

A blurred background image showing a row of students in a classroom, wearing white shirts and dark ties, looking towards the front of the room.

Janison.

JAN.ASX

Institutional Investor Briefing – 1H22.

 **CCZ Equities**

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23 February 2022

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Business Overview.



Janison is a market leader in digital assessments.

- We operate in a large and growing market – school assessments.
- Our standardised assessment platform has been built in partnership over 10 years.
- Our Assessment Platform delivered 6m digital exams in FY21 in 117 countries.
- Our platform is the global benchmark for high-volume, high-stakes exams.
- Our Educational Assessment products are flagships in the market.
- COVID has rapidly accelerated a permanent adoption of digital assessments.



2.1m+

Digital
assessments
in 1H22



1.3m+

Students
tested in
1H22



200K

Remote
proctored
exams



117+

Countries



200

Employees
50:50 gender



1998

Founded



ASX

Listed 2017



+23%

1H22 revenue
growth

Janison comprises two business units + PISA for Schools.

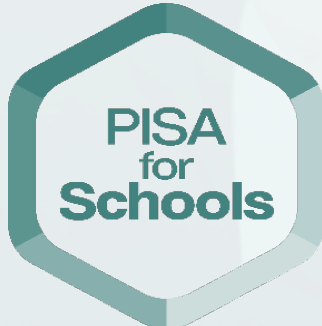
EDUCATIONAL ASSESSMENTS

B2C & B2B2C: Schools & Parents
Assessment Platform + Test Content



Educational Assessment Results (including PISA NSP schools revenue)

As at 31 Dec	1H22	1H21	Growth	
Reported Revenue	\$7.1m	\$5.3m	+\$1.8m	+21%
ARR	\$7.4m	\$4.5m	+\$2.9m	+18%
ICAS Parents	86k	41k	+45k	+110%
ICAS Schools	2,621	2,378	+243	+10%
Horizon Target	\$45-50m p.a. (including PISA NSP schools)			



PISA for Schools spans B2B Assessment Platform (IPP countries) and B2B2C Educational Assessments (NSP schools) and is enabled by both business units.

ASSESSMENT PLATFORM

B2B: Education & Accreditation Bodies
Assessment Platform + Test Services

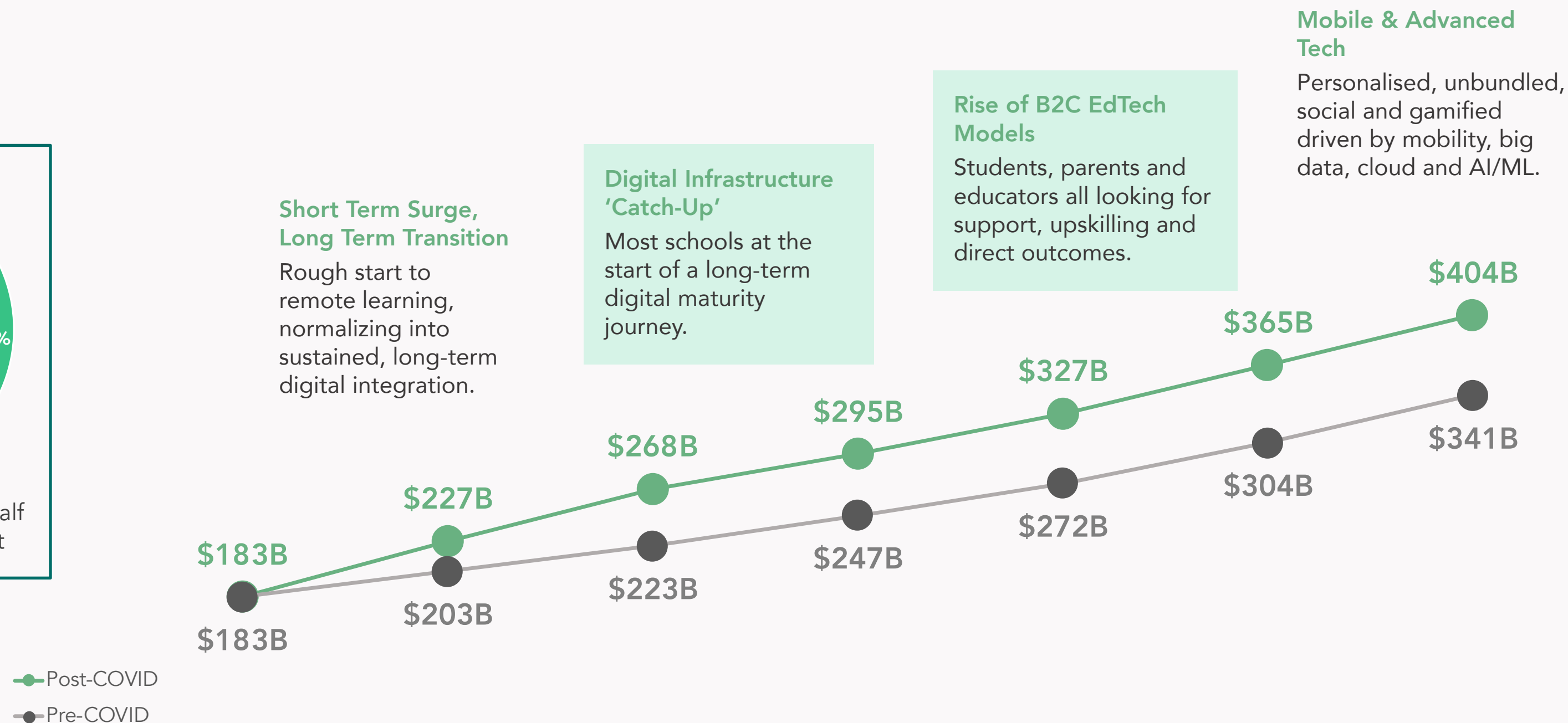
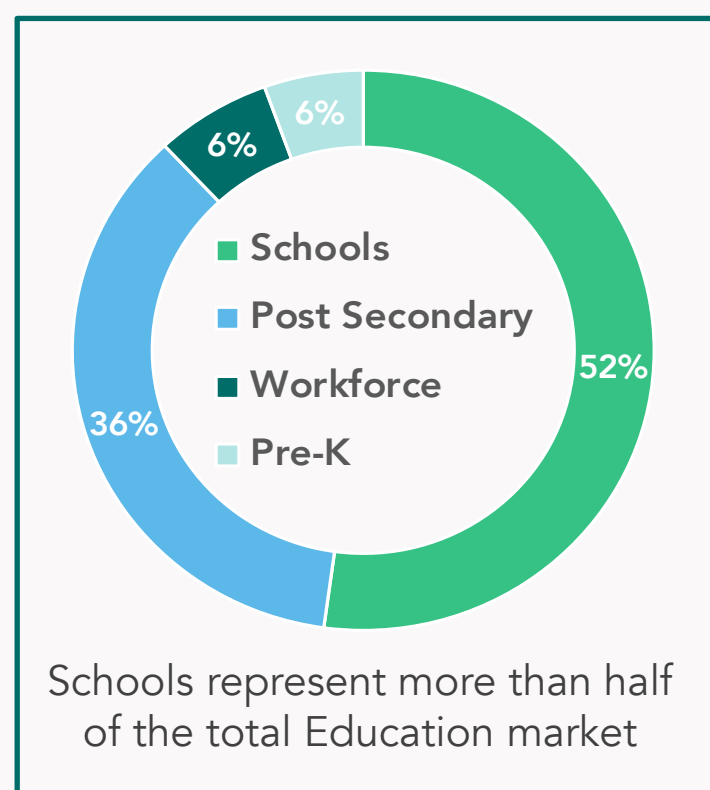


