

janison.com

FY'20

Investor Presentation

JAN.ASX

11 August 2020



Summary

- Janison is a market leader in digital assessments focusing on Schools and Higher Education.
- Large addressable market with digital adoption being accelerated by COVID.
- Assessment platform Insights is proven with global assessment events in 2020.
- Robust underlying FY'20 performance, the business is profitable with expanding margins, strong platform growth and a debt free balance sheet.

FY20 Headlines

Platform Revenue

+22%
growth

Research & Development

\$4.4m

18% of revenue
invested in R&D

Gross Margin

+11 pps
increase on FY19

Assessment
Gross Margin

+16 pps

increase in Assessment
Gross margin on FY19

Free Cash Flow

\$2.7m

Cash

\$11.1m

cash on hand at
30 June 2020

— **Our purpose is
to transform how
people learn**

— **Our focus is
assessments**



Developing and delivering digital assessments globally



10 million+ tests

70,000 exams

10,000 proctored exams

117+ countries

4.5 million+ students



Education

Our future market goals simplified

Schools' Assessment Products & Platforms

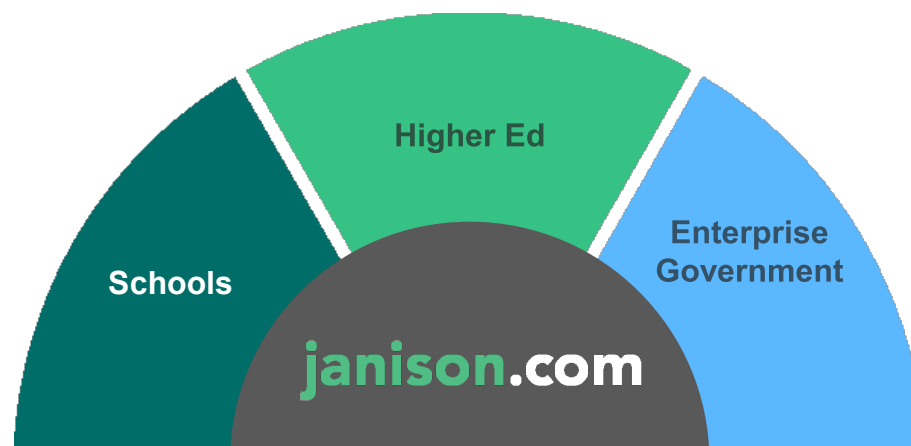
Support students, schools and education departments globally by providing **test products, competitions, benchmarking tools, reports** and **teacher training solutions** to analyse performance

Higher Ed Assessment Platform

Enable **admissions** and implement **digital exam platforms and exam management** for higher education

Enterprise & Government Assessment Platform

Provide **accreditation, certification, performance assessment** and **capability development** solutions for professional bodies



Target customers

Strategic

- Governing bodies, NAPLAN, SEAB, PISA-for-Schools

Schools Direct

- Schools Direct and via partners in 15 existing EA countries
- Test Publishers and organisations targeting schools

Institutions direct and indirect

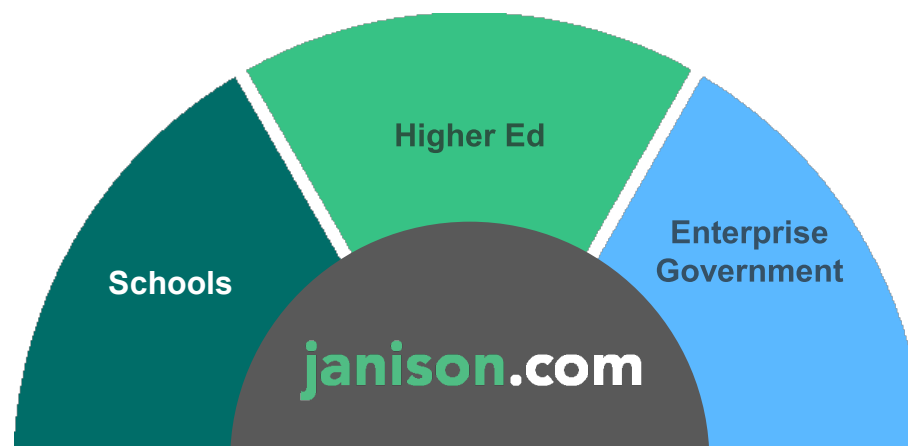
- Targeting Universities directly and via partnerships
- Australia, UK and Europe, Singapore primary focus

