



Janison.

JAN.ASX

FY22 Annual Results Investor Update.

David Caspari
CEO & Managing Director

Stuart Halls
CFO

22 August 2022

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Overview

FY22 Operational Results

FY22 Financial Results

New Product Launch

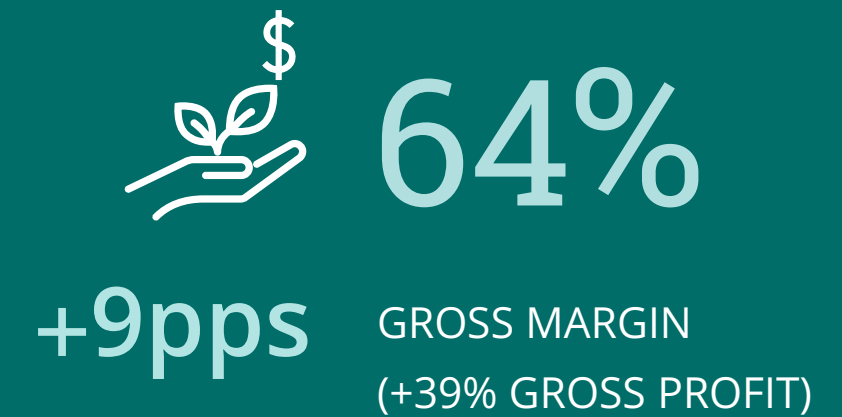
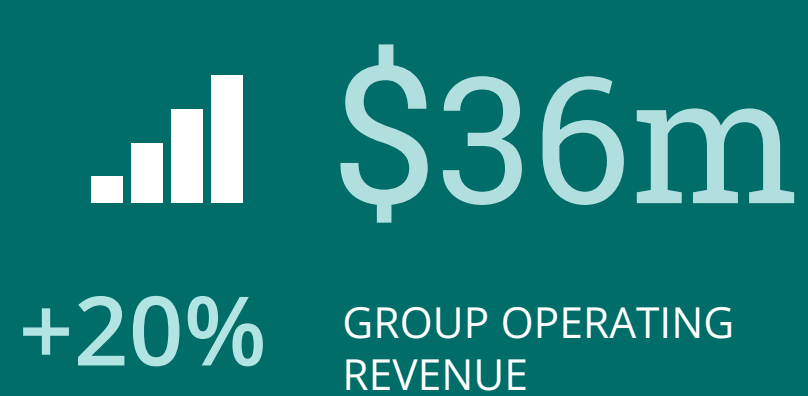
Outlook & Horizon



FY22 Highlights.

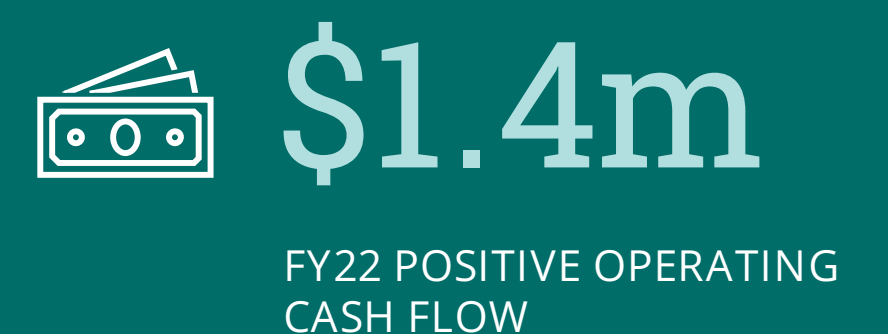
Group revenue +20% vs. FY21

- New customer acquisition
- Increased number of digital assessments
- Growth in all 3 revenue drivers



Gross profit +39%, gross profit margin +9 ppts on FY21

- Cumulative 29-percentage point increase since FY19 (from 35% to 64% GP).
- Improved revenue mix, pricing, scale benefits and efficiency contributing to continued GP margin growth



Streamlined (“future-proofing”) operating model implemented in June 2022 with c.\$6m of cost-out

- \$1.4m positive operating cash flow in FY22



New platform (‘RiSE+’) successfully launched June 2022

- Designed for parents of school-age children
- Leverages Janison’s vast library of existing high quality digital assessment items.

Our business.

Janison is a market leader in digital assessments



Purpose-led

Janison's purpose is to unlock the potential in *every* learner. Our technology is built to be accessible on almost any device, any browser, with any network capability, and equitable for learners of all backgrounds and abilities – globally.



Proven delivery record at scale

Built in partnership with governments and enterprises globally, we're trusted to deliver over 8.6 million digital assessments across 117+ countries in FY22 with platform and services capable of delivering hyper-scale exam events.



Products by educators, for educators

Founded by educators and developed in partnership with global education thought leaders, we understand the needs of educators and how to develop flagship assessment products, loved by schools and parents, that deliver insights that power effective interventions that have real learning impact.



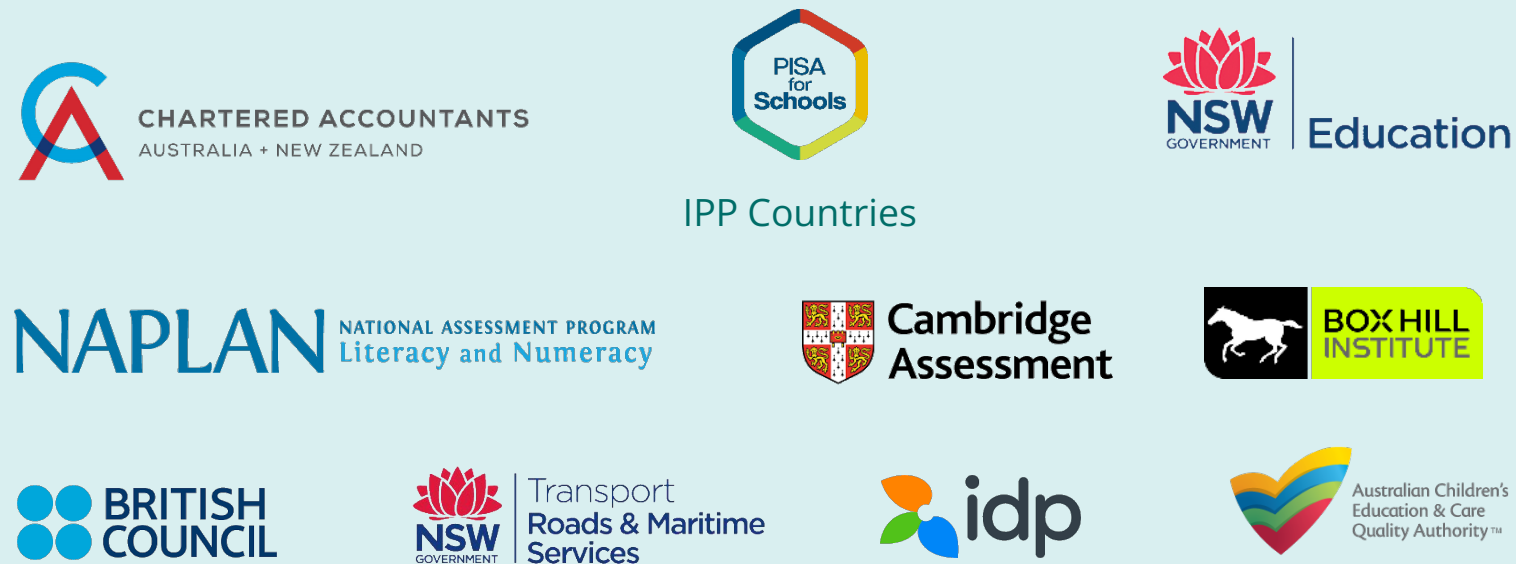
Exam integrity, security and privacy

We offer technology that allows educators to deliver exams that ensure student validation, integrity and the highest levels of security to give our customers the peace of mind they need to deliver high-stakes exams online and remotely.

Our business.

'Janison Solutions' Assessment Platform Enterprise & Government

Selected clients



IPP Countries

Assessment platform technology
for high stakes exams

Assessment
Services

Learning Platform
(LMS)

Learning Content
Development

'Janison Assessments' K-12 Assessment Products Schools & Parents

Selected brands



K-12 Assessments, Progression
tests, benchmarking,
competitions, scholarships

K-12 educational assessment
content development

Educational assessment
services*

J.

