



ASX Announcement  
25<sup>th</sup> March 2019

## Acquisition of LTC

The Board of **Janison Education Group Limited (ASX:JAN)** ("**Janison**" or the "**Company**"), is pleased to announce it has entered into a binding agreement to acquire LTC Holdco Pty Ltd ("**LTC**") (the parent company of Language & Testing Consultants Pty Ltd) ("**LTC**") ("**Acquisition**"). The total consideration for the acquisition is **\$8m**, representing a **c.4.7x** EBITDA multiple (\$1.7m FY18 underlying EBITDA) plus an **earn-out** based on the FY19 adjusted EBITDA of LTC. The initial consideration will be paid in the form of cash (**70%**) and scrip (**30%**).

The Company has also completed a capital raising by way of a private placement of ordinary shares (**Shares**) to raise \$6m (**Placement**) to fund the Acquisition.

Janison expects the acquisition will be EPS accretive in the FY19 year before synergies with additional revenue synergy opportunities given the highly complementary nature of the acquisition.

---

### LTC Overview

LTC is an Australian, market-leading **examination services business** headquartered in Sydney with operations both domestically and, increasingly, internationally. The company facilitates outsourced end-to-end exam management services on behalf of large universities, colleges and professional certification bodies.

LTC is highly regarded in the industry for its demonstrated ability to provide secure, reliable and bespoke assessment services, having done so for over **30 years**. Its top clients have continued to work with LTC for an average of more than **14 years**.

The acquisition of LTC represents a significant move in **Janison's strategic expansion** into the **Assessment** market. It provides an opportunity for Janison to transition LTC's 40 clients, primarily large Australian universities and recognised professional bodies from traditional paper-based examinations to the Janison digital Assessment product (Janison "Insights").

The acquisition will also provide Janison with a suite of secure test centres and a large database of trained invigilators to provide outsourced, computer-based assessment services to Janison's existing clients.

**Tom Richardson, Chief Executive Officer of Janison** states:

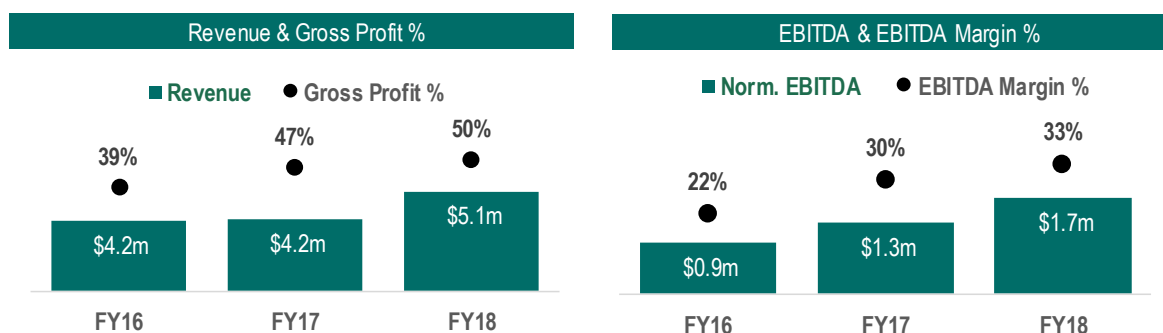
"We are very excited about the acquisition of LTC and to be welcoming the experienced and respected LTC team to Janison. This purchase further supports our strategic direction and will accelerate the growth of our Assessment division with the introduction of new clients in our target market segments.

The acquisition provides us the ability to offer both digital assessment tools as well as secure facilities with specialist invigilation staff for an end to end assessment service. We believe this is a compelling service offering that will help customers transition to online assessment with a trusted and experienced partner."

## LTC Financials<sup>1</sup>

- FY18 Revenues of **\$5.1m**<sup>1</sup>
- Normalised EBITDA of **\$1.7m** in FY18<sup>1</sup>
- In the first half of FY19, LTC delivered growth of **29%** in revenue and **35%** in operating profit over the same period in FY18.

Fig. 1: LTC Financial Overview



## Valuation and Consideration

The valuation excluding the contingent earn out represents a multiple of approximately **4.7x** FY18 EBITDA.

The purchase price comprises:

- **Upfront consideration** at completion of **\$6.5m** (\$4.5m in cash and **\$2.0m** to be satisfied by the issue of Shares in Janison at a price of \$0.33 per Share;
- **Deferred cash consideration** of **\$1.5m** payable 12 months after completion (**1 April 2020**); and
- **Contingent earn-out consideration** estimated to be **\$6.6m** based on LTC estimated normalised FY19 EBITDA budget. This earn out is payable following completion of FY19 results as to **50% in cash** and **50% in Janison Shares** (issued at the 30 day VWAP of Janison Shares prior to 30 June 2019).

