

A photograph of three school children running towards the camera on a paved path. In the foreground, a boy with short brown hair, wearing a white shirt, a blue and white striped tie, and a blue backpack, is running with a joyful expression. Behind him to the right, a girl with long brown hair, wearing a white shirt, a blue and white striped tie, and a floral backpack, is also running and smiling. To the left, another boy is partially visible, also in school uniform. The background shows a brick building and a paved path. The image is split vertically: the left half has a teal overlay, and the right half is the original color photo.

janison

2020
Annual
Report

Corporate directory

COMPANY

Janison Education Group Limited

ASX CODE

JAN

REGISTERED OFFICE

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SHARE REGISTRY

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Sydney, NSW 2000

BOARD OF DIRECTORS

Mr Mike Hill, Non-Executive Chairman
Mr Wayne Houlden, Non-Executive Vice Chairman
Mr Brett Chenoweth, Non-Executive Director
Mr David Willington, Non-Executive Director
Ms Allison Doorbar, Non-Executive Director

COMPANY SECRETARY

Mr Andrew Whitten

AUDITOR

Stantons International Audit & Consulting Pty Ltd
6 Middlemiss Street, Lavender Bay
Sydney NSW 2060

CORPORATE GOVERNANCE

www.janison.com/investors/

ANNUAL GENERAL MEETING

Janison will hold its 2020 Annual General Meeting at
Level 5, 126 Phillip Street, Sydney NSW 2000
at 4pm, 1 October 2020.

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Our purpose is to
transform how
— people learn



— our focus is
assessments

**We have four priorities to
rapidly grow the business**

Nurture existing clients

Build innovative world class assessment products

Target high growth segments

Intensify our sales and marketing spend

janison.com



Chairman's Letter

Dear Shareholders,

Janison's world-class education platform and its products transform the way millions of people learn in over 100 countries. For more than 20 years it has pioneered innovative assessment and e-learning solutions. In FY20 the business achieved several more milestones and enjoyed another year of success in further establishing Janison as a global leader in the education technology market, despite the wide-spread impact of COVID-19.

During FY20 the business posted an 11-percentage point improvement in Gross Margin, positive free cash flow of \$2.7m and ended the year with more than \$11m of cash on hand. Within these Group results, the core Assessment division posted a 16-percentage point improvement in Gross Margin marking its transition to becoming a high-margin, recurring revenue business.

Despite COVID-19 having a significant impact on Janison's Exam Management revenue in Q4, the Group was able to maintain overall revenues similar to those recorded in FY19 (down only 3%) whilst growing its Platform revenue by 22% - an impressive feat in these unprecedented times.

On a people front, there have been several changes this year including the outgoing CEO Tom Richardson's role being filled by David Caspari. On behalf of the board we are grateful to Tom for his efforts over the past five years to build Janison into the company it is today - a strong, ASX-listed entity set on a strategic path to immense global opportunity.

The Board are pleased to have selected David Caspari as Chief Executive Officer at Janison for its next phase of growth, and for him to have accepted the position of Chief Executive Officer at Janison. David's pedigree fits perfectly with where Janison is positioned today and with what lies ahead in this enormous market opportunity.

Mr. Caspari's career is deeply rooted in technology across multiple countries whilst holding top positions in a number of large blue-chip organisations including HP, Optus and Cisco. His demonstrated ability in sales, marketing and execution to deliver on strategy is what most excites us for the future of this company and he has the board's full support for his plans for FY21.

We are also pleased to announce Wayne Houlden's appointment to Vice Chair of the Board as of 2 July 2020. This move will allow him to focus more time on developing strategic relationships with customers and partners around the world, including the continuing relationship Janison has with the Organisation for Economic Co-operation and Development (OECD) that he established whilst based in the UK. The move to Vice Chair will see Wayne step away from his day-to-day executive responsibilities in a sign of endorsement for the Company and David's leadership.

COVID-19 has accelerated the adoption of online technology globally and we are confident it will only further strengthen the outlook for Janison. As evidence of this, the pandemic has



presented opportunities to win new clients with Janison delivering remotely-proctored university entrance exams in Europe in Q4 as well as the upcoming schools' assessments closer to home in NSW for the Department of Education, in partnership with Cambridge Assessment.

The pandemic has presented opportunities to acquire businesses at attractive valuations. The acquisition of Educational Assessments (EA) from the University of New South Wales (UNSW) in June this year was a good example of this and we believe there will be more opportunities in the near future.

To support the acquisition of EA, Janison raised capital in a heavily over-subscribed process which was eventually capped at \$7m and resulted in a number of new strategic investors joining the share register. The funds are currently supporting the growth and integration of EA and will allow the Group to double its investment in Sales and Marketing from 8% of revenue to 16% in FY21, as well as continue enhancements and innovation to its core assessment platform – Janison insights.

During the previous financial year, I have been encouraged by shareholder sentiment for Janison as demonstrated by a share price growth of 14% whilst the ASX All Ordinaries retreated 10% over the same time period.

On a similar note, the Board has listened to its shareholders and sought feedback from investors and advisors on the appropriate structure for a long-term incentive plan (LTIP) for its executives only. As such, I am very pleased to announce a new LTIP scheme which will commence in FY21 and will be dependent upon delivering Total Shareholder Return (TSR) and Return on Equity (ROE). We believe this provides a transparent and effective means of driving shareholder value and will replace all previous schemes. Further details can be found in our Remuneration Report on page 32.

On behalf of the Board, I would like to thank all stakeholders for believing in Janison, and especially thank our staff and their families for their resilience during the difficult circumstances brought upon us this year. I look forward to an exciting year ahead with an invigorated leadership team, a new Sydney HQ, and many exciting prospects for the company.

Sincerely,

Mike Hill

Chairman

+22%

**Platform
Growth**

+11

**percentage point
increase in GM**

\$2.7M

Free Cash Flow



CEO's Letter

Dear Shareholders,

It is my pleasure to present Janison's operational and financial results for FY20.

I am honoured to be writing my inaugural CEO letter and to have been given the opportunity to lead this business. I recognise the massive responsibility of leading the business and supporting our people and customers through an unprecedented time. I am also energized by Janison's vision and the opportunity we have to deliver on our promise and make a truly global impact on transforming the way people learn. I see a pathway to scale into the market opportunity, continue the profitable growth, and work with a wonderful team to achieve the potential of a truly global Australian business.

I'd also like to acknowledge outgoing CEO Tom Richardson. During his tenure as CEO, Tom has transformed the business from a regional private business to a focused, global, ASX listed education technology business with a recurring revenue business model and immense international growth potential.

Operational and financial impacts of COVID-19

The core Janison platform business has proven resilient throughout the COVID-19 pandemic with almost all clients contracted to fixed annual revenues and long-term agreements. For other parts of our business where revenue is dependent on the number of students sitting tests, we have seen a material downturn in revenue, with Janison Exam Management ("JEM", previously referred to as LTC) experiencing the most impact due to government restrictions on gatherings causing universities and professional associations to cancel exams or defer until later this year, once advised safe to do so. In Q4 where we would normally record almost half our annual revenue in JEM (circa \$3m), we were able to quickly scale down operations to mitigate the impact of negligible revenues.

In contrast, the pandemic has forced education institutions and governments to accelerate plans to digitise student learning and assessment, and could bring forward a technology transformation by several years. Janison's agility to assist clients with this rapid transition has enabled clients to move content and assessments online instantly.

Notable examples of this are the digitisation of course content for Centennial College, Toronto where our content studio was able to digitise the materials of several courses in a matter of weeks thereby allowing our client to seamlessly convert the delivery of its degree courses from in-person to remote.

Meanwhile in Europe, Janison's Insights assessment platform allowed students to sit their university entrance exams online, remotely, from the comfort of their own homes whilst Janison's AI and human proctoring technology provided the assurance of strict exams conditions necessary for a high-stakes entrance exam.

Operational and Financial Highlights

FY20 has proven to be a successful year for Janison with a number of highlights;

- +22% Platform revenue growth
- Gross Margin improvement of +11 percentage points
- \$7m gross capital raise
- Acquisition of UNSW Global's Educational Assessments
- Key new customer wins
- Strategic partnership with D2L (Desire 2 Learn - developer of the Brightspace LMS)
- Opening of a new Sydney headquarters in the education precinct of Ultimo.
- 100% customer retention of Assessment clients
- Positive free cash flow of \$2.7m
- Robust cash balance of \$11m at 30 June 2020

Accelerating Growth

Janison is at the beginning of the third phase in its evolution. Our first phase began 22 years ago when Janison's founders Wayne and Jacquie Houlden saw the role technology could play in transforming education. We then transitioned to our second phase in 2015, our 'establishment' phase. Under Tom Richardson's leadership we have established a global customer base, market-leading product offerings generating recurring revenue, and solid financial foundations.

And that now leads to our 3rd phase, our 'growth' phase. The global education market continues to grow. By 2025, half a billion more students are expected to be in schools and universities, and education spend per student is increasing year on year. Prior to the extraordinary impacts of COVID-19, digital spend in this sector represented 2.6% of total spend. The pandemic has accelerated a decade's worth of technology and cultural transformation in this sector into less than six months. It has done more to speed up the transition to online in the education space and the way people educate and learn than any other trend in recent times. Post COVID-19, digital spend will lift substantially as adoption levels stabilise at far higher levels than pre-pandemic. Janison is well placed to capture this market opportunity.

Our Priorities

Janison's priorities will be to simplify and focus our strategy, to accelerate our shift to platform, to sustainably grow Revenue and EBITDA, to demonstrate prudent cash investment, and to strengthen our execution to deliver sustained predictable shareholder return.

Operationally in FY'21 we are focused on laying a foundation for sustained growth. We continue to manage cashflow prudently through COVID-19, will optimise and integrate our business including JEM (previously 'LTC') acquired in FY19 and UNSW Global Educational Assessments (EA).

Our strategic focus will be the assessments marketplace. We will be focused on transforming the way people learn by assessing effectively, efficiently, securely and by providing insights to improve learning outcomes. Our future market goals are simplified;

- In the K-12 market, we will enable students, schools and education departments globally by addressing their assessment needs (providing high performance test products, benchmarking tools, reports and competitions, as well as solutions to analyse performance). Our strategic acquisition of UNSW Global's Educational Assessments business strengthens our position in the K-12 assessments market bringing in flagship products such as the ICAS competition, and we now have end-to-end control of our strategy from marketing and sales to product development to technology. Our partnership with the OECD on PISA for Schools is firmly established, we have signed agreements with seven countries and successfully delivered the program in Russia, Brazil, Spain and the USA, and our sustained investment will see us expand into further countries in FY'21.
- In higher education we will enable admissions and implement online exam platforms. We will also provide online and face to face proctored exam management services for higher education.



We will accelerate the transition to a product focused SaaS platform business...

We are accelerating the transition to a customer centric product platform business with one core product set for repeatable sales across our target markets. Recent global examination events for SCIO in the Czech Republic and the University of London were delivered on the Insights platform, and our partnership with Cambridge Assessments for the NSW selective schools entry examinations from 2021 firmly validate Insights as fit for purpose in Schools and Higher Education. The Insights product roadmap is in place and in FY'21 we have moved to a quarterly release cycle.

To enable growth into these segments we are rebuilding our Sales and Marketing model, lifting the investment from 8% of Revenue to 16% through FY'21, the investment being balanced between both share of wallet expansion in existing customers, as well as new customer acquisition. The sales and marketing team will be led by our recently appointed Chief Customer Officer, who will also be renovating our B2B and B2C customer experience. We have now split our customers into two segments;

Strategic Customers: Strategic customers bring in hundreds of thousands of students and allow us to enter new markets and gain brand recognition. NAPLAN, Singapore Exams Board, Westpac and the NSW Department of Education amongst others are current strategic customers.

Platform Customers: Platform customers are customers of our SaaS platforms Insights or Academy. These platforms are for repeatable sales delivered with low touch. OECD PISA for Schools, SCIO, University of London and the NSW Department of Education are current platform customers.

We have commenced a brand refresh which has resulted in a new Janison logo and will see new brand positioning and our customer-facing assets (including our website) upgraded.

Crucially our growth strategy is underpinned by our talent and culture. We are excited to be able to have strengthened our leadership team with the appointment of Natalie Chrara (Chief Customer Officer), George Gorman (Chief Technology Officer) Matt Wolf (Head of Product) and Amy Barouch (Head of Educational Assessments). We have also opened a new Janison headquarters in Sydney. As we navigate these extraordinary times, I want to extend a heartfelt thank you to our amazing team at Janison. Without their passion, drive, enthusiasm and single-minded focus on our customers, we could not have delivered the results that we did.

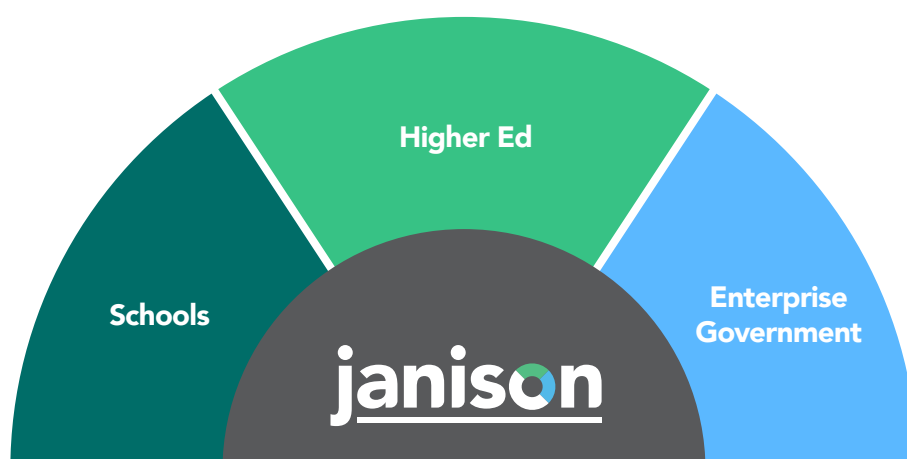
Finally, I hope you are able to join us for our Annual General Meeting on 1 October 2020. At our meeting we will provide further insights and outline a few of the new initiatives we have in FY21, so I do hope you can join us for the event. As a team, we are excited about our year ahead, and thank our shareholders for their continued support.



David Caspari

Chief Executive officer

**... with one core product set for
repeatable sales across our target markets**





FY20 Financial Highlights

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

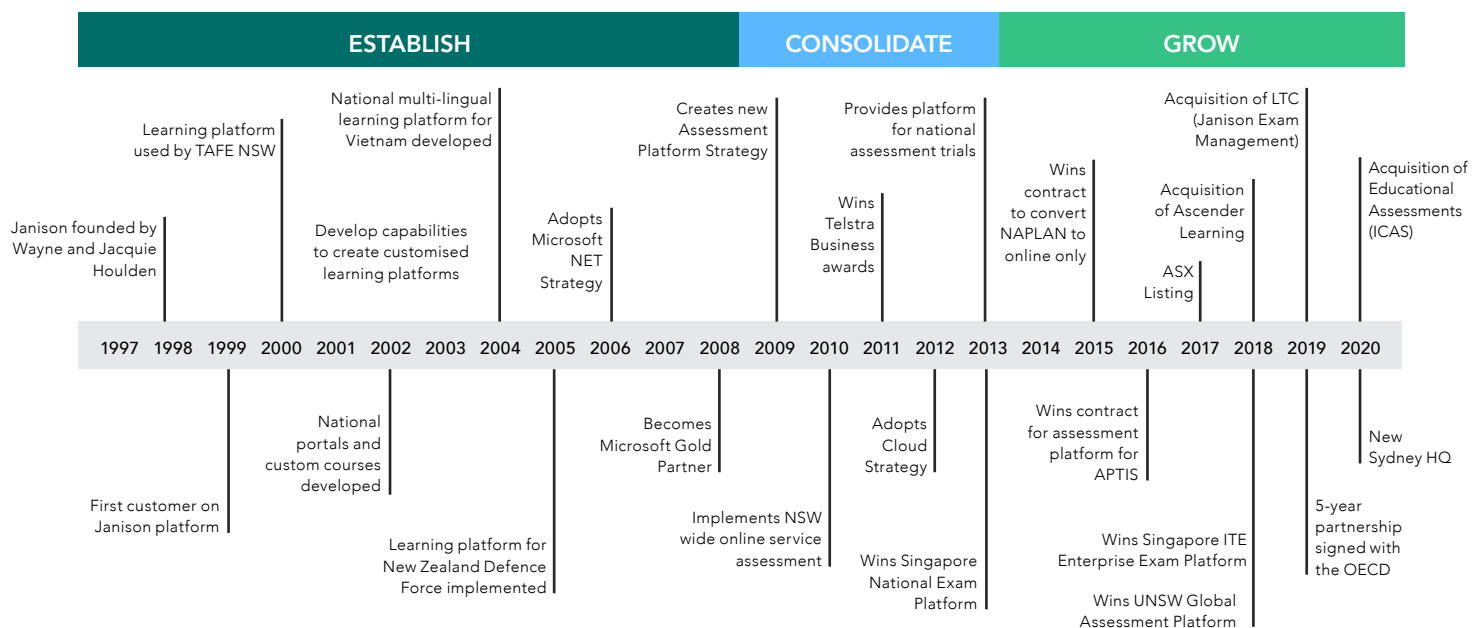


Company Overview

Company History

Janison was founded in 1998 by Wayne and Jacquie Holden. It has experienced three formative phases over the past 18 years, with an initial focus on its Learning Platform and the later development of its Assessment Platform.

Company timeline



Janison provides world-leading online assessment products to schools and education institutions around the world.



Janison employs 145 people and a team of 700 professional invigilators across four main offices in Australia, Singapore and the UK.



Company Overview

Janison Education Group (Janison) is a multi-award-winning Microsoft education partner which delivers online assessments to millions of students in more than 100 countries for organisations such as the British Council, the OECD, the Singaporean government, and national and state government departments in Australia.

Janison is an education technology pioneer whose purpose is to transform the way people learn. It provides two primary platforms in the education technology industry:

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

Janison also offers professional exam management services with the delivery and supervision of in-person exams for the higher education sector and professional certification associations across Australia and New Zealand.

Through its Educational Assessments division, Janison has four major **assessment products** for the schools market:

- **ICAS** – now in its 30th year, is an elite schools-based competition delivered to several countries globally and more than 50% of all Australian schools. ICAS is designed to recognise academic excellence with students assessed on their ability to apply classroom learning to new contexts using higher-order thinking and problem-solving skills.
- **REACH** – the cornerstone of Janison's Assessment Suite providing schools and teachers with rich diagnostic data to support the best outcomes for students.
- **JET** – an easy-to-use and customisable online classroom assessment providing snapshots of performance in Reading, Maths and Science, to support the development of individual learning plans.
- **SCOUT** – designed to determine class composition and placement within a cohort for middle year students. Scout assesses the core skills of Mathematics, Reading and Language, and Writing.

