source.



Harnessing generative AI and machine learning to improve our services

We are also using the latest generative AI technology to help summarize and structure our information to make it easier for students to search and understand if a program meets their learning goals as well.

Additionally, we are currently developing a chatbot feature that when launched will act as an independent student advisor, answering advanced level questions normally only handled by human support.

As part of our plans to streamline our acquired technologies into a global Keystone platform, extensive work was completed in 2023 to migrate the Educations.com site into this system, which launched successfully in early 2024. This migration is first of many planned across Keystone's portfolio of student websites, and its successful implementation sets a strong precedent for future successful migrations to come.

We also invested in machine learning technologies to help institutions further improve their application and enrollment processing with predictive and prioritization innovations in 2023. Through this, UniQuest has launched Smart Select, an automated decision-making tool for universities. This solution is the first of its kind to launch in the market, helping providers quickly prioritize high volumes of applications at scale.

Our product portfolio will continue to see further investment and enhancements into 2024, as we continually work to offer improvements for our students, learners and partner institutions.

Empowering students around the world to pursue higher education

As part of our mission to help more students find and access education, we helped a number of students achieve their dreams through a range of study scholarships in 2023. From the Master's in Europe to the Go Global MBA scholarship programs, we are dedicated to helping students not only discover educational opportunities but also doing our part to help improve access to global education. More scholarships are planned for launch in 2024.

Further expansion across key target geographies in Europe

The acquisition of leading German student search provider Studddy in April 2023, has enabled us to significantly expand our presence in the DACH region. Driving additional growth, this acquisition will allow us to support thousands more of German-speaking students in searching, discovering, and securing their ideal study program, both in Germany and abroad.

In 2023, we also advanced further within the student-athlete placement market, acquiring two agencies, Future Elite Sports (UK) and I-con Sports (Spain). Keystone Sports is now the leading student-athlete placement provider in Europe, supporting over 1200 student-athletes on their journey to college in the United States and Canada in 2023.

Helping institutions improve their recruitment intelligence with data-led insights

Diversification in student recruitment culturally and financially enriches an institution's campus life - and beyond - contributing to local and wider economies and sharing international skills into the workforce. Keystone has helped more than 5,600 institutions target and reach new student segments with a range of solutions through all stages of the student recruitment value chain.

One of our greatest strengths is our unparalleled student reach, and we continue to provide essential student insights to our customers so they can make informed decisions on where to recruit students from, and how best to convert their interest into enrollment.

In 2023, we published the third edition of the global State of Student Recruitment annual report, measuring the preferences, motivations, and behaviors of 23,000+ prospective international students, with deep dives into the student recruitment landscape of specific regions ad countries.

The report was received with great success by the industry, downloaded by thousands of higher education professionals online, as well as attended by in-person. Keystone was also selected to host a live panel discussion at two major international higher education conferences, NAFSA and NAGAP, to present this data, and has been pre-selected again for presentations in 2024.

The popularity and reach of the State of Student Recruitment report was exemplified in the media interest it also generated, with coverage of data being published on popular higher education sites ICEF Monitor and the PIE News.

UniQuest, who celebrated their 10th anniversary in 2023, produced the latest edition of Enquiry Experience Tracker in partnership with Edified. Marking its third year of publication, the tracker delivers timely mystery shopping, scoring and benchmarking of how institutions are truly responsive to prospective student enquiries. The recommendations from the report are shared across the higher education community to give institutions some fresh insights into how to improve the student experience.

In 2023, FindAUniversity's Pulse survey continued to play a vital role in providing institutions focused on UK postgraduate recruitment with an array of useful data and insights. Collecting quantitative data at scale, Pulse measures study intentions and attitudes, mapping the prospective student pipeline. Complimenting this, the Share of Search methodology converts Keystone's web analytics into market insight, uncovering shifts in interest across different audiences, destinations and fields of study.

Various editions of Pulse insights provided critical warnings for the UK Higher Education sector in 2023, reporting declines in popularity for international post-graduate taught students due to recent government policy changes. This resulted in significant coverage in the UK market, providing much needed insight to help inform strategy for universities based locally. In 2024, Pulse will continue to serve as a vital data tool and resource for higher education audiences with expanded data collection across additional websites within the Keystone platform.

Building bridges within the higher education community

Events and conferences are the highlight of the higher education calendar each year, and provide us with the opportunity to connect with our customers and the wider education community. They give us the opportunity to build and develop key relationships with stakeholders, associations and providers, ensuring we keep our finger on the pulse of the latest challenges in the sector and sparking new ideas and discussions on how Keystone can have a greater impact on the wider student recruitment landscape.

In 2023, Keystone participated in a variety of global higher education conferences including AIEA in Washington DC, The Pie Live in London, NAGAP in New York, NAFSA in Washington DC, and EAIE in Rotterdam.

Collaborating with colleagues at FindAUniversity, we hosted our first 24-hour live Global Study Fair in the Fall of 2023, improving international reach and flexibility for universities to connect virtually with 12,000+ prospective students across all time zones.

We also hosted a number of events in 2023 including the global edition of the Upskill & Reskill virtual event hosted by our Findcourses team and various in-person student fairs hosted by our wider search and discovery domestic team. Our international team travelled to Dublin in November to host a live event showcasing insights from our data and highlighting our services to a number of Irish institutions.

At Keystone Sports, we hosted several tennis and soccer showcases across Europe in 2023. We saw the return of FindAUniversity's highly successful Postgrad LIVE event series across multiple UK locations. Keystone Study Abroad hosted a range of student fairs across locations in Norway, Sweden and online. Our international search and discovery team also organized a range of higher education-focused webinars in several languages, such as Spanish, French, and Italian, extending our reach to customers and prospective customers who had previously been unable to access these resources due to language barriers.

The history behind Keystone is not one – but many. In 2023, we have made huge strides in achieving our mission – to help everyone in the world find the right education.

In 2024, we will continue to invest in improving the experiences of all students, working towards digitally transforming the student recruitment journey with a complete, end-to-end platform for both students and customers alike, so that they are seamlessly connected.

Our progress and continued investments will help us to to keep building momentum as a trusted global partner and resource for students and institutions, stay tuned with us on our journey!

2023 Highlights

Main highlights

- Total revenue growth in 2023 was 13% with a solid EBITDA (adj.) margin of 20%, an improvement from last year's margin of 19%.

- **Record enrollments:** We saw a record number of direct enrollments with over 80,000 enrollments via Keystone's enrollment services.

    - **Enhancing the Student Experience**: Through cutting-edge technology, we operate a network of over 450 destinations worldwide from a single centralized platform.

    - **Data and AI**: Leveraging data, machine learning, and Generative AI, we empower both students and institutions with high-value insights.

    - **Consolidation of Technology Infrastructure**: By consolidating our technology assets into a single customer platform, we are streamlining operations and offering enhanced visibility and reach to our customers.

- **50 million communications** to students made by UniQuest and average of 46,000 communications to students per day. Up to and including 2023, 340,000 enrolled students have been supported by UniQuest.
- **M&A:** Three new companies joined Keystone (Studddy, I-con Sports and Future Elite Sports). These companies in Germany, UK and Spain contributed USD 4.8 million in combined revenues in 2023 and added over 10 million student users from the DACH region.

Events after reporting

In early 2024, Keystone acquired global education providers, Edunation and Asia Exchange.

- **Asia Exchange** will bring substantial strategic benefits to Keystone Education Group as the Asia authority of study abroad with a unique model enabling accessible study abroad for the many, not the few.

- **Edunation** has been committed to revolutionizing international student recruitment, guided by a vision of creating pathways for students worldwide to access high-quality education opportunities in the Nordics.

Key figures

All figures in USD million

Key figures

Profit and loss	2023	2022
Revenues	81.3	72.1
Gross profit	70.0	64.2
Gross margin	86 %	89 %
EBITDA	14.7	12.2
EBITDA adj. (excl. non-recurring items)	16.5	13.8
EBITDA %	20 %	19 %
EBIT	6.2	3.7
Net profit/loss	(8.0)	(8.4)

Other key figures	2023	2022
Net cash from operating activities	10.2	6.3
Net cash used in investing activities	(21.5)	(11.4)
Net cash from financing activities	14.4	9.0
Total assets	205.6	178.0

Our commitment to sustainability

At Keystone we believe everyone has the right to an education.

Keystone's vision is to help everyone in the world to find the right education. Our passion for education, and excitement at seeing the effect that it has on people's lives, drive us. We have found that education for young people plants a seed for lifelong learning that prepares them to continuously explore and find their passions in life.

Fostering a sustainable future for all

Being in a low carbon industry, with cloud-based solutions for our customers and users, we are proud to state that our environmental footprint is very low. Nonetheless, we also see it as our responsibility to do everything in our power to leave as small a footprint as possible on the planet we will leave behind for coming generations. In 2015, the UN, and its member countries adopted the 2030 Agenda for Sustainable Development including its 17 Sustainable Development Goals, SDG. The SDGs are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

We in the Keystone family are passionate about the environment and what we leave for future generations. We believe that we, in our professional role, can and will contribute to a better world. We will perform with our best intentions to our best ability.

Reducing our environmental impact

Electricity and Energy

Our goal is to only use green electricity at each office throughout the group.

This includes that Keystone as a group are making sure our landlords are providing us with environmentally friendly electricity from renewable sources. We are using energy saving lights wherever possible and make sure that the office lights turn off when the offices are unoccupied in the evenings.

Waste

Keystone encourages its employees to work in cloud-based environments and not to print documents if they are not really needed.

Keystone encourages all its suppliers to send all invoices and information by email instead of by regular mail.

All employees and guests visiting a Keystone office should be encouraged and provided with the option to always use recycle bins for any waste.

Transportation

When we travel, Keystone encourages its employees to take the most environmentally friendly option in relation to time consumption.

Keystone aims to lessen the need for transportation with the use of good IT equipment that enables for online meetings and conferences.

Education for all

In line with our vision and the products we offer that connect students with education; our aim is to influence the world to become more educated.

Charity projects

Keystone supports CCLK School in Gambi and donates all Christmas gifts to charities connected to education.

Gender Equality

We expect that all Keystone employees always treat everyone, no matter gender, age, race, sexuality or other diversity, with kindness and respect.

The Group has more than 20 nationalities and 56% of its employees are female. Maintaining diversity and equality is one of our strengths and continues to be a focus in our hiring process.

Work environment

As an employer we have zero tolerance towards all forms of discrimination, harassment, sexual harassment, or degrading treatment. Our Anti-Harassment policy aims to protect everyone at Keystone from unwanted behaviors and provides guidelines to report incidents.

We offer fair pay, both considering market standards and the individual opportunity to influence salary increases on a yearly basis. We promote health activities throughout the business to enable our employees to have a healthy life outside of work.

Our growth plan empowers us to offer more jobs in the markets we are operating in

Corporate Governance

Sustainable economic growth

Through our year-on-year sustainable organic growth, in connection to growth through acquisitions, we enable more jobs for more people and at the same time enable more people throughout the world to reach their potential through our products.

End modern slavery

Modern slavery, including forced labor, human trafficking and debt bondage, is a violation of human rights and international labor standards. We strive to ensure that our supply chain is slavery free using the Modern Slavery Act as a framework.

Protection of whistleblowers

The purpose of Keystone Education Group's Whistleblowing Policy is to encourage and provide protection to employees, partners, customers and other external stakeholders who report illegal or unethical behavior within the organization.

To do this, we employ MyVoice Digital as an independent, secure, and anonymous channel to raise any concerns within the organization.

Management Team

FREDERIK HÖGEMARK
Chief Executive Officer

Fredrik is one of the company's founders and has been active in the group since its inception.

Prior experience from SEB Corporate Finance. Fredrik has a Bachelor in business and economics and a Master's in Accounting & Financial Management from Stockholm School of Economics.
Fredrik's mission is to develop and deliver services which help students in their journey to find the right education and to develop innovative solutions for the education industry.

KENNETH HANSEN
Chief Financial Officer

With over 15 years of financial services experience, Kenneth joined Keystone in August 2022, becoming CFO of the Company in July 2023.

Kenneth has previous senior experience within financial roles, including Group Finance Director at Magseis Fairfield, and Manager at EY.

He also has a masters degree in Audit and Accounting from the Norwegian School of Economics.

JULIAN SKEELS
Chief Product & Technology officer

Prior to Keystone, Julian was Senior Vice President of Product Growth at DAZN, the world's largest, fastest-growing sports streaming service and leader of Product Management, Engineering and Data Science teams at Amazon Prime Video for almost 5 years.

Julian has over 20 years of demonstrated career success with extensive case histories of leading Product Management organisations within embryonic start-ups through to market leaders such as Microsoft, Apple and Amazon.

Julian has a BSc in Computer Science from University of Hertfordshire.

SABA CHAFIKI
Chief Marketing Officer

With over 12 years of experience working in higher education and across the telecommunications industry, Saba has extensive experience in sales and marketing.

Saba has a Master of Management from Burgundy School of Business and a Bachelor of Public Management from the Institute of Public Management and Territorial Governance (France).

LIZA ANDERSIN
Chief Human Resources Officer

With a background of working within the HR field for over 10 years combined with solid experience of media production within Employer Branding, Liza has developed a proactive HR approach that is close to the business.

Liza has a Bachelor's in psychology from Stockholm University and has also studied Organization and Management at Swinburne University of Technology in Melbourne.

Management Team

SCOTT MILLER
Chief Commercial Officer, International

Scott has over 11 years of experience in the EdTech space. Scott served successfully as VP of Sales and other roles since joining Keystone in 2010. Prior to Keystone, Scott worked on the United States 2008 Presidential Campaign and also served 3 years in the United States Peace Corps in Costa Rica.

Scott has an MPhil in Sustainable Development from the University of Oslo and a BA from DePauw University.

MADELEINE LINDAHL
Chief Operating Officer, Domestic

Madeleine joined the former Educations Media Group in 2016. She has over 15 years of experience within Sales and Marketing from FMCG companies, the Travel Industry, as well as the Education Industry.

Madeleine has a Bachelor of Communications and Marketing from Örebro University and has also studied Advertising, Business and Graphic Design at University of Western Sydney, Australia.

FABIEN MIARD
Chief Business Development Officer

Fabien Miard serves as Chief Business Development Officer of Keystone, a position he has held from 2021. Fabien has had various roles during his 14 years at Keystone, leading teams in Sales, Customer Success, and Business Development.

Fabien is based in Oslo, Norway, and has an MPhil in Political Science from the University of Oslo, and a BA from the University of Zurich. He worked in the Swiss banking and aviation sectors prior to Keystone.

RACHEL FLETCHER
Chief Executive Officer, UniQuest

Rachel has 20 years' experience partnering with higher education institutions to optimise student engagement and conversion operations in the UK, US and Australia. She co-founded UniQuest to build a flexible service that could adapt to the rapidly changing needs of education institutions and students.

Rachel has always had a passion for international education and has studied and gained degrees in five different countries.

ROBERT HARDY
Managing Director FindAUniversity

Robert has dedicated over 20 years of his career to the further and higher education sector, leading commercial teams and building market-leading ed-tech solutions.

Currently, Robert is the Managing Director of FindAUniversity, Keystone's specialist in postgraduate student recruitment. Prior to this he served as the Commercial Director at the UK's largest peer-to-peer platform, where he led marketing, operations, and sales teams across the Further & Higher Education, Graduate Recruitment, and Consumer verticals.

Board of Directors

KEITH FRANSSON
Chairman of the Board

Keith has over 25 years of CEO, owner and management consultant experience, all of which he shares with Stella Capital companies and investors.

Keith is Chairman at Mandaley (Soft Goat and By Malina) and has held multiple board seats at key Nordic brands including Original, ILT Inläsningstjänst and Polhus.

THORSTEIN BERG
Board Member

Thorstein is a serial entrepreneur, and "founding father" of Keystone and House of Control. He has, or contributed to, establishment, scaling and IPO or Exit of multiple companies.

Thorstein heads the Berg family office. He chairs, or is member of several boards.

Thorstein is passionate about sales, topline growth and strong corporate culture. Thorstein has strong positivism and ability to move companies forward.

Thorstein has an MSc in Business and Economics from University of Fribourg.

JOSTEIN VIK
Board Member

Jostein is Partner and co-founder of Viking Venture. He is passionate about technology and his expertise in business strategy and commercialization has time after time driven results for fast-growing software scale-ups. Jostein has over 20 years of experience from the software industry. He has lived and worked in Sweden and the US.

Before joining Viking, Jostein worked with business development and M&A at Carlsberg Breweries, Lilleborg, Orkla Media and Orkla ASA.

Jostein has an MSc in Business from the Norwegian Business School.

KARIN KANS
Board Member

Karin is a Principal at Verdane. She has previous experience from M&A and debt advisory from Access Partners as well as management consulting from EY and PwC.

