

ASX Announcement
23 October 2020

Q1 Trading Update & 1H Outlook

The Board of **Janison Education Group Limited (ASX:JAN)** (“**Janison**” or the “**Company**”), is pleased to release its completed financial results for the **three months ending 30 September 2020 (“Q1 FY21”)** and a 1H Revenue Outlook.

Q1 FY21 Highlights

- **\$7.8m Group Revenue +53% growth** on pcp¹
- **Underlying Assessments Platform revenue growth of +29%** on pcp
- **\$5.7m Assessments Revenue +68% growth** on pcp
- **\$1.5m EBITDA**, up **+\$1.2m** or **+425%** on pcp, with positive Assessment EBITDA of \$0.5m
- **\$2.3m positive operating cash flow**, **\$12m cash on hand** as at 30 September 2020
- **50% Gross Margin**, up **+3.4 percentage points** on pcp
- Successful ICAS delivery and significant improvement in customer experience. **\$2.7m revenue in Q1** with **>\$4.5m expected full year (revised up from \$4.0m previously)**
- **+21% revenue growth in Learning division**; 3 new client wins

Income Statement - Q1 FY21 Final (vs. Previous Guidance)

for the 3 months ending September:

(A\$m)	Q1 FY21 Final Result	Q1 Market Guidance (28th Sep)	Growth on Q1 Last Year		Q1 FY20 (Last Year)		
			\$ variance	% variance		\$ change	% change
Platform Revenue	5.6	5.5	+0.2	+3%	3.1	+2.5	+80%
Services Revenue	2.1	2.2	(0.1)	(2)%	2.0	+0.2	+9%
Total Group Revenue	7.8	7.6	+0.1	+1%	5.1	+2.7	+53%
Cost of Sales	3.9	4.0	+0.1	+3%	2.7	(1.2)	(30)%
Gross Profit	3.9	3.6	+0.2	+7%	2.4	+1.5	+64%
GM%	50%	47%	+2.4pps		46%	+3.4pps	
Operating Expenses	2.4	2.2	(0.1)	(6)%	2.1	(0.3)	(13)%
EBITDA	1.5	1.4	+0.1	+7%	0.3	+1.2	+425%
EBITDA %	19%	18%	+1pps		6%	+14pps	
Depreciation & amortisation	0.8	0.8	+0.0	+6%	0.3	+0.5	+151%
Share-based compensation	0.2	0.2	+0.0	+14%	0.2	+0.0	+18%
Interest, tax, FX and other	0.4	(0.1)	+0.6	(462)%	(0.1)	+0.5	(503)%
NPAT-A	0.0	0.6	(0.5)	(94)%	0.3	(0.3)	nm
Amortisation of acquired IP	0.5	0.5	+0.0	+0%	0.4	+0.0	+7%
NPAT	(0.4)	0.1	(0.5)	(490)%	(0.1)	(0.3)	nm

¹ pcp = prior corresponding period. In this case the prior corresponding period is the three months to 30 September 2019.

Revenue

Management are pleased to report strong underlying growth in its core Assessments division with Assessment Platform Revenue growing +29% on pcp driven by an expansion in the PISA for Schools program (new countries and expanding sales within countries such as Russia), global remote exams for the University of London (UoL), and expansion of existing clients such as the NSW Dept. of Education.

Underlying Assessment revenue excludes revenue from EA – “Educational Assessments” (previously UNSW Global – a Janison client and the owner of EA until June 2020). It also excludes JEM revenue (previously LTC Language & Testing Consultants).

Divisional Revenues				
(A\$m)	Q1 FY20	Q1 FY21	\$ change	% change
Underlying Assessments Revenue:	2.5	2.9	+0.4	+15%
Assessment Platform	1.7	2.1	+0.5	+29%
Assessment Services	0.9	0.7	(0.1)	(12)%
Other Assessments Revenue:	0.9	2.8	+1.9	+222%
EA (ICAS)	0.3	2.7	+2.5	+946%
JEM (Exam Management)	0.6	0.1	(0.5)	(89)%
Total Assessment Revenue	3.4	5.7	+2.3	+68%
Learning Revenue	1.7	2.1	+0.4	+21%
Group Revenue	5.1	7.8	+2.7	+53%

The JEM (Janison Exam Management) division experienced a continued impact from COVID in Q1 FY21 with the deferral and cancellation of in-person exams from universities and professional bodies. COVID has seen Janison accelerate the digitisation of the exam management business with remote proctoring and computer-based in-person exams.