Target Markets & Goals

SCHOOLS

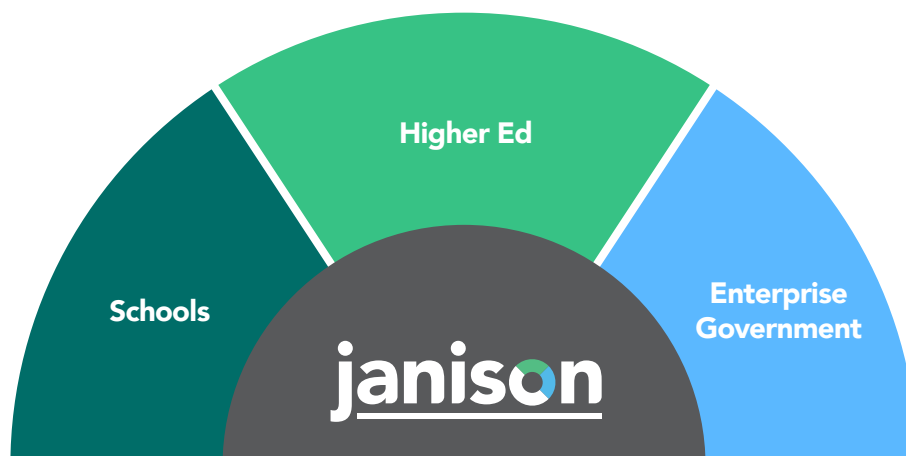
- Support students, schools and education departments globally by providing **tests, benchmarking tools, reports** and **teacher training solutions** to analyse performance
- Sell high performance **test products** and **competitions** to recognise and reward academic excellence inside and outside of the classroom

HIGHER EDUCATION

- Enable **admissions** and implement **online exam platforms** for higher education
- Provide online and face-to-face proctored **exam management services** for higher education

ENTERPRISE & GOVERNMENT

- Implement enterprise and government **certification** and **licensing** platforms
- Provide **accreditation, performance assessment** and **capability development** solutions for professional bodies
- Enable accredited **language testing** solutions for certification organisations



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

Board of Directors



Mike Hill

Experience and Expertise

Formally a Partner of Ernst & Young, Mike has been involved in working with management teams and boards across a number of companies and industries for more than 20 years. He is the MD, Co-CIO and Founder of the Bombora Special Investments Fund. Prior to Bombora he was an Investment Partner with Ironbridge, a private equity investment fund which invested \$1.5bn. Mike has served as Chairman of multiple ASX-listed companies over the past six years. He is a member of the Institute of Chartered Accountants in Australia.



Brett Chenoweth

Experience and Expertise

Brett brings a wealth of major international experience across media, technology, entertainment, investment and telecommunications. Brett is Chairman of Madman Entertainment, Chairman of The Advisory Board of HRL Morrison & Co., a Founder of the Bombora Group, an independent Board Director at Surfing Australia, Chairman of Canberra Data Centres (CDC) and Chairman of Creative Enterprises Australia (CEA). Brett has formerly served as Chief Executive Officer and Managing Director of APN News and Media and has held senior executive roles at the New York investment firm The Silverfern Group, Telecom New Zealand, Publishing & Broadcasting Limited, ecorp, ninemsn and Village Roadshow.



David Willington

Experience and Expertise

David has over 25 years' experience in corporate finance and investment banking, and during his career has primarily advised companies in the technology, media and telecommunications industry. David is the Co-founder of Bombora Investment Management. Previously, David was a Partner at Deloitte Corporate Finance and prior to that was an investment banker with NM Rothschild and Citi. David has a Bachelor of Commerce, is a member of the Institute of Chartered Accountants in Australia and is a Fellow of the Financial Services Institute of Australia.



Allison Doorbar

Experience and Expertise

Allison is Managing Partner at EduWorld, a company that provides market research and strategic consulting services to the education sector. She has spent most of her career working with education providers globally helping them to develop and implement their marketing strategies. This includes working with many of the World's leading universities, major global providers as well as many government departments and agencies.



Wayne Houlden

Experience and Expertise

Wayne founded Janison in 1998. Wayne is a leading thinker in the global world of education technology and has been involved in the development of a number of award winning and innovative online learning applications including national education portals, online learning management systems, professional development learning portals and award-winning assessment systems.

Wayne's focus is now on mentoring and supporting the Janison executive team and building and fostering both the global Janison brand and its strategic partnerships.

Wayne has a truly global vision for how Janison will play as a provider of digital assessment products and services. He has strong relationships in the education technology industry and edtech investment community around the world. Wayne is also a fund advisor for Europe's leading edtech investment group, Emerge Education.

Previous to Janison, Wayne worked as an IT leader in Citibank and also has a teaching background in information technology. Wayne has a Bachelor of Science Degree from University of New South Wales and a Diploma of Teaching from Sydney University of Technology.

Directors' — Report



Directors' Report

The following commentary should be read in conjunction with the yearly financial statements and the related notes in this report. Some sections of this commentary include non-International Financial Reporting Standards (IFRS) financial measures as the Company believes they provide useful information for readers to assist in understanding the Group's financial performance. Non-IFRS financial measures do not have standardised meaning and should not be viewed in isolation or considered as substitutes for amounts reported in accordance with Australian Financial Reporting Standards. These measures have not been independently audited or reviewed.

Review of Operations

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)	Change
Platform revenue	14,014	11,533	22%
Exam management revenue	3,860	2,523	53%
Project services revenue	4,008	8,440	(53)%
Total operating revenues	21,882	22,496	(3)%
Cost of sales	11,846	14,608	(19)%
Gross Profit	10,036	7,887	27%
<i>Gross Profit %</i>	46%	35%	11 ppt
Operating expense	7,881	6,975	13%
R&D tax incentive credit income	(338)	(1,075)	-
EBITDA	2,494	1,987	26%
<i>EBITDA %</i>	11%	9%	3 ppt
Non-operating expenses	1,285	1,756	(27)%
Depreciation and amortisation	3,607	963	275%
Financial expense / (income)	131	(100)	-
Loss before Income Taxes	(2,529)	(632)	-
Income tax	(357)	650	-
Net Loss	(2,172)	(1,283)	-
Adjusted Net Loss (adjusted for acquired amortisation)	(430)	(763)	-

Over the past eight years Janison has developed a world-class digital assessment platform capable of delivering exams to students globally on a large-scale, within a highly secure and robust online environment. The development of this platform, also known as Janison 'Insights' has been developed in conjunction with large governments and education institutions globally, incorporating on-the-ground requirements which have been tested and enhanced over many years and delivered to several million students in over 100 countries around the world.

During the year to June 2020 Janison began to offer its core assessment platform to clients as a Software as a Service (SaaS)-based product, most notably through the partnership with the OECD to offer the PISA for Schools assessment via the Janison Insights platform to education ministries in the USA, Russia, Brazil, Pakistan, Portugal, Spain and Japan.

As a result of this shift from being a custom software development business to an off-the-shelf platform business Janison's platform revenue grew 22% during the year ended 30 June 2020. By offering the education market a standardised but highly configurable online assessment platform the business has seen gross margins increase by 11 percentage points and simultaneously reduce its reliance upon a small number of large strategic clients. It has also seen the shift from Services Revenue (income for developing custom software) to Platform Revenue (the sale or subscription of Janison's off-the-shelf assessment platform).

During the year to June 2020 Janison continued to maintain its profitable learning software business – 'Janison Academy' delivering to several blue-chip clients in Australia and over 50 other small to medium clients across almost all sectors in Australia.

The increase in Gross Margin from 35% to 46% was as a result of a reduction in the cost of direct labour to deliver the core assessment platform and other associated cost of sales including 3rd party cloud hosting costs. It was also due to the benefit associated with scaling a standard core assessment platform to many new customers.

Directors' Report

Government Support – JobKeeper and Cash Boost

During the year to 30 June 2020, for the period from April to June the Group received a total of \$874,500 through the government's JobKeeper program as a result of the impact COVID-19 caused on the Group's revenue in FY20. Of the total amount received, approximately \$165 thousand was paid to eligible employees of the Group and the remaining amount was used to subsidise the employment cost of the remaining employees within the Group.

In the final quarter of FY20, the Group was also eligible for the full entitlement of the ATO Cash Boost program and as such received \$50 thousand for each of its three legal entities within the Group.

Principal Activities

The Group operates within the education technology sector. Principal activities include software development and the provision of SaaS (Software-as-a-Service).

Capital Raising and Acquisitions

FY2020

On 24 April 2020 Janison completed a capital raise of \$7 million (before costs) by way of a private placement of ordinary shares for cash consideration to sophisticated and institutional investors (Placement). The Placement was made at a price of \$0.25 per Share and 28 million new, fully-paid ordinary shares were issued. The funds will be used to invest in sales and marketing execution to support a number of international growth opportunities; platform development to target additional market segments, and inorganic opportunities.

On 31 May 2020, Janison Solutions Pty Ltd, acquired 100% of the business assets of Educational Assessments ("EA"). EA was a division of UNSW Global Pty Ltd (a wholly owned subsidiary of the University of New South Wales (UNSW)). The assets were acquired for a total deemed consideration of approximately \$721 thousand, consisting of a cash payment of \$1.00 and assumed employee entitlement liabilities of approximately \$721 thousand as a result of the transfer of 32 employees.

EA's flagship formative assessment product, ICAS, is a very well established and recognised international elite competition for school children which is held in 15 countries including Australia, New Zealand, Singapore, Malaysia, Indonesia, Greater China, South Africa and India. Its other products include JET, a curriculum-linked assessment, REACH, a multi-layered reporting platform for schools, and a placement test. SCOUT.

FY2019

In October 2018 the Group completed a \$5m (before costs) capital raising via a share placement with new and existing institutional shareholders and sophisticated investors. As a result 12.275m new, fully-paid ordinary shares were issued at \$0.40 per share. The proceeds of the capital raise were invested in the Group's products and to support future growth in the higher education sector.

In March 2019 the Group completed a \$6m (before costs) capital raising via a share placement with new and existing institutional shareholders and sophisticated investors. As a result, approximately 18.2m new, fully-paid ordinary shares were issued at \$0.33 per share. The proceeds of the capital raise were used to assist with the funding of the acquisition of LTC Holdco Pty Ltd.

On 1 April 2019, the Group acquired 100% of the shares in LTC Holdco Pty Ltd (the parent company of Language and Testing Consultants Pty Ltd) for a consideration of \$4.5m in the form of cash, a working capital adjustment of \$484,767, \$2.0m paid in the form of fully-paid ordinary shares in the Group's shares, a deferred consideration of \$1.5m which was paid on the 1 year anniversary of completion, and an earn-out payment of 5.715 times the FY20 adjusted EBITDA for LTC in excess of \$1.65 million—payable as to 50% in cash and 50% in the Group's shares. The total earn-out payment was calculated to be \$4.1m with \$2.0m paid in the form of fully-paid ordinary shares in the Company and \$1.7m in cash due to an amount of \$0.4m withheld for a pre-acquisition tax liability.

LTC is Australia's largest examination services business and facilitates outsourced, end-to-end exam management services on behalf of large universities, colleges, and professional certification bodies. The acquisition of LTC represented a significant move in Janison's strategic expansion into the assessment market. It provided an opportunity for Janison to transition LTC's clients from traditional paper-based examinations to the Janison digital assessment platform – Janison Insights. The FY19 year results for the Group include the impact of this acquisition for the period from 1 April 2019 to 30 June 2019.

Employees

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)	Change
Total full-time equivalent (FTE) employees	145	131	11%

The number of FTEs Janison employees increased to 145 at 30 June 2020 primarily as a result of the May 2020 acquisition of EA, a schools' assessment business with 33 permanent staff. Partially offsetting this increase was the non-replacement of natural attrition aided by the integration of LTC, and an improvement in efficiency as the business transitioned to become a higher-margin platform business, from previously developing custom software for large strategic clients.

The Group utilises a mix of employees and contractors to meet its service obligations to customers. The data above does not include contractors or non-executive directors.

Earnings Before, Interest, Tax, Depreciation and Amortisation (EBITDA)

EBITDA disclosures (which are non-IFRS financial measures) have been included as the Group believe they provide useful information for readers to assist in understanding the Group's financial performance. EBITDA is calculated by adding back depreciation, amortisation, net interest expense and tax expense to net results.

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)	Change
EBITDA	2,494	1,987	26%
Non-operating expenses			
Share based compensation	412	1,292	(68)%
Foreign currency losses	154	55	182%
Executive search fees	134	-	-
Acquisition costs	264	51	457%
Other	320	358	(17)%
Depreciation and amortisation			
Office and computer equipment	88	93	(5)%
Leasehold improvements	50	46	8%
Product Development	1,462	304	381%
Acquired intangibles	1,741	520	236%
Right of use asset	266	0	-
Financial expense / (income)	131	(100)	-
Income tax (benefit) / expense	(357)	650	-
Net Loss	(2,172)	(1,283)	-
Adjusted Net Loss (adjusted for acquired amortisation)	(430)	(763)	-

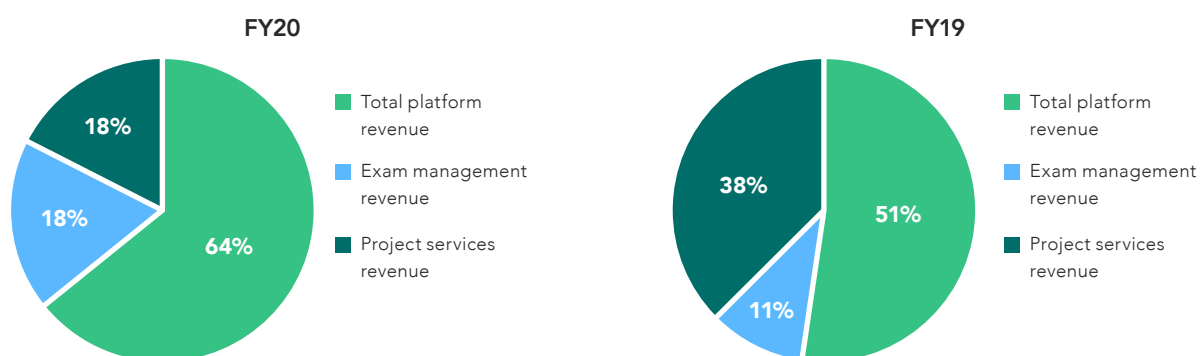
1 Other Non-operating expenses in FY20 include costs associated with the impact of COVID-19 including employment legal advice and internal cost arising as a result of COVID-19.

Directors' Report

Operating Revenue

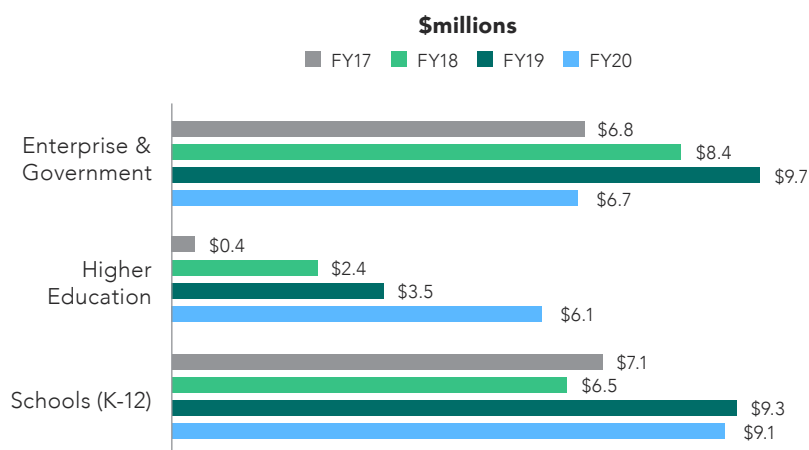
- Platform revenue consists of:
 - Licence and hosting for the rights to the Janison platform and for the external hosting of software and data,
 - Content licence revenue for the rights to third-party content distributed via Janison's learning platform or customers' proprietary learning platforms,
 - Platform maintenance revenue for platform support and maintenance services.
- Exam management revenue consists of revenue to facilitate and supervise in-person examination events. This is a new revenue component introduced with the acquisition of LTC in April 2019.
- Project services revenue consists of platform customisation, implementation, configuration, and customer staff training activities.

Operating Revenue by Component



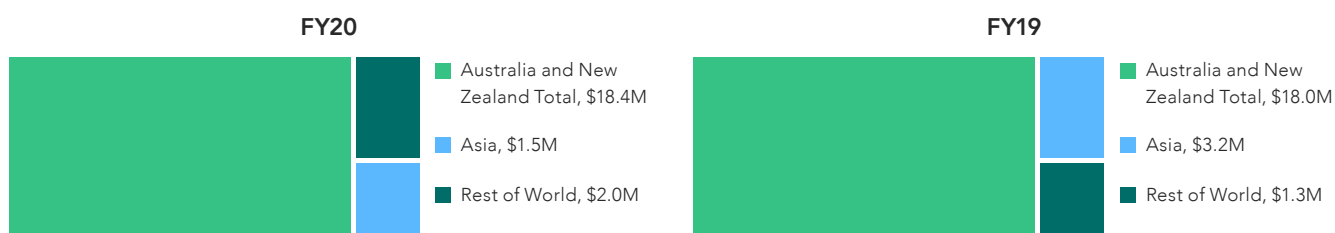
During FY19 Janison earned higher Services Revenue from several large strategic clients for the cost of configuring, integrating and implementing the Janison Assessments platform. Once the implementation was complete, these large strategic clients moved into a recurring revenue, licence phase at the start of FY20 which has contributed to the growth in platform revenue on the prior year.

Operating Revenue by Market Sector



The acquisition of LTC (JEM) in FY19 introduced a large amount of revenue from the Higher Education market sector. The deferral of NAPLAN across Australia had the effect of reducing revenue from schools in FY20.

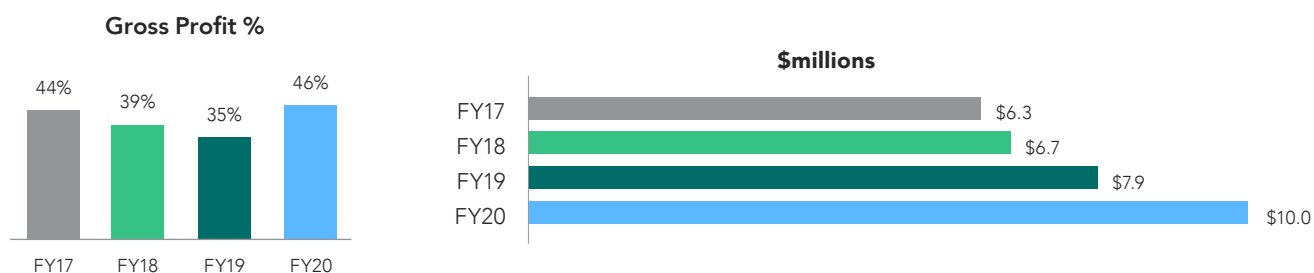
Operating Revenue by Geography



In FY20 Janison signed agreements with several overseas clients to deliver online assessments to countries such as Russia, Brazil, the USA, the UK and the Czech Republic via partnerships with the OECD, the University of London (UoL) and SCIO. The delivery of digital exams in these countries assisted in the growth of total revenue originating from the 'Rest of the World' category in FY20. Despite this, the completion of large services projects in Singapore lead to a reduction in the total revenue from Asia and a general reduction in total Services Revenue in FY20.

