



Janison makes strategic bolt-on acquisition of school assessments business

Janison Education Group Limited (ASX:JAN) (“Janison” or the “Company”), is pleased to announce it has entered into an agreement to acquire a school assessments business – **Quality Assessment Tasks (“QATs”)**, with an expected Completion Date on or around 15 October 2021.

Key Highlights

- Acquisition of a suite of highly valued and well-established school assessments
- Access to an item bank of ~5,000 digital test items
- Access to large pool of 250+ test developers and reviewers
- Consistent revenue, cash flow positive, earnings accretive deal
- Cross-sell opportunity of school assessments
- Increases market share in Australia

Transaction Overview

Janison has reached an agreement to acquire the business assets of **Quality Assessment Tasks (“QATs”)** an **Australian market leader** in the development of school assessments for Year 11 and 12 subjects. Headquartered in Victoria and operating for over 20 years, QATs has developed a well-known and reputable brand in the market.

The business is relatively small in size, comprising four FTEs and a contractor network of 250 content developers and reviewers with revenues of \$1 million in FY21, robust margins, and cash generating.

Janison has agreed to pay \$2 million in total consideration of which \$1.25 million will be paid in cash upfront upon completion and a \$0.75 million variable earnout payment in cash which will be deferred for one year and contingent upon achieving an agreed FY22 revenue target. The total consideration will be funded from Janison’s cash balance and represents a recurring revenue multiple of 1.5x.

Strategic Rationale

The acquisition of QATs increases Janison’s share of the Australian schools market and broadens Janison’s product portfolio by bringing on a suite of highly regarded and well-known assessments under a reputable brand name with a long history.

QATs’ tests serve a segment of the schools’ assessment market which is least discretionary – testing for year 11 and 12 students. At a future point when high-school certificate exams (HSC, VCE, etc.) transition online from pen-and-paper, Janison will be well-placed to provide the

software platform to deliver those exams nationally – with students having become accustomed to Janison’s test player environment – the same experience as NAPLAN Online, NSW Check-In, VALID, Best Start and the Australian Science Innovation exams – all running on the same Janison assessment platform.

The acquisition brings an item bank of past assessments and exam questions which have monetary value within Janison’s school assessment offering. It also introduces a network of over 250 highly skilled test writers and reviewers which supports Janison’s strategy of developing and refreshing its digital library of assessments and items to the highest standard of quality.

A large immediate cross-sell opportunity exists to leverage QATs’ unique school base with that of Janison’s ICAS and PISA-for-Schools customer base, and vice versa, to offer additional tests to each cohort.

David Caspari, Managing Director of Janison said: *“Ever since our acquisition of ICAS in 2020, our business has been on a journey to accumulate a suite of world-class assessments for the schools’ market, allowing Janison to pair its tried-and-tested assessment platform technology with a broad content portfolio of school products. This enables us to provide teachers, parents, schools and education systems with invaluable data on which to aid learning, effectively allocate resources, and ultimately unlock the potential in every learner.”*

Business Overview

QATs develops and sells assessments and non-assessments tasks (case studies, practical assignments) to schools across Australia for secondary school students (Year 11 and 12). These assessments provide valuable practice materials for students preparing for end-of-year exams such as HSC, VCE, QCE and SACE¹. Assessments are created digitally and sent electronically to teachers and school faculties across the country.

QATs has approximately a 50% national market share² of the roughly 2,800 secondary schools across Australia with an 80% share in NSW, 90% in Victoria and 40% in QLD & SA, the latter being relatively newer markets. Customer retention in FY20 was 73%³.

It has amassed a catalogue of 687 assessment products and approximately 5,000 individual test items which are linked to the relevant state-based curricula.

¹ HSC: Higher School Certificate (New South Wales)
VCE: Victorian Certificate of Education (Victoria)
SACE: South Australian Certificate of Education (South Australia and Northern Territory).
QCEs: Queensland Certificate of Education (Queensland)

² Based on schools purchasing during the past 4 years to 2021

³ Based on schools retained in FY20 from FY19



Financials

(\$m)	FY20	FY21	FY22 F (pre-synergies)
Revenue	0.9	1.0	1.3
Cost of Sales	0.4	0.3	0.5
GP	0.5	0.7	0.8
GP%	58%	66%	65%
EBITDA	0.4	0.5	0.6
<i>EBITDA %</i>	<i>44%</i>	<i>49%</i>	<i>46%</i>

- Consistent revenue of ~\$1m over the past 5 years
- Strong profit margins and free cash flow
- Strong growth expected in FY22

-ENDS-

This announcement has been authorised for release by the Board.

For further information, please contact Stuart Halls at: IR@janison.com

About Janison

Janison is an education technology pioneer helping to **unlock the potential in every learner.**

Janison delivers high-stakes, high-scale, online assessments to millions of students in more than 120 countries, for organisations including the Australian federal and state governments, Chartered Accountants ANZ, British Council, the University of London, the Organisation for Economic Co-operation and Development (OECD), and the Singaporean government. Janison's business comprises:

Online Assessments

- **Products** – world-class schools' assessment products including ICAS, REACH, JET, SCOUT and PISA for Schools, developed either in-house by world-leading test and item developers or licensed from global partners such as the OECD.
- **Platform** – a market-leading full-suite assessment platform for high-stakes and high-scale online exams with the capability to author, test, mark and provide insightful analysis. The platform is used by millions of students globally across 120 countries in schools and professional accreditation bodies such as the Chartered Accountants ANZ. The platform includes remote proctoring capability allowing educators to deliver exams in a remote setting with the confidence and exam integrity required for high-stakes assessments.
- **Professional Services** – Janison provides world-class professional services to assist clients in onboarding their assessments and students on to the Janison assessment platform. Janison also offers a range of assessment services including content and test development, exam management, and event delivery support for customers globally.