



ASX:JAN

# FY19 H1 Investor Presentation

March 2019



## 1. Over the past 20 years we have grown successfully to become a \$20m business and recently incubated an Assessment business

- \$10m revenue in H1 FY19, 18.5% growth on prior corresponding period.
- \$20m full year FY19 revenue forecast (up from \$17m in FY18), full year run-rate EBITDA of \$4m<sup>1</sup>.

## 2. This year we built functionality into our Assessment product to serve two new market segments

- The investment phase in H1 FY19 was an acceleration of platform development to capitalise on the assessment market opportunity, and heavily weighted towards the lower-margin development phase for major clients.
- Recent quarter trading to February 2019 demonstrates stronger margins, is profitable and is operating cash positive.

## 3. We are now focusing our growth efforts on the Assessment business

- \$700m opportunity within the online Assessment market. Targeting 16% penetration by 2025 (\$110m revenue) via organic growth and acquisition. Highly favoured market dynamics and Janison well positioned to take advantage. Acquisition targets identified.
- Marketing efforts and investment in Business Development increased in H1 FY19 by \$0.5m (compared to prior corresponding half year, an increase of 5x) and will continue to intensify to support growth.

<sup>1</sup> Full year run-rate is calculated based on annualising H2 FY19 EBITDA forecast.



# Agenda

Overview

FY19 H1 Results

Growth Priorities

Outlook



# Janison is a global education technology pioneer focused on online assessment



- 2018 was the **20<sup>th</sup> anniversary** of Janison's founding. Listed on the ASX in **December 2017** and attracted new high quality shareholders
- Targeting over **\$20m in Group Revenue** in **FY19**
- Addressable online **Assessment** market<sup>1</sup> expected to reach **\$700m** by **2025**, Janison targeting **\$110m**
- In H1 FY19 Janison invested in building functionality to serve key sectors of the **Assessment** market, increasing **Services** income by **28%** to **\$3.1m**
- **EBITDA** run rate at 1H FY19 of **\$4m** and pro forma cash at 31 Dec 2018 of **\$6.8m**



<sup>1</sup> Australia, New Zealand and Singapore. See slide 7 for further details

# Assessment has multiple growth opportunities across four key sectors



## janison assessment

Robust and scalable digital assessment solutions for online tests and exams.



Schools



Language



Higher Education



Certifications

9%

Revenue Growth in H1 FY19  
To \$5.5m from \$5.0m in H1 FY18

## janison learning

Online learning solutions integrating platform and content to improve performance and compliance in the workplace.