EA revenue in FY20 represents licence fees charged to UNSW Global for the use of the Janison assessment platform to deliver the ICAS assessment (and other tests). In June 2020, Janison acquired the business assets of EA from UNSW Global and continues to deliver the EA products (e.g. ICAS) on the Janison platform, directly to schools and parents – revenue from which is recorded in the table above for Q1 FY21.

Cash Flow

In Q1 FY21 Janison recorded a strong free cash flow (Operating Cash Flow minus R&D & Capex) of \$1.2m to finish the quarter with over \$12m of cash on hand.

Cash Flow Statement

for the 3 months ending September:

(A\$m)	FY20 Q1	FY21 Q1	\$ Change	% Change
Customer Receipts	5.6	8.0	+2.4	+42%
Payments to Suppliers	(3.7)	(5.9)	(2.2)	(58)%
Other	(0.2)	0.2	+0.4	--
Operating Cash Flows	1.7	2.3	+0.6	+38%
Acquisitions	(1.7)	0.0	+1.7	--
Investment in R&D	(1.2)	(0.9)	+0.4	+31%
Other Capex	(0.0)	(0.1)	(0.1)	--
Investing Cash Flows	(2.9)	(1.0)	+1.9	+67%
Financing Cash Flows	(0.2)	(0.1)	+0.1	+31%
NET CASH FLOW	(1.4)	1.2	+2.6	-
Opening Cash Balance	6.0	11.1	+5.1	+84%
CLOSING CASH BALANCE	4.6	12.3	+7.7	+168%

1H FY21 Outlook Update

COVID-dependent, management expect group revenues for the first 6 months to 31 December 2020 (1H FY21) to be in the range of **\$15m - \$16m, representing +32-40% growth on the prior corresponding period, 1H FY20. This guidance was given previously and is now reaffirmed. Management are now confident revenue will be towards the high-end of this range.**

Through improved pricing and targeted cost reduction programs in Cost of Sales, Janison expects gross margin for the first 6 months of FY21 (1H FY21) to remain at approximately 50% or higher.

During Q1 FY21 management invested strongly in establishing its Sales and Marketing function in order to capitalise on the rapidly expanding global market opportunity for online assessments in Schools and Higher Education (as outlined in the use of funds during the April 2020 capital raise). Management are pleased with the increased level of qualified leads being received as a result of this investment.

The investment in Sales and Marketing, in conjunction with government subsidies and precautionary COVID measures rolling off, will lead to a step-up in Operating Expenses (Opex) from Q2 FY21 of approximately \$1m higher than in the previous quarter, Q1 FY21.

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This release has been approved by the board.

For further enquiries, please contact Janison Investor Relations, email: IR@janison.com

About Janison Education Group

Janison, a multi-award-winning Microsoft education partner, successfully delivers online assessment events to millions of candidates in more than 100 countries, for organisations including the British Council, the Organisation for Economic Co-operation and Development (OECD), the Singaporean government, and national and state government departments in Australia.

Janison is an education technology pioneer transforming the way people learn. It provides two primary offerings in the education technology industry:

- **Janison Insights** – a leading global 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 platform used by large enterprises and government departments to build capability in their people.

Janison also manages the delivery and supervision services for in-person exams for the higher education sector and professional associations across Australia and New Zealand via the acquisition of LTC Testing in April 2019. Janison also recently acquired Educational Assessments – the creator and owner of the elite schools-based ICAS test, amongst other test products such as REACH, JET and SCOUT, from UNSW Global on 31 May 2020.

Forward-looking statements

This announcement 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 and management. 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.