Gross Profit

Gross Profit represents Operating revenue minus Cost of Sales. Cost of Sales consists of personnel expenses directly associated with the supply of Janison's platforms and services to clients, including customer support. Cost of sales also includes hosting, third-party content licensing fees and software subscription fees. In FY20, the growth of platform revenue enabled a reduction in personnel costs, and coupled with a reduction in the cost of hosting, resulted in a significant increase in Gross Profit and Gross Profit Margin.



Cash Flows

Summarised cash flow data accumulated on the same basis as the Statement of Cash Flows is presented below.

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)	Change
Receipts from customers	29,444	21,647	36%
Payments to suppliers and employees	(21,905)	(21,781)	-
Income taxes refunded	(296)	238	-
Other (Interest paid / received, and grant income)	280	167	-
Total cash flows from (used in) operating activities	7,523	270	2567%
Product Development	(4,815)	(3,233)	-
Acquisitions	(3,521)	(5,036)	-
Effect of exchange rate changes	(160)	(41)	-
Financing activities	6,055	10,445	(40)%
Net change in cash	5,082	2,406	111%
Closing cash at end of year	11,108	6,025	84%
Free Cash Flow / (Outflows)¹	2,708	(2,963)	-

¹ Free Cash Flow is calculated by subtracting investing activities from operating cash flow.

Cash flows used for acquisitions for the year ended 30 June 2020 included \$3.5 million of net cash outflows to complete the purchase of LTC. Investing activities included internal product development and design costs which increased to \$4.8 million from \$3.2 million in the prior year as a result of the Group's continued investment in product development.

Cash provided by financing activities during the year ended 30 June 2020 was approximately \$6.05 million reflecting the net proceeds from a capital raising transaction completed in April 2020.

Directors' Report

AASB 16 Leases Impact

Given the effect of the new accounting standard, AASB 16 Leases, has on the 2020 full year results and the statement of financial position at 30 June 2020, which is not reflected in the prior year comparative period, the directors have included the following tables which are considered to provide useful and meaningful information to Janison shareholders. This is non-IFRS information and is unaudited.

AASB 16 Leases Impact on the Consolidated Statement of Profit and Loss

Year ended 30 June	2020 Statutory (\$'000s)	2020 AASB16 Adjustment (\$'000s)	2020 Pre-AASB16 (\$'000s)	2019 Statutory (\$'000s)
Total operating revenue	21,882	-	21,882	22,496
Cost of sales	11,846	-	11,846	14,608
Gross Profit	10,036	-	10,036	7,887
Operating expense	7,542	419	7,961	5,900
Total operating expenses	7,542	419	7,961	5,900
Depreciation and amortisation	3,607	(266)	3,341	963
Net financial (income) / expense	131	(107)	23	(100)
Other non operating expenses	1,285	-	1,285	1,756
Loss before income tax	(2,529)	(45)	(2,574)	(632)
Income tax (benefit) / expense	(357)	-	(357)	650
Net Loss	(2,172)	(45)	(2,127)	(1,282)
Foreign currency translation, net of income tax	(5)	-	(5)	9
Total Comprehensive Loss	(2,177)	(45)	(2,132)	(1,274)

AASB 16 Leases Impact on the Consolidated Statement of Financial Position

As at 30 June	2020 Statutory (\$'000s)	2020 AASB16 Adjustment (\$'000s)	2020 Pre-AASB16 (\$'000s)	2019 Statutory (\$'000s)
Assets	45,573	(2,161)	43,413	38,483
Current Liabilities	9,692	(248)	9,444	11,131
Non-Current Liabilities	3,940	(2,133)	1,807	2,145
Total Liabilities	13,633	(2,382)	11,251	13,276
Net Assets	31,941	221	32,161	25,207
Equity	31,941	221	32,161	25,207
Total Equity	31,941	221	32,161	25,207

AASB 16 Leases Impact on the Consolidated Statement of Cash Flows

Year ended 30 June	2020 Statutory (\$'000s)	2020 AASB16 Adjustment (\$'000s)	2020 Pre-AASB16 (\$'000s)	2019 Statutory (\$'000s)
Receipts from customers	29,444	-	29,444	21,647
Payments to suppliers and employees	(21,905)	(625)	(22,530)	(21,781)
Interest paid and received, net	(23)	-	(23)	100
Income taxes	(296)	-	(296)	238
Other	303	-	303	67
Net cash flows from operating activities	7,523	(625)	6,898	270
Acquisition transaction costs	(264)	-	(264)	(51)
External Product Development	(305)	-	(305)	-
LTC deferred consideration	(3,256)	-	(3,256)	(4,985)
Investment in internal product development	(4,351)	-	(4,351)	(3,153)
Sale of plant and equipment	(12)	-	(12)	-
Purchase of plant and equipment	(147)	-	(147)	(80)
Net cash (used in) investing activities	(8,335)	-	(8,335)	(8,269)
Proceeds from capital raising, net of costs	6,680	-	6,680	10,445
Repayment of Lease Liabilities	(625)	625	-	-
Net cash from financing activities	5,082	625	6,680	10,445
Effect of exchange rate changes	(160)	-	(160)	(41)
Net change in cash and cash equivalents	5,082	-	5,082	2,406
Cash and cash equivalents at the beginning of year	6,025	-	6,025	3,619
Cash and cash equivalents at the end of year	11,108	-	11,108	6,025

Directors' Report

Segment Information

Operating revenues are recorded to a segment depending on the platform and products sold. Cost of sales includes the same components as the consolidated financial statements (personnel costs, hosting expenses and third-party content licences). Costs that can be directly attributed to a segment are recorded to that segment. Cost of sales and expenses that cannot be directly attributed to a segment are allocated on the basis of either revenue, labour or hosting costs.

Assessment

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)	Change
Licence and hosting revenue	8,424	4,678	80%
Platform maintenance revenue	997	1,122	(11)%
Total platform revenue	9,421	5,800	62%
Exam management revenue	3,860	2,523	53%
Project services revenue	1,292	5,660	(77)%
Total segment revenue	14,572	13,983	4%
Cost of sales	8,585	10,504	(18)%
Segment gross profit	5,987	3,479	72%
Gross profit percentage of assessment segment revenue	41%	25%	16 ppt
Operating expense	5,320	4,148	28%
Segment EBITDA	667	(669)	-
EBITDA percentage of assessment segment revenue	5%	(5)%	9 ppt
Number of assessment platform revenue customers during period	12	10	+2
Average assessment platform revenue per customer (thousands)	\$785	\$580	+\$205
Number of total customers during period ¹	42	10	+32
Average total revenue per customer (thousands) ¹	\$255	\$1,146	\$(891)

¹ In FY20 the number of assessment customers increased due to the addition of new countries signing up to the OECD PISA for Schools assessment platform, and all LTC clients

Assessment

The significant increase in platform revenue reflects the progression of strategic clients such as UNSW Global and RMS from the build and configuration stage in FY19 to the operational licensing phase fully during the year ended 30 June 2020. It is also attributed to the addition of new platform clients using the off-the-shelf Insights assessment platform, such as University of London, OECD PISA for Schools countries (e.g. Russia, Brazil) and SCIO. As a result of the UNSW Global terminating its contract in May 2020 Janison received approximately \$1m which was recorded to platform revenue.

Gross Profit for the year ended 30 June 2020 was \$6.0 million (an increase of 72%) and EBITDA was \$667 thousand (an increase of approximately \$1.3m). Both metrics reflect a strong improvement in the financial strength of the Assessment division and are in line with management's expectations as the business continues to scale the use of its platform.

Learning

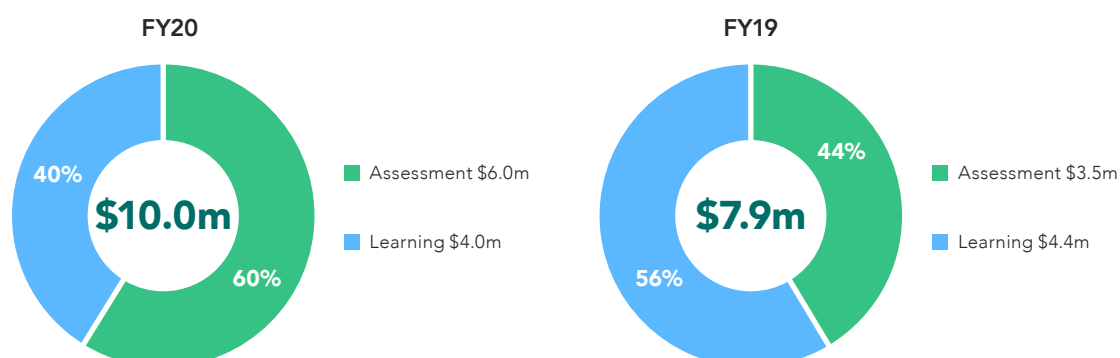
Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)	Change
Licence and hosting revenue	3,480	4,175	(17)%
Content license revenue	797	1,129	(29)%
Platform maintenance revenue	317	429	(26)%
Total platform revenue	4,593	5,733	(20)%
Project services revenue	2,717	2,780	(2)%
Total segment revenue	7,310	8,513	(14)%
Cost of sales	3,261	4,105	(21)%
Segment gross profit	4,049	4,409	(8)%
<i>Gross profit percentage of learning segment revenue</i>	55%	52%	3 ppt
Operating expense	2,223	1,752	27%
Segment EBITDA	1,826	2,657	(31)%
EBITDA percentage of learning segment revenue	25%	31%	(6) ppt
Number of learning platform customers during period	47	59	(12)
Average learning platform revenue per customer (thousands)	\$98	\$97	+\$1
Number of total customers during period	56	71	(15)
Average total revenue per customer (thousands)	\$131	\$120	+\$11

Learning

The Learning segment for the year ended 30 June 2020 saw a contraction in revenue of approximately \$1.1m or 20%. A third of this decline was a result of the previously announced loss of two large mining clients in November 2018 (FY19). The remainder of the decline reflects a strong prior year of services revenue for customisation and content development work also in FY19. Management's focus for Learning in FY20 was to prioritise its platform revenue over lower-margin services work which is delivering stronger profitability at the Gross Profit level, FY20 saw an increase of 3 pts from 52% Gross Profit to 55% as a result.

The Company invested in additional sales and account managers during the latter half of FY20 which has increased opex while the team become established.

Segment Gross Profit



Directors' Report

Directors

The following persons were Directors of the Group during or since the end of the financial year:

Name	Particulars
Mr Mike Hill	Non-Executive Chairman
Mr Brett Chenoweth	Non-Executive Director
Mr David Willington	Non-Executive Director
Mr Wayne Houlden	Non-Executive Vice Chairman
Ms Allison Doorbar	Non-Executive Director
Mr Tom Richardson	Executive Director

Information on the Directors

Mike Hill

Experience and Expertise

Formally a Partner of Ernst & Young, Mike has been involved in working with management teams and boards across a number of companies and industries for more than 20 years. He is the MD, Co-CIO and Founder of the Bombora Special Investments Fund. Prior to Bombora he was an investment Partner with Ironbridge, a private equity Investment fund which invested \$1.5bn. Mike has served as Chairman of multiple ASX-listed companies over the past six years. He is a member of the Institute of Chartered Accountants in Australia.

Other Current Directorships

AHALife Holdings Limited (ASX: AHL) (Non-executive Chairman)

Pacific Knowledge Systems Limited (ASX: PKS) (Non-executive Chairman)

Former Directorships in the Last Three Years

Rhipe Limited (ASX: RHP) (Non-executive Chairman, resigned 26 March 2020)

LiveTiles Limited (ASX: LVT) (Non-Executive Director, resigned on 5 September 2018)

LawFinance Limited (ASX: LAW) (Non-Executive Director, resigned on 27 November 2018)

Acrow Formwork and Construction Limited (ASX: ACF) (Non-Executive Director, resigned 19 September 2019)

Special Responsibilities

Chairperson

Chairperson Audit and Risk Committee

Member Remuneration and Nominations Committee

Interests in Shares and Options

- 1,806,475 fully paid ordinary shares,
- 600,000 loan-funded shares funded by way of a 5-year

limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds \$0.60 for more than 30 days.

Brett Chenoweth

Experience and Expertise

Brett brings a wealth of major international experience across media, technology, entertainment, investment and telecommunications. Brett is Chairman of Madman Entertainment, Chairman of The Advisory Board of HRL Morrison & Co., a Founder of the Bombora Group, an Independent Board Director at Surfing Australia, Chairman of Canberra Data Centres (CDC) and Chairman of Creative Enterprises Australia (CEA). Brett has formerly served as Chief Executive Officer and Managing Director of APN News and Media and has held senior executive roles at the New York investment firm The Silverfern Group, Telecom New Zealand, Publishing & Broadcasting Limited, ecorp, ninemsn and Village Roadshow.

Other Current Directorships

None

Former Directorships in the Last Three Years

Acrow Formwork and Construction Limited (ASX: ACF) (Non-Executive Director, resigned 27 March 2019)

Special Responsibilities

Chairperson Remuneration and Nominations Committee

Interests in Shares and Options

- 1,484,875 fully paid ordinary shares,
- 600,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds \$0.60 for more than 30 days.

David Willington

Experience and Expertise

David has over 25 years' experience in corporate finance and investment banking, and during his career has primarily advised companies in the technology, media and telecommunications industry.

David is the Co-founder of Bombora Investment Management. Previously, David was a Partner at Deloitte Corporate Finance and prior to that was an investment banker with NM Rothschild and Citi.

David has a Bachelor of Commerce, is a member of the Institute of Chartered Accountants in Australia and is a Fellow of the Financial Services Institute of Australia.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Special Responsibilities

Member Audit & Risk Committee

Interests in Shares and Options

- 816,667 fully paid ordinary shares,
- 600,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds \$0.60 for more than 30 days.

Allison Doorbar

Experience and Expertise

Allison is Managing Partner at EduWorld, a company that provides market research and strategic consulting services to the education sector. She has spent most of her career working with education providers globally helping them to develop and implement their marketing strategies. This includes working with many of the World's leading universities, major global providers as well as many government departments and agencies.

Other Current Directorships

None

Former Directorships in the Last Three Years

None.

Special Responsibilities

Member Remuneration and Nominations Committee

Interests in Shares and Options

- 500,000 fully paid ordinary shares,
- 600,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds \$0.60 for more than 30 days.

Wayne Houlden

Experience and Expertise

Wayne founded Janison in 1998. Wayne is a leading thinker in the global world of education technology and has been involved in the development of a number of award winning and innovative online learning applications including national education portals, online learning management systems,

professional development learning portals and award winning assessment systems.

Wayne's focus is now on mentoring and supporting the Janison executive team and building and fostering both the global Janison brand and its strategic partnerships.

Wayne has a truly global vision for how Janison will play as a provider of digital assessment products and services. He has strong relationships in the education technology industry and Edtech investment community around the world. Wayne is also a fund advisor for Europe's leading Edtech investment group, Emerge Education.

Previous to Janison, Wayne worked as an IT leader in Citibank and also has a teaching background in information technology. Wayne has a Bachelor of Science Degree from University of New South Wales and a Diploma of Teaching from Sydney University of Technology.

Other Current Directorships

None.

Former Directorships in the Last Three Years

None.

Special Responsibilities

Member of the Audit and Risk Committee and the Remuneration and Nominations Committee.

Interests in Shares and Options

- 67,067,416 fully paid ordinary shares
- 1,200,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds \$0.60 for more than 30 days.

Tom Richardson

Experience and Expertise

Tom has successfully lead Janison for the past 5 years and has over 17 years of experience in the online learning industry.

He was the founder of the Deloitte Leadership Academy and the CEO of Latitude Learning Academy before joining Janison in 2015. Tom was a Partner at Deloitte for over 10 years focused specifically on digital disruption, innovation and business growth.

He was a consultant for 5 years at Bain International and a manager at Arthur Andersen advising Australia's leading organisations on performance improvement. Tom also spent two years with investment banks in London working for Merrill Lynch, Solomon Brothers and Rothschilds.

Directors' Report

Tom has a Bachelor of Business, a Master of Business Administration (MBA) from the Australian Graduate School of Management, is a Certified Practising Accountant and a member of the Australian Institute of Company Directors (AICD).

Due to the nature of Mr Richardson's termination from the Company, the Board determined his unvested Loan Funded Shares shall remain in place until they vest or expire. Mr Richardson currently has 2,400,000 loan funded shares unvested.

Special Responsibilities

CEO and Managing Director (resigned 30 June 2020)

Company Secretary

Andrew Whitten holds the position of Company Secretary.

Experience and Expertise

Andrew is an admitted solicitor and an Executive Director of Automic Group of Companies, Australia's only professional service provider that delivers a complete and integrated ecosystem of Registry, Company Secretarial, Legal, CFO and Accounting services.

Andrew is currently the company secretary for a number of publicly listed companies. He has been involved in numerous corporate and investment transactions including IPOs on the ASX and NSX, corporate reconstructions, reverse mergers and takeovers for two decades.

Andrew holds a Bachelor of Arts (Economics, UNSW); Master of Law and Legal Practice (Corporate Finance and Securities Law, UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute and is an elected Associate of that institute.

Subsequent Events

There have been no significant events between the balance sheet date and the date these financial statements were authorised for issue.

Environment Impacts

There have been no significant environmental impacts caused by the Group.

Directors' meetings

The following table sets out the number of Directors Meetings held during the financial year and the number of meetings attended by each Director (while they were in office):

Name	Board Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Meetings	
	Held	Attended	Held	Attended	Held	Attended
Michael Hill	17	17	3	2	13	13
Brett Chenoweth	17	17	-	-	13	13
David Willington	17	17	3	3	-	-
Tom Richardson ¹	14	14	-	-	-	-
Wayne Houlden ²	17	16	3	3	13	13
Allison Doorbar	17	16	-	-	13	13

¹ Resigned 30 June 2020

² Appointed non-executive director and Vice Chair on 2 July 2020

All other business was conducted via circular resolution.

Equity Instruments

As at the date of signing this report, there were 10,448,924 unissued ordinary shares in the following equity instruments which are exercisable as follows:

Date of Grant	Security	Number	Date of Expiry	Conversion Price \$
15-Dec-17	Advisor Options & Rights	120,000	15-Dec-20	\$0.30
21-Dec-17	Loan Funded Shares	5,400,000	14-Dec-22	\$0.30
14-Nov-18	Loan Funded Shares	600,000	14-Nov-23	\$0.45
3-Dec-18	Loan Funded Shares	150,000	3-Dec-23	\$0.45
19-Dec-18	Loan Funded Shares	300,000	19-Dec-23	\$0.45
14-Apr-20	Performance Rights	700,000	14-Apr-22	nil
14-Apr-20	Performance Rights	3,178,924	14-Apr-23	nil
TOTAL		10,448,924		

Insurance of Directors and officers

During the financial year the Group paid insurance premiums in respect of directors and officers liability insurance so as to insure the Directors of the Group, the Company Secretary, and all executive officers of the Group and of any related body corporate against a liability incurred as such as Director, secretary or executive officer to the extent permitted by the Corporation Act 2001. The amount paid during the year was \$65 thousand (2019: \$71 thousand).