Performance



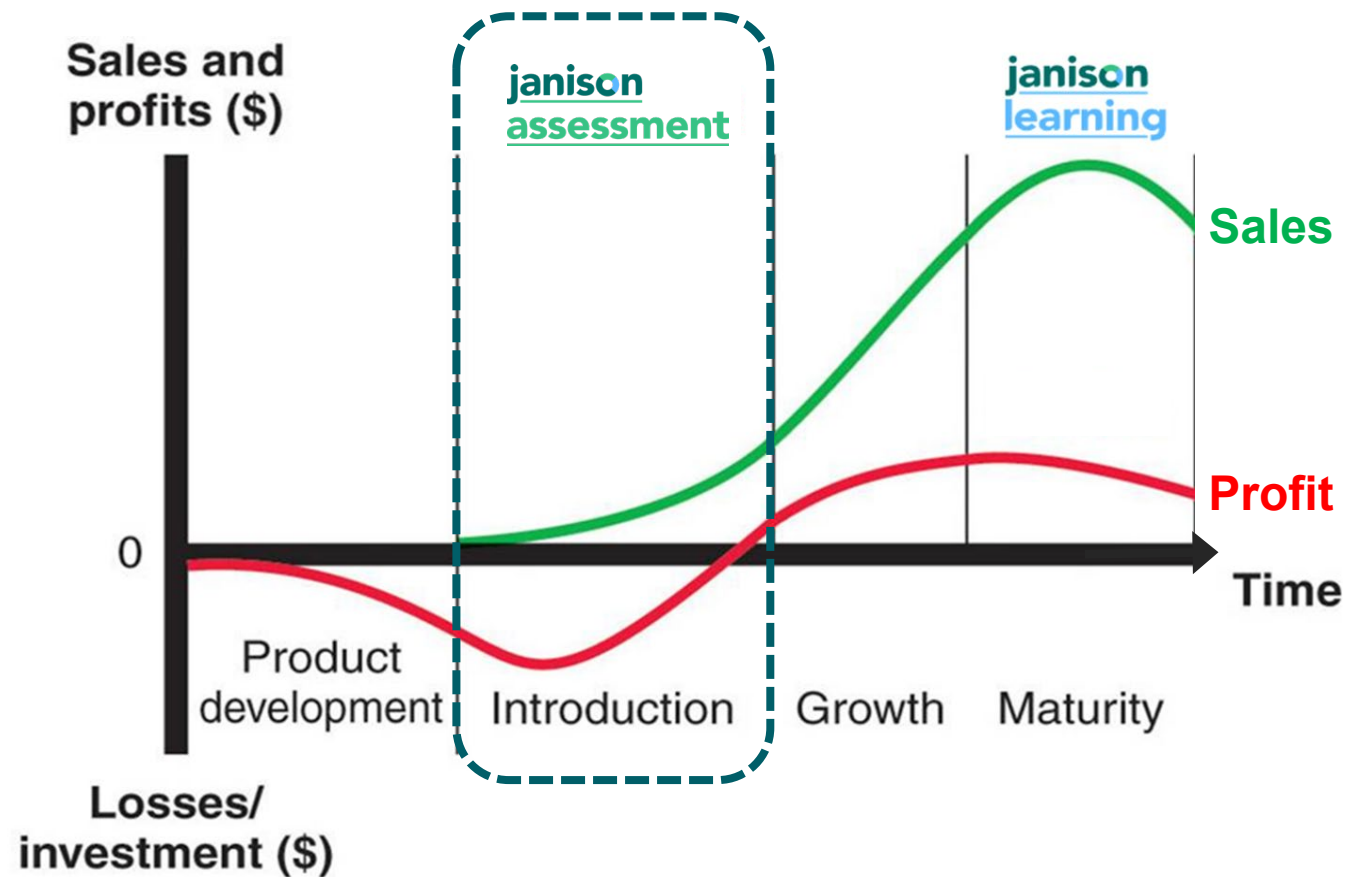
Risk

32%

Revenue Growth  
To \$4.5m from \$3.4m in H1 FY18

# The Assessment division is entering the growth phase which has required investment

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# Janison is targeting \$110m of the \$700m online Assessment market by 2025

Top-down market analysis

## Online Assessment Market

Sector	Test stakes	Participants <sup>1</sup>	Tests per participant per year	Total tests per year	Average revenue per test (\$)	Addressable market size	Market share assumption (%)	Janison Revenue Target by 2025
Schools	Low-High	50m	4.0	200m	\$1.00	\$200m	10%	\$20m
Language	High	40m	1.0	40m	\$7.50	\$300m	10%	\$30m
Higher Education	High	2.5m	4.0	10m	\$5.00	\$200m	25%	\$50m
Certifications	Medium							\$10m
Total						\$700m	16%	\$110m

Janison targeting to reach **16% penetration** across four sectors

<sup>1</sup> Participants from geographies where Janison currently has a presence: Australia, New Zealand, Singapore, Vietnam and Philippines. Source: OECD, docs.education.gov.au and management estimates.

# The online Assessment market has attractive dynamics and Janison has a competitive advantage

- **Strong entry barriers**

Janison has invested 6 years and circa \$8m on IP for its assessment platform<sup>1</sup> (“Janison Insights”). Few competitors exist with similar capabilities.

- **High switching costs**

Clients’ investment in upfront customisation and integration of the platform make it costly to switch, assessment clients also tend to be risk-averse regarding change.

- **Compulsory nature of product**

Assessment of end-users is a necessity within most clients and in many cases assessment comprises multiple tests during the student’s lifecycle.

- **Longevity and high margin**

Despite multi-year build timeframes, contracts generate long term annuity income at high margins (60-70%) once live.

- **Low substitution**

Paper tests are an outdated, inefficient and environmentally unfriendly alternative with growing end-user pressure to transition to digital assessments.

- **Credibility and reputation**

Janison is a trusted player in the online Assessment market with high-profile clients, proven success in delivering high-stakes examinations on a large scale and has a local advantage being based in Australia.