Assessment Platform Results (including PISA IPP countries revenue)

As at 31 Dec	1H22	1H21	Growth	
Reported Revenue	\$9.9m	\$7.1m	+\$2.8m	+39%
ARR	\$11.9m	\$8.6m	+\$3.3m	+38%
Enterprise Clients	14	13	+1	+18%
Horizon Target	\$25-35m p.a. (including PISA IPP countries)			

Group Horizon Revenue Target: \$80-100m (Educational Assessments + Assessment Platform \$70-85m + non-core & acquisitions \$10-15m)

Janison operates in the global EdTech market.



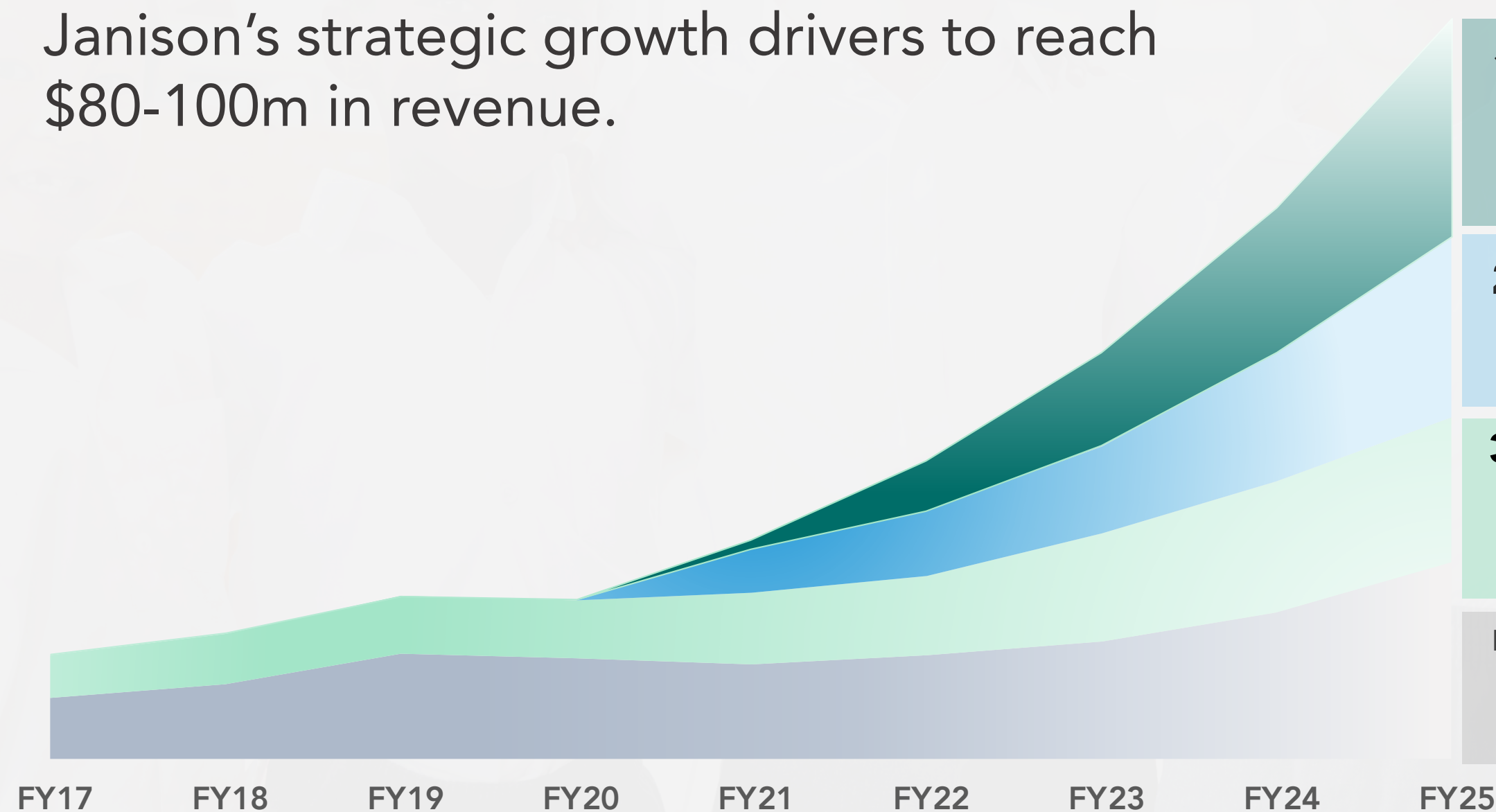
	2019	2020	2021	2022	2023	2024	2025
Total education spend	\$6.1T	\$5.4T	\$5.5T	\$6.0T	\$6.4T	\$6.8T	\$7.3T
Digital education spend (EdTech)	\$183B	\$227B	\$268B	\$295B	\$327B	\$365B	\$404B
EdTech share of total education	3.1%	4.2%	4.8%	4.9%	5.1%	5.3%	5.5%

Horizon & Growth Drivers.



Janison has 3 key revenue growth drivers.

Janison's strategic growth drivers to reach \$80-100m in revenue.



1. Educational Assessments

Returning ICAS to 1 million assessments p.a. at a higher price point, plus a suite of new teacher & parent assessment products.

2. Assessment Platform Clients

Doubling FY21 ARR from \$10m to \$20m with the acquisition and expansion of assessment platform clients.