Auditor independence

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 69 of this annual report.

Non-audit services

Stantons International Audit and Consulting Pty Ltd (Stantons International) are the appointed auditors of the Group. The auditor has not been indemnified under any circumstance.

There were no non-audit services provided in the 2020 financial year (2019: Nil).

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking

responsibility on behalf of the Company for all or part of those proceedings.

Rounding of Amounts

The Company is an entity to which ASIC Legislative instrument 2016/191 applies, and accordingly amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

Corporate Governance Statement

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability to the corporate governance statement dated 11 August 2020 released to the ASX and posted on the Company's website: www.janison.com/investors.



Mike Hill

Chairman

Remuneration Report

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Letter from the Chair of the Remuneration Committee

On behalf of the Remuneration & Nomination Committee, I am delighted to present Janison's Remuneration Report for the financial year ended 30 June 2020 ("FY20").

In its second full year as a listed entity, the company has seen remarkable organisational change with an 11% increase in FTEs assisted by organic growth and the acquisition of Educational Assessments ("EA"). Janison is supporting this addition of new staff and its cultural significance with an expansion of its People & Culture function as well as an introduction of new policies and programs designed to support and incentivise staff.

In April 2020, we welcomed David Caspari as CEO of Janison, replacing Tom Richardson. Included in David's total remuneration package (TRP) were two grants of performance rights totaling 700,000 and 1.75% of total issued capital at time of grant - specific details of these can be found in section 4.9 of this report.

In July 2020, Janison's founder - Wayne Houlden, transitioned from an executive director to a non-executive as Vice-Chair of the Board. This move will allow Wayne to devote more time to strategic customer and partner relationships around the world including continuing the strong connection Janison has with the OECD. This move symbolises an endorsement from Wayne as to the direction and strength of the Company.

A key focus for the Remuneration Committee during FY20 was to design an appropriate Long-Term Incentive Plan ("LTIP") for senior executives of the Company. Following feedback from shareholders last year, the Board sought advice from expert consultants regarding best practice Key Management Personnel (KMP) remuneration.

Through this process the Board has now established a robust LTI plan which closely aligns the interests of all stakeholders and aims to drive long term performance of the business, and one which replaces all other equity incentive schemes.

The new LTIP addresses the following matters identified after the FY19 AGM:

- Performance is measured over a rolling 3-year rolling period (rather than over 12-24 months as per previous grants)
- Vesting is conditional on exceeding an index-linked Total Shareholder Return ("iTSR") and on achieving set Return on Equity ("ROE") targets (previously conditional on the achievement of the operating EBITDA budget)
- Vesting gates introduced, including the condition of EPS above 0.5c and Total Shareholder Return being positive.
- Exclusion of Non-Executive Directors (NEDs) from the LTIP. NEDs will not receive equity incentives including Loan Funded Shares, Options or Performance Rights.

In addition to this, the Remuneration Committee has also improved its executive STIP to ensure a greater portion of metrics are tied to the Group's financial results and to provide greater transparency of the targets, scales and outcomes.

Full details of the LTIP and STIP can be found in section 4.9 of this report.

I am pleased to report the Company grew its underlying platform revenue by 22% despite COVID-19 headwinds, it also delivered an 11pps improvement in Gross Margin, and had a free cash flow of \$2.7m. Total Shareholder Return for the year to 30 June 2020 was +14%, and +24% relative to the ASX All ordinaries (noting the index had retreated by 10% during this same time period).

Given the Company's financial performance this year and the improvements made to the LTIP and STIP, the Board is satisfied with the Company's remuneration and incentive schemes and believes they provide a strong link between performance and reward, and a solid foundation for growth.

Brett Chenoweth

Chair of the Remuneration and Nomination Committee

Remuneration Report

2 Scope of the Remuneration Report and individuals Classed as KMP

The Remuneration Report sets out the prescribed key management personnel (KMP) remuneration information and details of Janison Education Group Limited in accordance with section 300A of the Corporations Act 2001 (the Act) and associated regulations, including policies, procedures, governance, and factual practices as required.

In accordance with the Act, this report covers the Remuneration of KMP legally appointed in the Company (the listed entity).

Janison Education Group Limited (the "Group" or the "Company") has decided to set out such further information for shareholders to develop an accurate and complete understanding of the Company's approach to the remuneration of Key Management Personnel (KMP).

KMP are the non-executive directors, the executive directors and employees who have authority and responsibility for planning, directing and controlling the activities of the consolidated entity. On that basis, the following roles/individuals are addressed in this report:

Non-executive Directors (NEDs) of Janison Education as at the end of FY 2020

- Mr Michael Hill, independent non-executive director since (7 July 2014)
 - Chairman of the Board since (26 November 2014)
 - Chairman of the Audit Committee since (15 December 2018)
 - Member of the Remuneration Committee since (15 December 2018)
- Mr Brett Chenoweth, independent non-executive director since (7 July 2014)
 - Member of the Remuneration Committee since (15 December 2017)
- Mr David Willington, independent non-executive director since (15 September 2017)
 - Member of the Audit and Risk Committee since (15 December 2017)
- Ms Allison Doorbar, independent non-executive director since (20 June 2018),
 - Member of the (Remuneration and Nominations Committee) since (24 July 2018),

Senior Executives of Janison Education Classified as KMP During the Reporting Period

- Mr Tom Richardson, Chief Executive Officer & Managing Director (CEO) resigned 30 June 2020
- Mr David Caspari, Chief Executive Officer (CEO) since 14 April 2020
- Mr Wayne Houlden, Executive Director since 25 January 2000, appointed Vice Chairman and non-executive director 2 July 2020
- Mr Stuart Halls, Chief Financial Officer (CFO) since 3 December 2018

3 Context of Remuneration for FY20

The KMP remuneration structures that appear in this report reflect the arrangements applicable to Financial Year 2020, however, where appropriate, comments regarding future considerations or changes are made to provide additional context that may be helpful to shareholders in understanding remuneration governance and practices applicable to key management personnel remuneration within Janison.

The following outlines important context for the decisions that were made in relation to remuneration during FY20, the outcomes of which are presented in this report:

- Janison increased its international presence. Overseas clients have grown through the success of the OECD PISA for Schools partnership forging Janison into Russia, Brazil, the US, Spain, Portugal and Pakistan for the first time,
- Janison acquired the business Educational Assessment (EA) from the University of New South Wales Global (UNSWG) on 1 June 2020,
- Company headcount has expanded 11% to 145 FTEs with the acquisition of EA in June 2020 bringing 36 new FTEs and with the hiring of several new executive leaders including a Chief Customer Officer, a Chief Technology Officer and more recently, a new Head of Product,
- David Caspari was hired as the Chief Executive Officer on 14 April 2020 replacing Tom Richardson. Mr Caspari was granted 3,878,924 performance rights. Full details can be found on page 38,
- As at the 30 June 2020, being the end of the reporting period, the market capitalisation was \$69.2m, a 44% increase in market value and a 14% increase in share price when compared to the previous year, indicating the market recognises the value of the Company business model, and the ability of KMP to deliver the strategy,
- EBITDA for the year to 30 June 2020 increased by 26% to \$2.5m and the Company generated a Free Cash Flow of \$2.7m driven in part by an increase of the Gross Margin by 11 percentage points.
- The Company is focused on delivering on its commitments to increase value for all shareholders and implementing the strategy as communicated including:
 - Increase investment in Sales, Marketing and Business Development to drive new customer growth and expansion of existing clients,
 - Delivery of the Group's FY20 product roadmap via investments in new features and functionality on the core Insights platform,
 - Establishing a stronger presence in the global education technology market with an increase the proportion of total Group revenue from high-margin, recurring revenue customers through its direct-to-schools model via EA and through partnerships such as the OECD and D2L,
 - Targeted acquisitions to acquire complementary businesses which allow Janison to further scale its

platform and cross-sell products.

- As outlined in the prospectus prior to listing, the Company entered into arrangements with KMP suitable to the context of an IPO being undertaken. These were one-off arrangements related to the listing, with future arrangements since 2017 reflecting more standard remuneration arrangements
- The remaining one-off prospectus arrangements include:
 - 5,400,000 Loan Funded Shares granted to executives and others selected by the board, to incentivise key talent to grow value via improvements in the share price. These were effectively options with a 30c exercise price, though structured as a limited-recourse loan plan whereby the participant received the shares up-front, and was provided with a loan to fund the acquisition, by the Company, which must be repaid within 5 years (no interest is payable on the loan). These are subject to a vesting condition that requires the 5-day VWAP of Shares to exceed 60c for more than 30 days during the 5-year period, with a concurrent continued service test. If the conditions are not met, the Shares are bought back and cancelled in settlement of the loan,
 - 120,000 Advisor Performance Rights to advisors of the Company as part of the engagement of the advisors, in support of the prospectus, subject to a 30c exercise price and a vesting hurdle of the Company's 5-day VWAP exceeding 60c for more than 30 days within a 3-year period.

4 Overview of Remuneration Governance Framework and Strategy

4.1 Transparency and Engagement

The Company seeks input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders and other stakeholders,
- Remuneration Committee Members,
- External remuneration consultants (ERCs),
- Other experts and professionals such as tax advisors and lawyers, and
- Company management to understand roles and issues facing the Company.

The following outlines a summary of the Company's Remuneration Framework. Shareholders can access a number of the related documents by visiting the investor portal on the Company website www.janison.com/investors/.

4.2 Remuneration Committee Charter

The Remuneration Committee Charter governs the operation of the Remuneration Committee (the Committee). It sets out the Committee's role and responsibilities, composition, structure and membership requirements. The purpose of the Committee is to assist the board by:

- Establishing appropriate processes regarding the review of the performance of directors, committees and the Board, and implementing them,
- Reviewing and making recommendations to the Board in relation to the remuneration packages of senior executives and non-executive directors, equity-based incentive plans and other employee benefit programs,
- Developing policies, procedures and practices that will allow the Company to attract, retain and motivate high calibre executives, and
- Ensuring a framework for a clear relationship between key executive performance and remuneration.

The Committee has the authority to obtain outside legal or other professional advice or assistance on any matters within its terms of reference.

The Company recognises the importance of ensuring that any recommendations given to the Committee provided by remuneration consultants are provided independently of those to whom the recommendations relate. Further information about the parameters under which external remuneration consultants are engaged is provided below.

4.3 Executive Remuneration Policy

The Company's executive remuneration policy is summarised as follows:

- Remuneration for senior executives is composed of:
 - Base Package (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT)),
 - Variable remuneration, the purpose of which is to create a strong link between performance and reward,
- Partly at-risk; an opportunity for the Company to pay less than the planned remuneration when performance expectations have not been met,
- Partly an incentive to reward executives for meeting or exceeding expectations,
- Considers outcomes of the short term, via the Short-Term Incentive (STI) opportunity which provides a reward for performance against annual objectives, and
- Considers long-term outcomes, via the Long-Term Incentive (LTI) which provides an equity-based reward for performance against indicators of shareholder benefit over a multi-year period,
- Both internal relativities and external market factors should be considered,
- Total remuneration packages (TRPs, which include Base Package and incentives) should be structured with reference to market practices, the practices of competitors for talent, and the circumstances of the Company at the time.

In total the sum of these elements constitutes a total remuneration package (TRP).

Remuneration Report

4.4 Short Term Incentive Policy

The short term incentive policy of the Company is that an annual component of executive remuneration is:

- at-risk, which allows the Company to vary the cost of employing executives, to align with individual and Company performance, which incentivise performance targets,
- paid in cash and without deferral there is a separate component of remuneration (the LTI) which is intended to address long term outcomes, and which is weighted sufficiently to ensure that the risk of short-termism is appropriately managed, and
- short-term awards are linked to the Group's financial results and main drivers of value creation at the Group, business unit or individual level, as may be appropriate to the role and subject to Board discretion.

Non-executive directors are excluded from participation in the Short Term Incentive.

A termination of employment may trigger a forfeiture of some or all unearned STI entitlements depending upon the circumstances of the termination. The Board retains discretion to trigger or accelerate payment or vesting of incentives provided the limitation on termination benefits as outlined in the Corporations Act are not breached.

4.5 Long Term Incentive Policy

The Board has designed the long-term incentive policy of the Company such that executive remuneration is:

- at-risk, producing down-side remuneration outcomes for executives when expectations are not met,
- linked to equity in the Company to ensure that the interests of executives are aligned with those of shareholders,
- measured over a 3-year period to offset the risk of short-termism that can arise due to short term incentives, and
- targeted around expectations but inclusive of opportunities to earn additional remuneration when expectations are exceeded.
- The LTI instruments used are Performance Rights,
- A termination of employment may trigger a forfeiture of some or all of the long-term incentives held by an executive in respect of which performance conditions and hurdles have not yet been met, depending upon the circumstances of the termination. The Board retains discretion to trigger or accelerate payment or vesting of incentives provided the limitation on termination benefits as outlined in the Corporations Act are not breached.

4.6 Non-executive Director Remuneration Policy

The Non-executive Director remuneration policy applies to non-executive directors (NEDs) of the Company in their capacity as directors and as members of committees, and is summarised as follows:

- Remuneration may be composed of:
 - Board fees,
 - Committee fees,
 - Superannuation,
 - Other benefits, and
 - Equity (if deemed appropriate at the time).
- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company as part of the listing, of \$500,000 (excluding the salaries of executive Directors),
- The Board may seek adjustment to the AFL in the case of the appointment of additional NEDs, or should the AFL become insufficient to attract or retain the appropriate caliber of NEDs,
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees in circumstances where the workload of the Board is not equally shared. Committee fees are not currently paid,
- The Board Chair fee will be set as a multiple of the fees payable to other NEDs, in recognition of the additional workload associated with this role.

4.7 Securities Trading Policy

The Company's Securities Trading Policy applies to Directors and executives classified as KMP (including their relatives and associates), those employees working closely with KMP, employees nominated by the Board, or any other employee holding inside information. It sets out the guidelines for dealing in any type of Company Securities by persons covered by the policy, and the requirement for the Company to be notified within 2 business days of any dealing. It also summarises the law relating to insider trading which applies to everyone at all times. Under the current policy, those covered by the policy may not trade during a "blackout period" or when they hold inside information (subject to exceptional circumstances arrangements, see the policy on the Company website). The following periods in a year are "blackout periods" as defined in the policy:

- 2 weeks prior to the release of the Company's quarterly results or half year results,
- From the financial year balance date until 24 hours following the release of the Company's preliminary full year results (Appendix 4E) as long as such results are audited,
- Within 24 hours of release of price sensitive information to the market, and another date as declared by the Board ("ad-hoc").

4.8 Variable Executive Remuneration – The Short Term Incentive Plan (STIP)

Short-Term Incentive Plan (STIP)	
Aspect	Plan, offers and Comments
Purpose	The STIP's purpose is to give effect to an element of remuneration that is partly at-risk and partly an incentive. This element of remuneration reinforces a performance focused culture, encourages teamwork and co-operation among executive team members and maintains a stable executive team by helping retain key talent. These objectives aim to be achieved by a simple plan that rewards participants for their performance during a 12-month period.
Measurement Period	The Company's financial year (12 months).
Award Opportunities	<p>In FY20 the outgoing CEO and the CFO were offered an opportunity of up to \$86,742 and \$71,120 respectively or approximately 25% of their Base Package. The incoming CEO, David Caspari was offered the opportunity of up to \$134,000 on a full year basis and \$28,636 on a pro-rata basis for the FY20 financial year, representing 40% of Base Package.</p> <p>In FY21 no decisions on award opportunities have yet been made.</p>
Performance Assessment	<p>Each year the Board sets the conditions that are used to assess the executive STI, in consultation with the CEO. The majority of performance assessments are linked to the Group's financial results and relate to the business plans, budgets and strategic priorities identified in respect of the proceeding year as well as non-financial outcomes.</p> <p>For FY20, short-term incentive awards were based on a number of measures including Recurring revenue, Opex, Gross Margin, Cash Flow and Debtor management, the successful delivery of key projects and company engagement scores. The outcome for these measures is shown in table 5.2.</p>
Award/Payment	Assessments and award determinations are performed following the end of the Measurement Period and the auditing of Company accounts. Awards are generally paid in cash within a reasonable period of time following the end of the Measurement Period. They are paid through payroll with PAYG tax and superannuation remitted as appropriate. (See page 41 for more details)
Cessation of Employment During a Measurement Period	<p>In the event of a termination of employment, the following applies to STI opportunities for the financial year:</p> <ul style="list-style-type: none"> • If the participant is not employed on the date of payment, all award opportunities are forfeited unless otherwise determined by the Board, • If the termination is due to dismissal for cause, all award opportunities are forfeited, • If the termination is due to resignation, all entitlements in relation to the Measurement Period are forfeited, unless the termination is classified as "good leaver" in the discretion of the Board, • in the case of a good leaver, the Board may make an award at the time of the termination (which would be classified as a termination payment), or assess outcomes at the normal time, following the termination.
Change of Control	In the event of a Change of Control, including a takeover, the Board has discretion regarding the treatment of short-term incentive bonus opportunities, having regard to the portion of the Measurement Period lapsed, and pro-rata performance to the date of the assessment.
Fraud, Gross Misconduct etc.	If the Board forms the view that a participant has committed fraud or gross misconduct in relation to the Company then all entitlements in relation to the Measurement Period will be forfeited by that participant.