<sup>1</sup> Approximate investment includes all Research & Development costs in the Assessment division for the periods FY16 up to and including 1H FY19



# In FY19 H1 Janison invested in services to generate long term, high margin recurring income

Products	Description		Income mix	
			H1 FY18 %	H1 FY19 %
Platform	<ul style="list-style-type: none"> <li>Licensing and Hosting income</li> <li>Annual user subscription</li> <li>Platform maintenance and support fees</li> </ul>	Recurring Income	53%	46%
Content	<ul style="list-style-type: none"> <li>Janison's online learning library</li> <li>Partner content subscription fees</li> </ul>	Recurring Income	9%	7%
Services	<ul style="list-style-type: none"> <li>Professional services implementation fees</li> <li>Customised software and integration development</li> <li>Bespoke online learning content creation services</li> </ul>	Fees paid per project	38%	47%

# We build core functionality to accelerate the roadmap for our Assessment product



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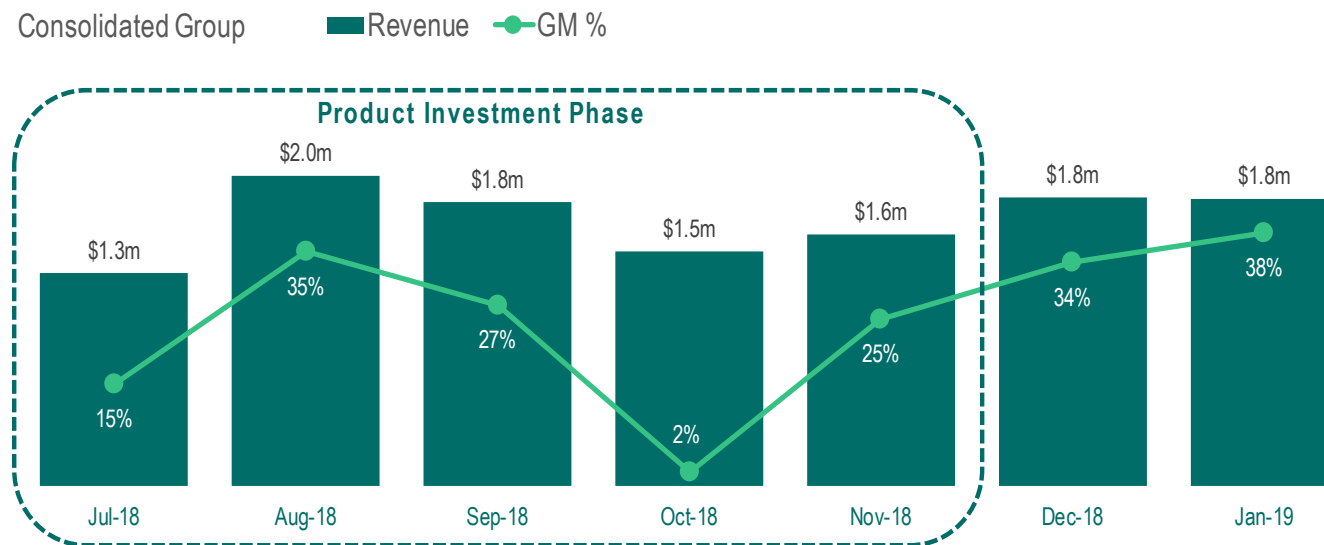
	Q1 2019	Q2 2019	Q3 2019	Q4 2019
		<div>Test overview dashboard</div> <div>Assessment event usability improvements</div> <div>Enhanced student reporting</div> <div>User voice integration</div> <div>Improved LMS Integration</div>	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div> <div></div>
<b>Major Australian Education Institution</b> <i>Core Product Features</i>	<div>Multiple booking windows &amp; timezones</div> <div>Student test dashboard</div> <div>Print student login slips</div> <div>Student question result feedback view</div>			
 <i>Core Product Features</i>	<div>Chromebook Replay</div> <div>Pass/Fail and feedback on items and tests</div> <div>Register Replay device to a test centre</div> <div>Invigilation &amp; AE improvements</div>	<div>Text to speech authoring</div> <div>Settings audit</div> <div>Mobile authoring for comment and MCQ</div> <div>Export/Import to file Chromebook Replay</div>		
 <i>Core Product Features</i>	<div>New Q Types – File Upload/Drawing</div> <div>Item &amp; Test Analysis Web View</div>			