'Janison Solutions' is the combination of the former enterprise business units; Assessment, Learning and JEM (Janison Exam Management) now all combined into one B2B business unit. 'Janison Assessments' is the combination of the three acquisitions made since June 2020: ICAS (UNSW Global), QATs and AAS.

* Includes psychometric services, item trialing, marking, etc.

Our growth.



Revenue Drivers

'Janison Solutions' Platform

- Adding new major B2B enterprise clients
- Expanding existing clients on the Janison Insights[®] assessment platform
- Focus on key international markets targeting education departments, accreditation bodies and global publishers

'Janison Assessments' Products

- International expansion and domestic recovery to 1 million ICAS tests p.a.
- Product expansion through recent acquisitions of AAS and QATs
- Developing new markets for existing test assets (e.g., RiSE+ for parents)

PISA for Schools

- Exclusive 5+5 year partnership with the OECD since 2019
- Addressable market of up to 90 countries for PISA for Schools
- National service provider in US, UK and Australia with a target of 1,000 schools in each.

M&A / Inorganic

- Acquisition of assessment products and platform customers.



Profit Drivers

Revenue Mix

- 3 Revenue drivers all generate gross margins greater than 70%

Scale

- Continued growth in test volumes will deliver scale benefits on products with a fixed cost base (e.g., ICAS)
- Monetising existing database of 40,000+ test assets for new markets (e.g., RiSE+)

Efficiency

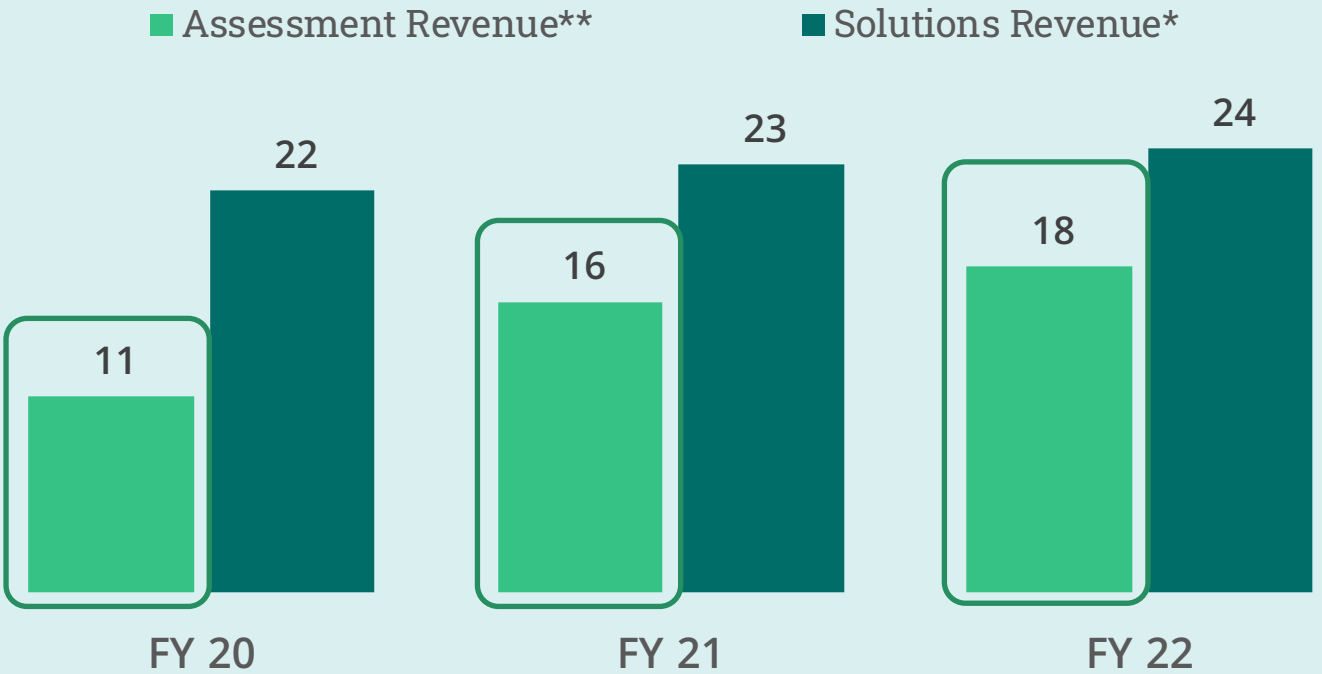
- Migrated from bespoke platforms to a single, standardised but configurable platform.
- Realising material efficiency benefits of developing, maintaining and supporting fewer platforms.

\$6 million cost reduction ("future proofing")

- Reorganisation of business unit structure, realising acquisition cost synergies and more efficient operating model to create a nimbler organization with lower cost base for FY23

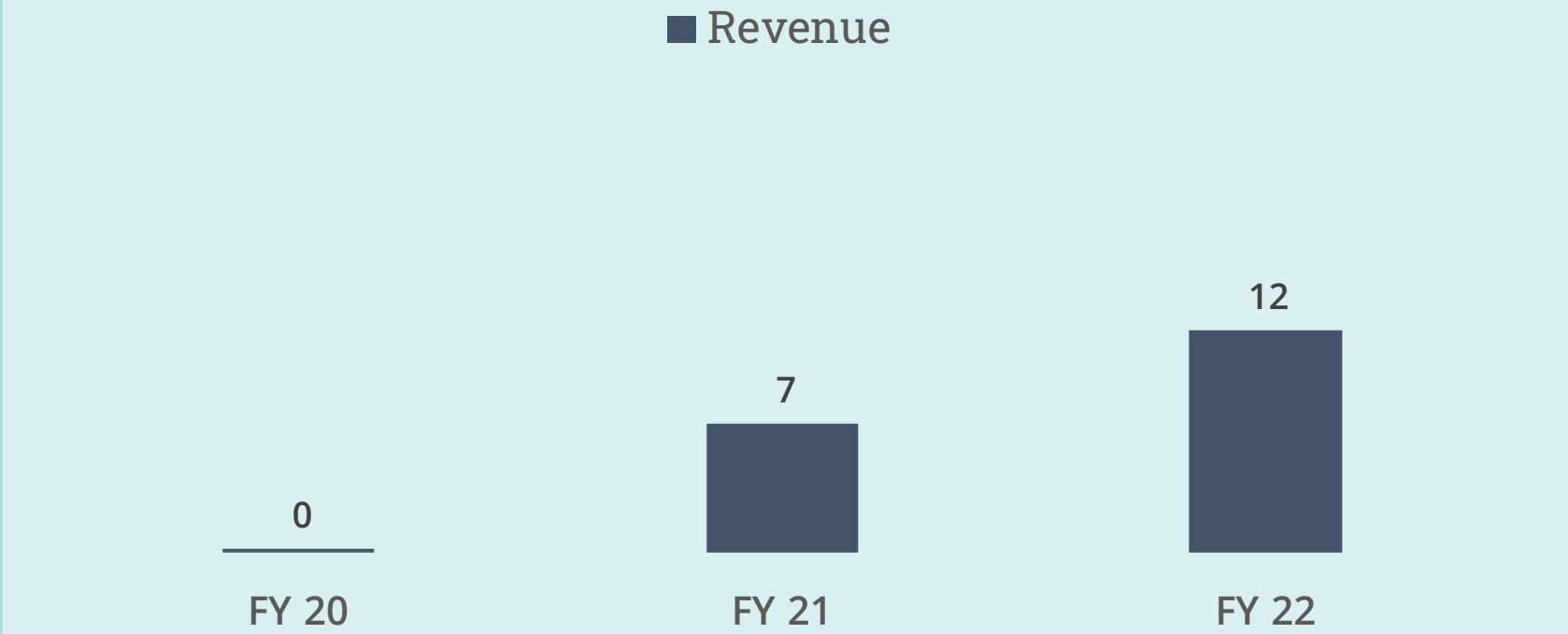
Business performance.

