

ASX Announcement
16th September 2019

Successful Performance of LTC and Completion

Janison Education Group Limited (ASX:JAN) ("Janison" or the "Company") is pleased to announce its recently acquired exam management business, LTC (Language and Testing Consultants), delivered a very successful year to 30 June 2019 (FY19). Following these results, the deferred consideration contingent elements of the transaction are now finalised.

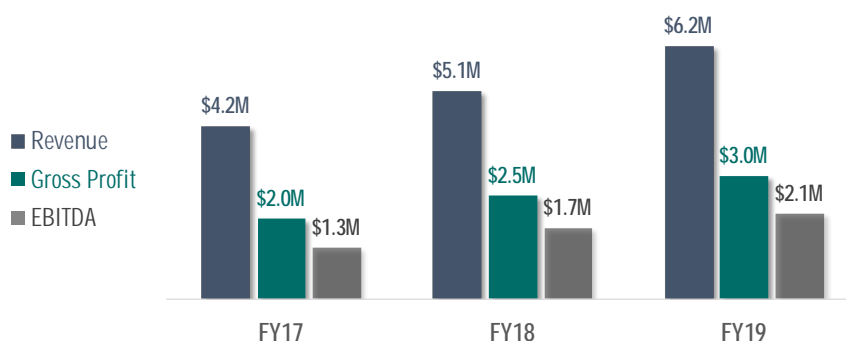


LANGUAGE & TESTING
CONSULTANTS

Background

LTC is the leading exam management business in Australia with a dominant market share position. It boasts 57 high-profile clients of which 33 are Australian universities (out of the total 43 in the country). The top 13 clients have trusted LTC to deliver secure, in-person examinations on a large scale for more than 15 years on average. The company was purchased by Janison on 1 April 2019 and has since been successfully integrated into the Janison Group.

Chart 1. LTC Financial Overview



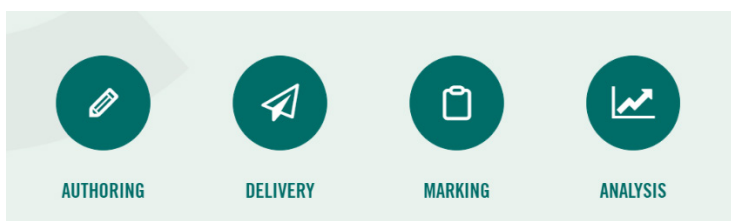
LTC Strategic Benefit

LTC presents a significant strategic opportunity for Janison in its aim to digitise assessments within the Higher Education sector and represents one of the three, top growth priorities for the Company in FY20 and beyond.

By acquiring the LTC client base, Janison is able to work closely with each client on their digital transformation journey within the confines of LTC's secure testing locations and under the supervision of its 700+ experienced invigilation staff. Now that LTC's peak exam season has passed, earlier conversations with universities can progress on how to digitise their assessment process utilising the Janison "Insights" assessment platform.

The Janison-LTC combined solution can be customised to suit the pace of change within each university – whether the choice is to digitise the full assessment process and all subjects from the outset, or to gradually convert to a digital solution stage by stage (see Figure 1 below) or faculty by faculty.

Figure 1. The Four Stage Assessment Process



The transition to digital assessments has many compelling and immediate benefits over a traditional pen-and-paper offering, these include:

1. Cost Saving

The full end-to-end assessment process including authoring of exam question banks, physical delivery and collection of exam papers, exam supervision and facilities management, hand-marking and results collation for data analysis is a costly and labour-intensive process. A full digital solution has the potential to save institutions a significant amount of money and free up academic staff to work on more value-adding activities.

2. Improved Student Experience

Many undergraduates today have been taught and assessed using technology throughout their earlier schooling. These 'digitally native' students are unfamiliar with traditional pen-and-paper assessments and their support for a digital transformation continues to intensify. The format of exams is becoming an increasingly important factor in the students' choice of which institution to attend.

Digital delivery of assessments allows for a more equitable experience by supporting students with accessibility needs, reducing handwriting fatigue and removing the risk of poor quality handwriting affecting students' marks. E-assessments also provide students with flexibility in the 'when' and 'where' exams can be sat.

3. Efficiency

The speed of the exam process can be dramatically improved across the end-to-end process from; authoring of exams, distribution of tests, marking, publishing results and the time required to perform complex analysis.

The speed of e-assessments means tests can be administered more frequently than traditional pen-and-paper exams and used as diagnostic or 'formative' tests mid-semester with the results being used to calibrate individual learning needs with personalised content to improve student attainment.

4. Quality

Marking quality and accuracy is improved and the potential for human error and bias is removed. Digital marking can handle all question types including the use of artificial intelligence (AI) to mark complex essay-style exam questions.

Digital testing can also utilise adaptive questioning for a deeper and more valuable analysis of student performance.

Authoring tests in a digital format can detect and avoid question errors – a common issue with paper-based exams and a cause of distress amongst students during exams.

5. Analysis

Digital exams can capture much larger and richer data sets allowing universities to overlay business intelligence tools for insights into how students, staff and the organisation can improve in the most cost-effective manner.

Combined, Janison and LTC offer scale benefits of computer-based exam delivery which an individual institution may find difficult to achieve when conducting tests infrequently throughout the academic year. Together with over 30 years' experience of delivering in-person exams to more than 1 million candidates, and Janison's Insights platform – certified by the Australian and Singapore governments and organisations such as the OECD (Organisation for Economic Cooperation and Development), Janison believes it can offer the most reliable and cost-effective solution to universities looking for a digital assessment solution.

Earn-Out Payment to conclude contingent consideration

LTC earnings for the financial year to 30 June 2019 (normalised for the purposes of the Earn-Out Payment) were approximately **\$2.36m** (the 'Adjusted EBITDA'), representing a **38% increase on the prior year**. Under the conditions of the SSA, this amount generates an earn-out payment of the following:

§	Cash:	\$1,663,411.98 ¹
§	Shares:	\$2,032,503.30 (equivalent to 6,694,076 ² ordinary, fully paid JAN.ASX shares)

All shares are voluntarily escrowed for a period of 6 months from the date of issue.

In accordance with the SSA, there will be a fixed Deferred Payment of \$1,575,000 payable in cash to the vendors of LTC on 1 April 2020, resulting in a **total cash payment of approximately \$3.2m in FY20**. Janison cash on hand as at 31 August 2019 was approximately **\$6.6m** with a further **undrawn facility of \$1m**.

LTC Revenue

Despite the longevity of LTC's clients, its exam management revenue is currently classified as non-recurring 'Services' revenue within Janison's consolidated group results. As LTC clients convert to Janison's digital assessment platform, the Company does not expect any cannibalisation of LTC exam management revenue due to the need for clients to retain a secure environment and appropriate supervision, provided by LTC during test delivery, whether computer-based or using traditional pen-and-paper.

For further enquiries, please contact Janison Investor Relations, email: IR@janison.com

About Janison Education Group

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

¹ Cash payment is net of an LTC income tax liability for the FY19 year of \$369,091.32 withheld from the cash component of the Earn-Out payment.

² Number of shares is calculated by applying the 30-day volume-weighted average share price (VWAP) of Janison Education Group (JAN.ASX) as at 30 June 2019 (\$0.303627)

- § **Janison Assessment** – a leading global platform ("**Janison Insights**") for the provision of large-scale digital exam authoring, testing and marking, servicing national education departments, tertiary institutions and independent educational bodies.
- § **Janison Learning** – a leading integrated learning platform ("**Janison Academy**") used by large enterprises and government departments to build capability in their people.

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. 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.