3. PISA for Schools

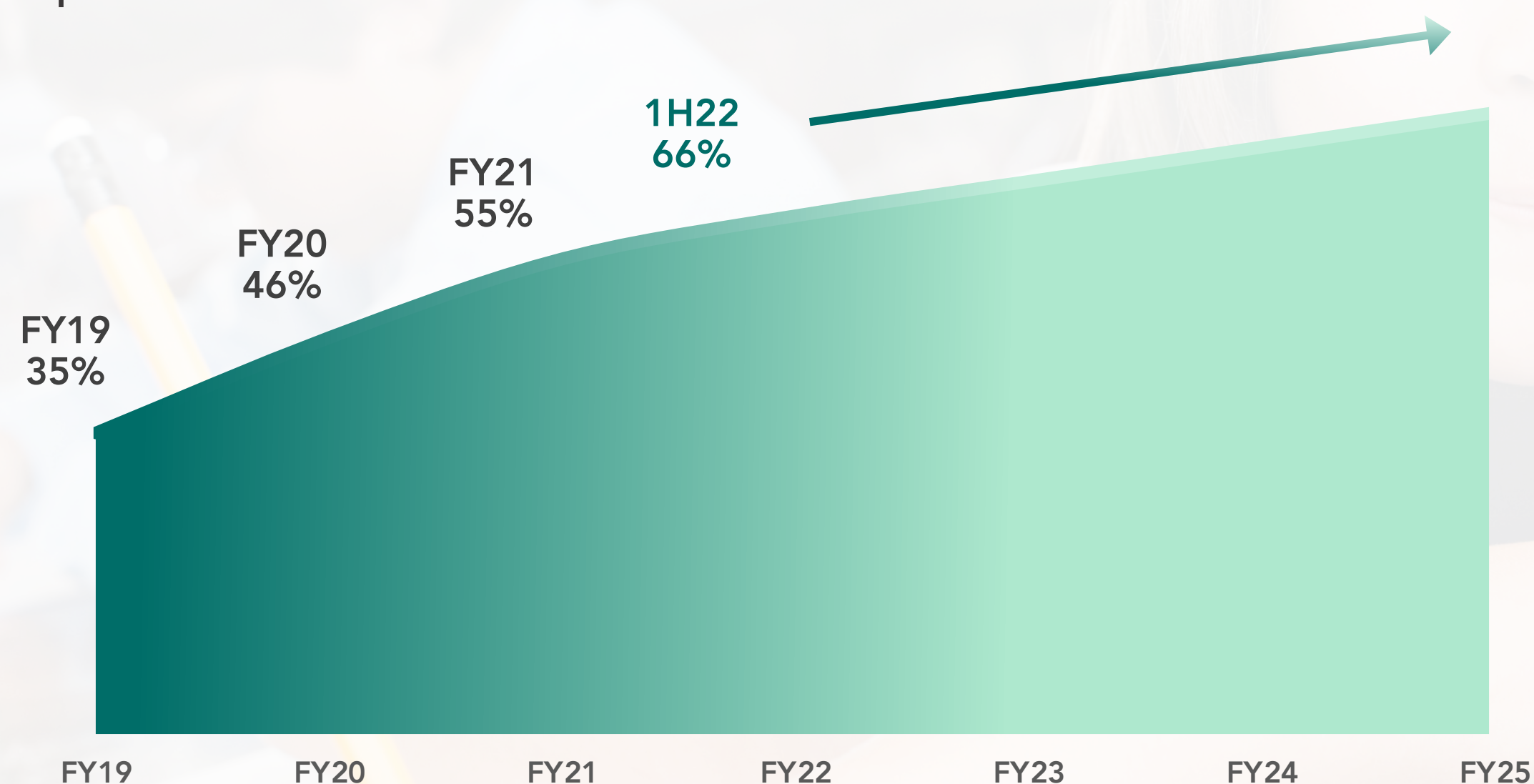
Expanding into 30+ more countries as the IPP (platform provider) and securing 3,000 schools in the US, UK and Australia combined as the NSP (national service provider).

Non-Core & Acquisitions

Acquisition of assessment products and platform customers. Maintaining moderate growth in existing business.

Gross margin is expanding through scale and mix benefit.

Sales mix and product volumes driving margin improvement and scale benefits



GROWTH DRIVERS

Revenue Mix – Assessment Platform

- Historically Janison developed custom assessment platforms for government and large enterprises. As the market matured, Janison consolidated its Assessment functionality and IP into one standardised but highly configurable assessment platform – Janison Insights, in FY20.
- Through the efficiency and scale benefits of this transition Janison has seen significant improvement in Gross Profit margin and expects this trend to continue into the coming years.

Volume – Assessment Products

- Janison produces off-the-shelf school assessment products such as the annual ICAS competition and associated products and practice assessments.
- The cost to produce these products is predominantly fixed in nature, so as Janison continues to increase the volume of these assessment products sold each year it will increase its gross profit and profit margin.

PISA for Schools Overview.



- In 2019 Janison successfully won a global tender from the OECD
- Janison now provides the assessment platform to power the OECD's PISA for Schools test globally
- Through OECD introduction, Janison engages with federal education ministries around the world
- The test provides schools with the best available evidence drawn from OECD data sets to inform best practice
- One of a kind, the only international benchmarking gold standard
- COVID interrupted the global program rollout during calendar 2021 (1H22) but is set to restart in calendar 2022
- PISA for Schools has 2 modes of delivery for Janison: IPP and NSP². NSP is a direct-to-school approach and IPP is a country-level enterprise approach.