Karin focuses primarily on existing holdings and new investments in companies with a digital angle or business model in the software and e-commerce sectors.

Karin graduated from the Stockholm School of Economics with a B.Sc. in Business and Economics, and an M.Sc. in Finance.

FREDERIK SØDERLINDH
Board Member

Fredrik is a founder of Educations Media Group, the former company which merged with Keystone Academic Solutions to form Keystone Education Group in 2021. EMG was founded in 2001 based on his own need to find the right education.
He served as the CEO for 20 years until the merger of KAS and EMG in 2021. EMG experienced 20 consecutive years of bootstrapped and profitable growth. Before the merger, EMG had a turnover of USD 25 million and 200 employees.

Today, Fredrik uses his experience, network and passion for the industry as the head of M&A for Keystone. Fredrik is today the largest individual shareholder of Keystone.

Board of Directors Report

Financial review

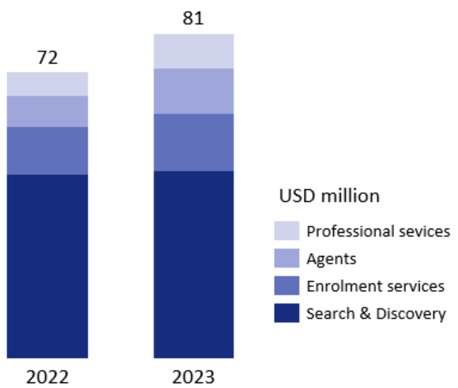
These consolidated financial statements comprise Keystone Education Group AS (referred to as the “company” or “parent”) and its subsidiaries (referred to as “the Group”).

The consolidated financial statements for the Group are presented in United States Dollars (USD). Unless otherwise stated, all financial information has been rounded to the nearest thousand and figures in brackets represent figures for 2022.

Revenue

The Group’s revenue for 2023 amounted to USD 81.3 million, compared to USD 72.1 million in 2022. The organic underlying growth in revenues was 7% while total growth was 13%.

58% of revenues in 2023 came from Search & Discovery, while Enrollment Services, Agents and PRO is where we had the largest growth. This is partly due to acquisitions, but we are also seeing solid organic growth.



Revenue mix

Operational Cost

Operating expenses (excluding depreciation and amortization and non-recurring items) amounted to USD 64.8 million in 2023, compared to USD 58.6 million in 2022. This is an increase of 11% compared to an increase in revenues of 13%.

Around 70% of the cost base in Keystone Education group is FTE related.

Non-recurring items amounted to USD 1.8 million in 2023 and USD 1.6 million in 2022. Non-recurring items in 2023 mainly consist of restructuring costs and business combinations.

EBITDA

The Group reported adjusted EBITDA (excluding non-recurring items) of USD 16.5 million for 2023, compared to USD 13.8 million in 2022. The adjusted EBITDA margin improved from 19% in 2022 to 20% in 2023, due to solid revenue growth and tight cost control.

Including non-recurring items, the EBITDA for 2023 was USD 14.7 million (margin of 18%) compared to USD 11.9 million in 2022 (margin of 16%).

Depreciation, amortization, and impairment

Depreciation and amortization totaled USD 8.5 million compared to USD 8.2 million last year. This reflects that the Group acquired several companies in 2022 and 2023 resulting in higher amortization of intangible assets.

No impairment was recognized in 2023 or 2022.

Operating results EBIT

The operating result (EBIT) for 2023 showed a profit of USD 6.2 million, compared to a profit of USD 3.7 million in 2022. The improved result is due to better performance and implementing new business management philosophy with increased focus on margin expansion, and improved customer acquisition and churn management. A new financial management system was also implemented in 2022 with appropriate and aligned budgeting and forecasting methodology to support Keystone's multinational business.

Net financial items

Total finance income amounted to USD 2.2 million in 2023 (1.4).

Total finance costs were USD 15.0 million (11.8), comprising both interest on debt and interest on financial leases under IFRS 16. The main reason for the increase in finance costs in 2023 is because of changes in valuation of contingent liabilities. These contingent liabilities are earn-outs related to the performance of acquired entities. As several of these companies have over-performed in 2023 and are also expected to do so in 2024, an increase in the earn-out liability of USD 3.8 million was recognized in 2023. We also had higher interest expenses in 2023 due to increased interest rates and higher debt.

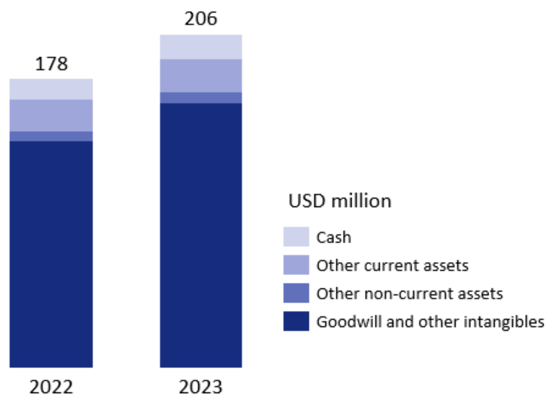
Net finance costs were hence USD 12.8 million in 2023 (10.5).

Profit/loss

Net loss before tax was USD 6.6 million in 2023, compared to a net loss before tax of USD 6.8 million in 2022.

Income tax expense amounted to USD 1.4 million (1.6), and net loss after tax was USD 8.0 million (8.4). The decrease in income taxes is driven by declined profitability.

Assets



Total assets for the Group were USD 205.6 million per the end of 2023 compared to USD 178.0 million at the end of 2022.

Goodwill and other intangible assets amounted to USD 163.4 million, versus USD 139.4 million at the end of 2022. The changes are mainly due to translation difference of USD 5.3 million, additions of USD 26.4 million and amortization of USD 6.1 million.

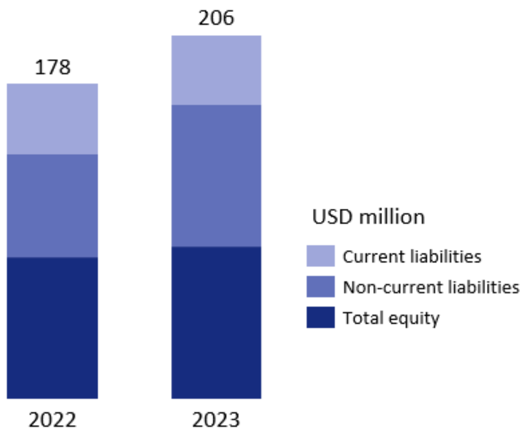
During the year, the company has performed impairment tests, and no impairments were found to be required.

Total non-current assets amounted to USD 169.7 million, compared to USD 145.7 million at the end of 2022.

Cash and cash equivalents amounted to USD 15.5 million at the end of 2023 compared to USD 12.5 million at year-end 2022.

Total current assets amounted to USD 35.9 million at the end of the year, compared to USD 32.3 million at the end of 2022.

Equity and liabilities



The Group's equity amounted to USD 86.1 million at the end of 2023, up from USD 79.6 million at the end of 2022. This is mainly due to foreign exchange differences on translation of foreign operations (subsidiaries have different functional currency than USD). This is a result of revaluation of non-current assets such as goodwill due to changes in foreign exchange rates and is not reflective of the underlying performance of the businesses. The equity ratio is 42 percent, compared to 45 percent at the end of 2022.

Non-current liabilities amounted to USD 79.7 million at the end of 2023, compared to USD 58.3 million at the end of 2022.

The non-current liabilities comprised interest-bearing liabilities of USD 55.2 million (37.8), lease liabilities of USD 3.8 million (4.6), contingent liabilities (earn-out) of USD 5.1 million (7.0) and deferred tax liability of USD 10.9 million (9.0).

Current liabilities decreased to USD 39.8 million from USD 40.1 million at the end of 2022, with trade payables increasing to USD 2.9 million from USD 2.7 million at year-end 2022. Other current liabilities decreased to USD 36.9 million from USD 37.4 million at the end of 2022, with current portion of contingent liabilities (earn-out) at USD 11.6 million, deferred revenue at USD 15.7 million, current portion of lease liabilities at USD 0.9 million, current tax payable at USD 0.8 million, and other current liabilities at USD 8.0 million. The latter comprises salary related accruals and other operational accruals.

Cash flow and investments

The Group had a positive operating cash flow of USD 10.2 million in 2023, compared to USD 6.3 million in 2022. The variance between the operating cash flow of USD 10.2 million and EBITDA of USD 14.7 million in 2023 are mainly explained by negative working capital movements of USD 1.2 million and paid income taxes of USD 3.3. The net working capital at year-end was impacted by increased activity level.

Cash outflow from investing activities amounted to USD 21.5 million for 2023, compared to USD 11.4 million in 2022. Investing activities mainly relate to acquisition of companies.

Capital expenditure (excluding acquisition of companies) accounted for USD 3.4 million (3.7) of the cash outflows from investing activities and relates mainly to capitalized research and development.

The net cash flow from financing activities was an inflow of USD 14.4 million, compared to a cash inflow of USD 9.0 million in the same period last year. Cash inflow from loan proceeds was USD 15.8 million in 2023 and 12.9 million in 2022. Interest payments amounted to USD 5.4 million in 2023 and 3.3 million in 2022. The increase is driven by higher debt and higher interest rates.

Funding

The company's cash position was USD 15.5 million at the end of 2023, compared to a cash position of USD 12.5 million at the end of 2022.

In March 2023, Keystone Education Group reached an agreement with its lender to amend and improve the financial covenants and extend the maturity one year to December 2025.

Given the current activity level and financial forecasts, the company will have sufficient liquidity through 2024 and be in compliance with the financial covenants. The financial forecast is subject to certain risk factors.

Keystone Education Group is in compliance with all financial covenants as of December 2023.

Parent company

Keystone Education Group AS is the parent company of the Keystone Education Group. In 2023, Keystone Education Group AS reported a profit after tax of USD 1.0 million, compared to a profit of USD 0.6 million in 2022.

At year-end 2023, Keystone Education Group AS had total assets of USD 104.0 million, compared to USD 99.8 million at the end of 2022.

Allocation of comprehensive profit

The Board of Directors proposes the following allocation of the reported comprehensive profit: USD 1.0 million transferred to other equity.

Accounting principles

The consolidated financial statement for 2023 has been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), as approved by the EU. The financial statements for the parent company have been prepared in accordance with the simplified application of IFRS and section 3-9 of the Norwegian Accounting Act.

Going concern

In the view of the Board, The Group has a solid financial position. In accordance with Section 3-3a of the Norwegian Accounting Act, the Board are of the opinion that the going concern assumption is appropriate and the accounts are prepared under this assumption.

People and work environment

At Keystone, we expand each individual's capability to be the best they can be. Together, we are creating an environment that encourages creativity and new paths to success.

As per 31 December 2023, the Group had a total of 809 Full Time Equivalents, which were 589 employees and 220 contractors. This compares to 686 FTEs on 31 December 2022. The increase is mainly driven by acquisitions but also organic growth.

The Group works actively to ensure diversity and equal opportunities, and as a result, our workforce consists of talented employees of around 20 different nationalities, and we are proud to say that we no longer feel 'international' - it has become an integral part of who we are.

We are also proud of our gender distribution. 56% of our employees are females and 44% of all management, while there were 40% women in the executive management team. The Group focuses on diversity and equality in its hiring process as these numbers illustrate.

In 2023, the sick leave for the group was 1.79% compared to 1,82% during 2022. The Company’s HR department works systematically to reduce sick leave, through preventive working environment measures and close follow-ups and dialogue of employees on absence. In 2023, no incidents or injuries directly relating to work conducted at the Group’s premises were reported. No occupational injuries were reported to the Norwegian Labour Inspection Authority in 2023.

As an employer we have zero tolerance towards all forms of discrimination, harassment, sexual harassment, or degrading treatment. Our Anti-Harassment policy aims to protect everyone at Keystone from unwanted behaviors and provide guidelines to report incidents. During 2023, we had no reported incidents.

In 2022 we launched a whistle blowing tool for external and internal stakeholders to raise a concern in reference to Keystone Education Group's Whistleblowing policy. The purpose of Keystone Education Group's Whistleblowing Policy is to encourage and provide protection to employees, partners, customers, and other external stakeholders who report illegal or unethical behavior within the organization.

Technology update

At Keystone, technology sits at the core of our mission to match and connect every individual student with their most suitable school and learning program to achieve their learning goals.

Student recruitment is a multi-billion-dollar industry that has yet to be fully revolutionized by technology. It remains a frustratingly fragmented, slow, and offline experience for many students, and institutions alike. Students live in a world of connected and immediate digital experiences, where a world of choice in retail, food, and transport is available to them within minutes, and they expect education to be the same. It is our fundamental belief that students need a fully digitized experience that helps them choose the right education to meet their life goals, supports them throughout their application and enrolment experience, gives real-time feedback and results, and stays with them through their learning journey. At Keystone, we are building these experiences today, and helping institutions deliver the experience to students to help them gain a competitive edge.

In 2023, we have made large strides towards delivering this vision. Our investments have been focussed into three key strategies; delivering a first-rate student experience, using data, machine learning and generative AI to help students and institutions get high value insights, and consolidation are technology estate into a single customer platform.

Our student experiences are powered by industry leading technology that allows us to operate a network of more than 450 destinations, in multiple countries and languages from a single central platform offering unprecedented levels of scale and reach. Our destinations outperform their peers in terms of performance, and user value, leading to Keystone sites generating more traffic, engagement and conversion than any other market competitor.

In 2023, we have investment in growing the content available on our sites, publishing tens of thousands additional institution and program profiles that offer students a complete selection from a single essential destination. Keystone is using the latest Generative AI technology to help summarise and structure this information to make it easier for students to search and understand if a program meets their learning goals.

In 2024, we will double down on these investments with further Generative AI investments, and will shortly launch a beta version of a new chatbot based feature that will operate as an independent student advisor. Unlike similar features available elsewhere in the market that only answer broad student questions in a generic fashion, we aim to answer highly specific student questions, in a personalised way, in real time, and at least as well as a human agent. In addition to the benefits for students, for our institution customers this will only them to focus their energies on the high value recruitment activities that still require human reasoning.

Elsewhere, in 2023 we have also invested in machine learning technologies that help institutions process and prioritise the large number of applications they receive, predict their rate of enrolment, and provide actionable insights to help improve both measures. Working with leading industry partners including AWS, we are using these technologies today with real customers, and in 2024 we will continue to invest and improve.

Finally, we are making good progress on consolidating our multiple acquired group technology assets into a single scalable global customer platform. In January 2024, we relaunched our popular site "educations.com" on our new global platform, and offered thousands of customers visibility and reach to millions of new students from the same platform that they already use today. In 2024, we will continue to progress this program, offering customers access to tens of millions of new students across the world, and unifying our technology teams from one world class platform.

To handle our growth in technology complexity we have continued to improve our team, and have added engineering leaders from large scale technology organisations such as Electrolux, as well as mass consumer brands such as Viaplay.

R&D activities

The Group develops systems and platforms to deliver its services to education institutions and prospective students. Cost of building new features, together with significant and pervasive improvements of core platforms, provided that the significant and pervasive improvements of parts or main components of core platforms will generate probable future economic benefits, are capitalized as development costs and amortized on a straight-line basis of up to 5 years.

Engineering salaries are the primary expense incurred in terms of costs related to research, development, and maintenance of platforms and applications. In 2023, USD 3.7 million (3.7) in engineering salaries were expensed in the financial statement. USD 3.0 million (2.9) in development costs were capitalized in 2023.

Risk factors

Risk management in the Group is carried out by management and approved by the Board of Directors. Potential risks are evaluated on a regular basis and management determines appropriate strategies related to how these risks are to be handled within the Group under the approved policies.

Keystone Education Group is exposed to a variety of risk factors; currency, interest rate, price, credit liquidity, and capital risk. Management evaluates these risks and related risk management processes on an on-going basis.

Market risk

The Group is exposed to market risks related to the demand for its products and services and to the ability to maintain a competitive and attractive product offering. The Group manages the risk through continuous analysis of the interests and preferences of the users, by investing in products and services, and a continuous process of recruiting talent and developing the organization and the leadership.

Foreign exchange risk

The majority of the financial risk that the Group is exposed to relates to currency risk. Both revenue and operating expenses are exposed to foreign exchange rate fluctuations. The Group undertakes business within various geographies and foreign currencies and is consequently exposed to fluctuations in exchange rates, particularly SEK, NOK, GBP, and EUR. Foreign exchange risk arises from transactions related to operations conducted, and financial assets and financial liabilities arising in foreign currencies. In 2023, 90% of the Group's revenues and 91% of operational expenses were in foreign currencies (other than USD). During 2023 and 2022, the Group did not use forward exchange contracts, or any other class of derivatives, to hedge its foreign exchange risk.