# H1 FY19 was an acceleration of investment to capitalise on the market opportunity

## Profitability returning to steady-state and expected to improve during H2 FY19

### Product Investment (Cost of Sales)

- New features for Higher Education, Schools, Language & Certifications
- Enhanced scalability and platform reliability



### Opex Investment

#### ■ Sales & Marketing

Further strengthening of sales and marketing function including:

- Increased investment in our CRM
- Additional BD hires
- Increasing marketing communications spend

#### ■ General & Administration

New hires made across the business and at the executive leadership level to ready the business for future growth.

Total FTE headcount of 161 at Dec 31 2019<sup>1</sup>

<sup>1</sup> Total headcount includes all contractors and overseas staff

# Agenda

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Growth Priorities

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Revenue Growth  
**18.5%**  
from \$8.4m in H1 FY18

Total Group Revenue  
**↑ to**  
**\$10m**  
From \$8.4m in H1 FY18

Run Rate EBITDA<sup>1</sup>  
**\$4m+**

Average Revenue  
per Client (ARPC)  
**↑ to**  
**\$268k**  
From \$258k at H1 FY18

Pro Forma Cash at Bank<sup>2</sup>  
**↑ to**  
**\$6.8m**  
From \$3.6m at 30 June 2018

<sup>1</sup> Run Rate EBITDA is calculated by annualising the H2 FY19 expected EBITDA  
<sup>2</sup> Pro Forma cash on hand at 31 December 2018 includes net proceeds of \$4.7m cash raised via new equity placement in September 2018.

# Project services income grew 48% in 1H FY19 to \$4.7m

## H1 FY19 Group Result

6 months ended 31 December	H1 FY18 \$000s	H1 FY19 \$000s	% change
Total platform revenue	5,257	5,281	0.5%
Project services revenue	3,164	4,693	48.3%
<b>Total operating revenue</b>	<b>8,421</b>	<b>9,974</b>	<b>18.5%</b>
Cost of sales	(4,780)	(7,539)	57.7%
<b>Gross profit</b>	<b>3,641</b>	<b>2,435</b>	<b>(33%)</b>
Gross profit %	43%	24%	
Opex & R&D Credit	(1,577)	(3,088)	(5%)
<b>Trading EBITDA<sup>1</sup></b>	<b>2,064</b>	<b>(651)</b>	<b>(132%)</b>
Trading EBITDA %	25%	7%	

# 48%

Increase in Project  
Services revenue

# \$10m

Total Operating Revenue



<sup>1</sup> Before transaction costs, foreign exchange movements.

Assessment income increased 9%  
to \$5.5m

FY19 H1 Assessment Result

6 months ended 31 December	H1 FY18 \$000s	H1 FY19 \$000s	% change
License and hosting	1,628	1,746	7%
Platform maintenance fees	627	576	(8%)
<b>Total platform revenue</b>	<b>2,254</b>	<b>2,322</b>	<b>3%</b>
Project services	2,746	3,147	15%
<b>Total operating revenue</b>	<b>5,000</b>	<b>5,469</b>	<b>9%</b>
<b>Platform % of Revenue</b>	<b>45%</b>	<b>42%</b>	

9%

Growth in Assessment

42%

Platform revenue as a % of  
total Assessment revenue



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# Learning income increased 32% to \$4.5m

## FY18 Learning Result

6 months ended 31 December	H1 FY18 \$000s	H1 FY19 \$000s	% change
License and hosting	174	194	11%
Content license fees	791	682	(14%)
Platform maintenance fees	2,211	2,277	3%
<b>Total platform revenue</b>	<b>3,002</b>	<b>2,959</b>	<b>(1%)</b>
Project services	419	1,546	269%
<b>Total operating revenue</b>	<b>3,421</b>	<b>4,505</b>	<b>32%</b>
<b>Platform % of revenue</b>	<b>88%</b>	<b>66%</b>	