17

Countries
enrolled
to-date

10%

Market share in
Australia¹

\$1.4m

ARR in 6
weeks



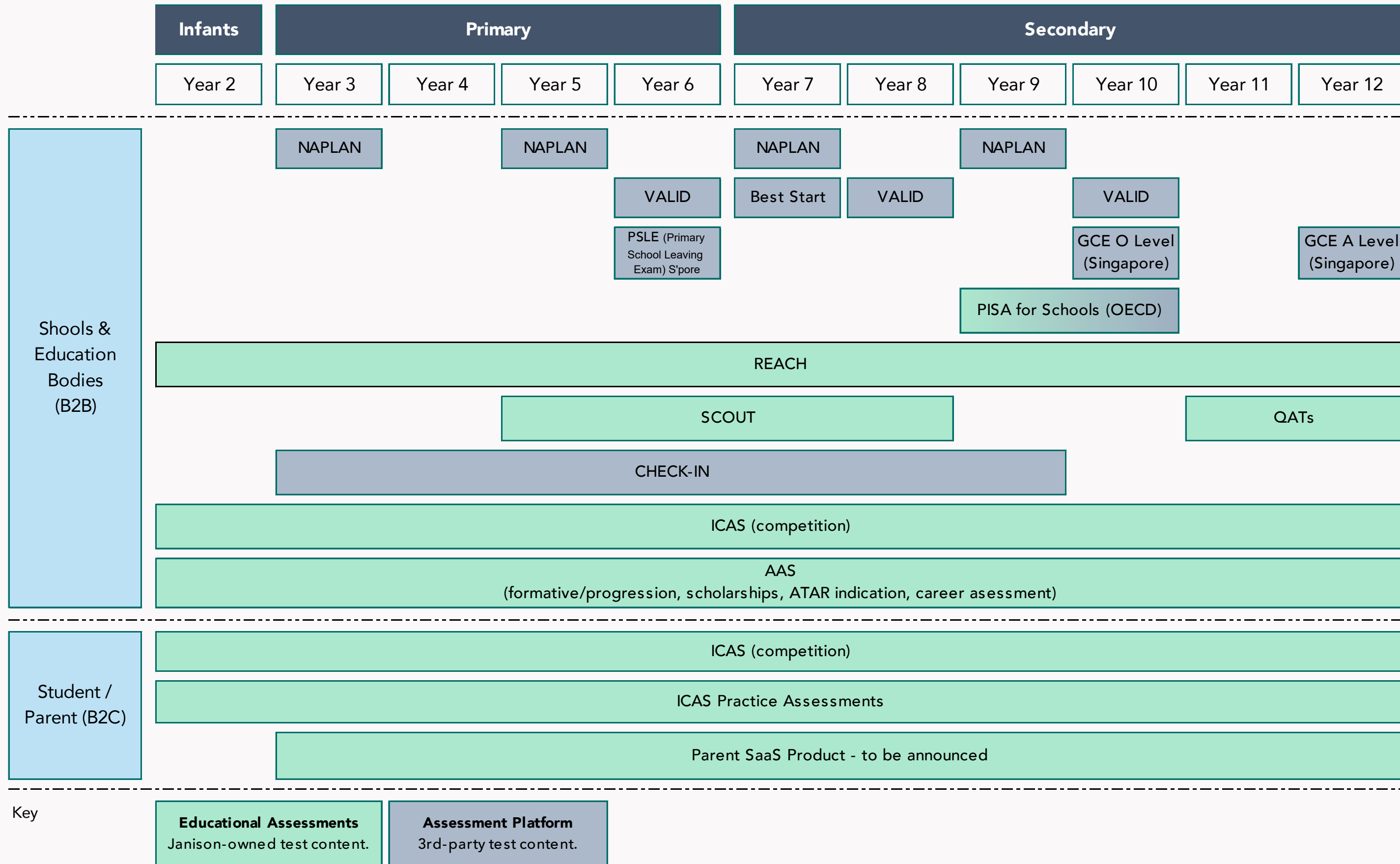
¹ 10% of eligible schools in Australia – PISA for Schools tests 15-year-old students

² IPP = International Platform Provider: Janison provides a licence to its assessment software and limited services. NSP = National Service Provider: Janison provides the software plus manages end-to-end event delivery including direct sales to schools and school bodies.

Educational Assessments ('EA') Overview.

- Educational Assessments ('EA') is one of two business units within Janison
- EA produces and sells a suite of school assessment products for years 2-12 across a range of subjects
- The business unit was formed in 2020 when Janison acquired ICAS Assessments from UNSW¹
- EA develops test items (questions) sold as Janison products and for 3rd parties, e.g. NAPLAN
- In 1H22 Janison acquired two more assessment content business with exceptional test assets:
 - Quality Assessment Tasks ('QATs')
 - Academic Assessment Services ('AAS')
- Combined, EA now has a comprehensive portfolio of well-known school assessments, new test writing capability and a digital question bank of over 40,000 items – utilising the same underlying assessment platform software Janison uses to power its enterprise clients' assessments.
- ICAS now sold into approximately 30% of all schools in Australia (2,600+) and purchased directly by 86k+ parents

The Janison School Ecosystem – Product Overview.



1H22 Results.



1H22 Highlights.

- Total Group revenue up +23% on 1H21 driven by new assessment platform clients and expansion of existing accounts to deliver more tests to more candidates
- Successful acquisition of two highly-regarded Assessment content businesses: QATs and AAS
- +20% growth in gross sales of the ICAS competition and past paper assessments
- Gross Margin improvement of 12 percentage points to 66% from improved revenue mix, scale benefits and cost improvements in the production of ICAS
- Two new high-calibre non-executive directors joined the board in the past few months