Governments

- Targeting governments running national certifications (e.g. license testing)

Enterprise

- Enterprise and large corporates who provide learning, require compliance and/or conduct or publish certifications
- English language certifications providers



— Highlighting our OECD PISA partnership

- Janison signed a 5-year exclusive agreement with the OECD in April 2019
- PISA-for-Schools is a sample-based benchmarking assessment delivered on the Janison Insights platform with no custom development
- High gross margins 75%+ and scalable
- 7 Countries signed during FY20 – Thailand signed in August 2020
- Total opportunity for 90 countries currently delivering PISA or PISA for Schools to transition to Janison, in addition to new countries joining the program
- In FY21 will invest in Business Development and Account Management to further expand the PISA for Schools assessment into more countries and develop existing client relationships secured in FY20



Highlighting our UNSW Global Educational Assessments (EA) acquisition

- Janison acquired “EA” assets and 32 staff in June 2020
- Product suite of 4 x schools’ assessments for; Competition, Diagnostic, Formative and Placement
- End-to-end Schools business – test development capability through to Sales & Marketing
- 30-year history of delivering ICAS to over half of all Australian schools and recently to 15 other countries
- ~1m ICAS tests p.a. delivered historically (pre-COVID) at \$15/test equivalent to \$15m p.a. Platform Revenue once fully recovered
- Products have infrastructure asset characteristics - above the annual production cost ICAS can generate 90%+ Gross Profit of Platform Revenue
- In FY21 Janison will manage the business with a commercial mindset for growth



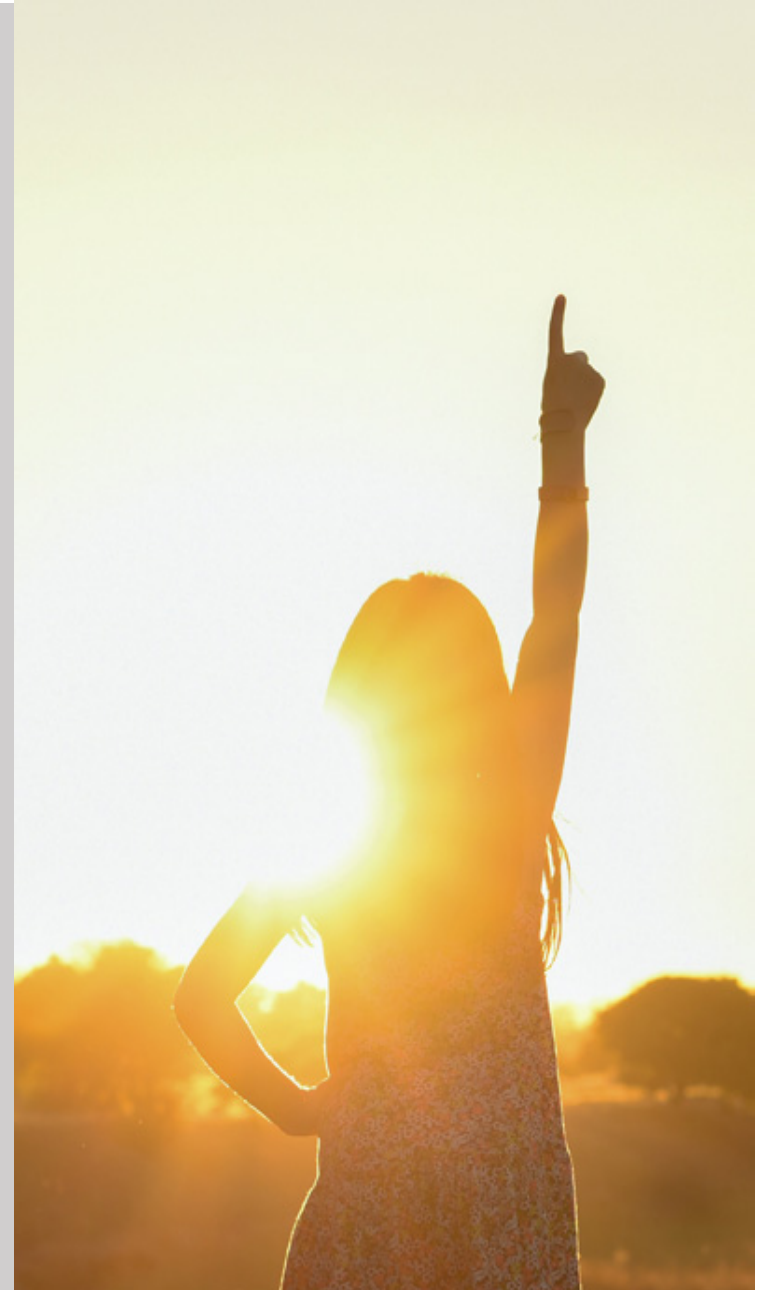
Highlighting our Schools Direct strategy