'Janison Solutions' Assessment Platform Enterprise & Government



As at 30 June (\$m)	FY22	FY21	FY22 Growth	
Solutions Revenue	\$23.9m	\$23.0m	+4%	+\$0.9m
Assessment Revenue**	\$17.6m	\$15.7m	+12%	\$1.9m
ARR	\$16.2m	\$15.5m	+5%	+\$0.7m

'Janison Assessments' K-12 Assessment Products Schools & Parents

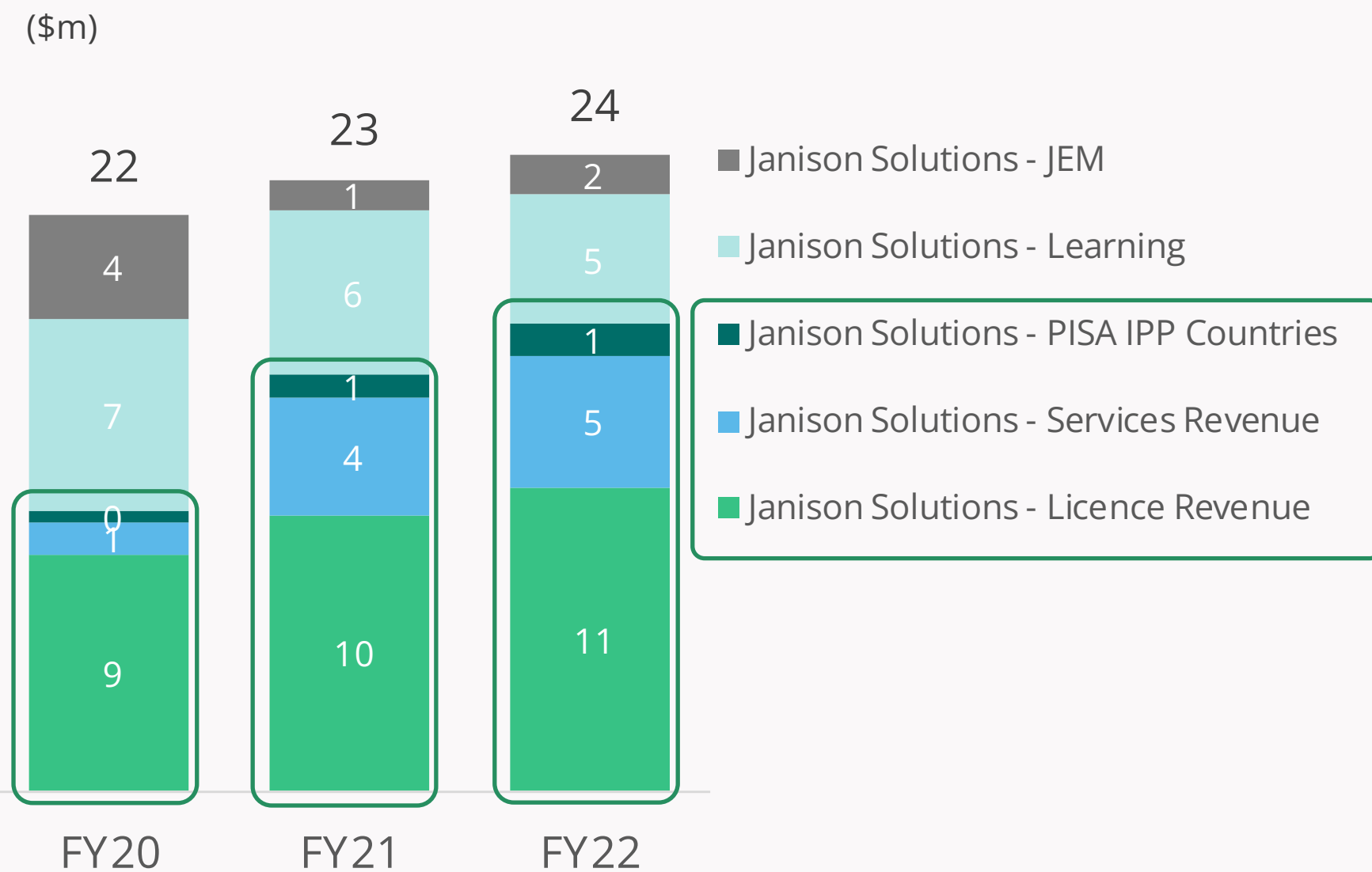


As at 30 June (\$m)	FY22	FY21	FY22 Growth	
Reported Revenue	\$12.4m	\$7.2m	+72%	+\$5.2m
ARR	\$9.0m	\$7.1m	+26%	+\$1.9m

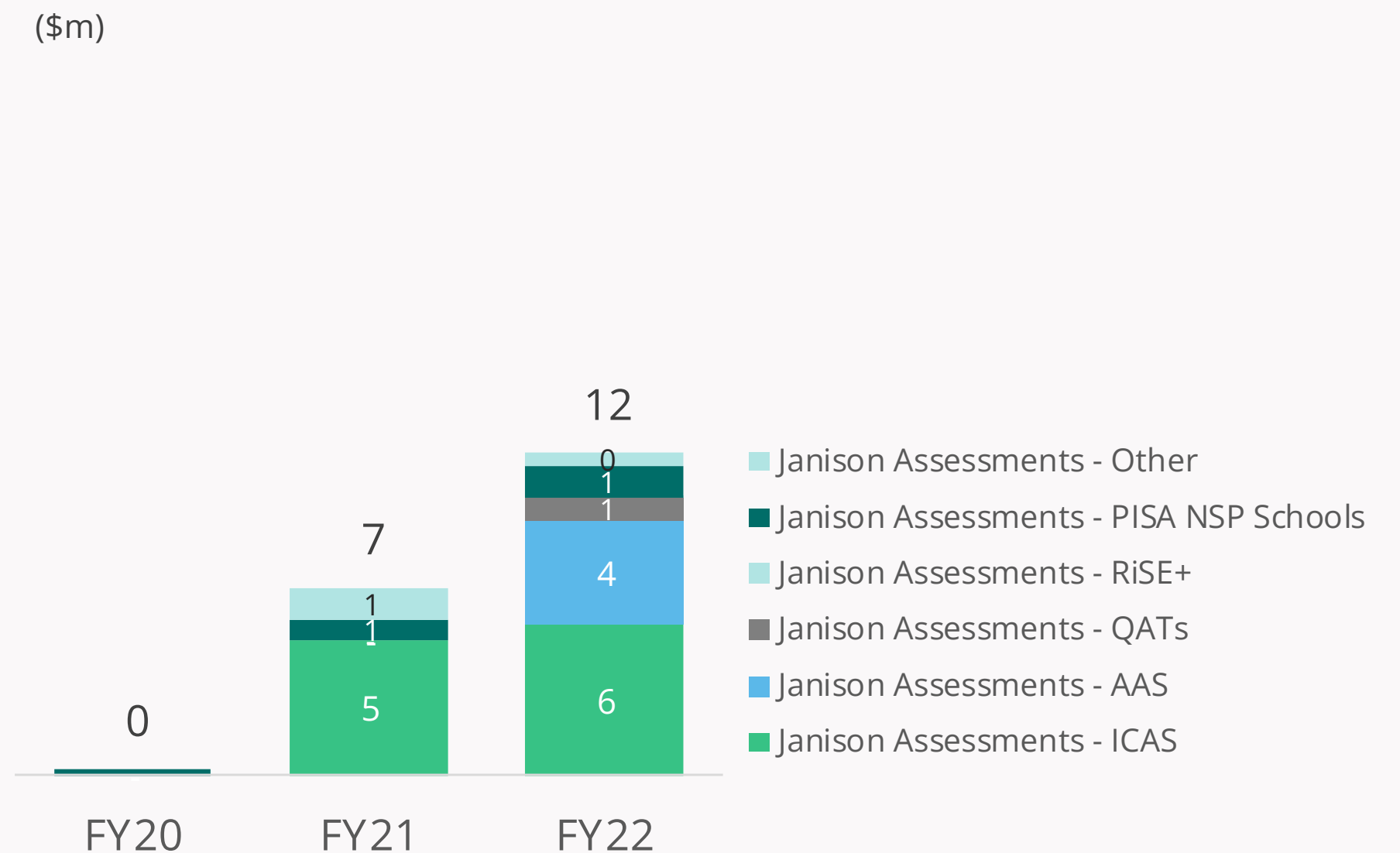
J. *Revenue includes Assessment platform sales, Learning platform sales and JEM.
 **Assessment Revenue only includes sales from the Assessment platform.