Remuneration Report

4.9 Variable Executive Remuneration – Long Term Incentive Plan (LTIP)

Long Term Incentive Plan (LTIP) Performance Rights

Aspect	Plan, offers and Comments
Purpose	<p>The LTIP's primary purpose is to reinforce a performance-focused culture, encourage teamwork and co-operation among key executives and directors, and maintain a stable leadership team by helping retain key talent. Other purposes of the LTI program include:</p> <ul style="list-style-type: none"> • to enable the Company to compete effectively for the calibre of talent required for it to be successful, and • facilitating variable remuneration cost outcomes so that in periods of poor performance the cost is reduced • Non-executive Directors are excluded from participation
Form of Equity	<p>The current plan includes the ability to grant:</p> <ul style="list-style-type: none"> • Indeterminate Performance Rights, which are subject to performance related vesting conditions and vesting hurdles, and which may be settled upon exercise in cash or by new issues or on market purchase of ordinary fully paid Shares. • No dividends accrue to unvested Rights, and no voting rights are attached.
Amount Payable for Grants	No amount is payable by participants for grants of Performance Rights.
Plan Limit	<p>Unless prior shareholder approval is obtained, the number of Awards which may be granted under this Plan (assuming all Options and Performance Rights were exercised) must not at any time exceed in aggregate 5% of the total Issued Capital of the Company at the date of any proposed new Awards.</p> <p>It is intended ASIC Class Order 14/1000 is relied upon in relation to this plan.</p>
Grant Values	<p>FY20 invitations</p> <p>In April 2020, David Caspari was invited to participate in an LTI grant as follows:</p> <ul style="list-style-type: none"> • a grant of 700,000 Performance Rights with a performance hurdle of the share price exceeding \$1.00 within the first two years of his appointment, • a grant of 3,178,924 Performance Rights subject to the conditions of the LTIP scheme as described below. <p>The Board selected a binary share price target as the vesting hurdle for the one-off grant of 700,000 Performance Rights issued to David Caspari on his appointment in order to closely align his incentive with shareholder value. It is not intended the Board will use share price as a vesting hurdle in the same binary manner for future equity grants. The new LTIP scheme introduced for all executive KMPs and for the second grant of 3,178,924 performance rights is linked to share price growth (50% of total) but allows for a scale reward between a threshold and a stretch outcome.</p> <p>No other LTI allocations were issued to KMP or other senior executives in FY20.</p>
Exercise of Grants	<p>Following the end of the Measurement Period, the Remuneration Committee will assess whether the vesting conditions and hurdles have been met and will notify the participants of the number of Performance Rights which have vested (if any) and that are able to be exercised. The participant must submit an Exercise Notice in order to exercise the vested Performance Rights.</p>
Measurement Period	Performance Rights granted will have a Measurement Period of 3 years that applies prior to vesting. Performance Rights grants are intended to be made annually.

Long Term Incentive Plan (LTIP) Performance Rights

Aspect	Plan, offers and Comments
Vesting Conditions	<p>1. Index-linked Total Shareholder Return ("iTSR")</p> <ul style="list-style-type: none"> • Threshold: Total Shareholder Return equivalent to the index TSR (ASX All ordinaries) • Target: Index TSR + 10% CAGR • Stretch: Index TSR + 20% or more CAGR <p>2. Return on Equity ("ROE") on a CAGR basis</p> <ul style="list-style-type: none"> • Threshold: 10.0% • Target: 12.5% • Stretch: 15.0% <p>ROE is defined as Net Profit After Tax adjusted for amortisation of acquired intangible assets ("NPAT-A") divided by Shareholder Equity and is calculated by summing the total NPAT-A for each of the 3 years in the Measurement Period and dividing this by the average equity over the same 3-year Measurement Period.</p> <p>Each measure carries a 50% weighting on the total amount of Performance Rights.</p> <p>The exercise price is Nil.</p> <p>Holders of Performance Rights in the Company do not have any shareholder rights such as voting or dividend rights.</p>
Plan Gates	<p>TSR Gate: Total Shareholder Return must be positive.</p> <p>ROE Gate: EPS must be at least 0.5 cents per share in the final year of the 3-year measurement period.</p>
Comments	<p>The performance hurdles above have been developed in consultation with an expert remuneration consultant following feedback from investors and proxy advisors in FY19.</p> <p>iTSR was chosen as it is the most direct measure of value creation for shareholders and is therefore one of the most effective measures to align the interests of executives with those of shareholders. The TSR target compares Total Shareholder Return with the TSR of the S&P/ASX All Ordinaries Accumulation Index a well-known and understood index. Indexing avoids the problems associated with gains or losses from broader market movements.</p> <p>Return on Equity was chosen as it ensures that there is an appropriate focus on profitable growth and cost management which are also directly controlled by KMP.</p>
Method of Allocation	<p>The number of Performance Rights granted (at Target) is calculated as 30% of the KMP's base salary divided by the volume-weighted average share price (VWAP) for the 20 days immediately following the release of the Company's audited Annual Report. This number of Rights represents 50% of the maximum amount the participant can earn if the Stretch opportunity is achieved. Rights are split into two equal tranches with one tranche subject to an iTSR vesting condition and the second tranche subject to a ROE vesting condition.</p> <p>The Board retains discretion to determine the value of LTI to be offered each year, subject to shareholder approval in relation to Directors, when the Rights are to be settled in the form of a new issue of Company shares. The Board may also seek shareholder approval for grants to Directors in other circumstances, at its discretion.</p>

Remuneration Report

Long Term Incentive Plan (LTIP) Performance Rights

Aspect	Plan, offers and Comments
Disposal & Dealing Restrictions	Performance Rights may not be disposed of or transferred or otherwise dealt with (including encumbered or made subject to any interest in favour of any other person) and will lapse immediately on purported disposal, transfer or dealing unless the transfer is affected by operation of law on death or legal incapacity to the Participant's legal personal representative.
Term	The Term of Rights in each Tranche will be 15 years unless otherwise determined by the Board and specified in an Invitation
Cessation of Employment	A termination of employment will trigger a forfeiture of some or all of the long-term incentives held by an executive in respect of which performance conditions and hurdles have not yet been met, depending upon the circumstances of the termination. The Board retains discretion to trigger or accelerate payment or vesting of incentives provided the limitation on termination benefits as outlined in the Corporations Act are not breached.
Change of Control of the Company (CoC)	If a Change of Control Event occurs the Board may determine that all or a specified number of a Participant's Performance Rights Vest or cease to be subject to Vesting Conditions or restrictions (as applicable).
Fraudulent or Dishonest Actions	If the Board takes the view that a Participant has acted fraudulently, dishonestly, or willfully breaches their duties to the group, the Board has discretion to determine that unvested or unexercised awards are forfeited.

5 Performance Outcomes for FY20 Including STI and LTI

5.1 Company Performance

The following outlines the performance of the Company over the FY20 period in accordance with the requirements of the Corporations Act.

FY End Date	Revenue (\$m)	Loss After Tax (\$m)	Share Price	Change in Share Price	Dividends	Short Term Change in Shareholder Value Over 1 Year	
						Amount (\$m)	%
30-Jun-20	21.9	(2.2)	0.33	0.045	-	20.2	16%
30-Jun-19	22.5	(1.3)	0.29	(0.170)	-	7.4	18%

Total Shareholder Return (TSR) is calculated as the return to shareholders between the start and the end of measurement period, composed of the sum of the change in the share price and dividends over the period (assumed to be reinvested in Company Shares), as a percentage of the Share price at the start of the measurement period.

The major strategic achievements and other activities that created shareholder value during the reporting period include the following notable events:

- OECD / PISA for Schools. Signing 7 new countries and successful delivery of online assessments in Russia, USA, Portugal, Pakistan, Japan
- Appointment of a new Chief Technology Officer
- Over-delivery of earn-out EBITDA and subsequent completion of the LTC exam management business acquisition
- Investor Relations activities and an increase in trading liquidity and new shareholders on the Janison register
- ITE commissioning - a strategic assessment client in Singapore and a milestone payment of \$1.0m
- New client wins in Learning – Centennial College, Toronto
- D2L (Brightspace) partnership
- Capital raise to support acquisitions, sales and marketing investment and product & technology roadmap
- The acquisition of Educational Assessment (EA) from the University of New South Wales Global (UNSWG)

5.2 Links Between Performance and Reward Including STI and LTI Determinations

The remuneration of executive KMP is intended to be composed of three parts as outlined earlier, being:

- Base Package, which is not intended to vary with performance but which is benchmarked to the scale of the Company (i.e. increases tend to follow increases in market capitalisation which is most commonly driven by value creation for shareholders),
- STI which is intended to vary with indicators of annual Company and individual performance, and
- LTI which is also intended to deliver a variable reward based on long-term measures of Company performance.

The awards outlined below are considered appropriate by the Board, under the STI scheme in place for FY20, in light of the performance during the year:

Name	Position	KPI Summary	FY20 KPI Summary			Award Outcomes FY20 Paid in FY21
			Target Award \$	Achievement %	\$ Awarded	Total STI Award \$
Tom Richardson ¹	Chief Executive Officer	See below	\$86,742	11%	\$9,759	\$9,759
David Caspari ²	Chief Executive Officer	See below	\$28,636	100%	\$28,636	\$28,636
Stuart Halls	Chief Financial Officer	See below	\$71,120	71%	\$50,673	\$50,673

¹ Resigned 30 June 2020

² Appointed 14 April 2020

KPI Summary

KPI metrics are set annually in advance by the Board and include a combination of weighted Group financial measures and business unit or individual measures. For FY20, the Group financial measures for the Chief Executive Officer and Chief Financial Officer included:

- Platform Recurring Revenue
- Gross Margin
- Opex
- NPAT
- Cash Flow
- Debtor Management
- Market Capitalisation

65% of the FY20 STI metrics were linked to Group financial measures.

Other individual measures included contribution to team and company engagement, peer support and the successful delivery of key projects in accordance with business plans and the budget.

To calculate the total award payable, following the end of the financial year, the Company accounts were audited and reports on the Company's activities during the year were prepared for the Board and the Remuneration Committee. The Board then assessed the extent to which STI metrics had been met or exceeded in relation to the Company and individual.

5.3 Links Between Company Strategy and Remuneration

The Company intends to attract superior talent required to successfully implement the Company's strategies at a reasonable and appropriately variable cost by:

- positioning Base Packages (the fixed element) around relevant market data benchmarks when they are undertaken,
- supplementing the Base Package with at-risk remuneration and incentives that motivate executive focus on:
 - short to mid-term objectives linked to the strategy via annual performance assessments, and
 - long term value creation for shareholders by linking a material component of remuneration to those factors that shareholders have expressed should be the long-term focus of executives and the Board, such as share price appreciation.

To the extent appropriate, the Company links strategic implementation and measures of success of the strategy, directly to incentives in the way that performance is assessed.

Remuneration Report

6 Changes in KMP Held Equity

The following table outlines the changes in the amount of equity held by executives of Janison Education over the financial year:

Name	Instrument	Balance Beginning of Year 30- Jun-19	Granted FY20				Other Movement	Balance End of Year Number	Escrowed Number
			Date Granted	Granted Number	Forfeited Number	Vested Number			
Tom Richardson ¹	Ordinary Shares	15,599,251	-	-	-	-	2,000,000	17,599,251	-
	Loan Funded Shares	2,400,000	-	-	-	-	-	2,400,000	-
	Performance Rights	2,000,000	-	-	-	(2,000,000)	-	-	-
Wayne Houlden ³	Ordinary Shares	66,067,416	-	-	-	-	1,000,000	67,067,416	-
	Loan Funded Shares	1,200,000	-	-	-	-	-	1,200,000	-
	Performance Rights	1,000,000	-	-	-	(1,000,000)	-	-	-
David Caspari ²	Ordinary Shares	-	-	-	-	-	-	-	-
	Performance Rights	-	14-Apr-20	3,878,924	-	-	-	3,878,924	-
Stuart Halls	Loan Funded Shares	150,000	-	-	-	-	-	150,000	-
	Performance Rights	150,000	-	-	(150,000)	-	-	-	-
TOTAL		88,566,667		3,878,924	(150,000)	(3,000,000)	3,000,000	92,295,591	-

¹ Resigned 30 June 2020

² Appointed 14 April 2020

³ Appointed Vice Chair and a non-executive director on 2 July 2020

The following table outlines the changes in the amount of equity held by non-executive directors of Janison Education over the financial year:

Name	Instrument	Balance Beginning of Year 30- Jun-19	Granted FY20				Purchased Number	Balance End of Year Number	Escrowed Number
			Date Granted	Granted Number	Forfeited Number	Vested Number			
Mike Hill	Loan Funded Shares	600,000	-	-	-	-	-	600,000	-
	Performance Rights	500,000	-	-	-	(500,000)	-	-	-
	Ordinary Shares	1,306,475	-	-	-	500,000	-	1,806,475	-
	Options	105,000	-	-	(105,000)	-	-	-	-
Brett Chenoweth	Loan Funded Shares	600,000	-	-	-	-	-	600,000	-
	Performance Rights	500,000	-	-	-	(500,000)	-	-	-
	Ordinary Shares	984,875	-	-	-	500,000	-	1,484,875	-
	Options	105,000	-	-	(105,000)	-	-	-	-
David Willington	Loan Funded Shares	600,000	-	-	-	-	-	600,000	-
	Performance Rights	500,000	-	-	-	(500,000)	-	-	-
	Ordinary Shares	316,667	-	-	-	500,000	-	816,667	-
Allison Doorbar	Loan Funded Shares	600,000	-	-	-	-	-	600,000	-
	Performance Rights	500,000	-	-	-	(500,000)	-	-	-
	Ordinary Shares	-	-	-	-	500,000	-	500,000	-
TOTAL		7,218,017	-	-	(210,000)	-	-	7,008,017	-

Remuneration Report

The following table outlines the value of equity granted to executives and NEDs in respect of Janison Education:

			Total Value at Grant \$	Value Expensed in FY20	Max Value to be Expensed in Future Years	Min Value to be Expensed in Future Years
Name	Role	Instrument				
Tom Richardson ¹	Chief Executive Officer	Loan Funded Shares	288,000	60,696	-	-
	and Managing Director	Performance Rights	420,000	31,802	-	-
Wayne Houlden ³	Executive Director	Loan Funded Shares	144,000	30,348	-	-
		Performance Rights	210,000	15,901	-	-
David Caspari ²	Chief Executive Officer	Performance Rights ⁴	620,008	46,979	665,218	204,274
Stuart Halls	Chief Financial Officer	Loan Funded Shares	28,057	14,028	5,845	5,845
		Performance Rights	36,000	(13,263) ⁵	-	-
Mike Hill	Non Executive	Loan Funded Shares	72,000	15,174	-	-
	Chairman	Performance Rights	105,000	7,951	-	-
		Ordinary Shares	100,000	-	-	-
Brett Chenoweth	Non Executive Director	Loan Funded Shares	72,000	15,174	-	-
		Performance Rights	105,000	7,951	-	-
		Ordinary Shares	96,863	-	-	-
David Willington	Non Executive Director	Loan Funded Shares	72,000	15,174	-	-
		Performance Rights	105,000	7,951	-	-
Allison Doorbar	Non Executive Director	Loan Funded Shares	107,288	53,644	-	-
		Performance Rights	124,500	-	-	-
TOTAL			2,705,716	309,510	671,063	210,119
TOTAL LOAN FUNDED SHARES			783,345	204,239	5,845	5,845

¹ Resigned 30 June 2020

² Appointed 14 April 2020

³ Appointed Vice Chair and a non-executive director on 2 July 2020

⁴ Performance Rights granted in FY20

⁵ Performance Rights forfeited in FY20

Note: The assumptions used to value equity grants can be found in the Notes to the financial statements.

7 NED Fee Policy Rates for FY20, and Fee Limit

Non-executive director fees are managed within the current annual fees limit (AFL or fee pool) of \$500,000 which was approved by shareholders as part of the constitution of the Company during the RTO. The NED fee policy rates for the main Board that were applicable as at the end of FY20, and which will apply to FY21 unless a review is conducted during the year were \$70,000 fee (including super) for members and \$90,000 fee (including super) for the chair:

Currently the Board does not pay committee fees, as the duties involved in committee work are shared between the NEDs in an evenly distributed manner. The foregoing fee rates ignore the value of equity granted to NEDs, and such grants. It was deemed appropriate to grant equity to NEDs on similar terms to executives, as part of the RTO process, and to ensure that all KMP had aligned interests linked to the delivery of the prospectus.

8 Remuneration Records for FY20 – Statutory Disclosures

8.1 Senior Executive Remuneration

The following table outlines the remuneration received by Senior Executives of Janison Education during the financial year ended 30 June 2020, prepared according to statutory disclosure requirements of the Corporations Act:

Name	Role	Year	Base Package					STI ⁽¹⁾		LTI ⁽²⁾		Total Package (TRP)
			Salary \$	Super Contribution \$	Other Benefits \$ ⁽³⁾	Amount \$	% of TRP	Amount \$	% of TRP	Amount \$	% of TRP	
Tom Richardson	CEO ⁽⁵⁾	2020	358,023	21,003	38,538	417,563	80%	9,759	2%	92,498	18%	519,821
		2019	339,677	20,531	-	360,208	46%	30,000	4%	395,531	50%	785,739
Wayne Houlden	Executive Director ⁽⁶⁾	2020	136,986	13,014	72,902	222,902	83%	-	-	46,249	17%	269,151
		2019	151,986	14,439	77,495	243,920	55%	-	-	197,765	45%	441,685
David Caspari	CEO ⁽⁴⁾	2020	72,330	5,251	-	77,580	51%	28,636	19%	46,979	31%	153,195
		2019	-	-	-	-	-	-	-	-	-	-
Stuart Halls	CFO	2020	283,733	21,003	-	304,736	86%	50,673	14%	765	-	356,174
		2019	161,538	11,931	-	173,469	77%	30,000	13%	21,446	10%	224,916
TOTAL		2020	851,072	60,270	111,440	1,022,781	79%	89,068	7%	186,492	14%	1,298,341
TOTAL		2019	653,202	46,901	77,495	777,598	54%	60,000	4%	614,742	42%	1,452,340

1 The STI value reported in this table is the STI to be paid during FY21, being the award earned during FY20.

2 The LTI value reported in this table is the amortised accounting charge of all grants that had not lapsed or vested as at the start of the reporting period. Where a market-based measure of used such as TSR or Share Price, no adjustments can be made to reflect actual LTI outcomes. Where conditions include only non-market hurdles (effectively anything other than Share price or TSR), LTI performance is amortisation may increase, or even be written back, based on the expected outcome during each year of the amortisation period (and may include negative values).

3 Included in "Other Benefits" are: Living Away from Home Allowances and termination payments including accrued leave balances.

4 Appointed 14 April 2020

5 Resigned 30 June 2020

6 Appointed Vice Chair and a non-executive director on 2 July 2020

Remuneration Report

8.2 NED Remuneration

Remuneration received by non-executive directors of Janison Education Group during the financial year ended 30 June 2020 and 2019 is disclosed below:

Name	Role	Year	Board Fees \$	Committee Fee \$	Superannuation \$	Equity Grant \$	Total \$
Mike Hill	Non Executive Chairman	2020	82,192	-	7,808	23,125	113,125
		2019	82,192	-	7,808	98,883	188,883
Brett Chenoweth	Non Executive Director	2020	69,996	-	-	23,125	93,121
		2019	70,237	-	-	98,883	169,120
David Willington	Non Executive Director	2020	63,927	-	6,073	23,125	93,125
		2019	63,927	-	6,073	98,883	168,883
Allison Doorbar	Non Executive Director	2020	76,996	-	-	53,644	130,640
		2019	77,496	-	-	178,144	255,640
TOTAL		2020	293,110	-	13,881	123,018	430,009
TOTAL		2019	293,852	-	13,881	474,792	782,526

9 Employment Terms for Key Management Personnel

9.1 Service Agreements

A summary of contract terms in relation to executive KMP as at the end of FY 2020 is presented below noting that under the FY20 arrangements, the STI is scaled to the target amount, and the LTI is reported at the accounting value as of the date of grant since the vesting conditions attaching to the long-term incentive are binary, either achieved or not achieved, and therefore have either the grant date accounting value shown, or will not have a value.