32%

Growth in Learning  
revenue

66%

Platform revenue as a % of  
total Learning revenue





# Agenda

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FY19 H1 Results

**Growth Priorities**

Outlook



# We have four key priorities to rapidly grow the business

1

**Nurture**  
existing  
clients

2

**Focus**  
on highest  
growth  
segments

3

**Build**  
innovative  
world-class  
products

4

**Intensify**  
our sales and  
marketing  
efforts

1

Nurture existing clients

janison  
assessment



Institute of Technical Education



janison  
learning



2

Focus on highest growth segments

janison  
assessment

janison  
learning

Schools

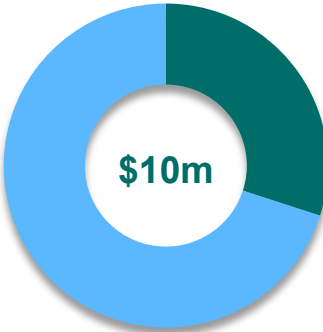
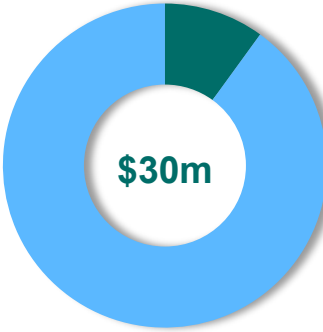
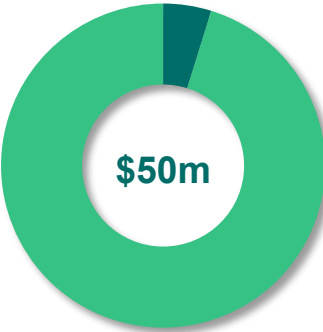
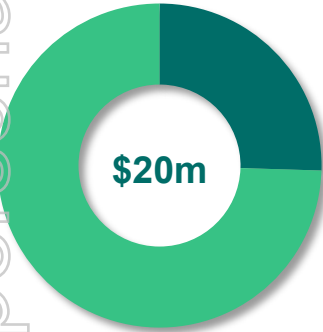
Language

Higher Education

Certifications

Performance

Risk



Lifecycle of a typical student from school to the workplace

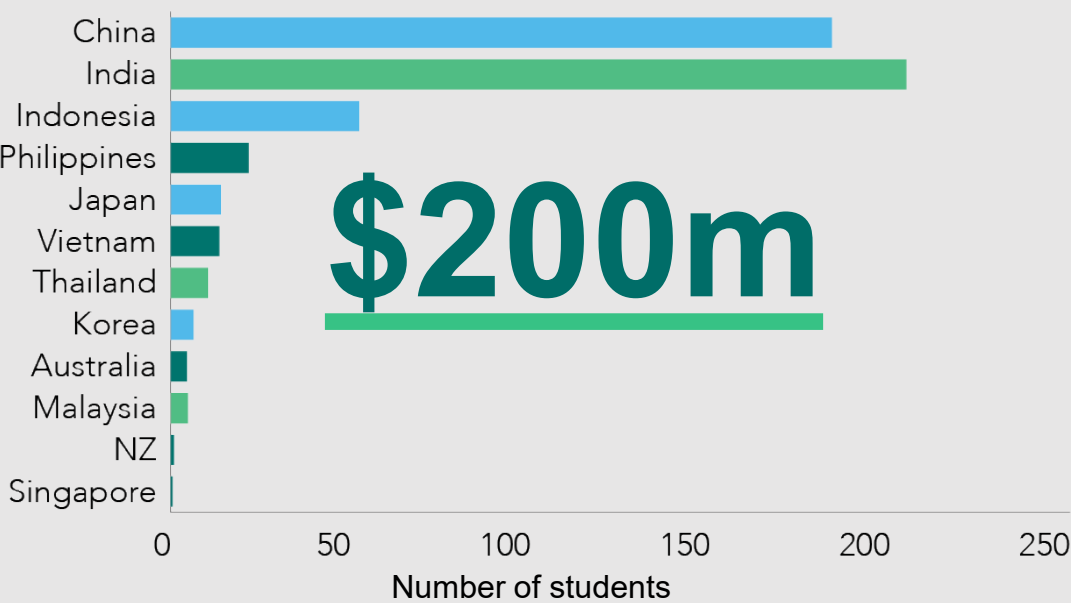
Addressable **Assessment** Market<sup>1</sup>      Addressable **Learning** Market<sup>1</sup>      Janison Current Revenue

<sup>1</sup> Addressable market includes geographies where Janison currently has a presence: Australia, New Zealand, Singapore, Vietnam and Philippines. Source: OECD, docs.education.gov.au and management estimates.