- Support students, parents, schools and education departments globally
- Improving teaching and learning efficacy and efficiency
- Providing test products, competitions, benchmarking tools, reports and teacher training solutions
- End-to-end control of our strategy from marketing and sales, test content, product development, technology platform.



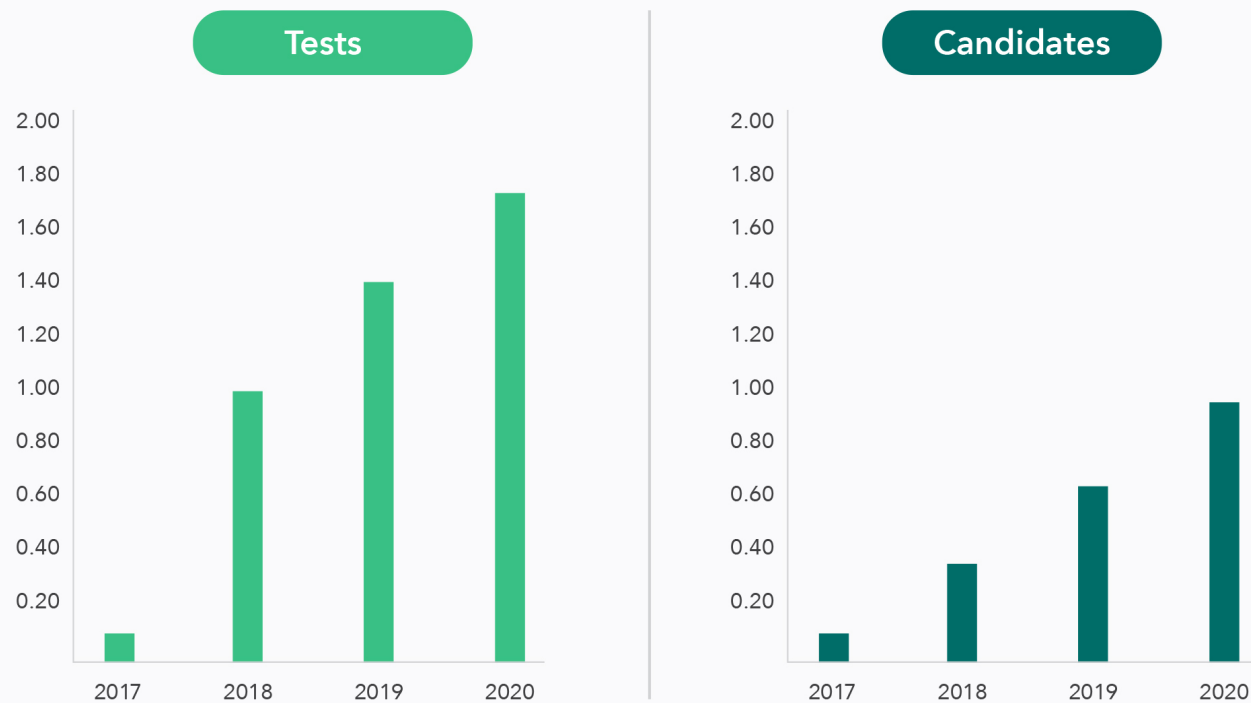
H2 was productive

- Stabilised and created opportunities through COVID
- New CEO appointed
- \$7M capital raise including strategic investors such as John Baker (D2L)
- Acquisition of UNSW Global's Educational Assessments
- Entered strategic partnership with D2L
- Opened new Sydney HQ and completed the executive leadership team recruitment (Natalie Chrara – Chief Customer Officer, Matt Wolf – Head of Product, Amy Barouch – Head of Schools and integration specialist)



Tests delivered up 25% and number of candidates up 50% year on year