Further details of the terms of the Acquisition are set out in Annexure A and in the investor presentation accompanying this announcement.

The cash consideration will be satisfied from internal cash resources together with the proceeds from the Placement.

The Shares to be issued to the vendors will fall within the Company's existing placement capacity under Listing Rule 7.1 and will therefore not require shareholder approval.

Fig. 2: Summary of Purchase Price

	Cash	Shares	Total
Upfront Payment	\$4.5m	\$2.0m	\$6.5m
Deferred Payment	\$1.5m	--	\$1.5m
Earn-out Payment (Estimate) <sup>2</sup>	\$3.3m	\$3.3m	\$6.6m
<b>Total</b>	<b>\$9.3m</b>	<b>\$5.3m</b>	<b>\$14.6m<sup>2</sup></b>

<sup>1</sup> Source: LTC unaudited management accounts

<sup>2</sup> Based on \$2.8m estimated EBITDA in FY19

## Placement

To assist with the funding of the LTC acquisition, Janison has completed a raise of \$6m of equity before costs, via a placement to institutional and other sophisticated investors (**Placement**) at \$0.33 per Share. Shares are expected to be allotted under the Placement on 29<sup>th</sup> March 2019.

The Shares under the Placement will be issued utilising the Company's existing capacity under ASX Listing Rule 7.1 and 7.1A and will therefore not require shareholder approval. Bell Potter acted as lead manager and book runner to the Placement.

Advisors on the acquisition include:

Vendor Legal Representation:	<b>Miller and Prince Lawyers</b>
Purchaser Legal Representation:	<b>Maddocks Lawyers</b>
Purchaser Due Diligence:	<b>Deloitte</b>

For further information please refer to the accompanying presentation on the LTC business and transaction or please contact:

Tom Richardson, CEO  
trichardson@janison.com  
+61 421 029 620

---

## About Janison Education Group

Janison is an education technology pioneer transforming the way people learn and provides two primary offerings in the education technology industry.

- **Janison Learning** – a leading integrated learning business that is used by large enterprise and government departments to build capability in their people.
- **Janison Assessment** – a leading global platform for the provision of digital exam authoring, testing and marking which is sold to national education departments, tertiary institutions and independent educational institutions.

## Forward looking statements

This announcement contains forward looking statements. All statements that address events or developments that Janison expects or anticipate will or may occur in the future and guidance on financial performance are forward looking statements. These forward looking statements are based on the Board or management's beliefs and expectations based on information currently available to the Board and management including information concerning LTC provided by the vendors. The Company believes that these forward looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward looking statements which are inherently uncertain. Janison does not undertake any obligation to publicly update or revised any forward looking statements whether as a result of new information, future events or otherwise except as required by law or the ASX Listing Rules. Forward looking statements are subject to certain risks and uncertainties many of which are outside its control that could cause actual results, events and developments to differ materially from Janison's historical experience, or its present expectations or projections.

## ANNEXURE A

### KEY ACQUISITION TERMS

Vendors:	Cassowary No1 Pty Ltd as trustee for the Textbook Unit Trust Rebecca Niemiec Alan Hole
Purchaser:	Janison Education Group Limited
Acquisition:	Acquisition of 100% of the share capital of LTC on a cash free/debt free basis.
Purchase price:	Upfront consideration: \$4.5 million in cash (subject to a customary working capital adjustment) and \$2.0 million in Janison Shares  Deferred consideration: \$1.5 million in cash payable 12 months from completion  Earn-out: 5.715 x LTC normalised FY19 EBITDA in excess of \$1.65m, payable as to 50% in cash and 50% in Janison Shares
Consideration Shares:	6,060,606 Upfront Consideration Shares to be issued at \$0.33 per Share  Earn-out Consideration Shares to be issued at 30 day VWAP prior to 30 June 2019  All Consideration Shares will be subject to escrow for six months from their date of issue.
Conditions precedent:	The Acquisition is conditional on completion of the Placement to raise \$6m (before costs)
Anticipated completion date	1 April 2019

### INDICATIVE CAPITAL STRUCTURE

Issued capital as at 22 <sup>nd</sup> March 2019 (undiluted)	144,462,958
Shares issued under Placement	18,181,818
Shares issued at completion of Acquisition	6,060,606
Estimated Shares to be issued under earn-out <sup>1</sup>	9,957,576
Total issued capital following Acquisition and Placement (undiluted) <sup>1</sup>	178,662,958
Total issued capital following Acquisition and Placement (fully diluted) <sup>1</sup>	186,550,465

<sup>1</sup> Based on LTC forecast normalised EBITDA of \$2.8 million and issue price of \$0.33