Credit risk

Credit risk is the risk of losses that the Group would suffer if a counterparty failed to perform its financial obligations. The Group's exposure to credit risk is mainly related to external receivables. Credit risk is assessed for each specific customer. The Group's bad debt expenses in 2023 were 4% of trade receivables at year end. No single customer accounted for more than 10% of the Group's revenue during the financial year. Further, the Group conducts much of its business with universities and students, and it has not experienced significant credit-related losses during this or previous financial years. The carrying value of trade and other receivables represent the group's maximum exposure to credit risk at the balance sheet date. The Group has limited exposure in terms of credit risk related to loans and other receivables.

Liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation, as well as having sufficient flexibility to invest in attractive investment opportunities. To ensure sufficient available cash at hand to meet expected cash outflows, the Group uses cash flow forecasts, to monitor cash flow requirements. The Group manages its capital requirements through the credit facility agreement with Ture Investment group, hence the Group is subject to externally imposed capital requirements. Unrestricted cash year end 2023 was USD 10.3 million down from USD 12.0 million in 2022.

Report on corporate governance

The Group complies with the Norwegian Code of Practice for Corporate Governance on matters relating to the environment, social issues, the working environment, equality and non-discrimination, respect for human rights, and anti-corruption and bribery. The Group is preparing for reporting and audit under the Corporate Sustainability Reporting Directive (CSRD) in 2025, by gathering and reviewing data, building sufficient internal control and implementing efficient systems.

Environmental responsibility

The Group is not subject to licenses or impositions, and its activities do not have a negative, environmental impact.

Transparency Act reporting

Keystone is working towards its second Transparency Act reporting, due in June 2024. The report will be available at www.keg.com.

The Director & Officers' Liability

The Directors' & Officers' liability insurance covers pure financial loss resulting from a claim made against an insured person resulting from a wrongful act committed or allegedly committed in a position as a director or officer, member of the supervisory board or management board or an employee acting in a managerial or supervisory capacity. The liability is personal.

Subsequent event

Acquisition of global education providers, Edunation and Asia Exchange. Asia Exchange will bring substantial strategic benefits to Keystone Education Group as the Asia authority of study abroad with a unique model enabling accessible study abroad for the many, not the few. Edunation has been committed to revolutionizing international student recruitment, guided by a vision of creating pathways for students worldwide to access high-quality education opportunities in the Nordics.

Strategy and outlook

Keystone's vision is to help everyone in the world find the right education and our strategy is focused on this. To achieve our vision, we need to help more students every year and grow into new markets to provide better guidance to students in these countries.

We will continously expand both organically and via acquisitions to help students in more countries find the right education. We are also adding new services to enable us to further help the students in their journey from early interest in studying to actual enrollment.

To better help millions of students with the right guidance, we are investing in several AI solutions within student counselling and guidance, matchmaking and content tools. In 2023, we increased our R&D investments by over 20% and we will contiune to invest in and leverage new technologies to provide the best experience for students and schools.

In 2023, several new companies joined Keystone. Studddy (former TAR Media Group) joined in Q1 2023, enabling us to take the market leading position in search & discovery in Germany and Austria. Future Elite in the UK and I-Con Sport in Spain also joined Keystone's agency business, further strengthening our position in these countries.

In Q1 2024, two new companies were acquired and became part of Keystone; Edunation and Asia Exchange, further strengthening our offering in Asia.

Keystone's strategy will continue to be guided by the following principles:

- Deliver profitable growth
- Invest in technology to continuously improve our products and provide better services to students and schools
- Make acquisitions in new markets to reach more students and provide better local enrollment services
- Combine enrollement services with search & discovery to create a seamless flow for the students
- Offer a valuable digital journey combined with personal guidance to

help students enroll at the right schools

- Consolidate a streamlined product line which scales globally across our customers
- Lead the industry with dedication and passion guided by our vision and mission

Keystone's ambition is to be the global industry leader within 3-5 years and grow significantly in size, led both by organic and M&A driven growth. We will continue growing Keystone as a global brand and trustworthy partner and service provider for both students and schools.

Board of Directors and CEO of Keystone Education Group AS,

Fornebu, 29 May 2024

Sign.

Keith Barry Fransson
Chair of the Board of Directors

Carl Fredrik Gustav Søderlindh
Director

Jostein Vik
Director

Thorstein Berg
Director

Karin Kans
Director

Björn Fredrik Högemark
CEO

CONSOLIDATED FINANCIAL STATEMENTS

KEYSTONE
EDUCATION GROUP

Consolidated statement of comprehensive income

USD thousands	Note	2023	2022
Revenue			
Revenue from contracts with customers	5, 13	81 310	72 102
Operating expenses			
Cost of services	6	(11 319)	(7 936)
Payroll and related expenses, excl. stock-based compensation	7	(42 495)	(41 374)
Share-based payments	7	(52)	(260)
Depreciation, amortization, and impairment expenses	14, 15, 16	(8 488)	(8 221)
Other operating expenses	8	(10 979)	(8 996)
Total operating expenses	12, 13	(73 333)	(66 786)
Operating profit ("EBIT"), excluding non-recurring costs		7 977	5 315
Non-recurring costs (Business combinations, restructuring and other similar costs)	9	(1 802)	(1 642)
Operating profit ("EBIT")		6 175	3 674
Financial income and costs			
Finance income		2 239	1 352
Finance cost		(11 263)	(5 203)
Interest, FX, and change in fair value of contingent consideration (earn-outs)	23	(3 756)	(6 594)
Net finance income/(costs)	10	(12 779)	(10 445)
Net profit/(loss) before income tax		(6 604)	(6 771)
Income tax expense	11	(1 425)	(1 609)
Net profit/(loss)		**(8 029)**	**(8 380)**
Other comprehensive income that may be reclassified to profit or loss on subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		7 044	(13 060)
Total comprehensive income/loss		**(985)**	**(21 440)**
Net profit is attributable to:			
Owners of KEG AS		(8 020)	(8 368)
Non-controlling interests		(9)	(12)
Total comprehensive income for the period is attributable to:			
Owners of KEG AS		(976)	(21 429)
Non-controlling interests		(9)	(11)

Consolidated statement of financial position

USD thousands	Note	31-Dec 2023	31-Dec 2022
Non-current assets			
Intangible assets	16	163 437	139 403
Right of use assets	15	4 527	4 993
Property, plant and equipment	14	828	770
Deferred tax assets	11	630	288
Other non-current assets	17	318	196
Total non-current assets		169 740	145 650
Current assets			
Cash and cash equivalents	13, 19	15 475	12 477
Trade receivables	13, 18, 19	12 333	12 573
Other current assets	13, 18, 19	8 074	7 267
Total current assets		35 882	32 317
Total assets		205 623	177 968
Equity			
Equity attributable to owners of the company		86 093	79 598
Non-controlling interests		(20)	(11)
Total equity	24	86 073	79 588
Non-current liabilities			
Interest bearing liabilities	13,19, 20, 21	55 174	37 774
Lease liabilities	15, 19, 20, 21	3 830	4 591
Deferred tax liability	11	10 865	8 999
Employee benefit obligations		0	0
Other non-current liabilities		4 739	0
Non-current contingent consideration liabilities	19, 23	5 115	6 946
Total non-current liabilities		79 723	58 309
Current liabilities			
Trade payable and other payable	19, 22	2 915	2 699
Deferred revenue	22	15 729	15 130
Taxes payable	11	776	734
Current portion of lease liabilities	15, 19, 20, 21	857	1 044
Other current liabilities	19, 22	7 979	9 462
Current contingent consideration liabilities	19, 23	11 571	11 002
Total current liabilities		39 826	40 071
Total liabilities		119 550	98 380
Total equity and liabilities		205 623	177 968

Board of Directors and CEO of Keystone Education Group AS,

Fornebu, 29 May 2024

Sign.

Keith Barry Fransson Chair of the Board of Directors	Carl Fredrik Gustav Søderlindh Director
Jostein Vik Director	Thorstein Berg Director
Karin Kans Director	Björn Fredrik Högemark CEO

Consolidated statement of changes in equity

For the year ended 31 December 2023

USD thousands	Number of shares outstanding (thousand)	Paid-in capital (par value)	Paid-in capital (share premium)	Other reserves	Reserve for own shares	Translation reserve	Other equity	Subtotal	Non-controlling interests	Total equity
Balance 1 January 2023	**6 694**	**927**	**95 658**	**666**	**-**	**(5 300)**	**(12 352)**	**79 598**	**(11)**	**79 588**
Comprehensive income/loss										
Profit/(loss)							(8 020)	(8 020)	(9)	(8 029)
Other comprehensive income/(loss) for the period		(349)	(10 174)	(21)	(13)	17 011	591	7 044	0	7 044
Total comprehensive income (loss) for the period	-	(349)	(10 174)	(21)	(13)	17 011	(7 429)	(976)	(9)	(985)
Contributions by and distributions to owners										
Issuance of ordinary shares related to business combinations	103	13	2 082	-	-	-	-	2 094		2 094
Issuance of ordinary shares related to incentive program	3	0	32	-	-	-	-	32	-	32
Issuance of ordinary shares related to equity increase	296	342	5 658	-	-	-	-	6 001		6 001
Treasury shares purchased		-	-	-	(701)	-	-	(701)		(701)
Share-based payment transactions		-	-	59	-	-	-	59	-	59
Total contributions by and distributions to owners	402	355	7 772	59	(701)	-	-	7 485	-	7 485
Other equity changes										
Other changes	-	0	(15)	2	-	(73)	72	(14)	-	(14)
Total other equity changes	-	0	(15)	2	-	(73)	72	(14)	-	(14)
Balance 31 December 2023	**7 095**	**933**	**93 241**	**706**	**(715)**	**11 637**	**(19 709)**	**86 093**	**(20)**	**86 073**

Face value of the shares

The face value of the shares is NOK 1.35, and there is outstanding 7,095,489 shares as of December 31, 2023. Please refer to note 24 for more information about the share capital and shareholder information.

Issuance of ordinary shares related to business combinations

During 2023 KEG issued 103,264 shares of which were used as part of the transaction for the acquisition of TarGroup Media GmbH.

Issuance of ordinary shares related to incentive program

During 2023 KEG issued 2,623 shares of which $0.03m was paid in cash as part of the options program for employees in the group.

Issuance of ordinary shares related to equity increase

During 2023 KEG issued 295,849 shares of which $6m was paid in cash.

Other reserves

Other reserves consist of option costs recognized according to the equity settled method.

Reserve for treasury shares

The reserve for the Company’s own shares comprises the face value cost and excess value of own shares held by the Company.

By end of December 31, 2023 the company had 68,091 treasury shares. During the year, KEG purchased 32,581 treasury shares, and holds an additional 35,510 shares in escrow for share transactions from the previous share issue related to equity increase.

Translation reserve

The translation reserve consists of all foreign currency differences arising from the translation of the financial statements of group companies with a functional currency that is not USD.

Other equity

Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period.

For the year ended 31 December 2022

USD thousands	Number of shares outstanding (thousand)	Paid-in capital (par value)	Paid-in capital (share premium)	Other reserves	Reserve for own shares	Translation reserve	Other equity	Subtotal	Non-controlling interests	Total equity
Balance 1 January 2022	**6 429**	**976**	**104 960**	**408**	**-**	**(2 114)**	**(4 884)**	**99 346**	**-**	**99 346**
Comprehensive income/loss										
Profit/(loss)	-	-	-	-	-	-	(8 368)	(8 368)	(12)	(8 380)
Other comprehensive income/loss for the period	-	(63)	(10 148)	(49)	-	(3 186)	385	(13 061)	1	(13 060)
Total comprehensive income/loss for the period		(63)	(10 148)	(49)	-	(3 186)	(7 982)	(21 429)	(11)	(21 440)
Contributions by and distributions to owners										
Issuance of ordinary shares related to incentive program	265	14	846	-	-	-	-	860	-	860
Share-based payment transactions	-	-	-	307	-	-	519	826	-	826
Total contributions by and distributions to owners	265	14	846	307	-	-	519	1 686	-	1 686
Other equity changes										
Other changes	-	-	-	-	-	-	(5)	(5)	-	(5)
Total other equity changes	-	-	-	-	-	-	(5)	(5)	-	(5)
Balance 31 December 2022	**6 694**	**927**	**95 658**	**666**	**-**	**(5 300)**	**(12 352)**	**79 598**	**(11)**	**79 588**

Consolidated statement of cash flow

USD thousands	Note	2023	2022
Cash flows from operating activities			
Net profit/(loss) before income tax		(6 604)	(6 771)
Income taxes paid	11	(3 278)	(2 565)
Adjustments for:			
Depreciation, amortisation and impairment expenses	14, 16	8 488	8 221
Share-based payments		59	307
Finance income	10	(2 239)	(1 352)
Finance costs	10	15 019	11 797
Net (gain)/loss from disposed assets	14	(18)	506
FX differences related to changes in balance sheet items		-	(354)
Other non-cash		-	(131)
Working capital changes:			
Changes in trade receivables, trade and other payables		(506)	(2 808)
Changes in other operating working capital		(708)	(570)
Net cash from operating activities		10 214	6 279
Cash flows from investment activities			
Acquisition of equipment	14	(385)	(786)
Capitalized Research & Development	16	(3 064)	(2 891)
Payment for acquisitions of subsidaries, net of cash acquired	16	(18 038)	(7 687)
Net cash from investment activities		(21 486)	(11 364)
Cash flow from financing activities			
Purchase of treasury shares		(701)	-
Proceeds from issuance of shares - private placement	24	6 001	656
Proceeds from issuance of shares - incentive program	24	32	724
Net payments from new loans	21	15 848	12 885
Down payments of interest-bearing liabilities	21	-	-
Interest paid	21	(5 388)	(3 315)
Principal payment of lease liabilities	15	(1 416)	(1 976)
Net cash to/from financing activities		14 376	8 974
Net change in cash and cash equivalents		3 103	3 890
Currency effects on cash		(105)	(1 192)
Cash and cash equivalents at period start		12 477	9 779
Cash and cash equivalents at period end [1)]		15 475	12 477

[1)] Of which $5.5 million (2022: $0.5 million) is restricted cash as of December 31, 2023.

Keystone Education Group AS
Group Financial Statements 2023

Notes to the consolidated financial statements

1. Company information

The Group delivers services to higher education institutions and prospective students to help the student connect and find the right education.

Keystone Education Group ("the Group"/"KEG") consists of Keystone Education Group AS and its subsidiaries. Keystone Education Group AS is a limited liability company incorporated in Norway. The Company's registered office is at Rolfsbuktveien 4d, 1364 Fornebu, Norway. The consolidated financial statements of Keystone Education Group AS (referred to as the Company or Parent) incorporate the financial statements of the company and its subsidiaries collectively referred to as "the Group".

These consolidated financial statements were approved for issue by the Board of Directors on 29 May 2024.

These consolidated financial statements have been presented in USD, and rounded to the nearest thousand, unless stated otherwise. Minor rounding differences may exist due to the rounding to thousands for presentation purposes. The Group has changed the level of rounding with respect to the consolidated financial statements for the period ended 31 December 2021, as it was determined that the information provided with a lower level of rounding improve the understanding of the figures presented.
The following subsidiaries are included in the consolidated financial statements:

Company name	Country of incorporation	Ownership and voting share interest
Keystone Education Group AS	Norway	
Keystone Academic Solutions AS	Norway	100 %
Find A Solutions Ltd	UK	100 %
Find a University Ltd	UK	100 %
Keystone Sports AS	Norway	100 %
Keystone Sports GmbH	Germany	100 %
Uni-Quest LTD	UK	100 %
UniQuest, Inc	USA	100 %
Athletes Global Management Sports, S.L.	Spain	100 %
Keystone Education Group AB	Sweden	100 %
EMG-Educations Media Group AB	Sweden	100 %
Blueberry College & Universitet AB	Sweden	100 %
Find Courses PRO AB	Sweden	100 %
Keystone Group APS	Denmark	100 %
Studentum AS	Norway	100 %
Kursfinder GmbH	Germany	100 %
Keystone Education Group OY	Finland	100 %
The Alliance App	UK	68 %
Future Elite Sports Ltd	UK	100 %
Future Elite Players Ltd	UK	100 %
Icon Sports SL	Spain	100 %
TarGroup Media GmbH	Germany	100 %

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board (IASB) and adopted by the EU. The consolidated financial statements have been prepared on a historical cost basis except for contingent considerations measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, which are entities controlled by the Company. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company and consistent accounting policies are applied. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until control ceases, respectively. Intercompany transactions, balances, revenues, expenses and unrealized Group internal gains or losses are eliminated on consolidation.