Tests delivered & candidate figures (million) (excl. NAPLAN)



We have four priorities to rapidly grow the business

1

**Grow share in
existing
customers**

2

**Build innovative
world class
assessment
propositions**

3

**Target high
growth segments**

4

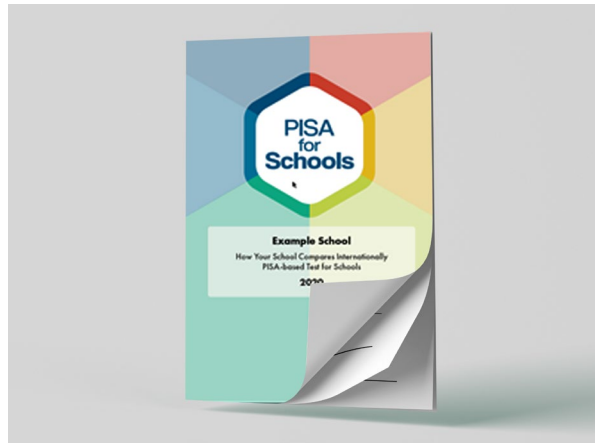
**Intensify our
sales and
marketing spend
and execution**

Q4 customers on our Insights platform validate the market opportunity and the platform capability

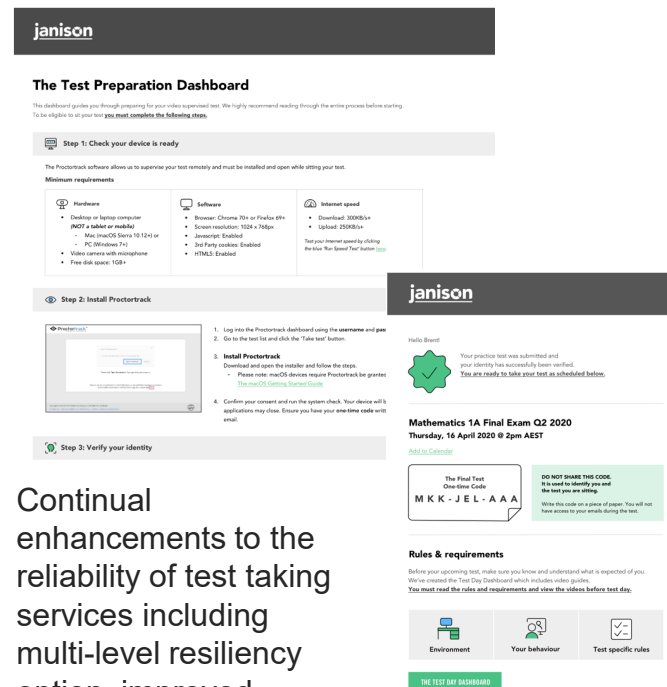


Education

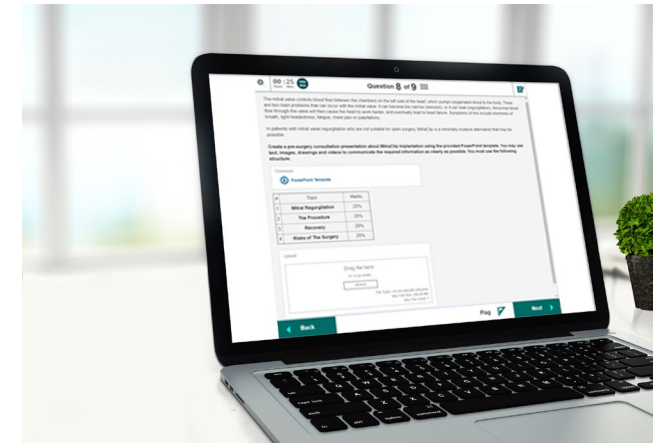
We continue to innovate our digital offering



Expanded reporting and analytics options for high quality PDF reports, and interactive digital reports (via Educational Assessments)



Continual enhancements to the reliability of test taking services including multi-level resiliency option, improved security and recovery and enhanced offline capabilities.