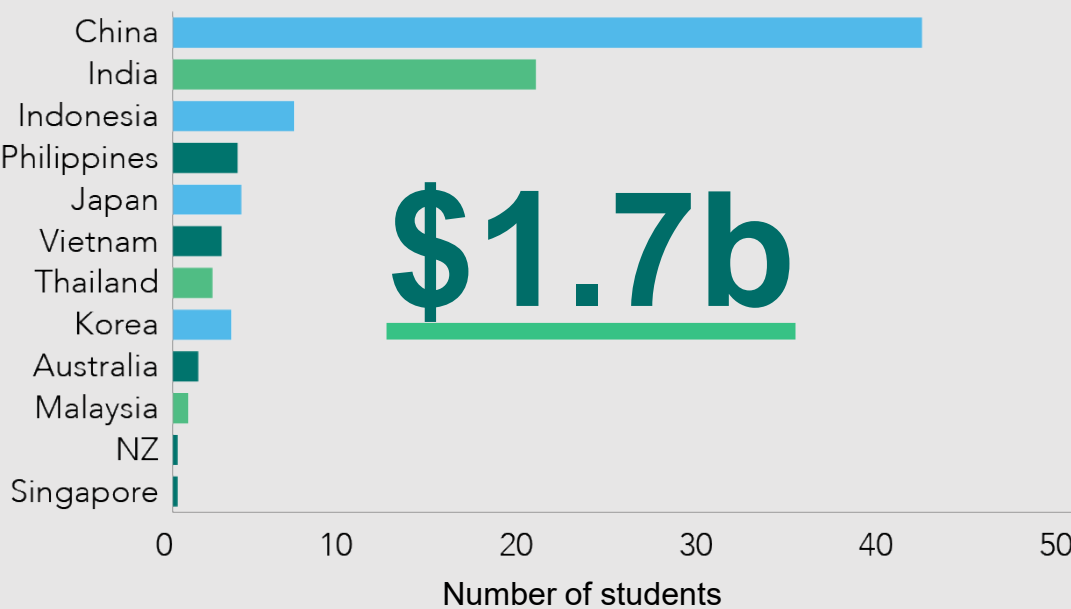
At a broader level, the global emerging markets for online assessment in Schools and Higher Education are immense

Schools Assessment market (K-12)



517 m students at \$0.40 per student p.a.

Higher Education Assessment market



87 m students at \$20 per student p.a.

Within the Higher Education sector, Australian universities have the potential to generate \$26m revenue per year

University	Students ('000)
Monash University	69.4
RMIT University	59.4
University of Melbourne	57.8
University of Sydney	57.6
University of New South Wales	52.3
Deakin University	51.3
University of Queensland	49.5
Curtin University	48.4
Queensland University of Technology	47.3
Griffith University	44.2
Western Sydney University	43.8
Macquarie University	39.4
University of Technology Sydney	39.4
Charles Sturt University	

1.3m students

Enrolled in Australian universities<sup>1</sup>

x

\$20 per student p.a.