2.3 Foreign currency translation

The consolidated financial statements are presented in USD. As a result of rounding adjustments, the figures in one or more columns included in the financial statements may not add up to the total of that column.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's function currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

2.4 Employee benefits

The Group operates defined contribution plans for most of the group companies.

2.5 Financial Instruments

Financial assets and financial liabilities are initially measured at fair value except for trade receivables that do not have a significant financing component, and which are measured at their transaction price.

The categorization of financial instruments (financial assets and liabilities) for measurement purposes is based on the nature and purpose of the financial instrument and is determined on initial recognition.

Financial assets

The Group’s financial assets, which primarily consist of contract assets and other current receivables, are measured at amortized cost.

Impairment of financial assets and trade receivables

The Group always recognizes lifetime expected credit losses (ECL) for contract assets and trade receivables. The expected credit losses on these financial assets and trade receivables are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial liabilities

Trade and other payables include trade payables and other current and non-current financial liabilities. Borrowings (long term and short term) include loans from financial institutions and bank overdrafts. These liabilities are initially recognized in the statement of financial position at fair value (net of any transaction costs), and subsequently measured at amortized cost using the effective interest rate method.

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled, or have expired. Any difference between the carrying amount of the financial liability derecognized, and the consideration paid and payable is recognized in profit or loss.

2.6 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.7 Cash Flow statement

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid, and dividends distributed are reported as a part of financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities.

3. Adoption of new and revised International Financial Reporting Standards and Interpretations

3.1 Standards and Interpretations affecting amounts reported in the current period

All relevant new and revised IFRSs and IFRIC interpretations that are mandatory for periods commencing 1 January 2023 and earlier have been adopted for all periods presented in these consolidated financial statements.

3.2 Standards and Interpretations in issue but not yet adopted

Certain new accounting standards, amendments, and interpretations are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These standards, amendments, and interpretations are not expected to have a material impact on the entity in the current future of reporting periods and on foreseeable future transactions.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are deemed to be reasonable under the current circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates, assumptions, and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Amortization of intangible assets (see note 16)

One of the Group's most significant accounting estimates is related to amortization of intangible assets assumed in business combinations. More information on intangible assets can be found in note 16.

Impairment (see note 16)

In accordance with IAS 36, the Group tests annually whether goodwill has suffered any impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill and intangible assets were tested for impairment at the end of 2023. The carrying amount of each cash generating unit was tested against the recoverable amount based on value in use and fair value. These tests suggested no impairment was required. See note 16 for further information on recoverable amounts.

Value in use, particularly when discounted cash flow methods are used, must in part be based on management's evaluations, including determining appropriate cash-generating units, determining the discount rate, estimates of future revenue and margins, and assumptions of the future market conditions. Discount rates have been sourced from a third-party expert.

Management compares the estimates of value in use with the market valuation for reasonableness. In addition, a retrospective analysis of actuals from prior years is performed to provide further input for the estimates that are made regarding future cash flows.

A sensitivity analysis for changes in key assumptions and whether they would lead to an impairment loss is included in note 16.

Contingent considerations (see note 16 and 23)

The Group has previously entered into earnout agreements in connection with acquisitions. An analysis is given in note 16 of how the provisions related to contingent considerations have been calculated.

5. Revenue

Revenues per currency

Please refer to note 13 for information about revenue per currency.

Revenue recognition

The Group delivers services to higher education institutions and prospective students to help the student connect and find the right education.

The Group recognizes revenue when (or as) it transfers control of services to its customers. Revenue is recognized in the amount of the transaction price, which represents the consideration to which the Group expects to be entitled in a contract with a customer, excluding amounts collected on behalf of third parties, and net of value-added tax, discounts, and rebates. When the transaction price includes elements of variable consideration, the Group estimates the amount of consideration to which the entity will be entitled for the services provided. If a customer contract consists of multiple performance obligations, the consideration is allocated among the performance obligations based on their estimated relative stand-alone selling price. In instances where final acceptance of the product or service is specified by the customer, revenue is deferred until all acceptance criteria have been met.

Payment terms vary between customer segments and regions.

Revenue streams

The services rendered are split into the following main revenue streams:

Search and discovery

Core service comprises of website listings of the respective education provider and its programs on Keystone's education websites, with various possibilities to increase visibility through add-on services. Add-on services increase visibility of universities' further and include, e.g., priority listings, sponsored content, and student recruitment.

Revenue from sale of subscription website services to customers is generally invoiced monthly/quarterly/yearly and recognized over the contract period.

Some larger contracts have variable performance-based consideration based on the number of interested students and leads generated. These series of distinct performance obligations are considered as one and the variable consideration is measured and allocated in line with the specific outcome.

As additional services the Group delivers customized social media and direct media campaigns and marketing packages at specific points in time. Revenue from sale of social media and direct media campaigns is recognized when these performance obligations are fulfilled, at point in time.

Student recruitment (Enrollment services)

Keystone helps universities with lead-to-Enrollment services combining personal guidance with a conversion engine that works invisibly to improve student engagement and conversion. By managing all incoming leads to a university, Keystone improves the student journey and increases the lead-to-Enrollment conversion rates for both international and domestic cohorts.

The Group acts as an agent and matches students with learning institutions for a fixed Enrollment fee. Revenue is recognized at a point in time when the Group has both fulfilled its performance obligation and when the Group has an enforceable right to the fee, which is when the student pays their tuition fee at the end of any "come and try" period during which the student can walk away without paying. The services are generally invoiced after the revenue is recognized.

Agents

The Group delivers consultancy services to prospective students to help them obtain a scholarship. The Group performs several activities depending on packages chosen by the student. Most of the services are performed soon after signing the contract, but timing will depend on the package and the timeline before the student will go to university.

The timing of invoicing varies based on the contract. Revenues are recognized at a point in time as the performance obligation has been fulfilled.

For students already enrolled, the Group renders other consultancy services monthly over the contract period, recognizing revenue over time.

Professional training

The Group buys courses from a variety of suppliers and sells the courses to their customers. Customers are set up on the PRO platform and have access to their own site on this platform. Revenues from course and administration fees are recognized when the courses are held (at a point in time). Revenues from installation and implementation services for the PRO platform are recognized at a point in time when the installation has been completed.

Other services

The Group delivers events such as, e.g., career fairs, and revenue from sales of events is recognized when the services are performed (at a point in time).

Cost of obtaining contracts with customers

The Group pays sales commission to its employees based on actual sales. Commissions that are incremental costs of obtaining a contract with a customer are recognized as an asset if the costs are expected to be recovered. Subsequently, the asset is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The expected relevant amortization period varies across the business. Management considers that the average customer's life and other factors are similar across geographies and business lines.

Trade receivables

Trade receivables are initially recognized at the amount of consideration that is unconditional. Trade receivables are non-interest bearing and trading terms range from 30 to 90 days and therefore classified as current. More information in note 18.

Costs to fulfil a contract

In addition to the contract balances discussed above, the Group has also recognized an asset in relation to costs to fulfil some of the Group's contracts. Such costs are recognized as an asset if the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify. The costs generate or enhance resources of the entity that will be used in satisfying and the costs are expected to be recovered. These costs relate primarily to implementation services and are presented within other assets in the balance sheet. As of 31 December 2023, USD 0 million (USD 0 million) was the balance of assets recognized from cost to fulfill a contract.

Contract liabilities

When a customer pays consideration in advance, or an amount of consideration is due contractually before transferring of the services, the amount received in advance is presented as a liability. Contract liabilities represent prepayment from clients for partially satisfied performance obligation in relation to subscription.

2023 Disaggregation of revenue

USD thousands	Search & Discovery	Enrolment Services	Agents	Professional courses	Total 2023
Continental Europe	15 111	213	-	1 243	16 568
Nordics	12 195	-	-	7 489	19 684
UK	9 061	3 649	-	256	22 966
US	5 539	543	10 999	-	17 080
Other	4 946	66	-	-	5 012
Revenue from contracts with customers	46 853	14 471	10 999	8 988	81 310
Recuring revenues	34 308	14 471	-	-	48 780
Re-occuring revenues	9 891	-	-	8 988	18 879
Total over time revenue recognition	44 200	14 471	-	8 988	67 659
Other revenues	2 653	-	10 999	-	13 652
Total point in time revenue rec	2 653	-	10 999	-	13 652

2022 Disaggregation of revenue

USD thousands	Search & Discovery	Enrolment Services	Agents	Professional courses	Total 2022
Continental Europe	11 899	133	-	1 302	13 334
Nordics	14 011	-	-	4 449	18 459
UK	9 487	11 305	-	345	21 137
US	5 423	571	7 972	-	13 966
Other	5 205	-	-	-	5 205
Revenue from contracts with customers	46 025	12 009	7 972	6 096	72 102
Recuring revenues	36 842	12 009	-	-	48 851
Re-occuring revenues	5 704	-	-	6 096	11 800
Total over time revenue recognition	42 546	12 009	-	6 096	60 651
Other revenues	3 478	-	7 972	-	11 451
Total point in time revenue rec	3 478	-	7 972	-	11 451

6. Cost of services

Specification of cost of services

Cost of services are all the direct costs associated with running or performing the customer services including direct marketing, event, project, cost for courses and other costs.

USD thousands	2023	2022
External services	(8 761)	(974)
Marketing	(1 206)	(553)
Events and project costs	(342)	(475)
Hosting	(523)	(5 472)
Other	(487)	(461)
Total	(11 319)	(7 936)

7. Payroll costs and remuneration to Management

Specification of payroll costs

USD thousands	2023	2022
Salary incl. bonus and commissions	(32 154)	(30 143)
Social security cost	(5 886)	(5 293)
Payments to long-term contractual staff	(3 837)	(5 657)
Pension costs	(1 598)	(1 568)
Other payments	(959)	(1 262)
Capitalized development costs	1 940	2 551
Total	(42 495)	(41 374)
Average number of full time equivalents	*809*	*650*

The Norwegian companies in the Group are obligated to follow the Act on Mandatory company pensions and "these companies pension schemes follow the requirement as set in the Act".

Compensation to the CEO and Chairman of the Board

The CEO is employed under a service agreement with Keystone Education Group AB, and the CEO has waived his rights in his employment agreement which corresponds to Section 15-16 of the Norwegian Working Environment Act of 2005 relating to employees' protection, termination of employment contracts, etc.

As compensation, the CEO is entitled to receive a termination amount of six months' base salary if the employment contract is terminated by the Company.

The Group has not given any loans or security deposits to the CEO, the Chairman of the Board or their related parties.

A bonus and commission program exists for the senior executive team at Keystone. For each individual executive, a limit is set for the amount of bonus and commission that can be achieved. The size of the bonus and commission payment is dependent on actual company performance compared to a set of predefined targets.

No accrual for 2023 bonuses and commissions for senior executives has been recognized in the consolidated financial statements.

Compensation to Executive Management and Board of Directors 2023

USD thousands	Salary	Bonus/ commis sion	Other compensation	Pension compensation	Benefit exercised options/RSUs	Total compensation
Björn Fredrik Högemark - CEO	207	-	8	49	-	264
Keith Barry Fransson - Chairman	28	-	-	-	-	28
Executive Management excl. CEO	1 510	270	518	67	-	2 365
Board of Directors excl. Chairman	-	-	-	-	-	-

Presented above are the bonuses earned in 2023 and paid in both 2023 and 2024.

Members of Executive Management are included in the Company's employee pension scheme, which is a defined contribution plan.

There has been no compensation or other economic benefit provided in 2023 or 2022 to any member of the Executive Team or Board of Directors from the Company or any business owned by the Company, except that mentioned above. In 2023 and 2022, there has been no significant additional compensation given to directors with regard to special services performed outside of their normal function.

Compensation to Executive Management and Board of Directors 2022

USD thousands	Salary	Bonus/ commission	Other compensation	Pension compensation	Benefit exercised options/RSUs	Total compensation
Björn Fredrik Högemark - CEO1	18	-	0	1	-	19
Mark Ivin - CEO2	-	-	-	-	-	-
Erik Harrell - CEO3	292	-	21	16	293	622
Keith Barry Fransson - Chairman	31	-	-	-	-	31
Executive Management						
Executive Management excl. CEO	1 364	106	36	125	34	1 665
Board of Directors excl. Chairman	-	-	-	-	-	-

1) Björn Fredrik Högemark – CEO from 15 November 2022
2) Mark Ivin – CEO from July 5 and until 14 November 2022
3) Erik Harrell – CEO until 5 July 2022

Presented above are the bonuses earned in 2023 and paid in both 2023 and 2024.

Share-based compensation program

In 2021, the Board of Directors and the Company's shareholders expanded and adopted a program for the granting of equity compensation in the form of a stock options and warrant program to the executive officers and other employees of the Keystone Group of companies (the "Option Program").

One option entitles the holder upon exercise to receive one share in Keystone Education Group AS, against payment of the applicable strike price for the option/warrant. Strike price is equal to the estimated market value at the time the option/warrant is granted. Options have been offered without any option payments, whilst warrants have been offered against a price of NOK 50 pr. warrant.

Vesting of options/warrants is time based, with vesting of 1/3 after one year, 1/3 after two years and 1/3 after three years, with first vesting taking place in 2022. The option/warrant holder to decide once a year how many vested options/warrants to be exercised and converted to shares in the Company. The issued options/warrants expire and lapse after 5 years from grant date. Vesting of options require that the employee remains with the Keystone group.

Recipients of options/warrants will be proposed by management and approved by the Board of Directors, who has the authority delegated from the general meeting to issue shares under the option program. Allocation of options to the CEO will be proposed and decided by the Board of Directors under the same authority.

The fair value of services received in return for stock options granted is measured by using the Black & Scholes option pricing model.

The expected volatility is based on historic volatility (calculated using the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information.

Share options are granted under service conditions, not market-based conditions. Such conditions are not taken into account in the grant date fair-value measurement. There are no market conditions associated with the share option grants. Given that employees have the right to exercise their options up to three years after the vesting date, the estimate is based on an assumption that the employees, on average, are exercising their options 12 months after the vesting date.

As of 31 December 2023, the Company had 184 462 (2022: 185 764) warrants issued and 164 951(2022: 167 923) options issued.

Share-based compensation cost - Equity settled

USD thousands	2023	2022
Balance as of 1 January	715	408
Cost recognized in the period (IFRS 2 expense)	59	307
Balance as of 31 December	774	715
Unamortized - rest of lifetime	118	305

Share-based compensation cost – Cash settled

USD thousands	2023	2022
Balance as of 1 January	342	100
Cost recognized in the period (IFRS 2 expense)	(155)	243
Balance as of 31 December	188	342

Outstanding warrants

	2023		2022	
Activity	Number of instruments	Average Strike Price (NOK)	Number of instruments	Average Strike Price (NOK)
Outstanding 1 January	185 764	225	186 864	225
Granted	-	-	-	-
Exercised	(1 302)	225	-	-
Released	-	-	-	-
Adjusted	-	-	900	225
Performance Adjusted	-	-	-	-
Cancelled	-	-	(1 000)	225
Terminated	-	-	(1 000)	225
Expired	-	-	-	-
Outstanding 31 December	184 462	225	185 764	225
Of which vested	*117 887*	*225*	*56 727*	*225*

The average contractual lifetime as of 31 December 2023 is three years. The strike price for all warrants is NOK 225.

Outstanding options

	2023		2022	
Activity	Number of instruments	Average Strike Price (NOK)	Number of instruments	Average Strike Price (NOK)
Outstanding 1 January	167 923	150	216 036	111
Granted	34 500	219	32 000	225
Exercised	(2 530)	130	(88 333)	82
Released	-	-	-	-
Adjusted	-	-	12 000	-
Performance Adjusted	-	-	-	-
Cancelled	-	-	-	-
Terminated	(34 942)	161	(3 780)	130
Expired	-	-	-	-
Outstanding 31 December	164 951	169	167 923	156
Of which vested	*131 284*	*158*	*81 372*	*143*

The below table reconciles the total outstanding options and vested options per strike price category.

	Outstanding options			Vested options	
Strike price	Number of instruments	Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	Weighted Average Strike Price
95.00	10 278	0.88	95.00	10 278	95.00
130.00	81 173	2.11	130.00	76 910	130.00
219.00	33 000	3.40	219.00	18 696	219.00
225.00	29 000	3.19	225.00	16 781	225.00
225.26	11 500	2.71	225.26	8 619	225.26
	164 951	2.52	168.97	131 284	158.33

Outstanding PSUs

Activity	2023 Number of instruments	2023 Average Strike Price (NOK)	2022 Number of instruments	2022 Weighted Average Strike Price (NOK)
Outstanding 1 January	-	-	11 000	95
Granted	-	-	-	-
Exercised	-	-	(9 200)	95
Released			-	-
Adjusted			-	-
Performance Adjusted			-	-
Cancelled			-	-
Terminated	-	-	(1 800)	95
Expired			-	-
Outstanding 31 December	-	-	-	-
Of which vested	-	-	-	-

Outstanding options, warrants and PSUs to Management

Outstanding options

Activity	2023 Number of instruments	2023 Average Strike Price (NOK)	2022 Number of instruments	2022 Average Strike Price (NOK)
Outstanding 1 January	-	-	26 722	95
Exercised	-	-	(11 304)	95
Adjusted	-	-	(15 418)	95
Outstanding 31 December	-	-	-	-
Of which vested	-	-	-	-

The options were related to the previous CEO. The current CEO has no options.