Enabling easier customer adoption through LMS Integration

Our people



Wayne Houlden
Founder and Vice-Chair
Janison Education Group



David Caspari
Chief Executive officer
Janison Education Group



Stuart Halls
Chief Financial officer



Natalie Chrara
Chief Customer officer



George Gorman
Chief Technology officer



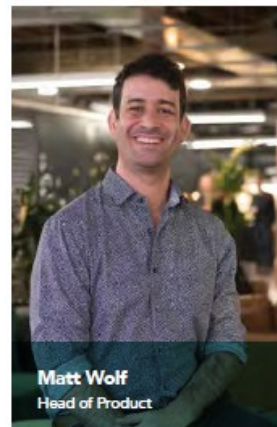
Fiona Ward
Head of Learning



Derek Welsh
Chief Operating officer



Amy Barouch
Head of Educational Assessments



Matt Wolf
Head of Product



Rebecca Niemiec
Head of Exam Management



Pippa Lennon
Head of People and Culture

COVID-19 dynamics and structural changes will accelerate market growth in years to come

- School/higher education campus closures
- Heightened focus on educational continuity with existing solutions not fit-for-purpose
- Accelerating plans to digitize student learning and assessments
- New teaching and learning habits being formed during lockdown
- New technologies improving assessment experience e.g. authentic assessments

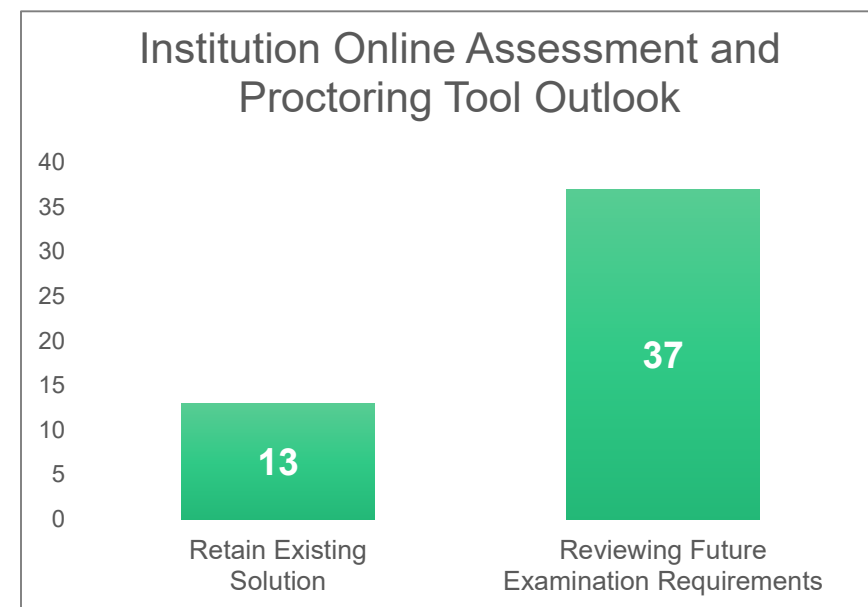


Figure 9: Longer term intention to maintain solution

FY21 outlook

- FY21 outlook is favourable (COVID-dependent) with **revenue, gross margin, EBITDA and cash flow expansion**
- Recent events are forcing **educational institutions to accelerate plans to digitise learning and assessment**
- Janison positioned well to benefit from this – demonstrated by the **digitisation of course materials in Canada** and **remote exams delivery in the UK and Czech Republic**
- Despite this, prolonged distancing restrictions are causing a **deferral of in-person exams (JEM)**, and **uncertainty of a complete ICAS delivery in FY21**
- Janison is doubling its investment in Sales and Marketing from **8% to 16% of revenue** - targeted spend on OECD expansion support, higher ed and partnerships
- **Insights** platform enhancement and quarterly release cycles. Learning platform refresh
- **Close cash management** continues and large cost reduction programs through hosting cost reduction and source code consolidation