=

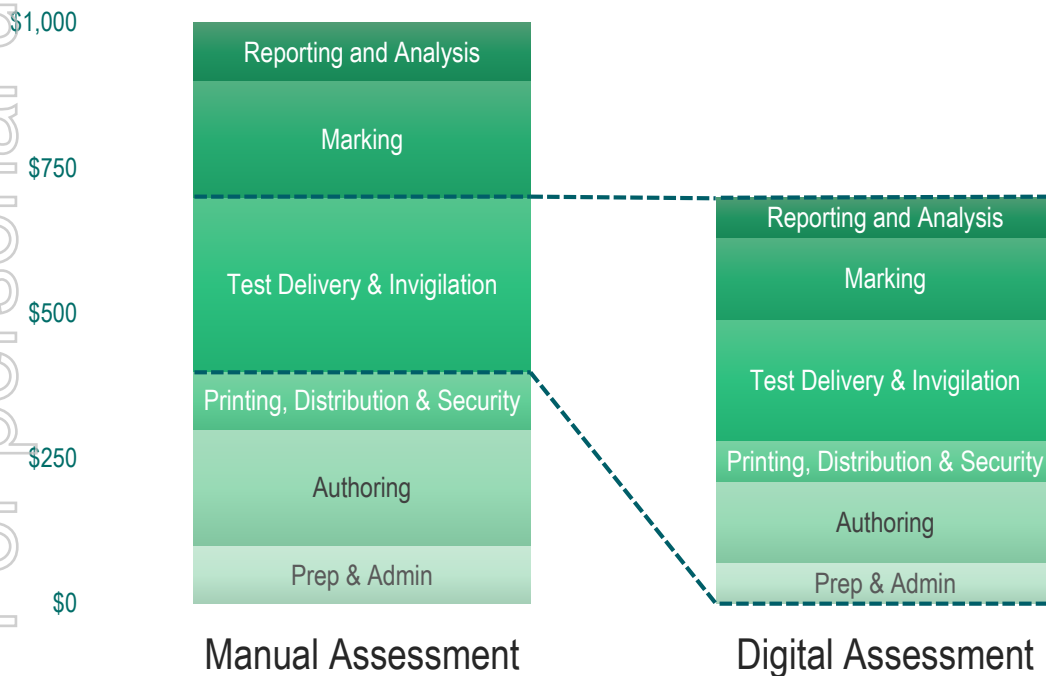
\$26m

Addressable assessment market across Australian universities

# Digitisation enables Janison to capture a greater share of wallet within universities

The test is only one component in the university assessment process:

Annual Assessment cost breakdown for a large Australian University (\$000s)<sup>1</sup>



**\$400k**

Incremental Revenue  
per University<sup>2</sup>

**43**

Universities in Australia<sup>3</sup>



## 3

## Build innovative world class products

**1. AUTHORIZING**

Allows question banks to be tailored to suit business processes, allowing examiners complete control over how the test is delivered.

**2. DELIVERY**

Deliver exams or high-stakes testing in a safe, invigilated environment. A secure Replay test player provides a consistent test experience for each candidate on any device.

**3. MARKING**

Auto and manual marking with advanced quality controls provides high-quality, fair results and turnaround times that are simply incomparable to traditional methods.

**5. ANALYSIS**

Powerful reports from results data that provide deep insight into how students, teachers or employees are performing.

**4. RESULTS**

Allows item types to be marked automatically, saving significant marking time and allowing users to see results immediately.

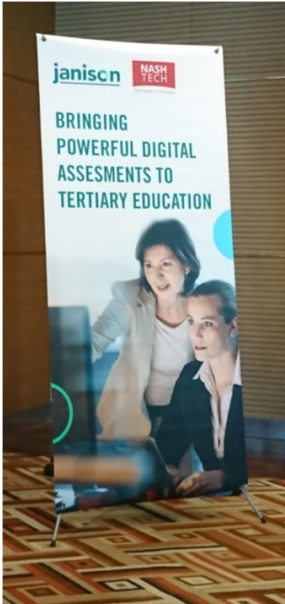
FINANCIAL REVIEW  
LISTS 2018  
**MOST**  
INNOVATIVE  
COMPANIES





4

# Intensify efforts on Marketing and Business Development



### Your perfect partner.

**Q:** HOW DOES JANISON HELP UNIVERSITIES TO MOVE TO ONLINE ASSESSMENT?

**A:** BECOME PART OF THE JANISON UNIVERSITY PARTNER PROGRAM.

Open to a selection of leading universities, the Janison University Program gives your institution immediate access to the Janison Insights platform, allowing you to test actual exams via an SaaS model.

It is your opportunity to evaluate online assessments and exams at your university, and collaborate with technology experts to help you develop your future strategies.

Become an active participant in the roadmap, as we continuously update the platform with powerful features and analysis tools that anticipate and conquer your institution's critical challenges and needs.