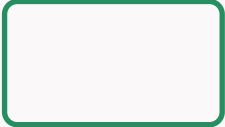
Reported Revenue by Product & Brand.

"Janison Solutions" Revenue



"Janison Assessments" Revenue



 = This group consists of "Assessment" platform revenue for the enterprise & government clients in the 'Janison Solutions' division. It excludes revenue from the Learning platform and Janison Exam Management (JEM)

Cost of Sales, Opex, Capex.

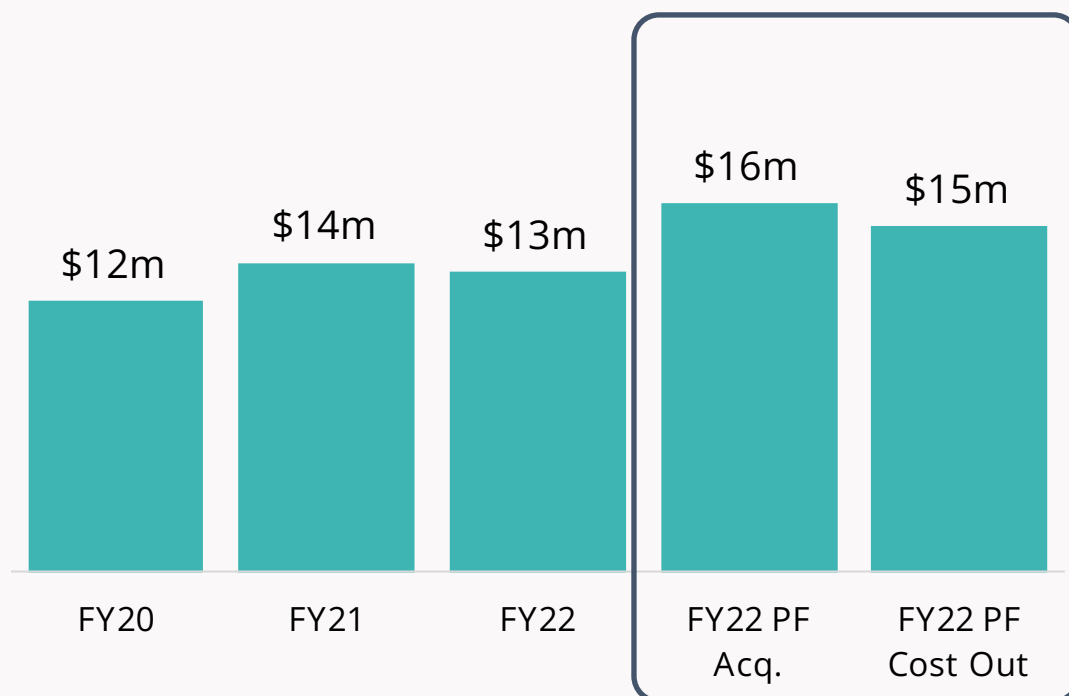
FY21/22 The “Investment” Phase

Throughout FY21 and FY22 we deployed capital into professionalising Sales and Marketing, and increasing spend to boost customer acquisition across ICAS, PBTS and the B2B Assessment Platform. We also invested in talent across senior management and technology, and devoted significant resources to merging legacy bespoke platforms into the core Janison Insights© assessment platform to streamline operations and gain efficiency benefits.

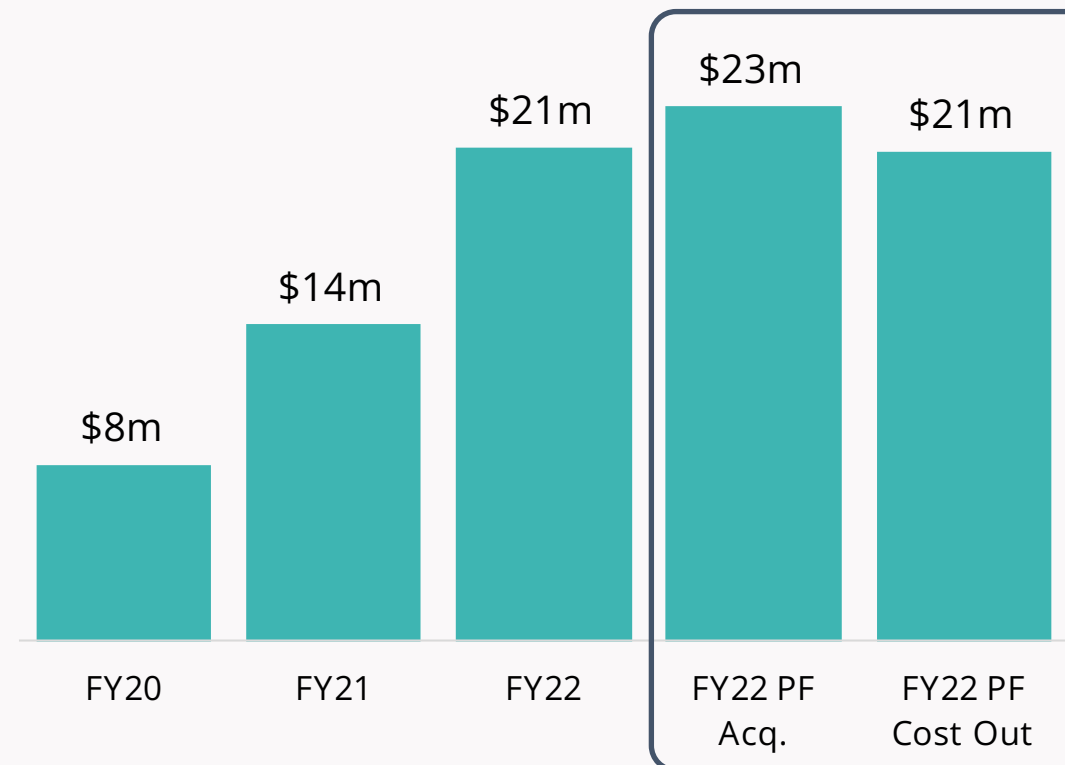
FY22/23 “Future-proofing” Phase

FY22 marked the end of the process to merge legacy bespoke platforms into the core assessment platform which has enabled a substantial cost reduction in the business. Further steps were taken to increase cashflow by accelerating acquisition cost synergies and by rationalising headcount in some departments. All of these actions have led to approximately \$6m of cost reductions from 1 July 22 onward – shown in the ‘FY22 PF Cost Out’ columns below.