FY21 key deliverables



In FY20 UNSW Global sold ~\$7m of the schools' competition ICAS. Due to COVID-based disruption in FY21 Janison expects sales to reach 50% of this amount (~\$3.5m incremental platform revenue)



With the return of NAPLAN online in FY21 we expect the number of tests being delivered on Janison's Insights platform to exceed 5m p.a. and total candidates sitting tests to exceed 2m p.a.



With the integration of Janison Insights into the Brightspace LMS now complete we expect to see revenue begin to flow from our partnership with D2L/Brightspace in FY21



As schools start to reopen in major countries around the world Janison expects to sign more of the remaining ~80 countries on to the Janison Insights platform for the PISA-for-Schools benchmarking assessment and is supporting this with dedicated sales resources

FY20 Financial Report



Profit & loss

(A\$m)	FY19	FY20	\$ Change	% Change
Recurring Revenue	11.5	14.0	2.5	+22%
Services Revenue	11.0	7.9	(3.1)	(28)%
Group Revenue	22.5	21.9	(0.6)	(3)%
Cost of Sales	14.6	11.8	(2.8)	(19)%
Gross Profit	7.9	10.0	2.2	+27%
GM%	35%	46%	+ 11pps	
Operating Expenses	5.9	7.5	1.6	+28%
EBITDA	2.0	2.5	0.5	+26%
EBITDA %	9%	11%	+ 3pps	
Depreciation & Amortisation	0.4	1.9	1.4	+321%
Amortisation of Acquired Intangibles	0.5	1.7	1.2	+235%
Share-based compensation	1.3	0.4	(0.9)	(68)%
Other non-operating expense	0.5	0.9	0.4	+88%
Net financial expense	(0.1)	0.1	0.2	--
Income tax expense	0.7	(0.4)	(1.0)	--
NPAT	(1.3)	(2.2)	(0.9)	--
NPATA*	(0.8)	(0.4)	0.3	--

* NPATA excludes amortisation of acquired intangible assets.

- Strong growth in Platform revenue from the introduction of new strategic and platform customers
- Services revenue in FY19 higher due to a large number of strategic customers' implementation work to transition to licensing phase in FY20. Services revenue in FY19 is replaced with platform licence (recurring revenue) in FY20 at higher margins
- Increased mix of platform revenue driving scale and increased gross margin.
- Further reductions in hosting and reduction in burst capacity development team also increasing GM% in FY20 on prior year
- Increased spending on Sales & Marketing in 2H FY20 to support identified opportunities (OECD, D2L, etc.)

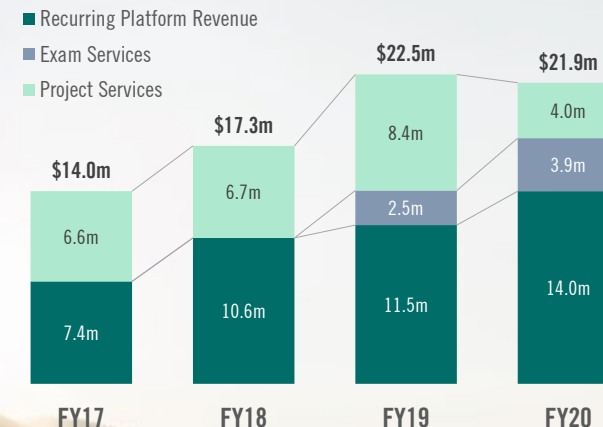
Revenue

(A\$m)	FY19	FY20	\$ Growth	% Growth
Group Recurring Revenue	11.5	14.0	+2.5	+22%
Group Services Revenue	11.0	7.9	(3.2)	(29)%
Group Revenue Total	22.5	21.9	(0.6)	(3)%