\$19m
GROUP OPERATING
REVENUE


+23%

\$19m
ASSESSMENT
ARR


+47%

\$23m
GROUP ARR


+35%

66%
GROUP GROSS
MARGIN


+12PPS

\$16m
ORGANIC ASSESSMENT
REVENUE

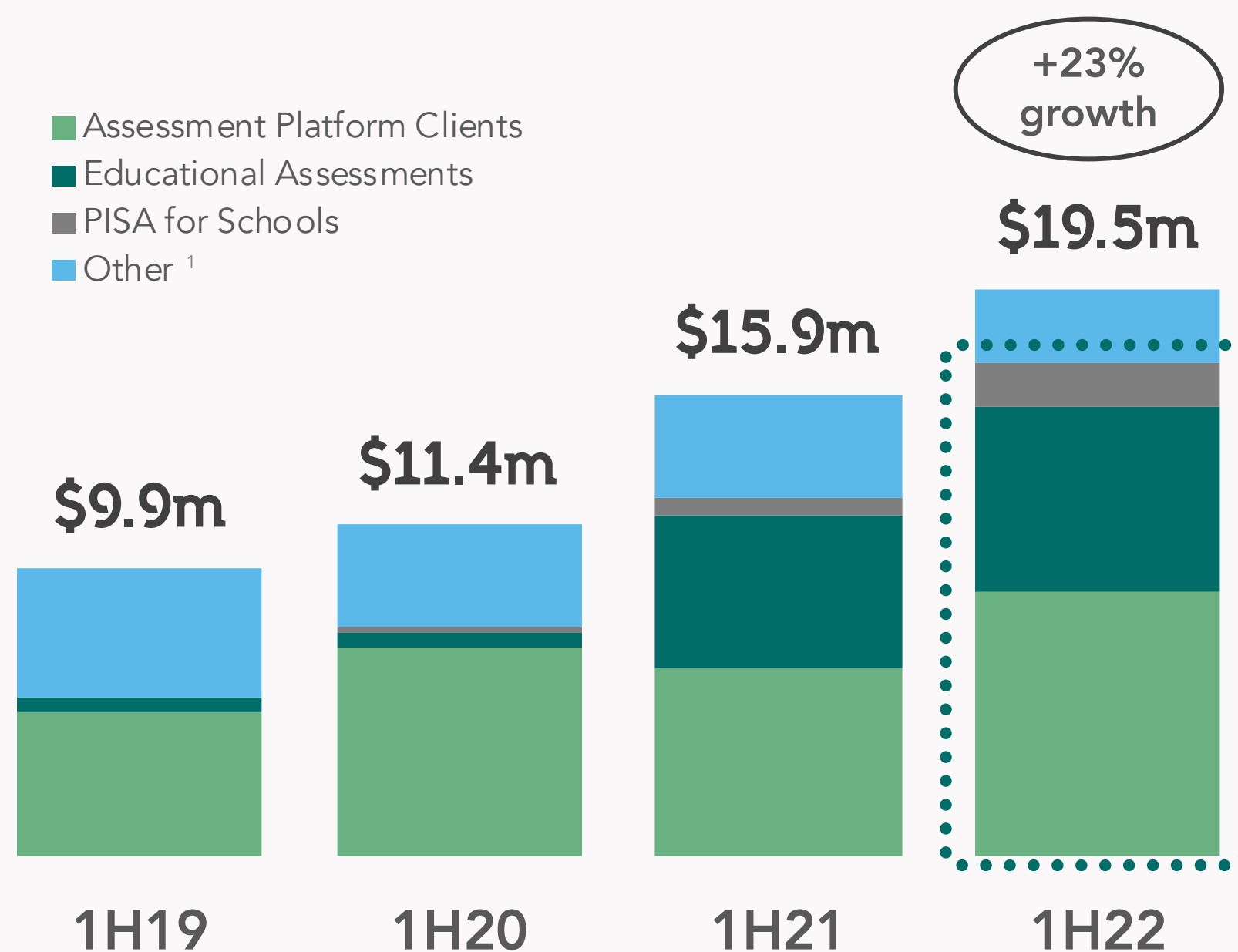

+30%

\$15m
CASH ON HAND¹
(NO DEBT)

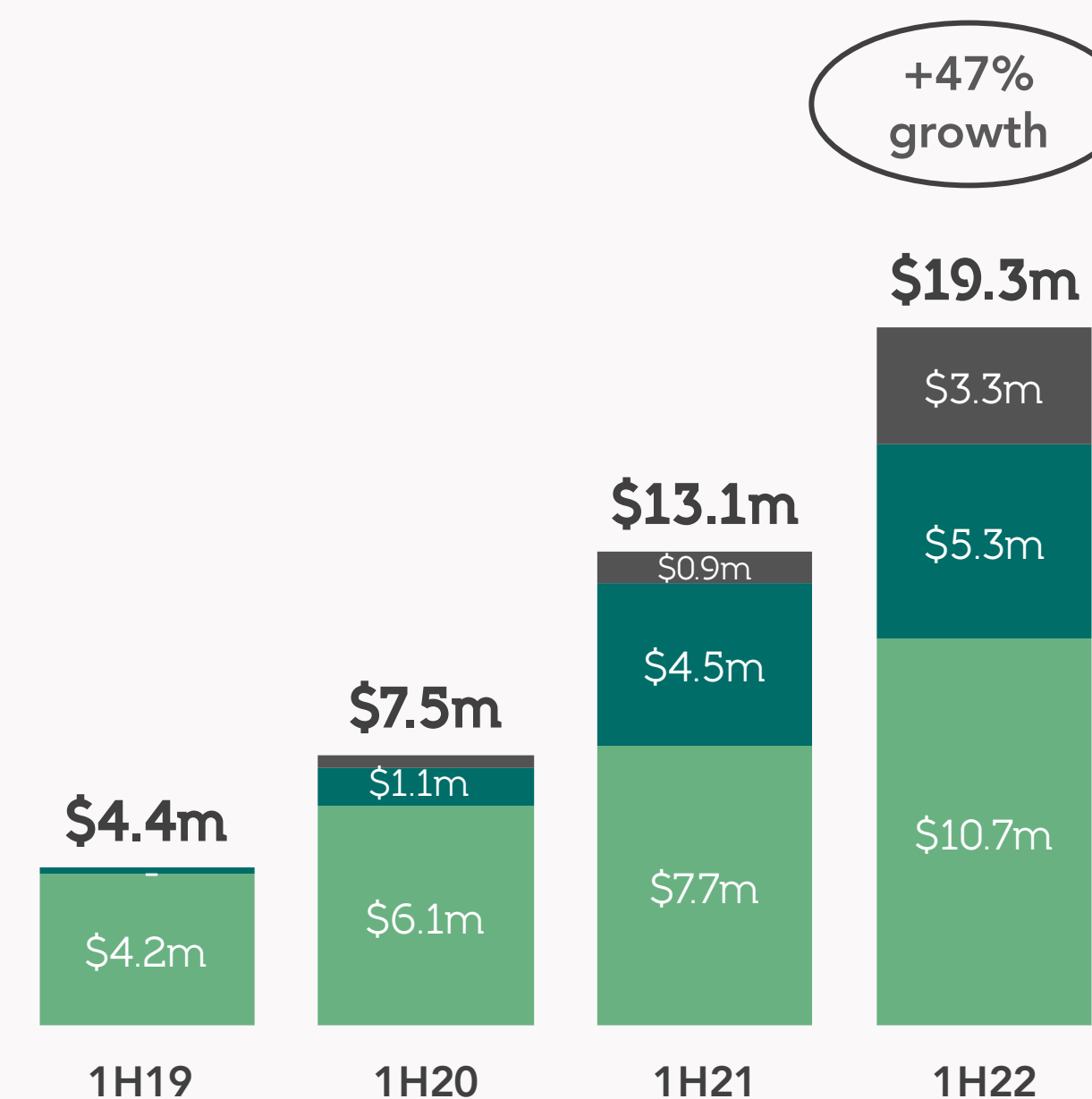

+51%

1H22 Half-Year Revenue and ARR².

1H22 Group Reported Revenue



Assessment ARR at 31 December



1H22 Income Statement.

(\$m)	1H22	1H21	\$ Growth	% Growth
Platform Revenue	15.1	11.8	+3.3	+28%
Services Revenue	4.4	4.1	+0.3	+7%
Group Revenue	19.5	15.9	+3.6	+23%
Cost of Sales	6.7	7.3	(0.6)	(9)%
Gross Profit	12.8	8.6	+4.2	+49%
GM%	66%	54%	+12pps	
Operating Expenses	10.9	5.8	+5.1	+87%
EBITDA	1.9	2.8	(0.8)	(30)%
EBITDA %	10%	17%	(7)pps	
Depreciation & Amortisation	3.2	1.9	+1.3	+66%
Amortisation of Acquired IP	1.3	0.9	+0.4	+47%
Share-based compensation	0.2	0.4	(0.2)	(52)%
Interest, tax and other non-operating	(1.0)	0.1	(1.1)	--
NPAT	(1.7)	(0.6)	(1.1)	+200%
NPAT-A*	(0.4)	0.3	(0.7)	--



* NPAT-A = Net Profit After Tax Adjusted for amortisation of acquired IP. Acquired IP includes the value attributed to client relationships and purchased item banks (intangibles) at the time of acquisition for LTC (April 2019), ICAS Assessments (June 2020), QATs (Oct 2021), and AAS (Nov 2021). Client relationships and item banks are amortised over a 5-year period.