Outstanding PSUs

Activity	2023 Number of instruments	2023 Average Strike Price (NOK)	2022 Number of instruments	2022 Average Strike Price (NOK)
Outstanding 1 January	-	-	11 000	95
Exercised	-	-	(9 200)	95
Terminated	-	-	(1 800)	95
Outstanding 31 December	-	-	-	-
Of which vested	-	-	-	-

The PSUs were related to the previous CEO. The current CEO has no PSUs.

Outstanding Warrants – CEO Fredrik Högemark

	2023		2022	
Activity	Number of instruments	Average Strike Price (NOK)	Number of instruments	Average Strike Price (NOK)
Outstanding 1 January	8 150	225	-	-
Adjusted	-	-	8 150	225
Outstanding 31 December	8 150	225	8 150	225
Of which vested	5 206	225	2 490	225

The warrants to Fredrik Högemark were granted before he was elected as CEO (from 15 November 2022). The average contractual lifetime as of 31 December 2023 is two years. The strike price for all warrants is NOK 225.

Outstanding Options – Executive Management excl. CEO

	2023		2022	
Activity	Number of instruments	Average Strike Price (NOK)	Number of instruments	Average Strike Price (NOK)
Outstanding 1 January	88 800	159	136 814	99
Granted	10 000	219	30 000	225
Exercised			(27 818)	74
Adjusted	(19 800)	167	(47 000)	81
Terminated			(3 196)	130
Outstanding 31 December	79 000	164	88 800	159
Of which vested	58 838	149	85 316	84

The cost of the options related to instruments granted to the Executive Management excluding the CEO was NOK 1 162 521 in 2023 and NOK 1 181 273 in 2022.

The below table reconciles the total outstanding options and vested options per strike price category.

	Outstanding options			Vested options	
Strike price (NOK)	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	Weighted Average Strike Price
67.40	0	0.00	67.40	0	0.00
130.00	50 000	2.11	130.00	47 221	95.00
219.00	10 000	4.34	219.00	1 946	130.00
225.00	15 000	3.59	225.00	6 672	225.26
225.26	4 000	2.71	225.26	2 999	225.00
	79 000	2.70	164.13	58 838	148.57

Outstanding Warrants – Executive Management excl. CEO

	2023		2022	
Activity	Number of instruments	Weighted Average Strike Price (NOK)	Number of instruments	Weighted Average Strike Price (NOK)
Outstanding 1 January	21 650	225	33 300	225
Adjusted	(7 350)	225	(11 650)	225
Outstanding 31 December	14 300	225	21 650	225
Of which vested	*9 134*	*225*	*6 612*	*225*

The average contractual lifetime as of 31 December 2023 is two years. The strike price for all warrants is NOK 225.

Outstanding Warrants – Chairman

	2023		2022	
Activity	Number of instruments	Weighted Average Strike Price (NOK)	Number of instruments	Weighted Average Strike Price (NOK)
Outstanding 1 January	87 714	225	87 714	225
Outstanding 31 December	87 714	225	87 714	225
Of which vested	*56 039*	*225*	*26 801*	*225*

The average contractual lifetime as of 31 December 2023 is two years. The strike price for all warrants is NOK 225.

Outstanding Warrants – Board of Directors excl. Chairman

	2023		2022	
Activity	Number of instruments	Average Strike Price (NOK)	Number of instruments	Average Strike Price (NOK)
Outstanding 1 January	8 150	225	8 150	225
Granted			-	-
Exercised			-	-
Released			-	-
Adjusted			-	-
Performance Adjusted			-	-
Cancelled			-	-
Terminated			-	-
Expired			-	-
Outstanding 31 December	8 150	225	8 150	225
Of which vested	*5 206*	*225*	*2 490*	*225*

The average contractual lifetime as of 31 December 2023 is two years. The strike price for all warrants is NOK 225.

8. Other operating expenses

Specification of other operating costs

USD thousands	**2023**	**2022**
Equipment	(3 082)	(3 099)
Audit, legal and other advisory services	(3 008)	(2 072)
Marketing expenses	(2 496)	(2 324)
Travel expenses	(764)	(586)
Training, meetings & updates	(144)	(205)
Corporate Liability Insurance	(143)	(119)
Bad Debt expenses	(517)	(351)
Other expenses	(581)	(557)
Rent and other office expenses	(244)	318
Total	(10 979)	(8 996)

Auditor's remunerations

The remuneration breakdown (excl. VAT) paid and recognised as an expense for the year to the group's auditor PwC is as follows:

USD thousands	**2023**	**2022**
Statutory audit	(175)	(64)
Other assurance services	-	-
Other non-assurance services	(19)	(317)
Tax consultant services	(6)	-
Total fee to auditor	(200)	(381)

9. Non-recurring costs

Specification of non-recurring costs

Non-recurring costs may not be indicative of the ongoing operating result or cash flows of the company. Profit measure excluding non-recurring costs is presented as an alternative measure to improve comparability of the underlying business performance between the periods. Non-recurring costs include restructuring costs and costs related to business combinations.

Special items

USD thousands	**2023**	**2022**
Salary restructuring cost (severance)	(830)	(839)
Legal fees related to business combinations	(436)	(286)
Other restructuring cost	(535)	(517)
Total	(1 802)	(1 642)

10. Finance income and costs

Specification of finance income and costs

The Group's other finance income and other finance costs mainly relate to gains and losses on foreign exchange from translation difference.

USD thousands	**2023**	**2022**
Interest income	85	182
Foreign exchange gains	2 145	1 030
Other finance income	9	140
Finance income	2 239	1 352
Interest expenses	(5 803)	(3 748)
Foreign exchange losses	(5 022)	(1 337)
Other finance costs	(438)	(118)
Finance costs	(11 263)	(5 203)
Interest, FX, and change in fair value of contingent consideration (earn-outs)	(3 756)	(6 594)
Net finance costs	(12 779)	(10 445)

11. Income tax

Current tax

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liability are offset as there is a legally enforceable right to offset current tax assets and liabilies as the deferred tax balances relate to the same taxation authority.

Specification of income tax

USD thousands	**2023**	**2022**
Current income tax payable	(2 262)	(1 974)
Change in deferred tax	1 237	362
Settlement of tax payable from previous years	(401)	3
Income tax expense	(1 425)	(1 609)
The foreign part of the income tax expense	*(764)*	*(842)*

Reconciliation of effective tax rate

USD thousands	2023	2022
Profit/(loss) before income tax	(6 604)	(6 771)
Income tax using the corporate income tax rate in Norway (22%)	1 536	1 490
Effect of tax rates outside Norway different from 22%	(180)	214
Effect of non-taxable and non-deductible items	(2 144)	(3 136)
Other effects	(638)	(177)
Income tax expense for the year	(1 425)	(1 609)
Effective tax rate	*21.6 %*	*23.8 %*

The table above shows the difference between income tax calculated at the applicable income tax rate used in Norway and the tax expense attributable to profit/(loss) before income tax.

Tax payable in balance sheet

USD thousands	2023	2022
Profit/(loss) before income tax	(6 604)	(6 771)
Permanent and temporary differences	(1 968)	7 621
Basis for tax payable	(8 572)	850
Tax on profit for the year	1 705	1 223
Tax payable not yet settled	(928)	(489)
Tax payable in balance sheet	776	734

Recognized deferred tax assets and liabilities

USD thousands	2023	2022
Deferred tax assets related to tax loss carryforwards	2 421	1 732
Deferred tax assets related to other temporary differences	62	298
Deferred tax liabilities related to temporary differences	(34)	(160)
Deferred tax liabilities related to amortizable excess value from business combinations	(10 831)	(8 986)
Net deferred assets/(liabilities)	(8 382)	(7 116)
Deferred tax assets/Deferred tax liabilities not recognized	(1 852)	(1 595)
Recognized Deferred tax assets(liabilities)	(10 235)	(8 711)

Reconciliation of changes in tax assets/(liabilities)

USD thousands	31 Dec 2022	Acquisitions	Recognized in Profit & Loss	Recognized in Equity	31 Dec 2023
Property, plant and equipment	90	-	(99)	(5)	(14)
Intangible assets	-	-	-	-	-
Accounts receivable	(21)	-	63	2	44
Payroll tax on share options	-	-	-	-	-
Provisions and accruals	(77)	-	36	(3)	(45)
Other	134	-	(91)	2	45
Total related to temporary differences	126	-	(91)	(5)	31
Deferred tax liabilities related to amortizable excess value from business combinations	(8 976)	(2 470)	-	615	(10 831)
Tax loss carryforwards	1 731	-	757	(67)	2 421
Set off of tax (valuation allowance)	-	-	-	-	-
Tax loss carryforwards not recognized	(1 582)	-	(353)	79	(1 856)
Recognized tax losses	149	-	404	12	565
Net deferred tax assets/(liabilities) recognized	(8 700)	(2 470)	313	622	(10 235)

Tax losses carried forward of USD 2 421 thousand relates to Norway and Sweden and can be carried forward for indefinite.

USD thousands	31 Dec 2021	Acquisitions	Recognized in Profit & Loss	Recognized in Equity	31 Dec 2022
Property, plant and equipment	5	-	85	-	90
Accounts receivable	(14)	-	(9)	1	(21)
Provisions and accruals	256	(160)	(145)	(28)	(77)
Other	24	-	112	(2)	134
Total related to temporary differences	272	(160)	44	(29)	126
Deferred tax liabilities related to amortizable excess value from business combinations	(11 091)	2 949	-	(844)	(8 986)
Tax loss carryforwards	695	-	1 109	(73)	1 731
Valuation allowance	-	-	-	-	-
Tax loss carryforwards not recognized	33	-	(1 611)	(3)	(1 582)
Tax loss carryforwards recognized	728	-	(502)	(76)	149
Net deferred tax assets/(liabilities) recognized	(10 091)	2 789	(460)	(950)	(8 711)

12. Related parties

The Group’s management and Board are related parties to the Group, as specified in note 7 Remuneration to senior executives and Board members. Details of transactions between the Group and other related parties are disclosed below.

Members of the BOD, Executive team, and other related parties own a stake of Lansera Virtual Events AB that has had trading transactions with KEG during 2023. Lansera is a virtual event and interaction platform that enables meetings in tailor-made environments. It can include choosing the right platform and technology, designing a layout, and creating an interactive experience for visitors. They have provided the group with planning, designing and conducting virtual fairs in a professional manner. The fairs have been launched both nationally and internationally.

In addition, the Group entered trading transactions with the subcontractor Spinner Labs AS where USD 330 thousand (2022: USD 658 thousand) was expensed and USD 667 thousand (2022: USD 456 thousand) was capitalized as development expenses. Spinner Labs AS is owned by Spinner Holding AS who is a shareholder in KEG. Spinner Labs AS has been providing software development, including but not limited to, web development and website infrastructure, hosting consulting, content management, backoffice development, performance tracking, and website monitoring for Keystone Academic Solution AS during 2023.

Members of the Board of Directors and Executive Management of the Group and their immediate relatives controlled 66% (2022: 73.5%) of the Group's voting share as per December 31, 2023. This includes 36% from funds and investment companies advised by board members (Verdane Capital and Viking Venture).

When acquiring a subsidiary, some of the considerations may be settled in shares and the sellers will then become a related. Please see note 16 and 23 for details of the transaction with the earnout participants.

Trading transactions and outstanding balances

During the year, the Group entered into the following trading transactions with related parties:

USD million	**2023**	**2022**
Spinner Labs	985	1 114
Golden Lily AB	11	-
Lansera Virtual Events AB	196	218
Total	1 192	**1 332**

As of 31 December, KEG had the following unpaid trade payables to related parties:

USD million	**2023**	**2022**
Spinner Labs	125	-
Golden Lily AB	-	-
Lansera Virtual Events AB	-	2
Total	125	**2**

13. Financial risk management

Overview

The Group is exposed to a variety of financial risks: currency, interest rate, price, credit, liquidity, and capital risk. The objective of financial risk management is to manage and control financial risks exposure and thereby increase predictability and minimize the potential adverse effects on the Group's financial performance. This also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management in the Group is carried out by Management and approved by the Board of Directors. Potential risks are evaluated on a regular basis and management determines appropriate strategies related to how these risks are to be handled within the Group under the approved policies.

This note explains the Group's exposure to financial risks and how these risks could affect the group's future financial performance.

Risk management

Financial risk management in the Group is maintained by a central Finance Function in accordance with the guidelines approved by the Board. The Group's Finance Function identifies, measures, mitigates, and reports on financial risks in close cooperation with the various operating units. Risk management policies and procedures are reviewed regularly to consider changes in the market and the Group's activities.

Market risk

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market price includes three types of risks: exchange risks, interest risks and price risks. Market risk is monitored and managed continuously by the Group.

The Group is also exposed to market risks related to the demand for its products and services and to the ability to maintain a competitive and attractive product offering. The Group manages the risk through continuous analysis of the interests and preferences of the users, by investing in products and services, and a continuous process of recruiting talent and developing the organization and the leadership.

Foreign exchange risk

The majority of the financial risk that the Group is exposed to relates to foreign exchange risk. Both revenue and operating expenses (and corresponding trade receivables and payables) are exposed to foreign exchange rate fluctuations. The Group undertakes business within various geographies and foreign currencies and is consequently exposed to fluctuations in exchange rates, particularly NOK, SEK, GBP and EUR. Foreign exchange risk arises from transactions related to operations conducted, and financial assets and financial liabilities arising in foreign currencies. During 2023 and 2022, the Group did not use forward exchange contracts, or any other class of derivatives, to hedge its foreign exchange risk.

Please note that some revenue numbers are impacted by changes in local currencies which are the basis for invoicing customers. These effects are not specified in the table below.

Please refer to note 10 for information on foreign exchange gains and losses and other finance income and costs.

Revenue split by currency

USD thousands	2023		2022	
GBP	26 170	32 %	23 342	32 %
EUR	23 846	29 %	17 332	24 %
SEK	16 308	20 %	14 974	21 %
USD	7 996	10 %	8 071	11 %
NOK	4 317	5 %	5 756	8 %
Other	2 674	3 %	2 627	4 %
Total	81 310	100 %	72 102	100 %

Operating costs (including non-recurring items) split by currency

USD thousands	2023		2022	
SEK	(21 599)	29 %	(20 631)	30 %
NOK	(16 971)	23 %	(20 459)	30 %
GBP	(17 408)	23 %	(16 940)	25 %
EUR	(11 701)	16 %	(7 142)	10 %
USD	(6 463)	9 %	(2 230)	3 %
Other	(994)	1 %	(1 025)	1 %
Total	(75 135)	100 %	(68 428)	100 %

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Lack of payments from customers may significantly and adversely impair the Group's liquidity and financial performance. Credit risk is assessed for each specific customer.

No single customer accounted for more than 10% of the Group's revenue during the financial year. Further, the Group conducts much of its business with universities and students and has not experienced significant credit-related losses during this or previous financial years. The carrying value of trade and other receivables represent the group's maximum exposure to credit risk at the balance sheet date. The Group has limited exposure in terms of credit risk related to loans and other receivables. See also note 18 (trade receivables) for additional information related to the loss allowance and for the aging analysis of the accounts receivable.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Credit exposure as of 31 December

Financial assets	Amortized cost / carrying value	
USD thousands	**31-Dec-2023**	**31-Dec-2022**
Cash and cash equivalents	15 475	12 477
Trade receivebles	12 333	12 573
Other current assets	8 074	7 267
Total	35 882	32 317

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. To ensure sufficient available cash at hand to meet expected cash outflows, the Group uses cash flow forecasts to monitor cash flow requirements. Please refer to note 20 for an overview of the contractual maturities of the financial liabilities.

In March 2023, KEG reached an agreement with its lender to extend the loan facility for one year to December 2025 and to amend the covenant structure. This change will allow for increased flexibility resulting from higher operational activity.