Revenue by segment:

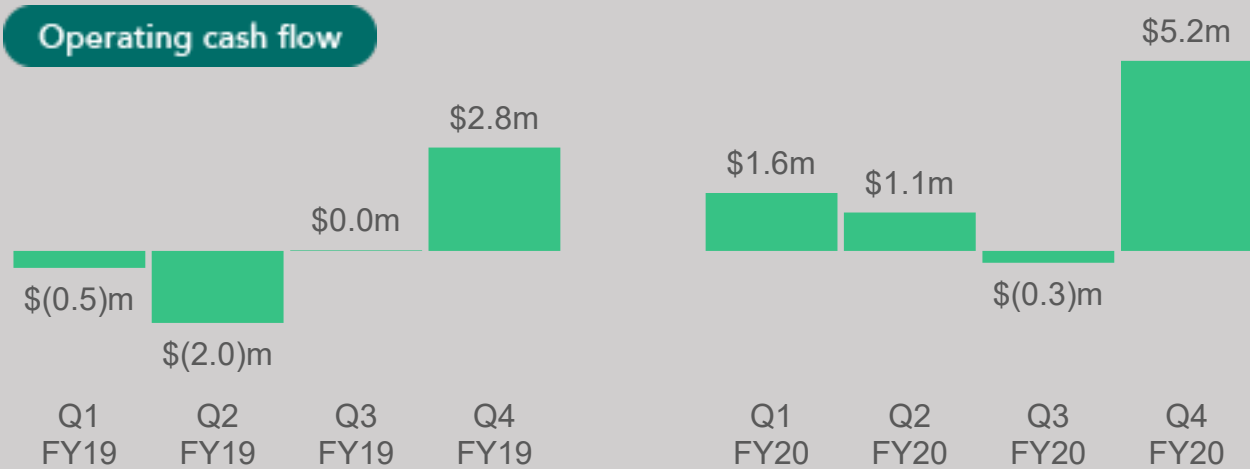
Assessment	14.0	14.6	+0.6	+4%
Recurring Revenue	5.8	9.4	+3.6	+62%
Exam Services (LTC)	2.5	3.9	+1.3	+53%
Project Services	5.7	1.3	(4.4)	(77)%
Learning	8.5	7.3	(1.2)	(14)%
Recurring Revenue - Platform	4.6	3.8	(0.8)	(18)%
Recurring Revenue - Content	1.1	0.8	(0.3)	(29)%
Project Services Revenue	2.8	2.7	(0.1)	(2)%
Group Revenue Total	22.5	21.9	(0.6)	(3)%

Revenue



- Assessment customers driving +62% growth in Platform Recurring revenue on PCP (RMS NSW, UNSW Global, OECD).
- JEM (LTC) in-person exam revenue under pressure in FY20 and 1H FY21 due to COVID restrictions
- Learning revenue decline reflects the cycling of 2 large customers lost in Dec 2018. Investment in Sales in 2H FY20 now generating new wins including Centennial College Canada and others.

Strong balance sheet



- Prudent cash management and strong operating cash flows in Q4 boosted cash on hand to **\$11.1m¹** at 30 June 2020 and a positive free cash flow of **\$2.7m** full year FY20
- Careful debtor management reduced aged debt to 9% of total at 30 June from 25% in FY19 (\$0.2m vs. \$1.1m)
- No debt and strong investor interest for future capital raisings

¹ Includes \$6.8m net proceeds from capital raise in April 2020. Cash on hand at 31 July 2020 was \$12.2m



Acquisitions

In early FY21 Janison engaged a 3rd party advisor to assist in its M&A strategy and execution process

Applying Janison's strategic focus of **assessments** within **schools** to our M&A approach we will develop a narrow lens through which to evaluate acquisition opportunities

Actively seeking acquisition targets that build on the Janison core platform and that increase recurring revenue at high margins by scaling existing software and infrastructure

EA

Having acquired EA in June 2020 and maintaining a steady-state operation to stabilize the delivery of ICAS in September 2020, Janison will then embark on a company-wide integration in October. This will enable Janison to execute our Schools strategy in 2021.



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Thank you