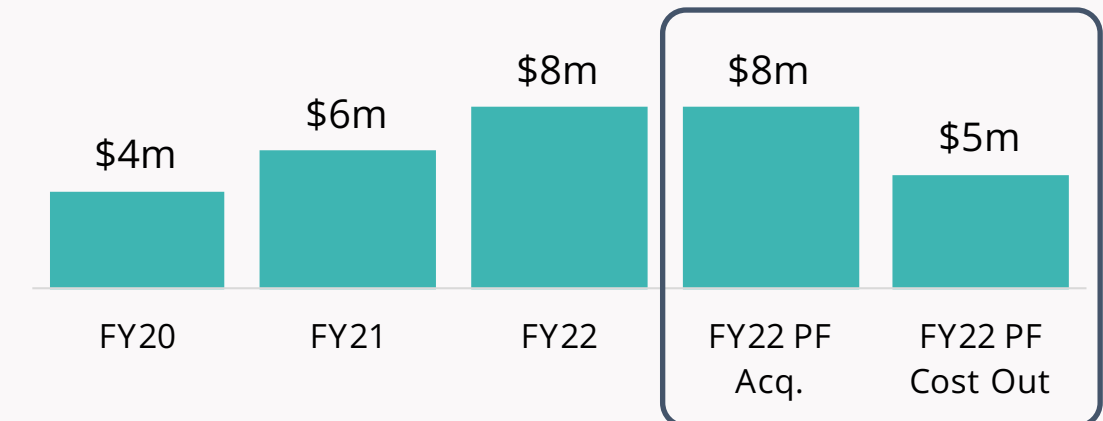
Cost of Sales



Opex



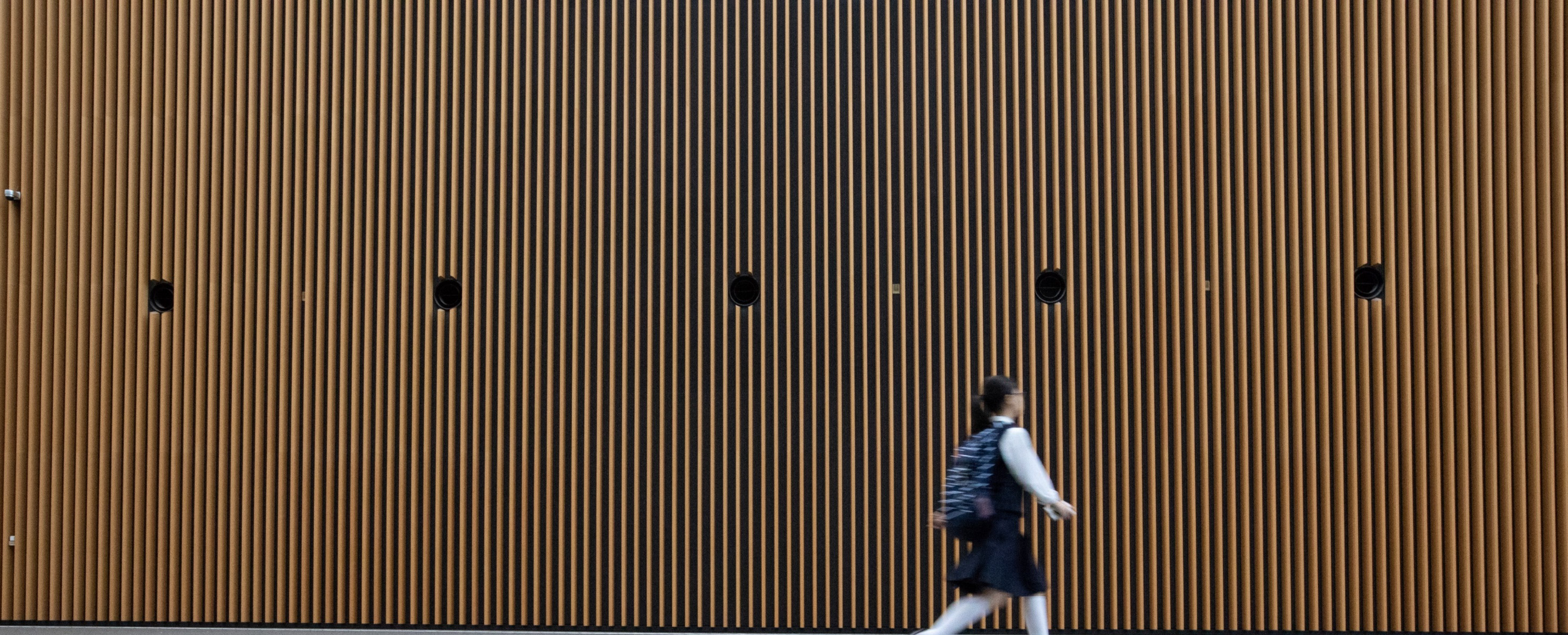
Capex



Pro Forma Adjustments:

J. 'FY22 PF Acq.': Acquisitions made during FY22 have been normalised to reflect a full year of cost (AAS and QATs were acquired in Oct & Nov 21) in Cost of Sales & Opex.

'FY22PF Cost Out': The business operating model was streamlined in June 2022 and major legacy consolidation capex work took place during FY22 to consolidate legacy assessment platforms. The FY22 PF Cost Out column reflects a normalised year without the major legacy capex works, the impact of the material cost reductions made in June 22, and the full year effect of FY22 acquisitions.



Operational Results.

FY22 Operational Momentum.

Janison Solutions Platform

- Delivery of NAPLAN 2022 – the largest event in Janison’s history
- Expansion of all major existing accounts
- Delivery of Chartered Accountants for the first time in FY22
- Platform enhancements and optimisation leading to material gross margin improvement
- Expansion of JEM digital exam services

Janison Assessments Products

- + 20% growth in FY22 ICAS with 86,000 registered parent customers at 1H22
- Acquisition and integration of AAS and QATs
- RiSE+ parent platform launched successfully in June 2022

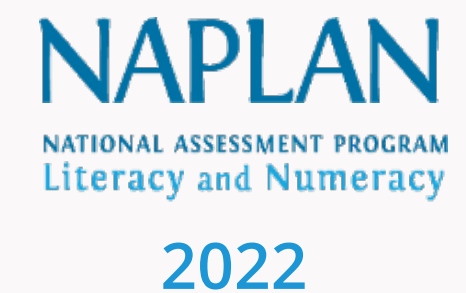
OECD / PISA for Schools

- Now in 17 countries around the world and expanding NSP school reach

Delivered



Delivered

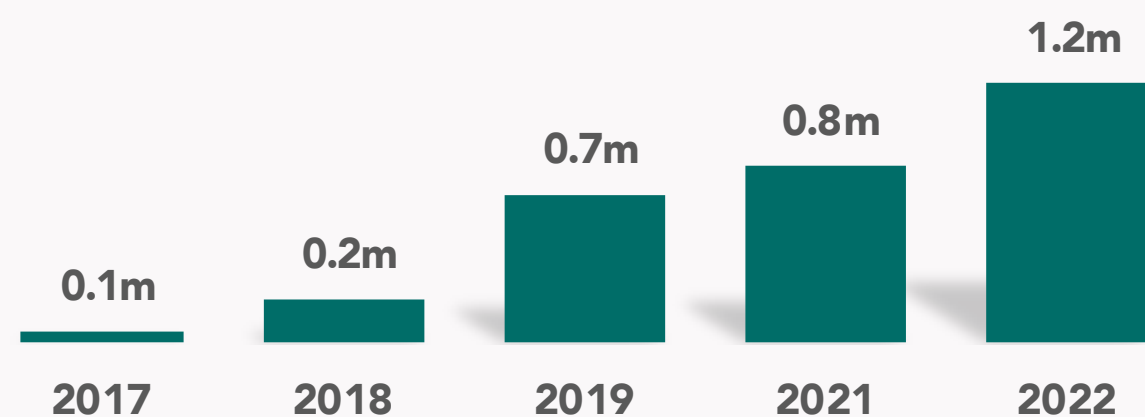


Delivered

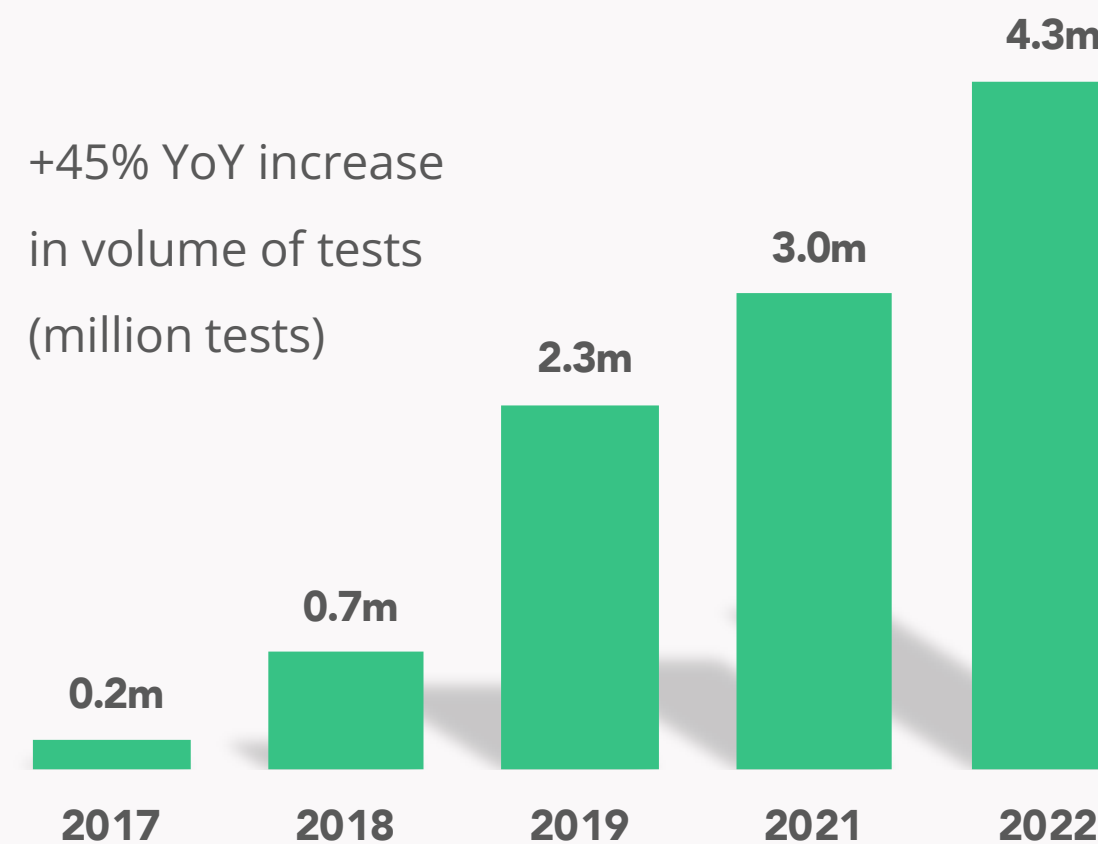


NAPLAN – FY22 Record Event Delivery.