Name	Position Held	Period of Notice		Base Package including Super		STI Opportunity				LTI Opportunity			Total Remuneration Package at Target Performance
		From Company	From KMP	Amount \$	Fixed % TRP	Target % of Base Pkg	Target STI Amount \$	STI % TRP	% of STI Subject to Deferral	Target % of Base Pkg	Target LTI Amount \$	LTI % TRP	
Tom Richardson	CEO ¹	3 mths	3 mths	385,321	33%	23%	86,742	7%	-	184%	708,000	60%	1,180,063
Wayne Houlden	Executive Director ³	3 mths	3 mths	150,000	30%	-	-	-	-	236%	354,000	70%	504,000
David Caspari	CEO ²	3 mths	3 mths	356,003	32%	38%	134,000	12%	-	174%	620,008	56%	1,110,011
Stuart Halls	CFO	3 mths	3 mths	305,483	69%	23%	71,120	17%	-	21%	64,057	15%	440,659
TOTAL				1,196,805	37%	24%	291,862	9%	0%	146%	1,746,065	54%	3,234,732

¹ Resigned 30 June 2020

² Appointed 14 April 2020

³ Appointed Vice Chair and a non-executive director on 2 July 2020

Note:

- Employing company is Janison Education Group Limited, except and Stuart Halls, for which the employing company is Janison Solutions, Pty Ltd.
- All contracts have an open-ended duration.
- Under the terms of the STI arrangements in place, the maximum STI opportunity is 150% of the Target STI opportunity.
- During FY19, Wayne Houlden was located in London on behalf of the Company. To cover the higher cost of living in London, the Company agreed to increase Wayne Houlden's remuneration above his contracted rate by \$12,190 monthly to include additional base salary and a monthly living away from home allowance. The above listed contractual base package remuneration, excludes these additional amounts.
- Base package includes an entitlement of five weeks annual leave per year of service and the compulsory superannuation
- Contributions as per the Superannuation Guarantee.

Remuneration Report

- Maximum termination payments under the above contracts are up to the amount specified under the Corporations Act (1 x average Base Salary) unless shareholder approval is obtained. The treatment of incentives in the case of termination is addressed in separate sections of this report that give details of incentive design.
- On appointment to the Board, all non-executive directors enter into an agreement with the Company in the form of a letter of appointment, including an outline of duties, and the following features:
- Open ended term, subject to ongoing approval by the Company's shareholders,
- The initial fees payable to the person,
- The terms on which the Company may terminate the appointment (e.g. resignation, bankruptcy etc.),
- The initial granting of equity as outlined elsewhere in this report (only one grant specified in the agreement), and
- The agreement does not include any entitlement to termination payments, however under the equity grant arrangements, payments which may be classified as termination payments could theoretically arise, in which case the Board will exercise its discretion to determine the appropriate outcome.

10 Other Remuneration Related Matters

- The following outlines other remuneration related matters that may be of interest to stakeholders, in the interests of transparency and disclosure:
- Other than in the case of grants of Loan Funded Shares, there were no loans to Directors or other KMP at any time during the reporting period,
- Other related party transactions involving Wayne Houlden and Tom Richardson are described in notes to the Consolidated Financial Statements. There were no relevant material transactions involving KMP other than compensation and transactions concerning shares, performance rights and options etc. as discussed in this report.

11 External Remuneration Consultant Advice

During the reporting period, the Board approved and engaged Godfrey Remuneration Group Pty Ltd ("GRG") as an independent expert external remuneration consultant to prepare a letter of advice regarding LTVR design, and associated consulting, and fees for drafting of the LTIP Rights documentation suite. The Board are satisfied that the recommendations are free from undue influence by the members of the KMP to whom recommendation relates due to the independence maintained between the remuneration consultants and the KMP during the period of engagement.

Fees charged by the consultants disclosed for the reporting period are as follows: \$21,000 + GST.

As of the date of writing this report, fees for additional engagements had not been charged by the consultant and these will be disclosed for the reporting period in which they fall due, i.e. the FY21 Remuneration Report.



Financial — Report

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June	Notes	2020 (\$'000s)	2019 (\$'000s)
Platform revenue		14,014	11,533
Exam management revenue		3,860	2,523
Project services revenue		4,008	8,440
Total operating revenue	3	21,882	22,496
Cost of sales	4	11,846	14,608
Gross Profit		10,036	7,887
Product development labour costs		494	526
General and administrative	5	6,034	5,215
Other operating income and expenses, net	6	(303)	(67)
Business development expenses		1,655	1,302
Total operating expenses		7,881	6,975
Research and development tax credit income		(338)	(1,075)
Acquisition expenses	7	264	51
Share-based compensation	5	412	1,292
Depreciation and amortisation	8	3,607	963
Net financial expense / (revenue)	9	131	(100)
Other non operating expenses		454	368
Foreign exchange gains and losses		154	46
Loss before income tax		(2,529)	(632)
Income tax (benefit) / expense	10	(357)	650
Net Loss		(2,172)	(1,283)
Other comprehensive income		-	-
Foreign currency translation, net of income tax		(5)	9
Total Comprehensive Loss		(2,177)	(1,274)
<i>Basic loss per share (cents)</i>	30	<i>(1.21)</i>	<i>(0.88)</i>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June	Notes	2020 (\$'000s)	2019 (\$'000s)
Assets			
Cash and cash equivalents		11,108	6,025
Trade and other receivables	11	4,421	7,347
Work in progress		240	-
Prepaid expenses		900	629
Total current assets		16,668	14,001
Plant and other equipment	12	675	633
Intangible assets	13	20,083	18,448
Right of use asset	23	2,163	-
Deferred tax asset	10	5,983	5,402
Total non-current assets		28,905	24,482
Total Assets		45,573	38,483
Liabilities			
Trade and other payables	14	2,579	7,616
Employee entitlements current	15	1,930	1,271
Lease liability	23	248	-
Contract liabilities	28	4,597	1,719
Income tax payable		337	525
Total current liabilities		9,692	11,131
Employee entitlements	15	171	107
Lease liability	23	2,023	-
Provision for make good	23	110	-
Deferred Tax Liability	10	1,636	2,038
Total non-current liabilities		3,940	2,145
Total Liabilities		13,633	13,276
Net assets		31,941	25,207
Equity			
Share capital	18	56,343	47,549
Reserves	18	2,282	1,949
Accumulated losses		(26,684)	(24,291)
Total Equity		31,941	25,207

The accompanying notes form an integral part of these financial statements.

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Consolidated Statement of Cash Flows

Year ended 30 June	Notes	2020 (\$'000s)	2019 (\$'000s)
Receipts from customers		29,444	21,647
Payments to suppliers and employees		(21,905)	(21,781)
Interest paid and received, net		(23)	100
Income taxes refunded		(296)	238
Other	6	303	67
Net cash flows from operating activities	29	7,523	270
Acquisition transaction costs	7	(264)	(51)
External product development		(305)	-
Internal product development	13	(4,351)	(3,153)
LTC deferred consideration		(3,256)	(4,985)
Sale of plant and equipment		(12)	-
Purchase of plant and equipment	12	(147)	(80)
Net cash (used in) investing activities		(8,335)	(8,269)
Proceeds from capital raising, net of costs	18	6,680	10,445
Repayment of Lease Liabilities		(625)	-
Net cash from financing activities		6,055	10,445
Effect of exchange rate changes		(160)	(41)
Net change in cash and cash equivalents		5,082	2,406
Cash and cash equivalents at the beginning of period		6,025	3,619
Cash and cash equivalents at the end of period		11,108	6,025

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 30 June	Share Capital (\$'000s)	Accumulated Losses (\$'000s)	Reserves (\$'000s)	Total Equity (\$'000s)
Balance at 1 July 2019	47,549	(24,291)	1,949	25,207
Adjustment for AASB16	-	(221)	-	(221)
Restated balance at 1 July 2019	47,549	(24,512)	1,949	24,986
Net loss	-	(2,172)	-	(2,172)
Other comprehensive income	-	-	(5)	(5)
Total comprehensive loss	-	(2,172)	(5)	(2,177)
Contributions of capital - net of costs	8,794	-	-	8,794
Share-based payments-Directors and executives	-	-	337	337
Total transactions with owners	8,794	-	337	9,132
Balance at 30 June 2020	56,343	(26,684)	2,282	31,941

Year ended 30 June	Share Capital (\$'000s)	Accumulated Losses (\$'000s)	Reserves (\$'000s)	Total Equity (\$'000s)
Balance at 1 July 2018	35,104	(23,008)	649	12,745
Net loss	-	(1,283)	-	(1,283)
Other comprehensive income	-	-	9	9
Total comprehensive loss	-	(1,283)	9	(1,274)
Contributions of capital	12,445	-	-	12,445
Share-based payments-Directors and executives	-	-	1,187	1,187
Share-based payments-employee share options	-	-	104	107
Total transactions with owners	12,445	-	1,292	13,739
Balance at 30 June 2019	47,549	(24,291)	1,949	25,207

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 General Information and Nature of Operations

These financial statements include the Janison Education Group Limited (JEG) a publicly listed company incorporated and domiciled in Australia and its subsidiaries (collectively referred to as the Group).

The Group's principal activities include the licence, hosting and support of online student assessments and e-learning software for schools, higher education and corporations. Since 1 April 2019, with the purchase of LTC, the Group provides in-person and remote online exam management services. From 31 May 2020, with the purchase of Educational Assessments (EA) from UNSW Global Pty Ltd, Janison now owns and licences a series of school assessment products including; ICAS, JET, SCOUT and REACH, as well as having the capability to sell direct to schools and to design and produce assessment content (exams).

The financial statements have been prepared using consistent accounting policies and methods of computation in all periods presented, unless otherwise stated.

1.2 Basis of Presentation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group's financial year ends on 30 June and the financial statements are denominated in Australian dollars.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the revaluation of selected non-current assets for which the fair value basis of accounting has been applied. The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The Group is of a kind referred to in ASIC Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial reports. Amounts in this financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Janison Education Group Limited as of 30 June 2020 and the results of all subsidiaries with the exception of LTC for which the results are incorporated into the Group from 1 April 2019.

1.3 Accounting Policies

The financial statements have been prepared using the consistent accounting policies and methods of computation in all periods presented. The Group's accounting policies are described below.

1.3.1 Income Tax

The income tax expense / (benefit) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax – Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax – Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The income tax expense / (benefit) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive

income.

1.3.2 Plant and Equipment

Fixed assets including identifiable intangibles are measured at cost less depreciation and impairment losses. The carrying amount of plant and equipment and an assets residual values are reviewed as required, but at least annually.

Depreciation is calculated by applying the following methods and useful lives:

Category	Method	Useful Life
Computer Equipment	Diminishing Value	4 to 5 years
Office Furnishings & Equipment	Diminishing Value	4 to 15 years
Leasehold Improvements	Straight-Line	15 years
Purchased Intangibles	Straight-Line	1-5 years
Motor Vehicle	Straight-Line	5 years

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

1.3.3 Impact of AASB16

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. AASB 16 'Leases' (modified retrospective approach) The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the consolidated statement of financial position. Straight line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 are higher when compared to lease expenses under AASB 117. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred, etc.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments consist of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Impact of adoption

AASB 16 is adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	(\$'000)
Right of use asset	2,671
Deferred tax asset	47
Provision for make good	(110)
Lease liability - current (AASB16)	(381)
Lease liability - non-current (AASB16)	(2,444)
Increase in opening accumulated losses as at 1 July 2019	(221)

1.3.4 Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to Financial Statements

1.3.5 Intangible Assets

Internally Developed Software – Expenditure on the research phase of projects to develop new software systems and products is expensed as incurred.

Costs that are directly attributable to the development phase of new Janison software products or costs that enhance the capabilities and features of existing products are recognised as intangible assets, and are amortised over 3 years once complete, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of direct overheads.

Any capitalised internally developed software that is not yet complete is not amortised, but is subject to impairment testing. Goodwill arises on the acquisition of a business. Goodwill is not amortised, instead, goodwill is tested annually for impairment.

Subsequent measurement – All internally developed software is accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1.3.4.

1.3.6 Employee Benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, and accumulating annual leave.

The Group's liabilities for long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of services, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit and loss in the

periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

1.3.7 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.3.8 Revenue Recognition

The Group has applied AASB 15: Revenue from Contracts with Customers in all periods in determining the amount of revenue recognised in each reporting period. Using the guidance provided in AASB 15, the Group uses a 5-step approach to analysing customer contracts and recording revenue:

Step 1: Identify the contract(s) involved in the arrangement with the customer

Step 2: Identify the performance obligations under the arrangement

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Calculate revenue to be recognised in each reporting Period

Revenue is recognised and measured at the fair value of the consideration received or receivable excluding sales taxes. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

The Group provides customers Software as a Service ("SaaS"). Customers include corporates, schools, tertiary and governmental agencies.

The Group's revenue is separable into its components for each of these operating segments and recognised as follows:

a) Platform Licensing and Hosting Revenue

The Group's products include a learning platform and a student assessment platform. Revenue related to the licensing of these platforms is recognised on the completion of performance obligations of the licensed software under an agreement between the Group and the customer and in the case of period based fees recognised over the licence period.

Cloud-based hosting services revenue is recognized over the period that the services are performed. Post-implementation licence support revenue includes fees for ongoing upgrades, minor software revisions and helpline support and is recognized as revenue over the contract period in which the

services are performed.

b) Exam Management Revenue

Exam management revenue includes fees related to the physical supervision of exams for clients. This is a new revenue type introduced by the purchase of the LTC business. Revenue is recognised in the period when exams are completed.

c) Learning Content Revenue

Content revenue includes fees for sourcing third party content and in some cases fees for generating custom designed content. Content services fees are recognised as revenue over the period that the services are provided.

d) Software Development Project Revenue

Software development project revenue includes fees related to the creation of custom designed software systems and configuration and implementation services linked to installing a Janison platform. Revenue related to software development and major configuration projects is recognised in proportion to the stage of completion, typically in accordance with the achievement of contract performance obligations and/or the percentage of completion.

e) Contract liabilities

Contractual amounts received from customers in advance of the start of the licence or hosting period or the provision of services are accounted for as a current liability called income in Advance.

From 1 June 2020 with the acquisition of EA the Group receives amounts from customers for the use of the Group's platform during events that take place in the following financial year. Revenue for these events is recorded throughout the delivery and reporting window and held in Income in Advance until that time.

f) Earned and Unbilled Revenue

Revenues recorded for fees not yet invoiced to customers are accounted for as an asset called Unbilled Revenue. These amounts have met the revenue recognition criteria of the Group, but have not reached the payment milestones contracted with customers.

g) Other Income

Research and development tax incentive credit income is recognised when the Group is entitled to the incentive. The amount is recorded as Other Income in the period in which the related research and development costs were incurred. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Grant income for Export Market Development Grants (EMDG) and the ATO Cash Boost income are recognised at the point when the Group is notified of successful application.

1.3.9 Share Based Payments

Equity-settled share-based compensation benefits are provided to employees and directors.

Equity-settled transactions are awards of shares, or options/ rights over shares, that are provided to employees and directors in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk

free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

1.3.10 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.3.11 Critical Accounting Estimates and Judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Internally developed software and research costs –

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems

Notes to Financial Statements

after the time of recognition.

Deferred tax assets – The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Estimation uncertainty – When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Revenue – The Group recognises revenue on long-term software development projects based upon the percentage of completion against the contract performance obligation method which relies upon estimates of the total cost to complete a project at each reporting date.

Impairment – An impairment loss is recognised for the amount by which the assets' or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable assets – Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

Fair value of financial instruments – Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as

far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provisions – Long service leave – As discussed in Note 1.4.6, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Government grants – JobKeeper grants are recognised when the Group is entitled to the incentive. The amount is recorded as a credit against the cost of employment in both Cost of Sales and in General and Administrative costs. The amount recorded in each of these expense categories in the Statement of Comprehensive Income is determined by the amount of eligible employees in each for the period in which the Group is entitled to receive the incentive payments. During the year ended 30 June 2020 the Group recorded \$477 thousand in Cost of Sales and \$397 thousand in General & Administrative costs.

Financial Instruments Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

1.3.12 New Accounting Standards Not Yet Adopted

A number of new standards, amendments to standards and interpretations effective for annual periods beginning after 1 July 2020 have not been applied in preparing these financial statements.

The company has reviewed these new standards and the application of these new standards are not expected to have a significant effect on the Group's financial statements.

Note 2: Segment Reporting

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. (Refer to Note 3 for information on the revenue components and their definition).

The Group's activities are organised into two operating segments: the Assessment Segment and the Learning Segment. The Assessment Segment implements and operates 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 in Australia and around the globe.

The Learning Segment operates a learning management platform that manages the content and learning programs for major corporate and government clients, as well as providing content development services.

2.1 Segment Contribution

Year ended 30 June 2020	Assessment (\$'000s)	Learning (\$'000s)	Total (\$'000s)
License and hosting revenue	8,424	3,480	11,904
Content license revenue	-	797	797
Platform maintenance revenue	997	317	1,313
Total platform revenue	9,421	4,593	14,014
Exam management revenue	3,860	-	3,860
Project services revenue	1,292	2,717	4,008
Total segment revenue	14,572	7,310	21,882
Cost of sales	8,585	3,261	11,846
Segment gross profit	5,987	4,049	10,036
Operating expense	5,320	2,223	7,542
Segment EBITDA	667	1,826	2,494
Revenue recognised at a point in time	3,860	-	3,860
Revenue recognised over time	10,712	7,310	18,022

For the prior year comparative period, segment revenue by component is provided below:

Year ended 30 June 2019	Assessment (\$'000s)	Learning (\$'000s)	Total (\$'000s)
License and hosting revenue	4,678	4,175	8,853
Content license revenue	-	1,129	1,129
Platform maintenance revenue	1,122	429	1,551
Total platform revenue	5,800	5,733	11,533
Exam management revenue	2,523	-	2,523
Project services revenue	5,660	2,780	8,440
Total segment revenue	13,983	8,513	22,496
Cost of sales	10,504	4,105	14,608
Segment gross profit	3,479	4,409	7,887
Operating expense	4,148	1,752	5,900
Segment EBITDA	(669)	2,657	1,987
Revenue recognised at a point in time	2,523	-	2,523
Revenue recognised over time	11,459	8,513	19,972

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2.2 Reconciliation from Segment Contribution to Net Loss after Tax

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Assessment	667	(669)
Learning	1,826	2,657
Segment EBITDA	2,494	1,987
Acquisition costs	264	51
Share-based compensation	412	1,292
Foreign exchange losses	154	46
Other non operating expense	454	368
Net interest expense / (revenue)	131	(100)
Depreciation and amortisation	3,607	963
Income tax expense	(357)	650
Net Loss after tax	(2,172)	(1,283)

2.3 Revenue by Market Sector

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Schools (K-12)	9,107	9,314
Higher Education	6,067	3,517
Workplace	6,708	9,665
Total operating revenue	21,882	22,496

2.4 Revenue by Geographic Location

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Australia and New Zealand	18,406	18,014
Asia	1,519	3,154
Rest of World	1,957	1,328
Total operating revenue	21,882	22,496

Note 3: Consolidated Trading Revenue

The Group's revenues by component are presented below:

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
License and hosting revenue	11,904	8,853
Platform maintenance revenue	1,313	1,551
Content license revenue	797	1,129
Total platform revenue	14,014	11,533
Exam management revenue	3,860	2,523
Project services revenue	4,008	8,440
Total operating revenue	21,882	22,496

Platform revenue includes three components:

- Licence and hosting revenue comprises recurring revenue for the right to use the platform,
- Platform maintenance revenue represents recurring revenue for maintenance and support services over a specific period of time (usually one year),
- Content licence revenue comprises recurring revenue for the right to use third-party content distributed via Janison's learning platform or customers' proprietary learning platforms.