COMMENTARY ON 1H22 INCOME STATEMENT

Revenue

- Group revenue expanded +23% through execution of Janison's 3 growth drivers:
 - PISA for Schools rollout – now in 17 countries (vs. 8 in pcp)
 - EA (ICAS) growth – price increase and growth in practice tests
 - Assessment Platform - new client wins, notably Chartered Accountants ANZ and Cambridge Assessment, and the expansion of NSW Dept. of Education and Education Services Australia. Acquisition of QATs and AAS generated \$0.8m in Nov/Dec 21.

Gross Margin

- Continued revenue mix improvement towards SaaS clients on Janison's standardised assessment platform ('Insights'), higher volumes of assessment product sale (which have a fixed cost e.g. ICAS, PISA), and the reduction of custom software development, have all driven further GM increase of +12 percentage points this year on the path to a horizon target of mid-70% GP.

Opex

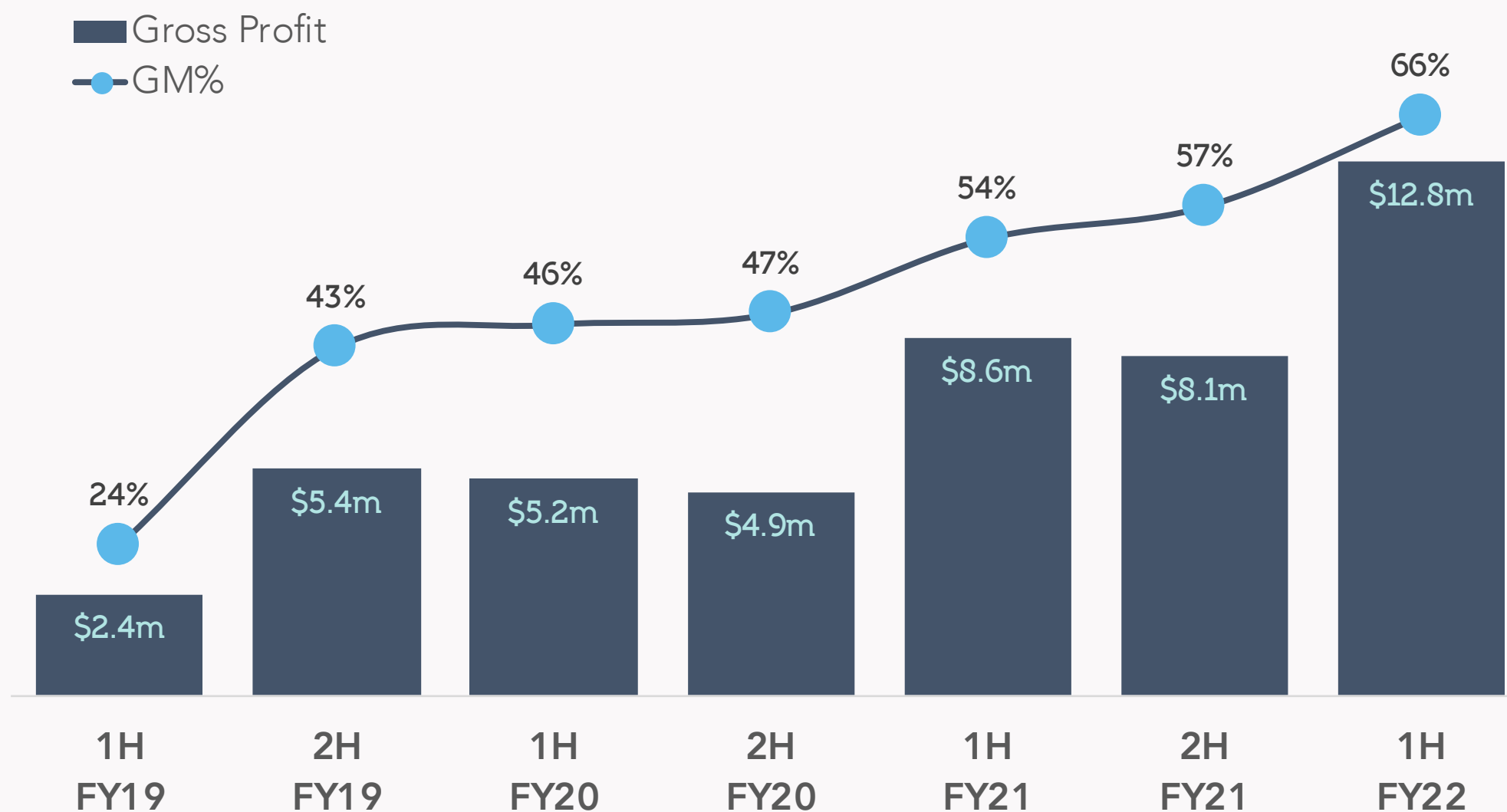
- Opex increased in 1H22 due to:
 - The Opex of acquired businesses (AAS & QATs) in Nov 2021 (+\$0.3m) which will add a further \$2m of Opex in 2H22 and \$3.5m in FY23.
 - Annualisation impact of hiring throughout FY21 in various functions (Sales, Marketing, Corporate, Tech +\$2.2m)
 - Establishment of a global event delivery team to support international PBTS and ICAS (+\$1.5m in 1H22 and the same expected in 2H22).
 - New product research and launch investment – new direct-to-parent product launching later in 2022 (+\$0.5m Opex in 1H, 2H, and \$1.5m FY23).
 - JobKeeper and other government grants in FY21 (+\$0.6m, \$0m in FY22)

D&A

- Total D&A increased by \$1.7m in 1H due to \$0.1m from additional lease depreciation (AAS); \$0.4m from the amortisation of the AAS acquisition business valuation and \$1.2m from increased product development. Monthly D&A now at \$1.1m for the remainder of FY22 with incremental increases expected in FY23.

1H22 Gross Margin Expansion.

Half Year Gross Profit and Margin



COMMENTARY ON GROSS MARGIN

Revenue Mix Improvement

- Since FY19 Janison has focused on selling its standardised but highly configurable assessment platform – Janison **Insights**, and ceased offering custom development for new clients. The efficiency benefits of more standardised assessment customers is enabling cost efficiency and improving gross profit margin.
- Janison believes this will continue to deliver higher gross profit margins in the coming years as the business transitions further towards fully standardised recurring revenues.

