

ICAS 2020 Exceeds Expectations 1H FY21 Outlook Improves

The Board of **Janison Education Group Limited (ASX:JAN)** (“**Janison**” or the “**Company**”), is pleased to announce the successful completion of its first full delivery of the ICAS Assessment (“**ICAS 2020**”) since it acquired the business in June 2020. Despite the impact of COVID-19 forcing school closures across the country, ICAS 2020 beat internal management expectations, including revenue expectations by +\$1.1M, leading to an update to the 1H FY21 financial outlook.

ICAS Highlights

- **\$4.8m Revenue, +30% above management expectations**
- **80% Gross Margin**
- **\$2.3m EBITDA and Net Cash Flow contribution**
- **300,000+ tests administered**
- **2,500+ schools (approximately 20% of all Australian schools), 114 new schools**
- **41,000+ parent purchases and contact details, +11% or +4,000 new contacts**
- **98% improvement in customer satisfaction and seamless event delivery**



ICAS 2020

The ICAS 2020 Assessment was sat more than **300,000** times within the extended sitting window of August to November 2020 by school children across Australia, New Zealand, Singapore and Malaysia. Total revenue and cash receipts surpassed **\$4,800,000**, exceeding management estimates of \$3,700,000 set at the time of acquisition.

Due to the timing of the ICAS business acquisition, the majority of test development costs were incurred prior to acquisition, thereby allowing Janison to book most of the revenue as profit. As a result, ICAS 2020 delivered a **gross margin** of **80%** and **EBITDA** contribution of **\$2.3m** in 1H FY21.

Customer satisfaction vastly improved on last year with a 98% reduction in customer complaints and an overwhelming number of positive comments from teachers who felt that this year's online test delivery was significantly better than in previous years. This was enabled by Janison now being the sole vendor in the entire ICAS solution, owning all elements of the test including item development, sales & marketing, platform ownership, reports and awards. Management are confident the full ownership and digitisation of the test will create efficiencies in production and delivery leading to a lower cost to produce.

Looking ahead – ICAS 2021

Management are very pleased with the ICAS 2020 result and look ahead to an even stronger result in 2021 (FY22). Next year the test will offer the full suite of subjects (writing test not delivered in 2020) in a more favourable environment where COVID is contained and a greater number of schools are able to sit the test. In advance of 2021 Janison will be investing to improve the quality of test questions – enriching content to enhance student experience and further raise the ICAS competition standard.

The Acquisition - Recap

In June 2020, Janison Education Group purchased the ICAS business assets from the University of New South Wales Global Pty Ltd (UNSWG). The purchase consideration was approximately \$0.75m in the form of employee liabilities transferring across on completion. At the time of acquisition UNSWG was also a customer of Janison, licensing the Janison Insights platform to deliver its assessments to schools. For early termination of this agreement, UNSWG paid Janison \$1.0m.

Accounting Recognition

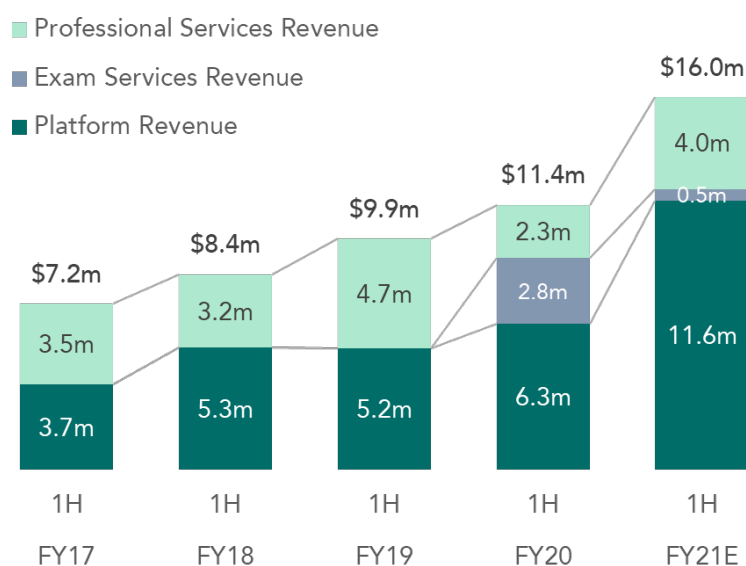
The revenue and costs of ICAS 2020 are recognised in the P&L over the duration of the test window. In FY21 the test delivery window was between August and November. In FY22 the testing window will return to a shorter period of August to September 2021 (Q1 FY22).

Parents and schools typically pay for the ICAS assessment several months in advance of the test therefore cash receipts arrive between June and August 2020. Test development costs are incurred throughout the year leading up to the test delivery window and are held as work in progress (WIP) until the testing window when they are released to Cost of Sales in the P&L.

1H FY21 Outlook Update

Management are closely monitoring the impact of COVID, particularly on Janison's Exam Services business (previously known as 'LTC'). Subject to this, management expect **group revenues** for **1H FY21** to be at the high-end of the range **\$15m - \$16m**, which would represent a **~40% growth on the prior corresponding period, 1H FY20**.

First-Half Revenue Expectations



In 1H21 Janison's exam services business is expected to see revenues contract by approximately \$2.3m (from \$2.8m to \$0.5m) due to COVID forcing high-stakes exams including those ran by higher education institutions to be deferred or replaced temporarily with alternative forms of assessment (assignments and low-stakes exams). With the outlook for eased restrictions and a vaccine looking favourable, management expect exam management revenues to return in 2H21 and in future years.

Through improved pricing, targeted cost reduction programs in Cost of Sales, and now a stronger than expected ICAS 2020 result, Janison is predicting **gross margins for the first 6 months of FY21 (1H FY21)** to be above **50%**.

Opex

In 1H FY21 Janison invested heavily the expansion of its **Sales and Marketing** function to capitalise on the rapidly expanding global market for **online assessments**. The team is now well established and is experiencing an increased level of qualified leads. This investment in Sales and Marketing, in conjunction with the end of government subsidies and precautionary COVID measures, will lead to a one-off stepped increase in Opex of **approximately \$1m** per quarter, above the level in Q1 FY21.

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, delivers online assessment to millions of students in over 100 countries, for organisations including the Australian government, state government departments, British Council, the Organisation for Economic Co-operation and Development (OECD), and the Singaporean government.

Janison is an education technology pioneer transforming the way people learn and improving educational outcomes for students globally. It provides the following platforms, services and products in the EdTech industry:

Assessments

- **Janison Insights** – is a leading global platform providing a full-suite solution for online exams. The platform has the capability to author, test, mark and provide insightful reporting. The platform is currently used by millions of students globally across national education departments, higher education institutions, not for profit organisations, and independent educational bodies.
- **Janison Remote** – is a leading online proctoring solution that allows educators to deliver exams in a remote setting with the confidence required for high-stakes exams. The online proctoring software is fully integrated with Janison Insights to provide a seamless online exam experience for both educators and students.
- **Janison Educational Assessments** Janison has a specialised internal test development team which develops several world-class Educational Assessments primarily for schools. Test products includes ICAS (competition), REACH (progression testing), JET (in-classroom formative tests) and SCOUT (placement testing).
- **Janison Exam Management** – Janison provides world-class in-person exam supervision services and management for higher education institutions and professional bodies across Australia and NZ.

Learning

- **Janison Academy** – is a leading integrated learning platform (LMS) used by large enterprises and government departments to train and build capability in their people.

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.