Liquidity reserve – cash and cash equivalents

USD thousands	**2023**	**2022**
Cash in hand and on deposit	15 475	12 477
Less restricted funds	5 185	474
Unrestricted cash	10 290	12 003

Cash and cash equivalents by currency

USD thousands	**2023**	**2022**
SEK	5 674	4 031
NOK	1 205	1 206
GBP	4 046	5 195
EUR	4 238	1 158
USD	272	394
Other	39	494
Total	15 475	12 477

Credit facility

The total credit facility was SEK 1 000 million as of 31 December 2023. In March 2023, the credit facility was increased from SEK 500 million to SEK 1 000 million with maturity in December 2025.

USD thousands	**2023**	**2022**
Total credit facility – SEK 1000 million	99 287	48 116
Utilized as of 31 December	(55 174)	(37 774)
Unutilized as of 31 December	44 113	10 342

Interest rate risk

The Group's interest rate risk is mainly related to loans where an element of the interest rate is not fixed, where an increase in floating rates would lead to an increase in interest costs and reduce net income and cash flow.

The table below shows a sensitivity of exposure to interest rate risk at the reporting date. This analysis assumes that all other variables remain constant and ignores any impact of forecast transactions.

USD thousands	**2023**	**2022**
Nominal value of interest-bearing debt excl. lease liabilities	55 174	37 774
Nominal value of unrestricted cash	10 290	12 003
Net interest-bearing liabilities	44 884	25 771
Effect of 1 percentage point increase in interest rate on profit before tax	397	258

Capital management

The Group's objective for its capital management is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital. This includes being able to meet the financial covenants under the Group's credit facility. Also, the Group's objectives for capital management are to ensure that it generates sufficient free cash flows to have sufficient flexibility to invest in attractive investment opportunities. The Group still possesses a business model that anticipates considerable cash flow generation in the future.

14. Property, plant and equipment

Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost. Property, plant and equipment are subsequently recognized at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using the straight-line method.

Repair and maintenance are expensed as incurred.

USD thousands	Furniture, fixtures etc.	Machinery and equipment	Leasehold improvements	Total
Accumulated investment				
Balance 1 January 2022	771	924	609	2 304
Additions	22	701	-	722
Additions through business combinations	2	2	-	4
Disposal/retirements	105	(136)	(0)	(30)
Translation differences	(100)	(148)	(59)	(307)
Balance 31 December 2022	799	1 343	551	2 693
Additions	150	170	-	320
Additions through business combinations	-	36	-	36
Disposal/retirements	(27)	(35)	-	(62)
Translation differences	20	(39)	(348)	(367)
Balance 31 December 2023	**942**	**1 475**	**202**	**2 619**

Accumulated depreciation and impairment				
Balance 1 January 2022	465	430	509	1 404
Depreciation and impairment losses	98	163	89	350
Additions/disposal through business combinations	(29)	29	-	-
Disposal	104	241	0	345
Translation differences	(61)	(65)	(52)	(177)
Balance 31 December 2022	577	798	546	1 922
Depreciation and impairment losses	85	221	3	309
Additions/disposal through business combinations	-	5	-	5
Disposal	(29)	(51)	-	(79)
Translation differences	9	(27)	(348)	(366)
Balance 31 December 2023	**644**	**946**	**202**	**1 791**
Balance 31 December 2022	221	545	4	770
Balance 31 December 2023	298	529	1	828

Estimated useful life	*2-3 years*	*3 years*	*5 years*
Depreciation plan	*Straight-line*	*Straight-line*	*Straight-line*

15. Leases

The right-of-use assets and lease liabilities comprise office lease contracts. For financial subleasing contracts, the Group has recognized a lease receivable in the statement of financial position, with a corresponding reduction in the ROU asset. The movements of the Group's right of use assets, lease receivables and lease liabilities are presented below.

The majority of the long-term leases relate to office leases for Keystone's offices in Fornebu, Stockholm and Sheffield.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as separate line items (current and non-current) in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case Keystone Education Group AS - Annual Report 2023 42 the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described under" Impairment of non-financial assets" in section 2.12 below.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Right of use assets

USD thousands	2023	2022
Balance as of 1 January	4 993	8 068
Additions	2 771	1 643
Additions through business combinations	-	-
Lease receivable	-	-
Depreciation	(1 465)	(1 834)
Derecognition	(2 067)	(2 042)
Translation differences	295	(843)
Right of use assets as of 31 December	4 527	4 993

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of each leased asset. The estimated useful life is considered to be the term of the contract for each leased asset.

Lease liabilities

USD thousands	2023	2022
Balance as of 1 January	5 635	9 827
Additions	2 771	1 647
Additions through business combinations	-	-
Translation differences	273	(1 078)
Lease payments	(1 419)	(2 076)
Derecognition	(2 909)	(3 206)
Interest expense on lease liabilities	336	521
Lease liabilities as of 31 December	4 687	5 635
Of which:		
Current lease liabilities (less than 1 year)	857	1 044
Non-current lease liabilities (more than 1 year)	3 830	4 591
Balance as of 31 December	4 687	5 635

The Group's office leases have lease terms that vary from 2 to 10 years, and some agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses at the commencement date whether it is reasonably certain to exercise the renewal right. The Group's has no potential future lease payments not included in the lease liabilities related to extension options as of 31 December 2023.

Future lease payments

The below table shows the future minimum lease payments under non-cancellable lease contract.

USD thousands	2023	2022
Less than one year	702	1 314
Between one to five years	1 373	3 094
More than five years	2 611	1 227
Total	4 687	5 635

16. Business combinations, goodwill and intangible assets

Intangible assets

Goodwill

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination that have definite estimated useful lives are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Separately acquired intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent to initial recognition, separately acquired intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired in a business combination.

Internally generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development of the Group's technical platforms and software is recognized if, and only if, all the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired in a business combination.

Intangible assets

USD thousands	Goodwill	Trademark	Proprietary technology	Other intangibles	Development	Total
Accumulated investment						
Balance 1 January 2022	101 852	17 322	5 271	33 064	7 148	164 657
Additions	110	74	-	-	2 891	3 075
Additions through business combinations	1 812	155	-	222	-	2 190
Disposal/retirements	-	-	-	-	(158)	(158)
Translation differences	(11 809)	(2 087)	(654)	(3 979)	(792)	(19 321)
Balance 1 December 2022	91 965	15 464	4 616	29 308	9 089	150 443
Additions	-	-	-	16	3 064	3 079
Additions through business combinations	14 933	565	1 735	6 073	-	23 306
Disposal/retirements	-	-	-	-	1	1
Translation differences	3 075	438	169	1 142	(205)	4 619
Balance 31 December 2023	**109 973**	**16 468**	**6 520**	**36 539**	**11 948**	**181 448**

USD thousands	Goodwill	Trademark	Proprietary technology	Other intangibles	Development	Total
Accumulated investment						
Balance 1 January 2022	-	-	612	1 871	3 117	5 600
Depreciation and impairment losses	-	-	924	3 258	1 923	6 105
Additions through business combinations	-	-	-	-	-	-
Disposal/retirements	-	-	-	-	(22)	(22)
Translation differences	-	-	(75)	(223)	(346)	(644)
Balance 31 December 2022	-	-	1 462	4 906	4 672	11 039
Depreciation and impairment losses	-	-	1 060	3 711	1 995	6 767
Additions through business combinations	-	-	-	-	-	-
Disposal/retirements	-	-	-	-	0	0
Translation differences	-	-	89	245	(130)	204
Balance 31 December 2023	**-**	**-**	**2 611**	**8 862**	**6 537**	**18 010**

Net carrying amounts

Balance 31 December 2022	91 965	15 464	3 155	24 402	4 417	139 403
Balance 31 December 2023	**109 973**	**16 468**	**3 910**	**27 677**	**5 411**	**163 438**

Other intangibles mainly consist of customer relationships. The below table shows the useful life and depreciation plan split by type of intangible asset.

Asset type	Useful life	Depreciation plan
Goodwill	Indefinite	NA
Trademark	Indefinite	Na
Proprietary technology	5 years	Straight-line
Other intangibles	1-10 years	Straight-line
Development	3 years	Straight-line

The Group reviews the useful life of its trademarks on an individual basis. They are considered to have an indefinite useful life when it is assessed there is no foreseeable limit to the period the asset is expected to generate net cash inflows for the entity.

Research and development (R&D)

Development is an internally developed intangible asset. Engineering salaries are the primary expense incurred in terms of costs related to research, development and maintenance of platforms and applications. In 2023, USD 3 662 thousand (2022: USD 2 912 thousand) in development costs were capitalized. For additional information on judgements related to capitalized R&D costs, see note 4.

Business combinations

During 2023, Keystone Education Group acquired four companies: Tar Group Media GmbH, Icon Sports SL. Future Elite Sports Ltd and Future Elite Players Ltd. Assets acquired, and liabilities assumed in connection with a business combination have been recognized at the estimated fair value on the date of the business combination. Management has identified proprietary technology, customer relationships, customer contracts and trademarks as major intangible assets. The table below shows the identifiable assets and liabilities recognized on the date of the business combination for each individual business combination, which also is the lowest cash generating group units (CGUs) identified.

Business combinations are accounted for using the acquisition method. The consideration transferred and all the identifiable assets and liabilities of acquired entities are measured at fair values at the date of acquisition, except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements, which are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively. Acquisition-related costs are recognized in profit or loss as incurred.

Goodwill is measured at the amount by which the total consideration transferred exceeds the fair value of net assets acquired. Goodwill is not amortized, but its value is tested for impairment at least annually, or more frequently when there is an indication that the cash-generating unit to which goodwill has been allocated, may be impaired. Goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangements, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments recognized in goodwill. Measurement period adjustments arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are retrospectively adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

USD thousands	**immaterial**
Identifiable assets and liabilities	
Trademark	565
Proprietary technology	1 735
Customer relationships	5 747
Customer contracts	325
Deferred tax liabilities	(2 470)
Fair value of other net assets acquired [1)]	2 443
Fair value of identifiable net assets	8 346
Consideration	
Consideration	11 396
Cash witheld (to be paid later)	3 787
Contingent Consideration	8 097
Total esimated consideration	23 279
Goodwill (consideration less identifiable net assets)	14 933

Goodwill originating from the business combination is related to anticipated synergies from on-going operations. No impairment has been recognised subsequent to the business combination. Goodwill that has arisen as part of the business acquisition is not tax deductible.

Acquisition related expenses of USD 0.4 million (USD 0.3 million) are recognized as non-recurring costs.

[1)] *Fair value of other assets and liabilities acquired approximates their carrying value.*

Please refer to note 23 for more information about the contingent consideration.

Acquisition of Uniexperts GmbH and SONOR

In April 2023, KEG announced the acquisition of 100% of the shares of Tar Group Media (TAR) GmbH. Studddy, formerly known as TarGroup Media, was launched in 2010 as an online study guide for prospective students in Germany and Austria. Following expansion over the past 13 years, studddy has grown to become the market leader for domestic student recruitment within the region, attracting over 12 million visitors each year to its websites.

In April 2023, Keystone Education Group (Keystone) has acquired 100% of the shares in two European-based student athlete placement agencies, I-Con Sports (Spain) and Future Elite Sports (UK). Together, the newly acquired companies have extensive experience across soccer and tennis placement, sending over 3 000 students to the United States and United Kingdom and securing over USD 60 million in scholarships for their students combined.

The below table reconciles the revenues and profit/(loss) from before and after the acquisition. The post-acquisition revenues and profit and loss are reflected in KEG's profit and loss for 2023.

USD thousands	**Pre aquisition**	**Post aquisition**	**Full year 2023**
Revenue from contracts with customers	2 325	4 848	7 173
Net profit/(loss)	933	908	1 841

Impairment testing of goodwill and intangible assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Group had goodwill and intangible assets related to the acquisitions of EMG, Uniquest, FAS, Pursue, AGM, Spo Scho, Uniexperts GmbH and Study Outside Norway AS. In 2023, goodwill increased due to the acquistition of Future Elite Sports Ltd, Future Elite Players Ltd, Icon Sports SL, Tar Group Media GmbHsee above for the purchase price allocation analysis. Each acquisition and company acquired is considered a separate cash-generating unit (CGU).

Goodwill and intangible assets were tested for impairment at the end of 2023. The following carrying values were tested for impairment:

USD thousand	**31-Dec 2023**	**31-Dec 2022**
Goodwill	109 972	91 965
Trademarks/domains	16 468	15 464
Proprietary technology	3 910	3 155
Customer relationships	27 677	24 402
Carrying value	158 026	134 986

We have tested the carrying amount of each CGU against the recoverable amount, and there is no indication of impairment. The carrying amount is determined from the consolidated figures of each CGU, including net assets that can be attributed to the CGU. The balance sheet mapping is performed by the same principles as applied in the purchase price allocation (see note above and summary table below).

Value in use

Value in use estimates the future cash flows to be derived from continuing use of the asset. Key assumptions when assessing the value in use as of 31 December 2023 were:

- Five-year cash flow projections are based on continued growth into 2024 and beyond. We have applied a four-year CAGR from 2024 to 2028 on all revenue of 15%, with an estimation of terminal value in subsequent periods (terminal growth of 1.5% applied).
- It is assumed a gradually improvement in EBITDA margin from 21% to 25% in the period 2024-2028
- Capex levels are aligned with revenue assumptions
- Tax is based on rates specific to the region of each cash generating unit
- Weighted average cost of capital (WACC) applied in the model is 12.1%. WACC ranges from 12.0% applied in the Search & Discovery model to 12.3% applied in the Enrolment Services model). WACC of 12.1% is applied for testing of the total goodwill values

The test suggests no impairment required. Sensitivity analysis has been performed on key assumptions. The table below shows the changes in key assumptions that may occur before any impairment is required for the most significant CGUs. The most significant CGU in the Search & Discovery segment relates to Keystone Education AB. The most significant CGU included in the Enrollment & Application segment relates to UniQuest Limited . These CGUs make up 70% of the total goodwill and intangible asset values. In addition to the value in use calculation, management has carried out an additional fair value test, concluding that there is no reasonably possible change in the assumptions that would lead to an impairment.

Carrying values (USD thousands)	Search & Discovery	Enrolment Services	Total
Goodwill	86 003	23 969	109 972
Other intangible assets	42 246	5 808	48 054
Total	128 249	29 777	158 026

Key assumptions	Search & Discovery	Enrolment Services	Total
Revenue CAGR	15%	15%	15%
EBITDA margin 2024-2028	21-25%	22-25%	21-25%
Discount rate	12.0%	12.3%	12.1%

Sensitivities (break-even analysis)	Search & Discovery	Enrolment Services	Total
Long-term revenue reduction	Δ 25%	Δ 74%	Δ 35%
Long-term EBITDA margin reduction	Δ 25%	Δ 90%	Δ 35%

Long-term revenue reduction means reduction of revenue in the terminal value.

35% change of the Long-term EBITDA margin reduction means 35% change of the % in the most significant CGUs.

17. Non-current financial assets

USD thousands	**2023**	**2022**
Receivables	311	186
Investments in affiliates	7	10
Equity-accounted investees	-	-
Total	**318**	**196**

18. Trade receivables, contract assets and other current assets

Specification of trade and other receivables

USD thousands	**2023**	**2022**
Other current assets		
Current tax assets	73	104
Prepayments	3 021	3 801
VAT receivable	599	328
Employee benefits	64	54
Other receivables	355	36
Other current assets	4 110	4 323
Unbilled revenue		
Unbilled revenue	3 963	2 944
Allowance for bad debts on unbilled revenue	-	-
Unbilled revenue	3 963	2 944
Trade receivables		
Accounts receivable	13 239	13 159
Allowance for bad debts	(906)	(586)
Trade receivables	12 333	12 573
Total	20 407	19 840

Aging of trade receivebles

USD thousands	2023	2022
Not past due date	7 106	5 636
0-30 days	3 382	3 292
31-60 days	920	890
61-90 days	388	710
Over 90 days	536	2 044
Total carrying value trade receivebles	12 333	12 573

Movements in trade receivables bad debt provision

USD thousands	2023	2022
Bad debt provision 1 January	(586)	(557)
Change in provision in the year	(197)	(156)
Receivables written off during the year	-	95
Translation differences	(123)	31
Bad debt provision 31 December	(906)	(586)

Trade receivables and unbilled revenue per region

USD thousands	2023	2022
EMEA	11 709	13 406
Americas	413	1 581
Asia Pacific	4 011	429
Rest of world	164	102
Total	16 296	15 517

The table above itemizes the trade receivables and unbilled revenue based on the location of the customers.

19. Classes and categories of financial assets and liabilities

Financial instruments, and contracts accounted for as such, are included in several line items in the statement of financial position and classified in categories for accounting treatment. A classification of financial instruments is presented in the tables below.

Most of the financial assets held by the Group are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and are thus measured subsequently at amortized cost less loss allowances. In 2023, there were some minor investments in shares that are measured at fair value through profit and loss (see note 17).