Increased volume of Assessment Product Sales

- One of Janison's 3 growth drivers is its suite of off-the-shelf school assessment products such as the ICAS competition. Test content for these products is developed and designed in-house each year. Digital delivery of these assessment products gives rise to little incremental variable cost therefore the greater number of test products sold each year, the more profitable this business becomes.
- The ICAS competition has historically sold 1 million tests p.a. before digitisation by its previous owner and pre-COVID. Janison sold 369,00 tests in FY22 (up from 290,000 in FY21) and believes it can recover back to 1 million tests p.a. in the coming years through improved market conditions, better marketing efforts, greater international expansion and remote 'at home' delivery.

1H22 Cash Flow.

For the six months ending 31 December

(\$m)	1H22	1H21	\$ Change	% Change
Customer Receipts	17.2	15.3	+1.8	+12%
Payments to Suppliers	(17.8)	(13.4)	(4.5)	(34)%
Other (tax, interest and other)	0.0	(0.1)	+0.1	--
Operating Cash Flows	(0.6)	1.9	(2.5)	(133)%
Acquisition Costs	(6.3)	--	(6.3)	--
Product & Item Development	(3.6)	(2.5)	(1.1)	(44)%
Plant & Equipment	(0.1)	(0.2)	+0.1	+39%
Investing Cash Flows	(10.0)	(2.7)	(7.3)	(276)%
Proceeds from Capital Raise	2.9	--	+2.9	--
Release of Lease Liabilities	(0.5)	(0.3)	(0.1)	(44)%
Financing Cash Flows	2.5	(0.3)	+2.8	--
FX Effect	(0.0)	(0.1)	+0.1	--
NET CASH FLOW	(8.1)	(1.2)	(7.0)	--
Opening Cash Balance	23.1	11.1	+12.0	+108%
CLOSING CASH BALANCE	15.0	9.9	+5.1	+51%

J.

Cash balance includes \$10m held in liquid assets and marketable securities. As part of Janison's capital management strategy, temporary surplus cash is invested in low-risk assets during the year, available on call within 3-5 days.

COMMENTARY ON CASH FLOW

Highlights

- Strong cash balance of \$15m including liquid assets on hand at 31 December 2021 expected to remain strong through to 30 June 2022.

Customer Receipts

- Cash received from customers increased by +12% due to the increase in sales of assessment platform licences, assessment products, and associated test services. Receipts did not increase in line with the +23% increase in revenue due to early payment by two major clients in Q4 FY21 relating revenue recognised over the course of FY22.
- Janison receives payment from parents and schools in advance of the annual ICAS competition which is sold between April and July each year (2H) but delivered and recognised as revenue between August and September (1H).

Payments to Suppliers

- Payments to suppliers comprises labour cost – direct labour (development, product, professional services) and opex labour (functional cost centres); it also includes the cost of 3rd party cloud hosting, security, and 3rd party software licences fees.
- Direct labour supports the delivery of exams for Janison clients and develops new tests for Janison assessment products such as ICAS. Similar to cash receipts for ICAS, costs are paid but held as a prepayment during the year and expensed to the P&L during the event (Aug-Sep – 1H).

Acquisition Costs

- The acquisition of two businesses in 1H22 (QATs and AAS) required a gross cash outlay of \$7.1m including acquisition fees, \$6.3m net of cash acquired on completion.

Product Development

- Janison continues to invest in new Assessment platform functionality, design and security to maintain its market-leading position. It capitalises the cost of producing digital test items which are reused as practice assessments. Items (questions) are amortised over 5 years. New Assessment platform development costs are amortised over 3 years.

Proceeds from Capital Raise

- In July 2021 Janison raised \$3m before costs via a Share Purchase Plan (SPP). Funds are being deployed in Opex and Capex to support the 3 key growth strategies and new product development.



PISA For Schools: New signings and global test delivery despite COVID interrupting rollout plans.

National Service Provider (NSP) Update:

- 250 schools contracted in Australia. Successful pilot with Australian National Catholic schools in 1H22, go-live expected in 2H22
- 60 Schools in US contracted
- 50 Schools in UK committed (across all 4 countries)

International Platform Provider (IPP) Update:

- European Schools testing in March, ~\$200k revenue in Yr. 1 plus approval to test in a further 6 European countries.
- Andorra committed to test in April 2022.
- Russia renewed for a 3rd year at ~\$500k revenue p.a.
- Brazil delivering in FY22 for 2nd time plus 2-year renewal at \$250k revenue p.a.

	Country	Janison's role	Signed
1	Brazil	Platform Provider	June 2019
2	Russia	Platform Provider	September 2019
3	USA	Platform & Service Provider	October 2019
4	Portugal	Platform Provider	January 2020
5	Spain	Platform Provider	January 2020
6	Pakistan	Platform Provider	February 2020
7	Japan	Platform Provider	February 2020
8	Thailand	Platform Provider	July 2020
9	Australia	Platform & Service Provider	March 2021
10	China	Platform Provider	March 2021
11	England	Platform & Service Provider	May 2021
12	N. Ireland	Platform & Service Provider	May 2021
13	Scotland	Platform & Service Provider	May 2021
14	Wales	Platform & Service Provider	May 2021
15	Kazakhstan	Platform Provider	May 2021
16	European Schools	Platform Provider	October 2021
17	Andorra	Platform Provider	October 2021
17	Total	11 x Platform, 6 x Service	
90	<i>Total Addressable</i>	<i>~90 countries (PISA Study)</i>	

J. COVID disruption believed to have reduced sales by c.\$2m in FY22.

ICAS FY22: +20% growth, on track to horizon target; direct-to-parent market opens up.