+48% YoY increase
in students
(millions students)



+45% YoY increase
in volume of tests
(million tests)



1.2m

NAPLAN Online students in one week



4.3m

NAPLAN Online tests



1bn

Server calls to service fabric



100%

of schools now transitioned from paper-based to digital



315k+

Number of peak concurrent students using Janison Insights

FY22 New Wins & Products Launched – FY23 Benefit.

'Janison Solutions' Platform

- 2 new major logo wins – c.\$1-2m new recurring platform revenue once fully implemented; ACECQA and Cambridge BoxHill English language testing
- Strong pipeline of major assessment platform clients

'Janison Assessments' Products

- Strong FY23 ICAS campaign, expecting to deliver another ~15% growth
- Parent contacts up +70% on last year to 150,000 registered customers
- RiSE+ parent platform launched with good initial sales momentum

OECD / PISA for Schools

- New sales force build in key NSP markets of US and UK. Gearing up for new academic calendar start in September (northern hemisphere).

Signed



Australian Children's
Education & Care
Quality Authority™

Signed



Cambridge
Assessment



BOX HILL
INSTITUTE

Launched



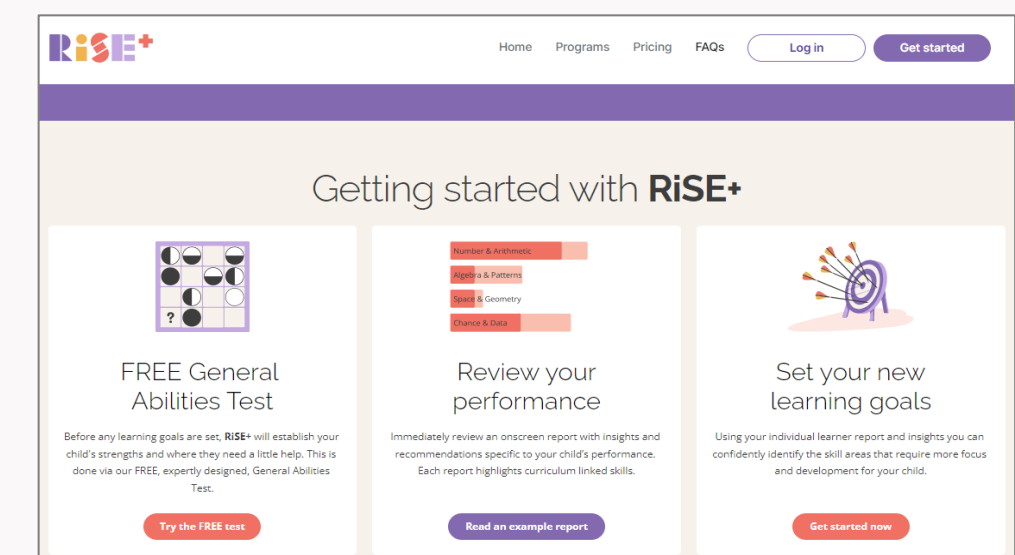
New Parent SaaS Product Launched FY22.

RiSE+ (“Rise Plus”)

- An online subscription platform with a vast array of K-12 assessment content
- Built using the same Janison test player as NAPLAN and other well-known assessments
- Provides parents and tutors the tools to help advance a child’s education and extend in-classroom learning to the home
- Developed and launched within six months, with minimal capital investment
- Priced as a SaaS product with annual or monthly subscriptions.

Background

- In recent years, ICAS has transitioned from a ‘direct-to-school’ to ‘direct-to-parent’ sale with now 150,000+ parents transacting directly with Janison in FY22/23.
- 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.