Exam management revenue comprises revenue for the facilitation and supervision of examination events. This is a new revenue component introduced with the acquisition of LTC in April 2019.

Project services revenue includes revenues generated by platform customisation, implementation, configuration and customer training activities.

Note 4: Cost of Sales

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Personnel costs	3,666	5,698
Third party contractors	3,724	5,300
Total direct labour	7,389	10,997
Hosting and software costs	3,311	2,522
Exam management costs	662	323
Content license fees	484	767
Total cost of sales	11,846	14,608

Personnel costs includes wages and employee benefits for staff servicing customers including segment heads, software developers, testers, system operations engineers, and project and account managers.

In FY20 the group received a total of \$874 thousands in JobKeeper payments, \$477 thousand has been incorporated into the personnel costs within cost of sales. JobKeeper payments only reflect accrued income up to 30 June 2020.

Notes to Financial Statements

Note 5: General and Administrative Expenses

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Personnel costs	3,357	1,894
Personnel costs-share based compensation	412	1,292
Unallocated employee costs	580	757
Office facility expenses	345	662
Travel	353	568
Software licenses	234	433
Professional services	633	594
Telecommunications	107	73
Other	424	234
General and administrative expenses	6,446	6,506
Less: Share-based compensation classified as non-trading	412	1,292
Total general and administrative expenses	6,034	5,215

Personnel costs include the salaries, benefits and bonuses of the Group's board and executive team including human resources and finance functions. Unallocated employee costs include primarily Australian state payroll tax levies, staff training and other employee related expenses not allocated by department.

In FY20 the group received a total of \$874 thousands in JobKeeper payments, \$397 thousand has been incorporated into the personnel costs within general and administration expenses. JobKeeper payments only reflect accrued income up to 30 June 2020.

Note 6: Other Operating Income and Expense, Net

Other operating income and expense is comprised of grant income.

In 2020, the Group received \$150 thousand for Export Market Development Grant (EMDG) and \$150 thousand in Cash Flow Boost payments from the Australian government. The Group also received a grant from the Singaporean government of \$32 thousand for a Jobs Support Scheme. The Group also incurred costs of \$29 thousand for professional services on employment matters through COVID-19.

In 2019, the Group received \$167 thousand for Export Market Development Grant (EMDG) from the Australian government.

Note 7: Acquisition Expenses

The expenses associated with completing the Acquisition Transaction are summarised below:

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Legal fees	69	14
Consulting fees	76	37
Accounting and expert reports	119	-
Total acquisition expenses	264	51

Note 8: Depreciation and Amortisation Expense

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Office and computer equipment	88	93
Leasehold improvements	50	46
Capitalised platform development costs	1,462	304
Amortisation of acquired IP	1,741	520
Right of use asset amortisation	266	-
Depreciation and amortisation expense	3,607	963

Note 9: Net Financial Expense / (income)

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Interest expense	24	-
Interest Expense - Lease Liability	107	-
Interest Income	-	(100)
Net financial expense	131	(100)

Notes to Financial Statements

Note 10: Income Taxes

All calculations are subject to review by the ATO upon filing of the financial year 2020 tax return.

10.1 Components of Income Tax (benefit) / Expense

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Current tax expense	350	(86)
Deferred tax (benefit) / expense	(707)	737
Income Tax (Benefit) / Expense	(357)	650

10.2 Reconciliation of Prima Facie Tax Expense to Income Tax Expense

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Profit (loss) before income tax	(2,529)	(632)
Tax rate	27.5%	27.5%
Prima facie tax (benefit) / expense	(695)	(174)
Adjusted for:		
Non-deductible research and development expenditure	241	483
Revaluation of deferred tax asset due to reduction in tax rate/Temporary timing differences	-	429
Over-provision of 2018 tax refunded	-	(78)
Franking credit offset	-	(30)
Share based payments expense	129	-
Recognition of deferred tax on intangible assets	36	-
Non-deductible expenditure	54	-
Non-assessable government grants	(134)	-
Income Tax (Benefit) / Expense	(369)	630
Income tax - foreign subsidiary	12	20
Total Income Tax (Benefit) / Expense	(357)	650

10.3 Deferred Tax Assets and Liabilities

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Intellectual property valuation difference	3,483	3,638
Employee entitlements accrual	699	411
Leasehold improvements	60	60
Carried forward tax credits and offsets	519	-
Lease liabilities	60	-
Foreign exchange gains(losses)	9	-
Provisions and accruals	855	-
Non refundable franking credit offset/franking credit offset	-	883
Capital raising and acquisition transaction costs	295	311
Other	3	79
Net Deferred Tax Asset	5,983	5,402
Deferred Tax Liability	1,636	2,038
Net Deferred Tax Liability	1,636	2,038

10.4 Income Tax Payable

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Income tax - foreign subsidiary	-	(20)
Income tax payable - estimated current tax	(337)	(504)
Income Tax (payable) refund receivable	(337)	(525)

Notes to Financial Statements

Note 11: Trade and Other Receivables

As at 30 June	2020 (\$'000s)	2019 (\$'000s)
Trade receivables	2,916	4,304
Contract assets	982	3,043
Other receivables	523	-
Trade and other receivables	4,421	7,347

Contract assets relates to amounts accrued for the Group's performance obligations under customer contracts in accordance with AASB 15.

The aging of the Group's trade and other receivables, net of bad debt provisions, at the reporting date is:

As at 30 June	2020 (\$'000s)	2019 (\$'000s)
Current	2,653	3,151
Under 30 days	100	198
30-60 days	134	565
60-90 days	-	69
More than 90 days ¹	28	321
Total trade receivables	2,916	4,304

¹ Majority of over 90 day debtors consists of monies owed by one long standing customer with a payment plan in place

In the trade receivables there is a provision for doubtful debt in the amount of \$175 thousand.

The directors believe that the above stated balances are fully recoverable.

Note 12: Plant and Other Equipment

As at 30 June	2019 (\$'000s)	Additions (\$'000s)	Deductions (\$'000s)	2020 (\$'000s)
Historical cost	846	173 ¹	(45)	974
Accumulated depreciation	(572)	(84)	33	(623)
Total Computer and Office Equipment	274	88	(12)	351
Historical cost	701	2	-	703
Accumulated depreciation	(352)	(50)	-	(402)
Total Leasehold Improvements	349	(48)	-	301
Historical cost	13	17 ¹	-	30
Accumulated depreciation	(2)	(5)	-	(7)
Total Motor Vehicles	11	12	-	23
Total plant and equipment	633	53	(12)	675

¹ Includes assets in business combination - refer to Note 22



Notes to Financial Statements

Note 13: Intangible Assets

The roll-forward of intangible asset balances is presented below for the year ended 30 June 2020:

As at 30 June	2019 (\$'000s)	Additions (\$'000s)	Deductions (\$'000s)	2020 (\$'000s)
Historical cost	5,237	4,250	-	9,487
Accumulated amortisation	(312)	(1,462)	-	(1,773)
Total Capitalised Software Costs	4,925	2,788	-	7,714
Historical cost	8,681	406	(650)	8,437
Accumulated amortisation	(987)	(1,741)	650	(2,078)
Total Other Intangibles	7,694	(1,336)	-	6,358
Historical cost	5,829	183	-	6,011
Accumulated amortisation	-	-	-	-
Total Goodwill	5,829	(183)	-	6,011
Total intangible assets	18,448	1,635	-	20,083

During financial year 2020, the Group capitalised \$4.2 million of platform development costs relating to new features to be included in future versions of the Assessment and Learning platforms. Once in use these assets will be amortised over a three-year period.

Other intangibles include identifiable intangibles related to:

- purchased intellectual property acquired as a result of the purchase of the Ascender content generation business in April 2018
- client relationships acquired when LTC was purchased in April 2019
- intangible assets acquired from the purchase of EA including a CRM, an assessment item bank and online customer portal (refer to Note 22).

Impairment testing for intangible assets

Intangible assets have been allocated to the following cash-generating units ('CGUs'):

As at 30 June	2019 (\$'000s)	2020 (\$'000s)
CGU1: Assessment	4,199	6,412
CGU2: Learning	1,240	2,040
CGU3: LTC	13,009	11,632
Total	18,448	20,083

1. The recoverable amount of each CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on business plan approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using the estimated growth rates stated below. Pre-tax discount rate: (10% was used for both FY2019 and FY2020).
2. Operating cash flow projections are extracted from the most recent approved strategic plans or forecasts that relate to the existing asset base. For each CGU, the cash flow projections for a three-year period have been determined based on expectations of future performance. Key assumptions in the cash flows include sales volume growth and the costs of doing business. These assumptions are based on expectations of market demand and operational performance. Cash flow projections are based on risk-adjusted forecasts allowing for estimated changed in the business, the competitive trading environment, legislation and economic growth.
3. Terminal growth rate at 3% for Assessment and Learning CGUs and 1% for LTC CGU.

For the financial year ended 30 June 2020, the recoverable amount of net assets for all CGUs is greater than the carrying value of the assets and therefore the goodwill and other intangible assets are not considered impaired.

Sensitivity

Management have made judgements and estimates in respect of impairment testing of goodwill and other intangible assets. Should these judgements and estimates not occur the resulting carrying amounts of assets may decrease.

For all CGUs, any reasonable change in the key assumptions (growth rate and discount rate) on which the recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount. At the point when the discount rate increases to 33% or the growth rate falls by 14% the Assessment CGU would be impaired. Should the discount rate increase to 54% or the growth rate fall by 14%, the Learning CGU would be impaired. If the discount rate increases to 16% or the growth rates fall by 12%, the LTC CGU will be impaired.

Note 14: Trade and Other Payables

As at 30 June	2020 (\$'000s)	2019 (\$'000s)
Trade payables	925	587
Employee related and withholdings payable	965	1,156
Sundry accrued expenses	690	5,873
Trade Payables and other accruals	2,579	7,616

The Company has a \$1 million bank over-draft facility with National Australia Bank that bears interest at a variable rate when drawn.

Note 15: Employee Entitlements Accrual

As at 30 June	2020 (\$'000s)	2019 (\$'000s)
Current employee leave entitlements accrual	1,930	1,271
Non-Current employee leave entitlements accrual	171	107

Note 16: Shareholder Loans

There are currently no outstanding shareholder loans.

Note 17: Dividends

There were no dividends paid in the year ended 30 June 2020 (FY19: nil).

Notes to Financial Statements

Note 18: Share Capital and Reserves

The table below details the movements in share capital and reserves for the two years ended 30 June 2020:

Details	Date	Share Capital		Reserves	
		(\$'000s)	No. Shares	(\$'000s)	No. Units
Balance	1 July 2018	35,104	131,026,283	649	11,086,676
Capital raise: placement	4 October 2018	4,910	12,275,000	-	-
Share issue transaction costs, net of tax	4 October 2018	(231)	-	-	-
New shares issued to advisors	13 December 2018	90	225,000	-	-
New shares issued to employees and advisors	11 March 2019	-	900,000	-	-
Employee options exercised	11 March 2019	-	36,668	-	-
Capital raise: placement	29 March 2019	6,000	18,181,818	-	-
Share issue transaction costs, net of tax	29 March 2019	(324)	-	-	-
Share based acquisition payment for LTC	1 April 2019	2,000	6,060,606	-	-
Employee options exercised	3 June 2019	-	46,667	-	-
Loan funded shares	3 December 2018	-	-	393	1,050,000
Performance rights	3 December 2018	-	-	794	800,000
Nil priced options	-	-	-	104	-
Foreign currency translation	-	-	-	9	-
Balance	30 June 2019	47,549	168,752,042	1,949	12,936,676
Employee options exercised	23 July 2019	-	6,667	-	(6,667)
Employee options exercised	6 September 2019	-	633,336	-	(633,336)
Performance rights vesting - Board	6 September 2019	-	4,500,000	-	(4,500,000)
Advisor and employee rights vesting	6 September 2019	-	770,000	-	(770,000)
Issue of new LFS to KMP	6 September 2019	-	150,000	-	-
Issue of Earn-Out equity to LTC vendor	16 September 2019	2,033	6,694,076	-	-
Transaction costs for issue of LTC vendor earn out	17 September 2019	(9)	-	-	-
Escrow release of LTC acquisition shares	2 October 2019	-	-	-	-
Employee options exercised	31 October 2019	-	40,000	-	(40,000)
Employee options exercised	13 December 2019	-	93,334	-	(93,334)
Employee options forfeited	15 December 2019	-	-	-	(173,339)
Escrow release of RTO Board shares	19 December 2019	-	-	-	-
Employee options exercised	20 December 2019	-	13,334	-	-
LTC Earn-Out equity released from escrow	16 March 2020	-	-	-	-
Capital raise	1 May 2020	7,000	28,000,000	-	-
Capital raise - transaction costs	1 May 2020	(211)	-	-	-
Capital raise - listing costs	4 May 2020	(18)	-	-	-
Loan funded shares	Various	-	-	304	-
Performance rights forfeited	Various	-	-	(13)	(150,000)
Performance rights granted	Various	-	-	47	3,878,924
Foreign currency translation	-	-	-	(5)	-
Balance	30 June 2020	56,343	209,652,789	2,282	10,448,924

18.1 Capital Raising and Acquisition transaction

On 24 April 2020 Janison completed a capital raise of \$7 million (before costs) by way of a private placement of ordinary shares for cash consideration to sophisticated and institutional investors (Placement). The Placement was made at a price of \$0.25 per Share and 28 million new, fully-paid ordinary shares were issued. The funds will be used to invest in sales and marketing execution to support a number of international growth opportunities; platform development to target additional market segments, and inorganic opportunities.

On 31 May 2020, Janison Solutions Pty Ltd, acquired 100% of the business assets of Educational Assessments ("EA"). EA was a division of UNSW Global Pty Ltd (a wholly owned subsidiary of the University of New South Wales (UNSW)). The assets were acquired for a total deemed consideration of approximately \$721 thousand, consisting of a cash payment of \$1.00 and assumed employee liabilities of approximately \$721 thousand as a result of the transfer of 32 employees.

EA's flagship formative assessment product, ICAS, is a recognised international elite skills-based competition which is held in 15 countries including Australia, New Zealand, Singapore, Malaysia, Indonesia, Greater China, South Africa and India. Its other products include JET, a curriculum-linked assessment, and REACH, a multi-layered reporting platform for schools.

18.2 Share-based compensation

During the year ended 30 June 2020, share-based compensation was provided to the Chief Executive Officer as follows:

Date Issued	No. of Performance Rights	Share Price on Date of Issue	Vesting Condition	Volatility	Value \$
14-Apr-2020	700,000	\$0.29	1	NA	112,970
14-Apr-2020	3,178,924	\$0.29	2,3	NA	507,038
Total	3,878,924				620,008

Performance Rights were issued to the Group's Chief Executive Officer under a long-term incentive plan. Each performance right provides a right to receive one fully paid share upon vesting. The grant price and exercise price for the rights issued was nil. The share price of the shares on the date of grant is set out above. The performance rights are subject to continuous employment and performance hurdles. The first parcel of rights (700,000) expire if unvested two years from the date of appointment of the Chief Executive Officer on 14 April 2022. The second parcel of rights (3,178,924) expire if unvested at the end of the 3-year measurement period. The value of these rights will be expensed to share-based entitlements expense over the vesting period of 24 months and 36 months respectively, or the actual vesting period, whichever is shorter.

Vesting Conditions

1. 700,000 rights will vest if the Company share price reaches \$1.00 within 24 months of the appointment of the CEO.

A probability of 56% has been applied to this condition.

2. Half of the 3,178,924 performance rights will vest upon achieving a market-based target of Total Shareholder Return (TSR) over a 3-year Measurement Period (FY21-FY23). The Group has assigned this tranche the following weighted probabilities of the Group achieving a TSR relative to the index TSR:

- 40% likelihood of achieving the same growth or up to 10% more than the index
- 30% likelihood of achieving 10% above the index
- 20% likelihood of achieving greater than 10% above the index TSR

3. The second tranche of the 3,178,924 performance rights are conditional upon achieving a performance-based target of average Return on Equity (ROE) for the Measurement Period (FY21-FY23). The Group has assigned this tranche the following weighted probabilities of the Group achieving an average ROE of the following:

- 95% likelihood of achieving greater than 10% but less than 12.5%
- 80% likelihood of achieving 12.5%
- 65% likelihood of achieving greater than 12.5%

Full details can be found on page 38 of the Remuneration Report (section 4.9 - LTIP).

Notes to Financial Statements

To support the business through COVID-19, the Group introduced a salary-sacrifice scheme for its employees and non-executive directors providing the ability to exchange cash remuneration for fully-paid ordinary shares in the Company at a 10% discount to the 20-day volume weighted average price each month. The scheme is anticipated to run for 6 months from 1 April to 30 September 2020 and is subject to shareholder approval which will be sought at the Annual General Meeting in October 2020. As at 30 June 2020 the total amount sacrificed for shares was \$162,571, equivalent to 565,808 ordinary shares. It is expected these amounts will double at the point when the scheme ends on 30 September 2020.

Year ended 30 June	Loan Funded Shares	Performance Rights	Nil Priced Options	Advisor Options & Rights
As of 1 July 2018	5,400,000	4,500,000	946,676	240,000
Average exercise price in dollars	\$0.32	Nil	Nil	Nil
Units granted during the year	1,050,000	800,000	-	-
Units exercised during the year	-	-	(103,336)	-
Units forfeited during the year	-	-	-	-
As of 30 June 2019	6,450,000	5,300,000	843,340	240,000
Average exercise price in dollars	\$0.32	Nil	Nil	Nil
Units granted during the year	-	3,878,924	-	-
Units exercised during the year	-	(5,150,000)	(816,671)	120,000
Units forfeited/expired during the year	-	(150,000)	(26,669)	-
As of 30 June 2020	6,450,000	3,878,924	-	120,000

Weighted average life of: loan funded shares = 2.6 years, Performance Rights = 2.6 years, Advisor Options and Rights = 0.46 years.

Note 19: Contingent Liabilities

There are no contingent liabilities as of 30 June 2020.