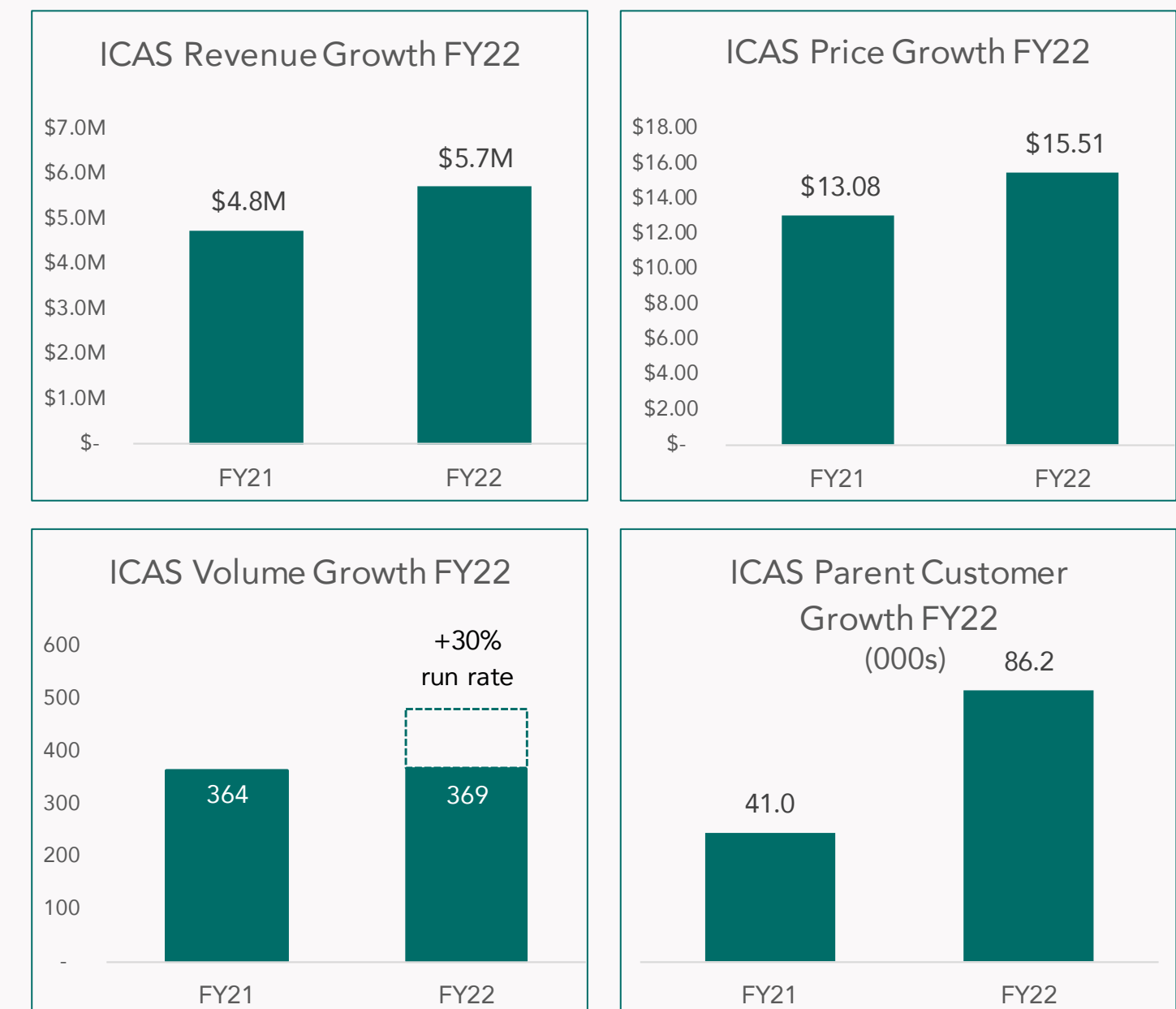
1H22 ICAS Competition Summary:

- \$5.7m gross sales, +20% growth on pcp, 369k tests sold.
- **Normalising for COVID, sales were on track for +30% higher volume – equivalent to c.\$2m of high-margin² revenue foregone in 1H22.**
- Robust price increase of +19% increase (average +\$2.43 per test) with no impact on volume trajectory – strong price inelasticity.
- 86k parent customers and contact details acquired (up +45k).

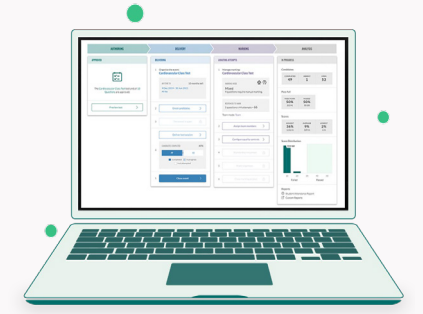
COVID accelerated a '**direct-to-parent**' proposition for ICAS. At-home trials successfully delivered in 1H22 to mitigate future disruptions and allow more streamlined overseas expansion.

Further details on Janison's 'direct-to-parent' product development on slide 25.

ICAS Results: 1H21 vs. 1H22



Assessment Platform: expansion of existing accounts exceeds management expectations.



Existing customer expansion

- NSW Check-in exams sat during 1H22 to more school year groups – 785k tests completed (+148% growth on pcip)
- Chartered Accountants ANZ (CAANZ) fully implemented and seeing higher volumes of candidates
- NSW selective schools entrance exams delivered online for the first time in 1H22 (Cambridge Assessment)

Acceleration of remote proctoring business

- More than 200,000 remote tests delivered in the past year

Strong pipeline of new customers

- NSW Maritime Services (boat licence certification) implemented and live in 1H22
- Healthy funnel of domestic and international sales opportunities
- Deals expected to close and be recognised during FY22

Acquisitions: Increased M&A activity in 1H22 and beyond.

QATs (Quality Assessment Tasks) & Academic Assessment Services (AAS)

- QATs acquisition completed on 19th October, AAS on 29th November
- Integrations underway, synergies being realised
- Combined sales & marketing activity planned for 2H22



Pipeline of further acquisitions

- Currently reviewing more acquisitions targets in both business units:
 - **Educational Assessments:** Aggregating school assessment content and customer acquisition
 - **Assessment Platform:** Technology bolt-ons to expedite product roadmap development in each of the stages of high-stakes exam delivery on a large scale.

Outlook.



Full Year Financial Outlook FY22.

Revenue

- 2H22 Revenue growth expected to be +45% on 2H21 PCP
 - Additional upside potential in live sales pipeline with high EBITDA conversion
- Approximately \$5m of high-margin revenue lost during 1H22 from ICAS and PISA for Schools due to COVID lockdowns forcing school closures in NSW and Victoria
 - High probability of recovering this revenue in a non-COVID environment in FY23
- 1H vs 2H typically seasonally weighted towards 1H given ICAS and Check-In test events

Gross Profit

- Gross margin expected to remain strong at +65% in 2H22

Opex

- 1H22 Opex flat plus acquired opex (AAS & QATs – c.\$2m in 2H22)
 - Management working through cost benefits from acquisitions

Outlook: New Parent SaaS Product Launching mid 2022.

\$1.5m investment in new direct-to-parent SaaS product during FY22

- 1H22 began development of a unique practice assessment SaaS product for parents.
 - Janison content includes 40,000 high-quality test items (questions) from ICAS, QATs and AAS.
 - 40 years of test development and 30 years of exam delivery know-how & world-class psychometrics.¹
- Revenue model for this SaaS product will be an annual subscription, priced per learner or family, with access to an extensive library of practice assessment content on Janison's digital assessment platform.

Background

- In recent years the Janison ICAS competition sales model has transitioned from a '**direct-to-school**' to '**direct-to-parent**' with now over 86,000 parents transacting directly with Janison in 1H22 for the purchase of ICAS.
- Demand from parents for practice assessments is substantially high – both in affluent and aspiring segments of the market for a range of subjects and purposes spanning academic and wellbeing measurement.
- The parent segment of the Schools market represents a new revenue stream for Janison with approximately 800,000 households in Australia and a TAM of approximately \$200M.

Q&A.

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