All financial liabilities are measured at amortized cost except for contingent liabilities and other share investments which are measured at level 3. The Group does not have financial liabilities held for trading or designated at fair value through profit or loss.

The carrying amounts of financial assets and liabilities approximate their fair value as at year end. Arrangements with financial institutions are entered into on market terms, and the carrying value at the reporting date has been assessed as approximating fair value.

Financial assets

USD thousands	2023	2022
Cash and equivalents (note 13)	15 475	12 477
Trade receivables (note 18)	12 333	12 573
Other financial assets	4 980	3 363
Total financial assets	32 789	28 413

Financial liabilities

USD thousands	2023	2022
Interest-bearing liabilities (note 21)	55 174	37 774
Trade payables (note 22)	2 915	2 699
Lease liability (note 15)	4 687	5 635
Contingent consideration liability (note 23)	16 686	17 948
Other financial liabilities	7 979	9 420
Total financial liabilities	87 440	73 476

20. Maturity analysis of financial liabilities

The tables below show the contractual maturities of the financial liabilities including interest payments at the end of the reporting period. Note that the group refinanced its loan facility in March 2023 and the maturity of the loan was extended to December 2025. The earnout payments are the estimated future payments (see note 23 contingent considerations).

Year ended 31 December 2023

USD thousands	Total	<1 year	2 years	3 years	4 years	> 5 years
Loan facility (note 21)	67 295	6 064	61 231			
Lease liability (note 15)	4 687	702	454	443	477	2 611
Contingent consideration (note 23)	17 600	12 300	5 300	-	-	-
Total interest-bearing liabilities	89 582	19 066	66 985	443	477	2 611
Trade payables (note 22)	2 915	2 915	-	-	-	-
Other financial liabilities	7 979	7 979	-	-	-	-
Total non-interest-bearing liabilities	10 893	10 893	-	-	-	-
Total financial liabilities	100 475	29 959	66 985	443	477	2611

Year ended 31 December 2022

USD thousands	Total	<1 year	2 years	3 years	4 years	> 5 years
Loan facility (note 21)	43 523	3 833	39 690	-	-	-
Lease liability (note 15)	5 635	1 314	1 161	975	958	1 227
Contingent consideration (note 23)	19 639	11 419	8 221	-	-	-
Total interest-bearing liabilities	68 798	16 566	49 072	975	958	1 227
Trade payables (note 22)	2 699	2 699	-	-	-	-
Other financial liabilities	9 420	9 420	-	-	-	-
Total non-interest-bearing liabilities	12 119	12 119	-	-	-	-
Total financial liabilities	80 917	28 685	49 072	975	958	1227

21. Borrowings and interest-bearing liabilities

In December 2020, Keystone Academic Solutions AS signed a credit facility agreement with Ture, allowing the company to borrow up to SEK 500 million for 3.5 years. In March 2023, the credit facility was increased to SEK 1 000 million with maturity in December 2025.

As of 31 December 2023, the equivalent of USD 55.16 million of the facility had been drawn up, drawn in SEK 430.0 million and EUR 11.4 million.

The credit facility has financial covenants related to maximum leverage and minimum cash. The Group is compliant with all financial covenants as of 31 December 2023.

The facility is secured through a pledge in shares in Keystone Academic Solutions AS and its subsidiaries.

The credit facility specifies interest rates for any drawn amount defined as a margin over STIBOR (for SEK amounts drawn) and EURIBOR (For EUR amounts drawn), where the floor for STIBOR and EURIBOR is zero.

Reconciliation of movements in loan facility

USD thousands	2023	2022
Balance 1 January	37 774	28 408
Additions through business combinations		-
New loan	15 848	12 885
Repayment of principal		-
Interest expense incurred	5 388	3 197
Interest expense paid	(5 388)	(3 315)
Translation differences	1 552	(3 402)
Balance 31 December	55 174	37 774

The full loan balance is classified as non-current liabilities as of 31 December 2023 and 2022. Interest-bearing liabilities are measured at amortized cost, and instalments falling due within 12 months after the reporting date are classified as current (this includes capitalized interest). Please also refer to note 13 and 20 for more information about FX and maturity.

Composition of net interest-bearing debt

USD thousands	**2023**	**2022**
Loan facility	55 174	37 774
Cash and cash equivalents	(15 475)	(12 477)
Net interest-bearing debt	39 699	25 297
Contingent considerations (earn-outs)	16 686	17 948
Lease liabilities	4 687	5 635
Net interest-bearing debt (including lease liabilities and earn-out liabilities)	61 071	48 880

22. Trade payable and other liabilities

USD thousands	**2023**	**2022**
Other non-current liabilities		
Other long-term liabilities	4 739	-
Other non-current liabilities	4 739	-
Trade payable and other payable		
Trade payable	2 915	2 699
Other accruals	-	-
Trade payable and other payable	2 915	2 699
Contract liabilities		
Contract liability (Deferred revenue/prepayment from customers)	15 729	15 130
Employee benefit liabilities		
Accrued salary fee, bonus and commissions	309	397
Accrued holiday pay	1 274	1 561
Other employee liabilities	201	112
Employee benefit liabilities	1 784	2 071
Public duties		
VAT	1 132	1 211
Employee witholding tax	1 038	1 245
Payroll tax	618	773
Public duties payable	2 788	3 229
Other current liabilities		
Accrued expenses	3 134	3 490
Other current liabilities	273	631
Other current liabilities	3 407	4 121
Total	26 622	27 249

Other long-term liabilities

Upon acquisition of TAR Group Media, part of the acquisition agreement included a seller's credit. The value of the seller's credit is EUR 3.6 million or USD 3.98 million as of 31 December 2023. In addition, the acquisition had a remaining net working capital cost which is to be paid out in 2024. The value of this net working capital is EUR 0.68 million or USD 0.75 million as of 31 December 2023.

Contract liability (Deferred revenue/pre-payment from customers)

The Group receives payments from customers based on a billing schedule, as established in our contracts. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) the Group performs under the contract.

Bank guarantees, restricted cash and share pledges

The credit facility agreement with Ture is secured through a pledge in shares in Keystone Academic Solutions AS and its subsidiaries. Please also refer to note 21 for more information about the credit facility. Below is an overview of outstanding guarantees and restricted cash as of 31 December 2023.

Description of security	Security type	Currecny	Security amount (thousands)
Office lease in Finland	Bank guarantee	EUR	23
Office lease in Sweden	Bank guarantee	SEK	2 897
Office lease in Norway	Bank guarantee	NOK	1 782
Office lease in Spain		EUR	115
Office lease in Germany		EUR	93
Office lease in Denmark		DKK	367
Employee tax witholdings	Restricted cash	NOK	3 561
Escrow account	Restricted cash	NOK	50 116

23. Provisions: contingent liabilities and contingent consideration liabilities from business combinations

The Group is not involved in any disputes or trials as the balance sheet date or as the date of the approval of this financial statement, that would lead to recognition of a liability or require disclosure.

The Group has assumed earnout liabilities as part of the business combinations executed during 2023. For more information, please see note 16. The below explain the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

- Valuation technique
  - Discounted cash flows
  - The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by

considering the possible scenarios where KEG has forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.

- Significant unobservable inputs
    - Forecasted annual revenue
    - Forecasted EBITDA
    - Risk-adjusted discount rate
- Inter-relationship between significant unobservable inputs and fair value measurement
    - The estimated fair value would increase/(decrease) if:
    - The annual revenue growth rate was higher/(lower)
    - The EBIT margin were higher/(lower); or
    - The risk-adjusted discount rate was lower/(higher)
    - Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBIT margin.

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Group's obligation.

Reconciliation of movement in net present value of contingent liabilities (earn-outs) for year ended 31 December 2023

USD thousands	Individually immaterial	Uniquest	Total
Balance 1 January 2023	6 596	11 353	17 948
Assumed in a business combination	8 097	-	8 097
Earn-out payments	(5 898)	(6 413)	(12 311)
Remeasurement during the year	376	1 265	1 641
Interest expenses	554	464	1 018
Foreign exchange differences	134	962	1 096
Translation differences	(238)	(567)	(805)
Balance 31 December 2023	9 621	7 065	16 685
Non-current portion	5 115	-	5 115
Current portion	4 506	7 065	11 571
Total	9 621	7 065	16 686

The table above shows the present value of the expected future payments, discounted at a 5.5% rate. The expected future payments are estimated by considering the possible scenarios of forecast revenue and EBIT, the amount to be paid under each scenario, and the probability of each scenario.

Reconciliation of movement in net present value of contingent liabilities (earn-outs) for year ended 31 December 2022

USD thousands	Individually immaterial	Uniquest	Total
Balance 1 January 2022	5 474	9 376	14 851
Assumed in a business combination	858	-	858
Earn-out payments	(3 590)	(1 157)	(4 747)
Changes in provision during the year	1 931	3 238	5 168
Interest expenses	578	1 010	1 588
Foreign exchange differences	(37)	(92)	(130)
Translation differences	1 381	(1 022)	360
Balance 31 December 2022	6 596	11 353	17 948
Non-current portion	1 153	5 793	6 946
Current portion	5 443	5 559	11 002
Total	6 596	11 353	17 948

In addition to the contingent liabilities above, EUR 4.3 million in sellers' credit is booked as other short-term liabilities. Please refer to note 16 for more information.

Best estimate of earn-outs to be paid (nominal values) as of 31 December 2023

USD thousands	Individually immaterial	Uniquest	Total
June 2023	-	-	-
June 2024	4 700	7 600	12 300
June 2025	5 300	-	5 300
Total	10 000	7 600	17 600

Estimated maximum earn-out payments (nominal values) as of 31 December 2023

USD thousands	Individually immaterial	Uniquest	Total
June 2023	-	-	-
June 2024	5 500	7 600	13 100
June 2025	12 400	-	12 400
Total	17 900	7 600	25 500

Sensitivity analysis of changes in key assumptions

Reasonably possible changes at the reporting date to one of the relevant assumptions (forecast annual revenue and forecast EBIT) would, holding the other assumptions constant [1)], have the following effects on the net present value and the fair value of the contingent consideration:

[1)] *Generally, a change in the annual revenue is accompanied by a directionally similar change in EBITDA*

Effect on net present values

USD thousands	Individually immaterial	Uniquest	Total
Annual revenue (10% increase)	1 844	12	1 856
Annual revenue (10% decrease)	(9 278)	(7 455)	(16 733)
EBITDA (10% increase)	1 265	(0)	1 265
EBITDA (10% decrease)	(9 730)	(7 455)	(17 184)

Effect on best estimate of earn-outs to be paid (nominal values)

USD thousands	Individually immaterial	Uniquest	Total
Annual revenue (10% increase)	1 401	(30)	1 371
Annual revenue (10% decrease)	(9 542)	(7 600)	(17 142)
EBITDA (10% increase)	968	(43)	925
EBITDA (10% decrease)	(10 000)	(7 600)	(17 600)

24. Share capital and shareholders

As of 31 December 2023, KEG had a share capital of NOK 9,578,910.15 (USD 933,144.04 converted) divided into 7 095 489 ordinary shares with a nominal value of NOK 1.35 each (USD 0.13 converted). All ordinary shares have equal voting rights and the right to receive dividends.

Dividends

KEG did not pay dividends in 2023 or 2022. The Board of Directors proposes that the 2023 Annual General Meeting does not approve any dividend payments.

Ownership structure

The largest shareholders of Keystone Education Group AS shares as of 31 December 2023 were as follows:

In number of shares	Shares	2023 Owner's and voting share %
VERDANE CAPITAL X (D) AB	1 172 158	16.5%
Fredrik Söderlindh	789 554	11.1%
BJØRK INVEST AS	708 148	10.0%
Mattias Säker	509 509	7.2%
Fredrik Högemark	471 742	6.6%
VERDANE CAPITAL X (E) AB	464 261	6.5%
VIKING VENTURE 15 AS	434 600	6.1%
VIKING VENTURE 15B AS	421 346	5.9%
Marcus Boström	378 369	5.3%
MØSBU AS	217 043	3.1%
JEM FORVALTNING AS	148 048	2.1%
DANSKE BANK A/S (Birds & Anemones AB - Keith Fransson)	144 512	2.0%
TEMA INVEST AS	129 114	1.8%
S. UGELSTAD INVEST AS	123 954	1.7%
HOLLIDAY	109 088	1.5%
PRITCHARD	109 088	1.5%
IDL SOLUTION AS	107 770	1.5%
CLEARSTREAM BANKING S.A.	68 826	1.0%
KARLANDER INVEST AS	48 862	0.7%
VIKING VENTURE 15 FOLLOW-UP AS	41 096	0.6%
Subtotal	6 597 088	*93.0 %*
Other shareholders	498 401	*7.0 %*
Total numbers of shares	**7 095 489**	*100 %*

25. Events after the reporting date

Acquisition of global education providers, Edunation and Asia Exchange

Asia Exchange will bring substantial strategic benefits to Keystone Education Group as the Asia authority of study abroad with a unique model enabling accessible study abroad for the many, not the few. Edunation has been committed to revolutionizing international student recruitment, guided by a vision of creating pathways for students worldwide to access high-quality education opportunities in the Nordics.

Asia Exchange has helped 10,000 students from 115 different countries to study at universities in unique destinations such as South Korea, Bali Indonesia, Thailand, Malaysia, Costa Rica, and Mexico.

Edunation focuses on expanding global access to Finnish education, cooperating with Finnish universities and colleges to provide degree programs, top-ups, language training and pathways for more than 1000 students every year. It has strong strategic partnerships with many Finnish employers, with the goal of not only helping with education, but also securing students a job in the “happiest country in world.

This acquisition brings Keystone closer to its ultimate goal of becoming “the global leader in education matchmaking,” offering a comprehensive one-stop solution for all student marketing and recruitment needs while helping students along their educational journey.

At the date of issue of these financial statements, the Group has not yet completed the assessment of the business combination. Therefore, fair value of consideration transferred, fair value of assets acquired, and liabilities assumed are not provided in these financial statements.

Loan tap issue

A tap issue of EUR 9 million was made available in March 2024 and the proceeds were used to settle upfront payment for acquisition of Asia Exchange and Edunation, in addition to various earnout liabilities.

26. Alternative Performance Measures (APM)

Alternative performance measures, i.e., financial performance measures not within the applicable financial reporting framework, are used by Keystone to provide supplemental information, by excluding items that, in Keystone's view, does not give an indication of the periodic operating results of the Company. Financial APMs are intended to enhance comparability of the results and cash flows from period to period.

APM used are:

- Adjusted EBITDA: earnings before financial items, tax, depreciation and amortization, non-recurring costs and share-based payments
- Net cash (debt): Short- and long-term interest-bearing debt adjusted for the Groups liquidity positions. Only the utilized part of the credit facility is included in the calculations.

Reconciliation of Adjusted EBITDA

USD thousands	**2023**	**2022**
Operating profit ("EBIT"), excluding non-recurring costs	7 977	5 315
Share-based payments	52	260
Depreciation, amortization, and impairment expenses	8 488	8 221
Adjusted EBITDA	16 517	13 796

Reconciliation of net interest-bearing debt

USD thousands	**2023**	**2022**
Interst-bearing debt	55 174	37 774
Cash and cash equivalents	(15 475)	(12 477)
Net interest-bearing debt	39 699	25 297

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KEYSTONE
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Statement of profit or loss and other comprehensive income

USD thousands	**Note**	**2023**	**2022**
Operating expenses			
Payroll and related expenses, excl stock-based compensation		0.2	-
Other operating expenses	5	(136)	(144)
Total operating expenses		(136)	(144)
Operating profit ("EBIT"), excluding non-recurring costs		(136)	(144)
Non-recurring costs (Business combinations, restructuring and other similar costs)	6	(43)	(92)
Operating profit ("EBIT")		(179)	(236)
Finance income and costs			
Finance income	7	1 456	954
Finance cost	7	(1 070)	(0)
Net finance income/(costs)		386	954
Net profit/(loss) before income tax		1 291	718
Income tax expense	8	(282)	(158)
Net profit/(loss)		**1 009**	**560**
Other comprehensive income that may be reclassified to profit or loss on subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		(4 495)	(10 398)
Total comprehensive income/loss		**(3 486)**	**(9 839)**
Net profit is attributable to:			
Owners of KEG AS		1 009	560
Non-controlling interests		-	-
Total comprehensive income for the period is attributable to:			
Owners of KEG AS		(3 486)	(9 839)
Non-controlling interests		-	-

Statement of financial position

USD thousands	Note	31-Dec 2023	31-Dec 2022
Investments in subsidiaries	11	91 018	88 458
Intercompany loans	9	12 872	11 150
Total non-current assets		103 890	99 607
Current assets			
Cash and cash equivalents	12	17	134
Other currenct assets	9, 12	48	99
Assets classified as held for sale			
Total current assets		65	233
Total assets		103 955	99 841
Equity			
Equity attributable to owners of the company	14	103 629	99 625
Total equity		103 629	99 625
Non-current liabilities			
Employee benefit obligations		-	-
Total non-current liabilities		-	-
Current liabilities			
Taxes payable	8	290	161
Other current liabilities	12, 13	36	54
Total current liabilities		326	215
Total liabilities		326	215
Total equity and liabilities		103 955	99 841

Board of Directors and CEO of Keystone Education Group AS,

Fornebu, 29 May 2024

Sign.