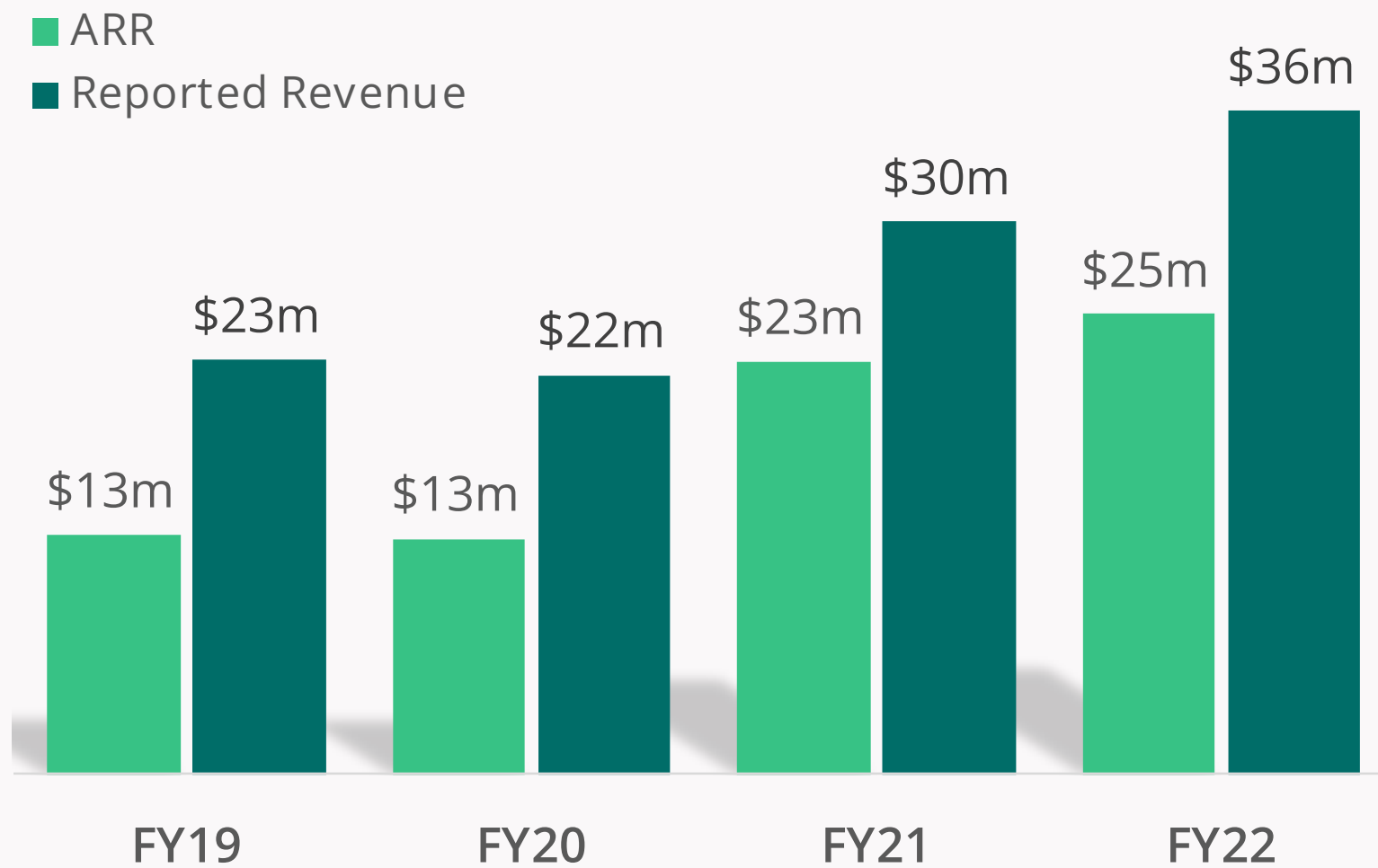




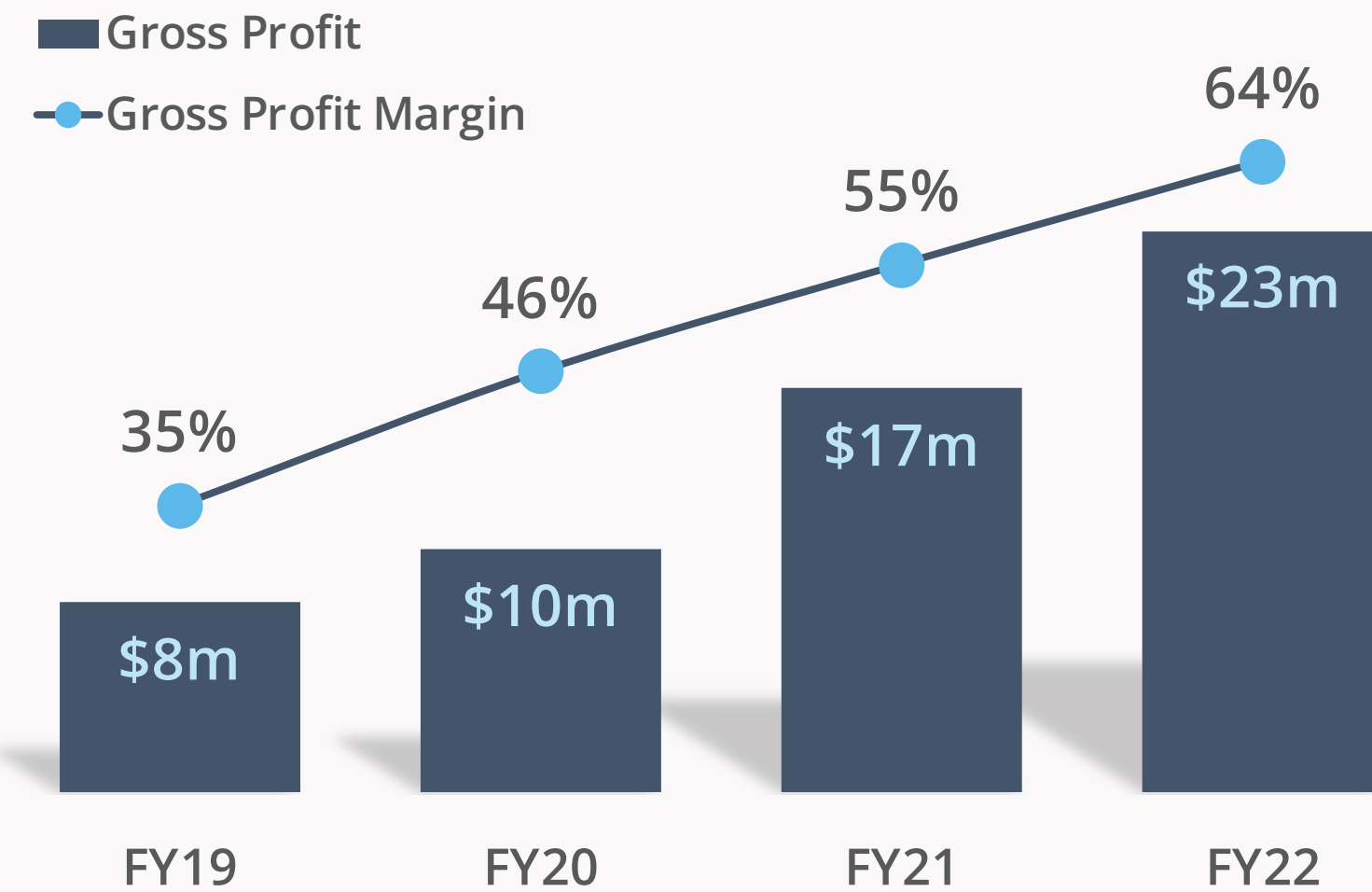
Financial
Results.

ARR & Margin.

Reported & Recurring Revenue



Group Gross Margin



+9ppts
growth in
GM%

Income Statement.

(\$m)	FY22	FY21	\$ Growth	% Growth
Platform Revenue	24.9	22.2	+2.6	+12%
Services Revenue	11.4	8.0	+3.5	+43%
Group Revenue	36.3	30.2	+6.1	+20%
Cost of Sales	13.1	13.5	(0.4)	(3)%
Gross Profit	23.2	16.7	+6.5	+39%
GM%	64%	55%	+9pps	
Operating Expenses	21.3	13.7	+7.7	+56%
EBITDA	1.9	3.0	(1.1)	(37)%
EBITDA %	5%	10%	(5)pps	
Depreciation & amortisation	6.3	4.4	+1.9	+44%
Amortisation of acquired IP	4.2	1.7	+2.5	+142%
Share-based compensation	1.0	0.3	+0.6	+206%
Provision for restructuring	0.6	0.0	+0.6	--
Net financial expense	0.1	0.2	(0.0)	(20)%
Other non-operating expense	0.2	0.4	(0.2)	(44)%
Income tax expense (benefit)	(1.4)	(0.8)	(0.7)	+92%
NPAT	(9.1)	(3.2)	(5.9)	+181%
NPAT-A*	(4.9)	(1.5)	(3.4)	+224%

J. "NPAT-A" = Net Profit After Tax Adjusted for amortisation of acquired IP. Acquired IP includes the value attributed to client relationships and intangible assets at the time of acquisition of AAS in Nov 21, LTC in April 2019 and the IP purchased with the acquisition of ICAS Assessments (formerly 'Educational Assessments') in June 2020. Client relationships are amortised over a 5-year period, other IP is amortised over 3 years.

COMMENTARY

Revenue

- Group revenue expanded through the following:
 - Business acquisition of AAS and QATs in Q2 FY22 generating \$4.8m in revenue (\$4.1m in Services from AAS and \$0.7m in Platform from QATs)
 - New client acquisition (Chartered Accountants ANZ) and expansion of existing assessment platform clients in FY22 added \$1.6m of revenue
 - Further growth in the number of schools participating in PISA for Schools contributed \$0.8m of revenue in FY22.

Gross Margin

- The continued improvement in customer mix towards SaaS assessment clients and the reduction of custom software development has seen a continuation of gross margin expansion in FY22. Additional test volumes in Janison Assessments delivered scale benefits and higher gross margin.

Opex

- Expansion in Opex in FY22 is driven by:
 - The acquisition of QATs and AAS businesses added \$1.4m
 - The establishment of a central event support team
 - Increased investment in sales and marketing
 - Hiring of executive leadership and senior management

D&A

- Depreciation increased by \$1.9m due to the amortisation of the AAS acquisition, treated as an intangible asset with a 5 year life.
- Further platform enhancement in FY21 and new product development costs of RiSE+ in FY22.

Income Statement by Business Unit.

COMMENTARY ON BUSINESS UNITS

"Janison Assessments"

- "Janison Assessments" saw substantial revenue growth in FY22 as a result of the acquisition of AAS and QATs which produced \$4.8m of combined revenue in-year (\$6.5m pro forma full year).
- Underlying revenue was constrained by forced school closures in NSW and Vic in Q1FY22 in efforts to combat the spread of COVID. The ICAS competition is sat every year in Q1 and was therefore heavily affected as a result.
- Gross margin improved in FY22 as a result of the combination of new business acquisitions and associated cost synergies (removal of duplicate processes and roles), as well as price benefit (+19% higher ICAS competition pricing) and some scale benefits from higher sales volume for fixed cost products.

"Janison Solutions"

- Excluding revenue from the Learning division, the "Janison Solutions" business unit delivered +\$2.2m of additional revenue in FY22 (+13% growth on FY21). The Learning business was cycling a year of substantial demand for content development as Janison assisted clients to rapidly digitise learning materials during COVID. This demand subsided in FY22 as education returned to in-person delivery.
- As this business matures and consolidates its legacy branches of assessment platforms into the core Janison Insights©, efficiency and scale benefits accrue. This was evidenced by the increase in gross margin from 57% to 66% in FY22.