Note 20: Key Management Personnel Disclosures

The following individuals were key management personnel of Janison Education Group during Financial Year 2020:

Mike Hill	Non-executive Chairman
Brett Chenoweth	Non-executive Director
David Willington	Non-executive Director
Allison Doorbar	Non-executive Director
David Caspari	Chief Executive Officer
Tom Richardson	Chief Executive Officer and Managing Director (resigned 30 June 2020)
Wayne Houlden	Vice Chair and a non-executive director (appointed on 2 July 2020)
Stuart Halls	Chief Financial Officer

The aggregate compensation made to key management personnel during Financial Year 2020 is set out below:

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Short-term employee benefits	1,419	1,145
Share-based payments	310	1,090
Total compensation	1,728	2,235

Detailed disclosures relating to the key management personnel can be found in the Remuneration Report section of the Director's Report.

Note 21: Related Party Transactions

On 15 September 2011, the Company entered into a 5 year lease for its Coffs Harbour office facility with Houlden Properties, Ltd., owned by Wayne and Jacquie Houlden, (Wayne Houlden is a current executive Director). The lease was renewed in 2016 for an additional 7-year period with an option to renew for a further 7 year period. During financial year 2020, the Company paid \$216 thousand, (\$233 thousand in financial year 2019) as rent under the terms of the contract. The rental fees under the contract were established on the basis of a rental appraisal.

The Company sources content to service some of its Learning Division customers from Execast Pty. Ltd, a company wholly owned by Thomas Richardson, the Company's former CEO and executive director (\$38.5 thousand was paid in FY20 and \$40 thousand in FY19).

The Group engages with the company EduWorld Pty Ltd, owned by Allison Doorbar, a Non-Executive Director of the Company, for consulting and strategic services. No costs were incurred during the financial year 2020 (FY19 \$5,500 in consulting services).

Notes to Financial Statements

Note 22: Business Combinations

On 31 May 2020, Janison Solutions Pty Ltd, acquired 100% of the business assets of Educational Assessments ("EA"). EA was a division of UNSW Global Pty Ltd (a wholly owned subsidiary of the University of New South Wales (UNSW)). The assets were acquired for a total deemed consideration of \$721 thousand, consisting of a cash payment of \$1.00 and assumed employee liabilities of \$721 thousand as a result of the transfer of 32 employees. The valuation of intangible assets was reviewed by internal management.

EA's flagship formative assessment product, ICAS, is a recognised international elite skills-based competition which is held in 15 countries including Australia, New Zealand, Singapore, Malaysia, Indonesia, Greater China, South Africa and India. Its other products include JET, a curriculum-linked assessment, and REACH, a multi-layered reporting platform for schools.

On 1 April 2019, Janison Education Group Limited, acquired 100% of the ordinary shares of LTC Holdco Pty Ltd (the parent entity of Language and Testing Consultants Pty Ltd "LTC") for the total consideration of \$11,890,767. LTC is an exams management business providing invigilation services to Australian and international universities and professional associations.

On 6 September 2019 the Group completed its earn-out component of the acquisition consideration for LTC. Total Adjusted EBITDA for the purposes of the earn-out were calculated to be \$2,361,287 in the FY19 year which gave rise to a \$4,065,006 earn-out payment. The payment was paid as to 50% in the form of fully-paid ordinary shares in the Company and 50% in the form of cash with an amount of \$369,091 withheld from the cash payment for a tax liability arising prior to completion.

AASB 3 Business Combinations allows a measurement period for business combinations to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all the various components of the business combination as of acquisition date.

Details of the acquisition are as follows:

Details	Fair Value (\$'000s)
Property Plant and Equipment	110
Intangible - Item Bank	106
Intangible - Online Shop	45
Intangible - CRM	255
Deferred tax asset	170
WIP - Preparation of the 202 ICAS assessment	36
Net assets acquired	721
Acquisition-date fair value of the total consideration transferred	721
Representing:	(\$'000s)
Cash paid to vendor (paid \$1 cash to vendor)	-
Deemed consideration in the form of employee liabilities	721
Total	721

Acquisition costs expensed to profit or loss

264

Cash used to acquire business, net of cash acquired:	(\$'000s)
Acquisition-date fair value of the total consideration transferred	721
Deemed consideration in the form of employee liabilities	(721)
Cash and cash equivalents	-
Net cash used	-

Note 23: Lease Commitments

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Within one year	365	440
One to five years	736	710
After five years	-	-
Total lease commitments	1,101	1,150

As of June 2020 the above commitments related to leases for buildings located at 394A Harbour Drive, Coffs Harbour NSW 2450, and Wentworth Park Sporting Complex, Level 3 Wentworth Park Rd, Glebe NSW 2037.

On 15 July 2020, the Company entered into a lease agreement for a commercial office in Ultimo, Sydney. The lease commences on 20th July 2020 and terminates on 30 January 2024. Initial rent for year 1 is \$542,290 + GST with a 3% CPI each year thereafter. The total lease commitment over the term of the lease is \$1,945,538.

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Right of Use	2,163	-
Lease liability - current	(248)	-
Lease liability - non current ¹	(2,023)	-
Provision to make good	(110)	-
Increase in accumulated loss on AASB16 introduction	221	-

¹ Includes option to extend the Coffs Harbour lease for a further 7 years.

Note 24: Financial Risk Management

Year ended 30 June 2020	Interest Rate	Floating Interest (\$'000s)	Fixed Interest (\$'000s)	Non-interest Bearing (\$'000s)	2020 Total (\$'000s)
Cash and cash equivalents	0.25%	11,108	-	-	11,108
Trade and other receivables		-	-	4,421	4,421
Total Financial Assets		11,108	-	4,421	15,528
Lease liabilities	4.38%	-	(1,775)	-	(1,775)
Trade and other accruals		-	-	(2,579)	(2,579)
Total Financial Liabilities		-	-	(2,579)	(804)
Net Financial Assets		11,108	(1,775)	1,842	14,724

Notes to Financial Statements

The Group's activities expose it to several financial risks as described above. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. To date, the Group has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposures identified.

The totals for each category of financial instruments, measured in accordance with AASB 9 Financial instruments as detailed in the accounting policies to these financial statements, are as per the table above.

Year ended 30 June 2019	Interest Rate	Floating Interest (\$'000s)	Fixed Interest (\$'000s)	Non-interest Bearing (\$'000s)	2019 Total (\$'000s)
Cash and cash equivalents	1.5%	6,025	-	-	6,025
Trade and other receivables		-	-	7,347	7,347
Total Financial Assets		6,025	-	7,347	13,372
Trade and other accruals		-	(1,500)	(6,116)	(7,616)
Total Financial Liabilities		-	(1,500)	(6,116)	(7,616)
Net Financial Assets		6,025	(1,500)	1,231	5,756

The fair value of financial assets and liabilities equate to their carrying value.

24.1 Credit risk

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the table above.

Credit risk is the risk of financial loss to the company 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.

Credit risk related to balances with banks and other financial institutions is managed by management in accordance with approved Board policy.

24.2 Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

During FY20, the number of Group clients increased by 52 as a result, customer concentration has improved. The three largest clients in FY20 represent 31% of the total revenue (when annualising LTC revenue).

Trade and other receivables (refer to Note 11) that are neither past due nor impaired are considered to be of high credit quality:

As at 30 June	2020 (\$'000s)	2019 (\$'000s)
Australia	3,143	4,723
United Kingdom	118	105
Singapore	792	1,917
New Zealand	38	158
Other	497	444
Total	4,588	7,347

24.3 Market risk

Foreign exchange risk

The Group is exposed to material foreign exchange risk due to debtors with overseas clients and customers as presented in the table above. The Group also incurs expenses and regularly purchases services denominated in US dollars, Singaporean dollars and New Zealand dollars. As of 30 June 2020.

As at 30 June 2020 the Group held \$836 thousand in a Singaporean dollar bank account.

24.4 Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's expected financial commitments in a timely and cost effective manner.

The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The material liquidity risk for the Group is the ability to raise equity or debt financing in the future. As of 30 June 2020, Financial Liabilities and their maturities were as follows:

Year ended 30 June 2020	Rate*	1 year or less	Between 2 and 5 years	Total
Trade and other payables		2,579	-	2,579
Non-Interest Bearing:		2,579	-	2,579
Lease liabilities	4.38%	365	736	1,101
Total Interest Bearing:		365	736	1,101
Total Non-Derivatives		2,944	736	3,380

Year ended 30 June 2019	Rate*	1 year or less	Between 2 and 5 years	Total
Trade and other payables		7,616	-	7,616
Other liabilities		-	-	-
Non-Interest Bearing:		7,616	-	7,616
Loan and borrowings		-	-	-
Total Interest Bearing:		-	-	-
Total Non-Derivatives		7,616	-	7,616

* Weighted Average interest Rate.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

24.5 Interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents. The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on financial liabilities is not material.

Notes to Financial Statements

Note 25: Parent Entity Disclosures

The parent entity has no contingent liabilities nor has it entered into guarantees with subsidiaries.

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Loss for the period	(1,278)	(2,267)
Other comprehensive income	-	-
Total Comprehensive Income for the period	(1,278)	(2,267)
Adjusted for:		
Current Assets	5,255	2,746
Non current Assets	22,404	22,357
Total Assets	27,659	25,103
Liabilities	1,874	7,214
Total Liabilities	1,874	7,214
Total net assets of the parent entity	25,786	17,889
Share capital	84,367	75,573
Reserves	2,363	2,026
Accumulated losses	(60,945)	(59,710)
Total Equity	25,786	17,889

The parent company had no guarantees, contingent liabilities or commitments other than what was disclosed in Notes 19 and 23.

Note 26: Interests in Subsidiaries

Janison Education Group Limited is the legal head of the consolidated group. Janison Education Group owns 100% of Janison Solutions Pty Ltd, LTC Hold Co Pty Ltd and LTC Language & Testing Consultants Pty Ltd.

Janison Solutions Pty Ltd has a 50% equity interest in Janison Asia Pte. Ltd incorporated in Singapore. Janison Solutions has a beneficial 100% interest in the subsidiary therefore no minority interest existed as of 30 June 2020 or 2019.

Note 27: Auditor's Remuneration

Stantons International performed the audit of the financial statements for the years ended 30 June 2020 and 2019. Remuneration paid or to be paid to the Company's auditors with respect to the Financial Year 2020 audit and review of the financial statements was \$70 thousand (\$73 thousand in Financial Year 2019).

Note 28: Contract Liabilities

Contract liabilities substantially increased between FY19 and FY20. The introduction of EA into the Group is the major contributing factor with a \$1.2 million balance of prepaid exams as at June 30 2020. Most of these exams are scheduled to take place in late August and early September 2020.

Note 29: Reconciliation of Net (Loss) Income to Operating Cash Flows

The following table reconciles cash flow from Operations as reported on the Statement of Cash Flows to the Net income (Loss):

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Net Income (Loss), after tax	(2,172)	(1,283)
Depreciation and amortisation	3,607	963
Losses on disposal of plant and equipment	12	9
Non-cash deferred tax benefit	(1,003)	(363)
Cash-based transaction costs reported as investing activities	264	51
Non-cash share-based compensation	412	1,292
Total operating items not requiring cash outlays	3,293	1,952
Trade receivables and other	2,926	(650)
Pre-paid expenses	(507)	196
Trade payables and accruals	(65)	(14)
Employee entitlements	1,003	71
Contract liabilities	2,878	(198)
Income tax	12	151
Effects of foreign exchange	154	46
Changes in working capital items	6,404	(398)
Net cash provided by operating activities	7,523	270

Non-cash financing and investing activities: during the year the Company issued \$2.033 million in shares as part of the acquisition of LTC.

Note 30: Earnings Per Share

Year ended 30 June	2020 (\$'000s)	2019 (\$'000s)
Loss after income tax	(2,172)	(1,283)
	Number '000	Number '000
Weighted average number of ordinary shares used in calculating basic earnings per share	179,836	146,252
	Cents	Cents
Basic loss per share	(1.21)	(0.88)

The group is in a loss position therefore the share-based incentive plans do not affect the diluted earnings per share calculation as potential ordinary shares will be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Note 31: Events after the Reporting Date

There have been no significant events between the balance sheet date and the date these financial statements were authorised for issue.

Directors' Declaration

In accordance with a resolution of the Directors of Janison Education Group Limited, I state that:

1. In the directors' opinion:

- a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporate Regulations 2001 and other mandatory professional reporting requirements;
- i. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1.2 to the financial statements; and
- ii. the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mike Hill

Chairman and Director

Dated: 10 August 2020

Auditor's Independence Declaration

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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Australia

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10 August 2020

Board of Directors
Janison Education Group Limited
Level 5
126 Philip Street
Sydney NSW 2000

Dear Directors

RE: JANISON EDUCATION GROUP LIMITED

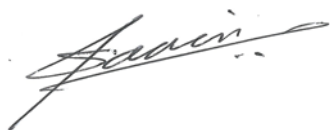
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Janison Education Group Limited.

As Audit Director for the audit of the financial statements of Janison Education Group Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International



Independent Auditor's Report

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JANISON EDUCATION GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Janison Education Group Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined the matters described below to be Key Audit Matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<h3>Carrying Value of Intangible Assets</h3>	
<p>As at 30 June 2020, Intangible Assets totalled \$20,083,000 (refer to Note 13 of the financial report).</p> <p>The carrying value of Intangible Assets is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the Intangible Assets representing 44% of total assets; • The necessity to assess management's application of the requirements of the accounting standards, in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the internally generated assets. 	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> i. We evaluated the Group's accounting policy and compliance with AASB 138 (Intangible Assets); ii. Vouched a sample of the expenses capitalised to supporting documentation and ensured appropriate to capitalise; iii. Requested the Group complete an impairment review in line with AASB 138 and Impairment of Assets (AASB 136), reviewed their assumptions for reasonableness and satisfied ourselves that no impairment was necessary; and iv. Reviewed the disclosures included in the annual report.

Key Audit Matters	How the matter was addressed in the audit
<p><i>Business Combination – Educational Assessments (“EA”)</i></p> <p>During the year, the Company acquired the business assets of Educational Assessments, formally a division of UNSW Global Pty Limited.</p> <p>The acquisition has been disclosed in Note 22 to the financial report and was considered a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the transaction; and • The judgement required in the application of the Accounting Standard Business Combinations (“AASB 3”). <p>AASB 3 Business Combinations required the Group to determine, if the transaction is an asset acquisition or a business combination and the fair value of considerations transferred and the fair value of identifiable assets and liabilities acquired as part of the acquisition.</p>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> i. Examining the contract for the acquisition of Educational Assessments; ii. Reviewing and assessing the determination made by the Group as to whether the transaction is an asset acquisition or a business combination; iii. Assessing the fair value of the net assets acquired as at the date of acquisition; and iv. Considering the adequacy of the financial report disclosures contained in Note 22 in relation to the requirements of AASB 3.

Revenue Recognition

Revenue recognition is a key audit matter due to the material amounts and significant audit effort required by us.

These included, to address the unique circumstances of the individualised contract arrangements the Group enters into and the complexities associated with unbundling single service contracts with a customer for multiple services, and to consider the significance of the Group's judgements relating to the point in time at which revenue is recorded, in particular those relating to the satisfaction of performance obligations and transfer of control of assets.

We focused on these sales as a key audit matter due to these conditions leading to increased risk of incorrect revenue recognition.

Inter alia, our audit procedures included the following:

- i. We assessed the Group's revenue recognition policies against the requirements of AASB 15 (Revenue from Contracts with Customers);
- ii. We tested a sample of significant customer contracts and read the terms and conditions of sale to understand the features distinguishing the revenue elements vis. performance obligations and revenue recognition,
- iii. We obtained management's written assessments and discussed with management the compliance with the performance obligations and revenue recognition within these significant contracts, including the accounting for accrued and deferred revenue.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the directors either intend 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 Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

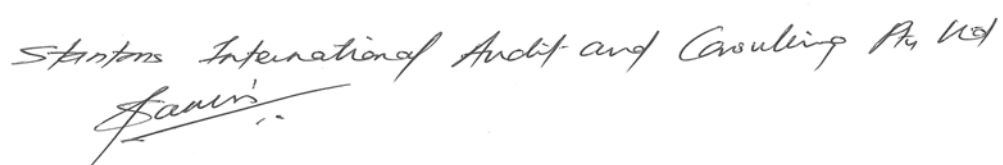
We have audited the Remuneration Report included in pages 32 to 48 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Janison Education Group Limited for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodakr

Director

West Perth, Western Australia

10 August 2020

Additional Information

Number of Holders

As at 10 August 2020

Number of holders of equity securities - ordinary shares: 209,652,796 fully paid ordinary shares held by 935 individual shareholders.

Unquoted Securities

There is one holder of 120,000 unquoted options.

There is one holder of 3,878,924 performance rights.

Distribution of Fully Paid Ordinary Shareholders

Range	No. of Holders of Fully Paid ordinary Shares	No. of Holders of Options	No. of Holders of Performance Rights
1 - 1,000	213	-	-
1,001 - 5,000	199	-	-
5,001 - 10,000	115	-	-
10,001 - 100,000	320	-	-
100,001 - 9,999,999,999	88	1	1
Total	935	1	1
<i>Unmarketable Parcels</i>	<i>223</i>	<i>-</i>	<i>-</i>

Substantial Holders

Name	Shares	% of Issued Capital
NATIONAL NOMINEES LIMITED	36,286,530	17.31
TENTICKLES PTY LTD	33,033,708	15.76
DIPTOE PTY LTD	33,033,708	15.76
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,701,942	8.92
BNP PARIBAS NOMS PTY LTD	15,599,251	7.44
LENROC INVESTMENTS PTY LIMITED	14,704,542	7.01

Additional Information

Top 20 Holders

As at 10 August 2020

Rank	Name	Shares	% of Issued Capital
1	NATIONAL NOMINEES LIMITED	36,286,530	17.31
2	TENTICKLES PTY LTD	33,033,708	15.76
3	DIPTOE PTY LTD	33,033,708	15.76
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,701,942	8.92
5	LENROC INVESTMENTS PTY LIMITED	15,599,251	7.44
6	BNP PARIBAS NOMS PTY LTD	14,704,542	7.01
7	2339351 ONTARIO INC	8,000,000	3.82
8	MR THOMAS CORNELL RICHARDSON	4,400,000	2.10
9	J P MORGAN NOMINEES AUSTRALIA	3,050,309	1.45
10	WAYNE HOULDEN	2,200,000	1.05
11	BREBEC PTY LTD	2,084,875	0.99
12	GINGA PTY LIMITED	1,995,540	0.95
13	JARUMITO PTY LIMITED	1,758,524	0.84
14	SIMON ROTHERY	1,600,000	0.76
15	MR DAVID KYFFIN WILLINGTON	1,416,117	0.68
16	GANG - GANG PTY LTD	1,100,000	0.52
17	MS ALLISON DOORBAR	1,100,000	0.52
18	DIXSON TRUST PTY LTD	892,183	0.43
19	DMX CAPITAL PARTNERS LIMITED	765,689	0.37
20	INDCORP CONSULTING GROUP PTY	600,000	0.29
Total		182,323,468	86.96
Balance of Register		27,329,328	13.04
Grand total		209,652,796	100.00





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