**janison university program**

**UNIVERSITY PARTNER PROGRAM MEMBERSHIP:**

- Up to 10,000 users annually
- Janison Insights to author, deliver, mark and analyse assessments
- Dedicated environment set up for your organisation
- Azure cloud-hosted in your region
- Configured to suit your processes with on-site training
- 24/7 support
- Participation in roadmap development and prioritisation
- Integration for single sign on and to your LMS
- Annual partner conference

**JANISON INSIGHTS IS A PROVEN, END-TO-END DIGITAL ASSESSMENT PLATFORM FOR ORGANISATIONS AND EDUCATORS WHO DELIVER HIGH-STAKES EXAMS TO 10,000 TO 10 MILLION TEST-TAKERS.**

**DIGITAL ASSESSMENT PROCESS:**

- 1. AUTHORING:** Tailored to suit your institution's assessment requirements, Janison Insights gives you the tools to create and deliver high-stakes exams in a secure, scalable, and user-friendly environment.
- 2. DELIVERY:** Secure to lock down testing hardware, Janison Insights provides a secure, scalable, and user-friendly environment for your institution's exams.
- 3. MARKING:** Auto and manual marking with advanced analytics capabilities to ensure high quality, fast, and reliable marking results.
- 4. RESULTS:** Data generated automatically, securely, and in real-time, allowing you to gain insights into your institution's performance.
- 5. ANALYSIS:** Data generated automatically, securely, and in real-time, allowing you to gain insights into your institution's performance.

**RELIABLE AND SECURE**

- Built specifically to deliver high-stakes exams and meet the most stringent security and stability requirements.
- Built on Microsoft Azure, with enterprise-grade security and identity management.
- Unlike paper exams, submissions cannot be lost, mislaid or tampered with.
- Through Microsoft Azure, Janison leverages the broadest set of compliance certifications and attestations in the industry.

**TRUSTED**

A full audit trail of everything that happens during an assessment event for reporting and transparency.



**Janison**  
1,219 followers

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[www.janison.com/learning\\_trends](https://www.janison.com/learning_trends)

**Janison Learning Management Systems**

DOWNLOAD

**janison university program**

**Digital assessment: transforming universities.**

Within no aspect of higher education is a cutting edge more essential than in assessment: the bedrock diagnostic tool that informs your institution's key education strategy decisions, affecting budgets, staff, students, and academic outcomes.

Over a decade of successfully delivering hundreds of thousands of high-stakes digital exams, Janison has come to appreciate the universal challenges that tertiary institutions face.

Academic exams have significant, life-changing outcomes. As such, they require a robust, fail-proof system to deliver equitable testing with validity and integrity. But it doesn't stop with the technology. Change is a significant part of the journey. We anticipate institutions' needs and challenges, making transition as smooth as possible.

**UNIVERSITY LEADERS CITED THE KEY OUTCOMES OF DIGITAL TRANSFORMATION AS IMPROVING STUDENT EXPERIENCE (94%) AND MEETING CHANGING STUDENT NEEDS (83%).**

\*Digital Transformation in Higher Education, Higher Education Research, 2017

# Agenda

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We expect to continue to grow rapidly by specifically investing in our platform and business development

Revenue FY19

**\$20m**

From \$17.3m in p.c.p

International  
Income Share

**+15%**

At 30 June 2019

FY19 EBITDA Run Rate<sup>1</sup>

**\$4.0m+**

Cash on Hand

**\$5.0m**

At 30 June 2019

Average Revenue  
per Client (ARPC)

**↑ to**

**270k**

At 30 June 2019

Platform & Content Revenue

**\$53%**

<sup>1</sup> Run Rate EBITDA is calculated by annualising the H2 FY19 expected EBITDA

# Key takeaways



## ■ Robust financials

Janison estimated to deliver **\$20m** in Group revenue in **FY19** (up from \$17m in FY18) and a full year **run rate<sup>1</sup> EBITDA** of **\$4m**. H1 FY19 was an investment phase which impacted margins. H2 FY19 is has already begun to return steady-state profitability. Cash on hand \$5.0m at 28 February 2019.

## ■ The Assessment market opportunity

**\$700m** opportunity within the addressable Assessment market of which Janison is targeting **16%** by **2025 (\$110m)**. H1 FY19 saw heavy investment in the Assessment platform in readiness for this opportunity. Good market dynamics and Janison well positioned to take advantage of this.

## ■ Market sector focus

Within Assessment Janison is targeting the more attractive sectors: Schools and Higher Education with discussions with large education bodies currently underway.

## ■ Value chain acquisitions

Janison has identified areas within its value chain in need of enhancement and acquisition opportunities to address this.

<sup>1</sup> Run Rate EBITDA is calculated by annualising the H2 FY19 expected EBITDA

## Disclaimer: forward looking statements

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



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