(\$m)	Janison Assessments				Janison Solutions			
	FY22	FY21	Growth		FY22	FY21	Growth	
Platform Revenue	8.1	6.4	+1.7	+27%	16.7	16.4	+0.3	+2%
Services Revenue	4.2	0.8	+3.5	+440%	7.2	6.6	+0.6	+9%
Group Revenue	12.4	7.2	+5.2	+72%	23.9	23.0	+0.9	+4%
Cost of Sales	4.9	3.6	+1.2	+34%	8.2	9.9	(1.7)	(17)%
Gross Profit	7.5	3.6	+3.9	+110%	15.7	13.1	+2.6	+20%
GM%	61%	50%	+11pps		66%	57%	+9pps	
Operating Expenses	9.7	4.4	+5.3	+121%	11.6	9.2	+2.4	+26%
Segment EBITDA	(2.2)	(0.8)	(1.4)	+168%	4.1	3.8	+0.3	+7%
EBITDA %	(18)%	(12)%	(6)pps		17%	17%	+0pps	



EBITDA is largely a product of indirect Opex allocation to each business unit on a percentage-of-revenue basis rather than a reflection of true profitability and is presented here for the purposes of reconciling back to the Annual Report

Cash Flow.

for the 12 months ending June

(\$m)	FY22	FY21	\$ Change	% Change
Customer Receipts	38.4	34.0	+4.4	+13%
Payments to Suppliers	(36.9)	(29.2)	(7.8)	(27)%
Other (tax, interest and other)	(0.0)	(0.4)	+0.4	+94%
Operating Cash Flows	1.4	4.4	(3.0)	(68)%
Acquisition Costs	(6.6)	(0.1)	(6.5)	--
Product Development	(7.8)	(6.0)	(1.8)	(31)%
Plant & Equipment	(0.2)	(0.4)	+0.2	+50%
Investing Cash Flows	(14.6)	(6.5)	(8.1)	(126)%
Proceeds from Capital Raise	2.9	14.9	(12.0)	+80%
Release of Lease Liabilities	(1.1)	(0.8)	(0.3)	(35)%
Financing Cash Flows	1.8	14.1	(12.3)	+87%
FX Effect	0.0	(0.1)	+0.1	+105%
NET CASH FLOW	(11.3)	12.0	(23.4)	+194%
Opening Cash Balance	23.1	11.1	+12.0	+108%
CLOSING CASH BALANCE	11.8	23.1	(11.3)	(49)%

COMMENTARY

Customer Receipts

- The timing of large annual licence fees from enterprise clients, and the revenue recognition of large development projects can cause a variance between the amount of cash receipts recorded each year and the amount of revenue recognised in the Income Statement.

Payments to Suppliers

- Payments to suppliers includes short-term cash incentives paid to employees. In FY22 Janison paid employees for the incentives earned during the FY21 year (provided for in the FY21 income statement but paid out in cash in FY22). The amounts paid in FY22 were larger than those paid in FY21 and contribute to the mismatch between expenses and payments in FY22.

Acquisitions

- During FY22 Janison acquired QATs and AAS for a combined gross cash payment of \$7m (adjusted for completion accounts and net of cash acquired on completion).

Product Development

- In FY22 Janison invested in the following key projects:
 - Consolidation of legacy assessment platforms to standardise its product offering (Janison Solutions) and to deliver substantial future efficiency gains (fewer platforms to maintain and enhance).
 - Building RiSE+, the new parent platform for practice assessments.
 - Developing items (test questions) for ICAS and other assessment products (Janison Assessments) which have a long-term future use as practice tests.

Outlook.



FY23 Outlook.

\$6 million reduced cost base in June 2022

The company reorganised its operating structure in June 2022 to align the existing business and recent acquisitions into two new business units – Janison Solutions and Assessments. Together with the completion of platform consolidation work in FY22, this resulted in a reduction of approximately \$6 million in costs and the removal of 35 roles (3rd party contractors and permanent staff) from 30 June 2022 onwards.

Janison now enters FY23 as a nimbler organisation, able to maintain its positive operating cashflow (in FY22 Janison delivered \$1.4m in positive operating cashflow) and targeting positive net cashflow this year.

Organic growth

ICAS 1H23 is expected to be +15% higher than FY22, with c. \$6.5m of net revenue.

Two new major platform deals secured in 4Q22 with aggregate revenue of \$1-2m annual recurring revenue.

RiSE+ launched in June 2022 and running successfully ahead of management expectations.

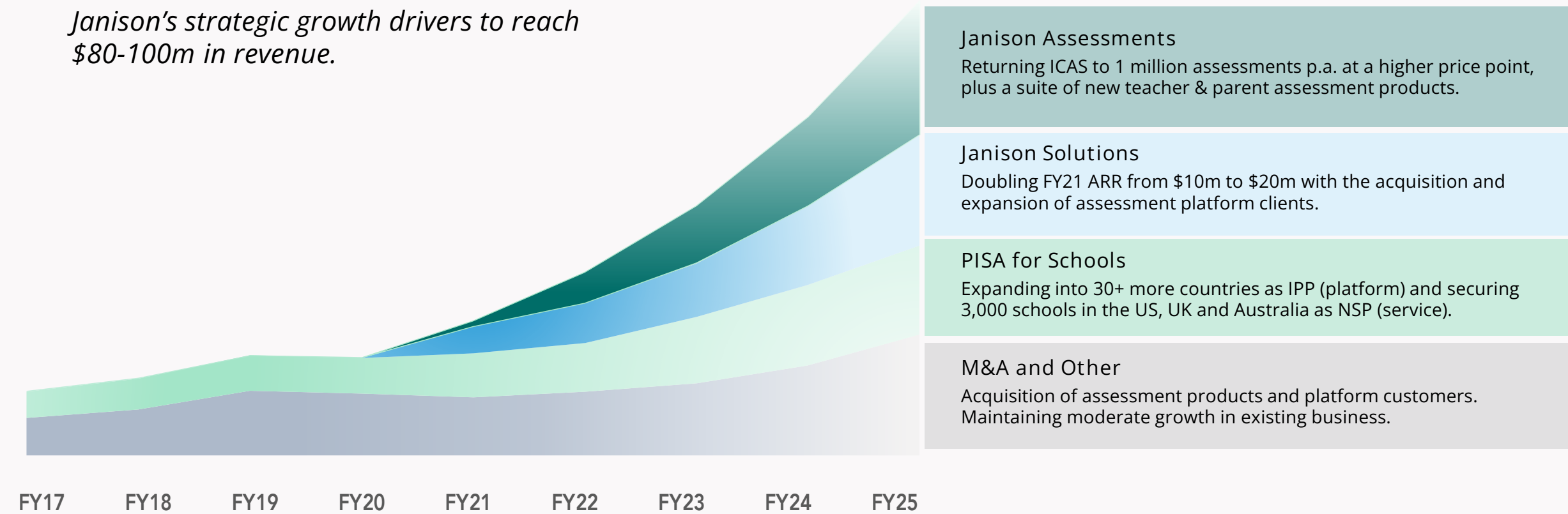
Executing strong pipeline across both business units.

Well positioned to take advantage of PISA opportunity in US and UK in FY23

Long Term Outlook.

At the end of FY20 Janison stated its medium-term horizon goal of \$80-\$100m of revenue and 70-75% gross profit margin.

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



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

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

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

M&A and Other
Acquisition of assessment products and platform customers. Maintaining moderate growth in existing business.

Broker	Date Issued	Revenue (\$m)		
		FY23	FY24	FY25
CCZ	7/7/22	43.7	52.5	62.4
Wilsons	8/7/22	42.7	51.1	58.4
Bell Potter	8/7/22	41.5	51.9	--
Shaw & Partners	12/7/22	43.0	51.4	61.1
Consensus	July 22	42.7	51.7	60.6
Barrenjoey	8/3/22*	52.8	66.1	--
Taylor Collison	21/11/21*	48.5	--	--
Consensus (inc. BJ & TC)		45.4	54.6	60.6

Current market consensus suggests Janison is expected to achieve revenue of \$60.6m by FY25 (see broker consensus table).

Whilst not providing guidance, Management have confidence in surpassing analyst consensus and achieving +20% CAGR in revenue for the next 3-5 years with gross profit margins of 70-75%, working towards the stated horizon target.



* Barrenjoey and Taylor Collison latest research was prepared prior to the most recent Janison results update in July 2022.

Q&A.