Keith Barry Fransson
Chair of the Board of Directors

Carl Fredrik Gustav Søderlindh
Director

Jostein Vik
Director

Thorstein Berg
Director

Karin Kans
Director

Björn Fredrik Högemark
CEO

Statement of changes in equity

For the year ended 31 December 2023

USD thousands	Number of shares outstanding (million)	Paid-in capital (par value)	Paid-in capital share premium)	Other reserves	Reserve for own shares	Translation reserve	Other equity	Subtotal	Non-controlling interests	Total equity
Balance 1 January 2023	**6 694**	**927**	**95 658**	**1 555**	**-**	**548**	**937**	**99 625**	**-**	**99 625**
Comprehensive income/loss										
Profit/(loss)	-	-	-	-	-	-	1 009	1 009	-	1 009
Other comprehensive income/(loss) for the period	-	(349)	(10 174)	(21)	(13)	5 472	591	(4 495)	-	(4 495)
Total comprehensive income (loss) for the period	-	(349)	(10 174)	(21)	(13)	5 472	1 600	(3 486)	-	(3 486)
Contributions by and distributions to owners										
Issuance of ordinary shares related to business combinations	103	13	2 082	-	-	-	-	2 094		2 094
Issuance of ordinary shares related to incentive program	3	0	32	-	-	-	-	32	-	32
Issuance of ordinary shares related to equity increase	296	342	5 658	-	-	-	-	6 001		6 001
Treasury shares purchased	-	-	-	-	(701)	-	-	(701)		(701)
Share-based payment transactions	-	-	-	76	-	-	-	76	-	76
Total contributions by and distributions to owners	402	355	7 772	76	(701)	-	-	7 502	-	7 502
Other equity changes										
Other changes	-	0	(15)	-	-	-	3	(12)	-	(12)
Total other equity changes	-	0	(15)	-	-	-	3	(12)	-	(12)
Balance 31 December 2023	**7 095**	**933**	**93 241**	**1 609**	**(715)**	**6 020**	**2 540**	**103 629**	**-**	**103 629**

Face value of the shares

The face value of the shares is NOK 1.35, and there is outstanding 7,095,489 shares as of December 31, 2023. Please refer to note 24 for more information about share capital and shareholder information.

Issuance of ordinary shares related to equity increase

During 2023 KEG issued 103,264 shares of which were used as part of the transaction for the acquisition of TarGroup Media GmbH.

Other reserves

Other reserves consist of option costs recognized according to the equity settled method.

Reserve for treasury shares

The reserve for the Company's own shares comprises the face value cost and excess value of own shares held by the Company. By end of December 31, 2023, the company had 68,091 treasury shares. During the year, KEG purchased 32,581 treasury shares, and holds an additional 35,510 shares in escrow for share transactions from the previous share issue related to equity increase.

Translation reserve

The translation reserve consists of all foreign currency differences arising from the translation of the financial statements of group companies with a functional currency that is not USD.

Other equity

Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period.

Statement of changes in equity

For the year ended 31 December 2022

USD thousands	Number of shares outstanding (million)	Paid-in capital (par value)	Paid-in capital share premium)	Other reserves	Reserve for own shares	Translation reserve	Other equity	Subtotal	Non-controlling interests	Total equity
Balance 1 January 2022	**6,429**	**985**	**104,951**	**687**	**-**	**1**	**531**	**107,154**	**-**	**107,154**
Profit (loss)	-	-	-	-	-	-	560	560	-	560
Other comprehensive income/(loss) for the period	-	(72)	(10,139)	(67)	-	548	(668)	(10,398)	-	(10,398)
Total comprehensive income/(loss) for the period	-	(72)	(10,139)	(67)	-	548	(108)	(9,839)	-	(9,839)
Contributions by and distributions to owners										
Issuance of ordinary shares related to incentive program	265	14	846	-	-	-	-	860	-	860
Share-based payment transactions	-	-	-	935	-	-	520	1,455	-	1,455
Total contributions by and distributions to owners	265	14	846	935	-	-	520	2,315	-	2,315
Other equity changes										
Other changes	-	-	-	-	-	-	(6)	(6)	-	(6)
Total other equity changes	-	-	-	-	-	-	(6)	(6)	-	(6)
Balance 31 December 2022	**6,694**	**927**	**95,658**	**1,555**	**-**	**548**	**937**	**99,625**	**-**	**99,625**

Statement of cash flows

USD thousands	Note	2023	2022
Cash flow from operating activities			
Net profit/(loss) before income tax		1 291	718
Income taxes paid		0	0
Adjustment for:			
Working capital changes:			
Changes in trade receivables, trade and other payables		10	(18)
Changes in other operating working capital		(2 826)	(2 804)
Net cash flow from operating activities		(1 524)	(2 104)
Cash flow from investment activities			
Purchases of share investments, net of cash acquired	11	(6 001)	
Net cash flow from investment activities		(6 001)	-
Cash flow from financing activities			
Proceeds from exercise of treasury shares (incentive program)			
Purchase of treasury shares		(701)	
Net proceeds from issuance of share - private placement	14	8 095	656
Net proceeds from issuance of share - incentive program	14	32	724
Net cash flow from financing activities		7 426	1 380
Net change in cash and cash equivalents		(99)	(724)
Cash and cash equivalents at period start		134	897
Currency effects on cash		(18)	(39)
Cash and cash equivalents at period end [1]		17	134

1) Of which $0.0 million (2022: $0.0 million) is restricted cash as of December 31, 2023.

Keystone Education Group AS
Parent Company Financial Statements 2023

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1. General information

Keystone Education Group AS ("KEG") is a limited liability company founded in 2020, which controls the shares in Keystone Academic Solutions AS ("KAS") which was founded in 2007. Both companies are incorporated and domiciled in Norway, and the address of the registered office is Rolfsbuktveien 4d, 1364 Fornebu, Norway.

These consolidated financial statements were approved for issue by the Board of Directors on 29 May 2024. Minor rounding differences may exist, and the total may deviate from the total of the individual amounts. This is due to the rounding of whole amounts to thousands for presentation purposes.

Please see note 1 in the consolidated financial statements for more information about the group companies and main activities.

2. Summary of significant accounting policies

General information

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and accompanying interpretations. The parent company financial statements also include certain disclosures in order to comply with certain regulations and paragraphs in the Norwegian Accounting Act.

The explanation of the accounting policies in the Consolidated financial statements also applies to the parent company, and the notes to the consolidated financial statements will cover the parent company, with the exception of the below.

Investments in subsidiaries – parent company

For investments in subsidiaries, associates and jointly controlled entities, the cost method is applied. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken as income. Dividends exceeding the portion of retained profit after the acquisition are reflected as a reduction in cost price. Dividend/group contribution from subsidiaries are reflected in the same year that the dividend is approved by the general meeting.

Investments in subsidiaries, associates and jointly controlled entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

3. Adoption of new and revised International Financial Reporting Standards and Interpretations

Standards and Interpretations affecting amounts reported in the current period

All relevant new and revised IFRSs and IFRIC interpretations that are mandatory for periods commencing 1 January 2023 and earlier have been adopted for all periods presented in these consolidated financial statements.

Please see note 3 in the consolidated financial statements for more information about the IFRS and interpretations.

4. Critical accounting judgments and key sources of estimation uncertainty

General

In applying the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are deemed to be reasonable under the current circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates, assumptions, and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Deferred tax assets (see note 8)

Please see note 4 in the consolidated financial statements for more information.

Impairment (see note 11)

Please see note 4 in the consolidated financial statements for more information.

5. Other operating expenses

Specification of other operating expenses

USD thousands	**2023**	**2022**
Audit, legal and other advisory services	(136)	(144)
Total	(136)	(144)

Auditor's remunerations

The remuneration breakdown (excl. VAT) paid and recognised as an expense for the year to KEG's auditor PwC is as follows:

USD thousands	**2023**	**2022**
Statutory audit	(60)	(20)
Other assurance services	-	-
Other non-assurance services	-	-
Tax consultant services	-	-
Total fee to auditor	(60)	(20)

6. Non-recurring costs

Specification of non-recurring costs

Non-recurring costs may not be indicative of the ongoing operating result or cash flows of the company. Profit measure excluding non-recurring costs is presented as an alternative measure to improve comparability of the underlying business performance between the periods. Non-recurring costs include restructuring costs and costs related to business combinations.

7. Finance income and costs

Specification of finance income and costs

USD thousands	**2023**	**2022**
Interest income	1 456	952
Foreign exchange gains	1	1
Finance income	1 456	954
Interest expenses	(0.4)	(0)
FX losses	(1 070)	(0)
Finance expense	(1 070)	(0)

8. Income tax

Specification of income tax

USD thousands	2023	2022
Current income tax payable	(282)	(158)
Tax expense	(282)	(158)

Reconciliation of effective tax rate

USD thousands	2023	2022
Profit/(loss) before income tax	1 291	718
Income tax using the corporate income tax rate in Norway (22%)	(165)	(158)
Effect of non-taxable and non-deductible items	(115)	(1)
Other effects	(2)	0
Income tax expense for the year	(282)	(158)
Effective tax rate	*-22 %*	*-22 %*

The table above shows the difference between income tax calculated at the applicable income tax rate used in Norway and the tax expense attributable to profit/(loss) before income tax.

Reconciliation of tax payable in the balance sheet

USD thousands	2023	2022
Profit/(loss) before income tax	1 291	718
Permanent and temporary differences	(6)	(2)
Basis for tax payable	1 286	716
Tax on profit for the year	290	160
Tax payable not yet settled	-	1
Tax payable in balance sheet	290	161

9. Related parties

Details of transactions between KEG and related parties are disclosed below.

Board of Directors and Executive team

KEG has not engaged in any related party transactions with any members of the Board of KEG or KEG executive management.

Members of the Board of Directors and Executive Management of the Group and their immediate relatives controlled 66.0% (2022: 73.5%) of the Group's voting share as per December 31, 2023. This includes 36% from funds and investment companies advised by board members (Verdane Capital and Viking Venture).

Please see note 12 in the consolidated financial statements for more information about related parties.

Trading transactions

All outstanding balances with the related parties are priced on an arm's-length basis and are to be settled in cash within five years of the reporting.

The aggregate value of transactions and outstanding receivables/payables with group companies were as follows:

Outstanding receivables with group companies

USD thousands	**Group company**	**2023**	**2022**
Long term loan	Keystone Academic Solutions AS	12 872	11 150
Short term loan	Keystone Academic Solutions AS	15	70
Total		12 886	11 220

There is a loan agreement in place. The loan is nominated in NOK.
There are no payables with group companies as of 31 December 2023 or 2022.

Aggregated value of transactions with group companies

USD thousands	**Group company**	**2023**	**2022**
Reimbursments	Keystone Academic Solutions AS	21	0
Interest income	Keystone Academic Solutions AS	1 463	951
Total		1 484	951

10. Financial instruments risk management objectives and policies

The Company's objective for its capital management is to safeguard its ability to continue as a going concern to provide returns for shareholders and benefit for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital. This includes being able to meet the financial covenants under the Company's credit facility. Refer to note 13 in the Group's consolidated financial statements.

11. Investments in subsidiaries

Reconciliation of movements

Below is an overview of the investments in subsidiaries directly held by Keystone Education Group AS as of 31 December 2023.

Investments in subsidiaries	2023	2022
Balance 1 January	88 458	96 832
Investment during the year	6 312	-
Cost related to option program	76	934
Group contribution in the current year	542	-
Translation differences	(4 369)	(9 309)
Balance 31 December	91 018	88 458

Please see note 1 and 16 in the consolidated financial statements for more information about investment in subsidiaries.

Impairment of investment in subsidiaries

The Group has carried out impairment testing as of 31 December 2023, according to IAS 36. Based on the impairment testing carried out at Group level, Keystone Education Group AS ("the Company") has not recognized an impairment loss.

Business combinations, goodwill, and intangible assets

Please see note 16 in the consolidated financial statements for more information about business combinations, goodwill, and intangible assets.

12. Classes and categories of financial assets and liabilities

Financial instruments, and contracts accounted for as such, are included in several line items in the statement of financial position and classified in categories for accounting treatment. A classification of financial instruments is presented below:

Financial assets

USD thousands	**2023**	**2022**
Cash and equivalents	17	134
Trade receivables	15	44
Other financial assets	33	27
Total	65	205

Financial liabilities

USD thousands	**2023**	**2022**
Trade payables	36	32
Other financial liabilities	-	23
Total	36	54

Most of the financial assets held by the KEG are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and are thus measured subsequently at amortized cost less loss allowances.

All financial liabilities are measured at amortized cost with the exception of contingent liabilities. KEG does not have financial liabilities held for trading or designated at fair value through profit or loss.
The carrying amounts of financial assets and liabilities approximate their fair value as at year end.

Please see note 19 in the consolidated financial statements for more information.

13. Other current liabilities

Other contingent liabilities

KEG is not involved in any disputes nor trials at the balance sheet date or as the date of the approval of these financial statements that would lead to recognition of a liability or require disclosure. Management and the Board are not aware of any such incidents that may have a negative impact on the parent company's financial statement.

Borrowings and interest bearing liabilities

There are no external borrowings in KEG. However, Keystone Academic Solutions AS has signed a credit facility agreement with Ture, in which Keystone Education Group AS provides certain guarantees. Please see note 21 in the consolidated financial statements for more information about borrowings and interest-bearing liabilities.

14. Share capital and shareholders

As of 31 December 2023, KEG had a share capital of NOK 9,578,910.15 (USD 933,144.04 converted) divided into 7 095 489 ordinary shares with a nominal value of NOK 1.35 each (USD 0.13 converted). All ordinary shares have equal voting rights and the right to receive dividends.

Please refer to the Consolidated statement of changes in equity for information about equity transactions.

Dividends

KEG did not pay dividends in 2023 or 2022. The Board of Directors proposes that the 2023 Annual General Meeting does not approve any dividend payments.

Ownership structure

The largest shareholders of Keystone Education Group AS shares as of 31 December 2023, were as follows:

In number of shares	Shares	2023 Owner's and voting share %
VERDANE CAPITAL X (D) AB	1,172,158	16.5 %
Fredrik Söderlindh	789,554	11.1 %
BJØRK INVEST AS	708,148	10.0 %
Mattias Säker	509,509	7.2 %
Fredrik Högemark	471,742	6.6 %
VERDANE CAPITAL X (E) AB	464,261	6.5 %
VIKING VENTURE 15 AS	434,600	6.1 %
VIKING VENTURE 15B AS	421,346	5.9 %
Marcus Boström	378,369	5.3 %
MØSBU AS	217,043	3.1 %
JEM FORVALTNING AS	148,048	2.1 %
DANSKE BANK A/S (Birds & Anemones AB - Keith Fransson)	144,512	2.0 %
TEMA INVEST AS	129,114	1.8 %
S. UGELSTAD INVEST AS	123,954	1.7 %
HOLLIDAY	109,088	1.5 %
PRITCHARD	109,088	1.5 %
IDL SOLUTION AS	107,770	1.5 %
CLEARSTREAM BANKING S.A.	68,826	1.0 %
KARLANDER INVEST AS	48,862	0.7 %
VIKING VENTURE 15 FOLLOW-UP AS	41,096	0.6 %
Subtotal	6,597,088	93.0 %
Other shareholders	498,401	7.0 %
Total numbers of shares	7,095,489	100.0 %

15. Events after the reporting date

Please refer to note 25 in the consolidated financial statement.

16. Alternative Performance Measures (APM)

Please refer to note 26 in the consolidated financial statement

To the General Meeting of Keystone Education Group AS

Independent Auditor’s Report

Opinion

We have audited the financial statements of Keystone Education Group AS, which comprise:

- the financial statements of the parent company Keystone Education Group AS (the Company), which comprise the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Keystone Education Group AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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 are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors’ report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Oslo, 30 May 2024
PricewaterhouseCoopers AS

Jone Bauge
State Authorised Public Accountant
(This document is signed electronically)

Auditor's report

Signers:

Name	*Method*	*Date*
Bauge, Jone	BANKID	2024-05-31 08:25

KEYSTONE
EDUCATION GROUP