

Janison First-Half FY21 Results Exceed Expectations

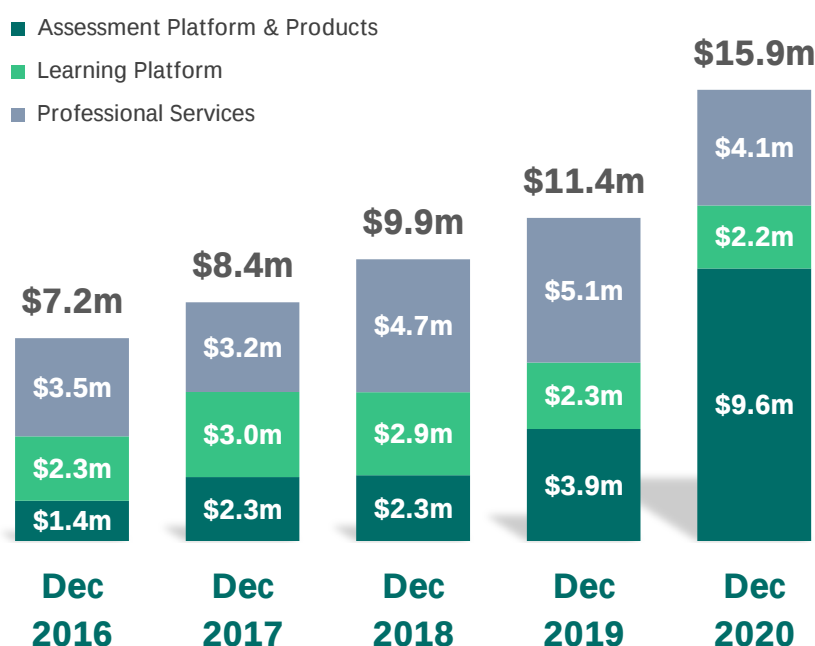
The Board of **Janison Education Group Limited (ASX:JAN)** (“Janison” or the “Company”), is pleased to release its **preliminary, unaudited** financial results for the **six months ending 31 December 2020** for the financial year FY21 (“**1H21**”) and a **business trading update**.

1H21 Highlights

- **+79% growth** in **Group Revenue** vs pc¹ (excluding COVID impact on JEM business)
- **+40% growth** in **Group Reported Revenue** vs. pc¹
- **+88% growth** in total **Platform Revenue** vs. pc¹
- **+143% growth** in core business revenue - **Assessments Platform and Products**
- **+78% growth** in **Assessment ARR** at 31 December 2020 vs. pc¹
- **+8.3 percentage-point increase** in **Gross Margin**, to **54%**
- **+118% growth** in **EBITDA**, up **+\$1.5m** on pc¹ to **\$2.7m** for the first-half FY21
- **\$10m cash on hand** as at 31 December 2020
- **ICAS Assessments** successfully integrated and generating **\$4.8m 1H21 revenue**

First-Half Group Revenue

Janison.
ASX:JAN



¹ “pc¹” Prior Corresponding Period. For the purposes of this release, the prior corresponding period is the six months to 31 December 2019.

Assessment Platforms & Products

Janison's **primary** revenue source and largest opportunity for growth is the licence of its Software-as-a-Service (SaaS) digital Assessment Platforms and Products to education bodies, globally.

As at 31 December 2020, Assessments recorded a +143% growth in revenue vs. 1H pcg and a **+78% growth** in **Annualised Recurring Revenue (ARR²)** to **\$13.4m** (an increase of +\$5.9m vs. 31 December 2019).

ARR (Annualised Recurring Revenue) Assessment Platform & Products



ARR Growth in Assessments for the first half of FY21 is a result of expansion in the following areas:

- § Janison's partnership with the **Organisation for Cooperation and Economic Development (OECD)**. Janison has a 5-year exclusive agreement with the OECD to assist its 90 countries currently sitting the tri-annual PISA assessment³ to adopt the annual **PISA for Schools assessment** – an OECD survey delivered on the Janison digital assessment platform that helps schools and countries improve educational outcomes for students. There are now seven countries⁴ licensing the Janison platform with discussions underway with other countries to join in the coming months.
- § Following the acquisition of **ICAS Assessments** in June 2020, Janison delivered over 300,000 tests to school children in the first half of FY21, generating **\$4.8m in revenue**. The test is traditionally sat in the first half of each financial year. Janison plans to test more school children in Q4 with its **REACH progression test** – also acquired in June 2020.
- § Janison is pleased to have been working with the **NSW Department of Education** for over 10 years and in FY21 assisted in the delivery of a new assessment for NSW schools to take the place of NAPLAN which was postponed in 2020 due to COVID. The new assessment tool, "CHECK-IN", provided schools and teachers with valuable insights into how students'

² ARR is calculated as the annualised amount of revenue booked in the first six months to December. For revenue which relates to specific exam events that take place once a year, the ARR is equal to the revenue recognised during that event period.

³ "PISA" is the Programme for International Student Assessment developed by the OECD.

⁴ USA, Brazil, Portugal, Russia, Pakistan, Thailand, Japan

knowledge had been affected by school closures. Through this partnership, Janison was able to provide rapid and insightful data to schools, and saw client revenues expand by over \$800,000 in the first half of FY21.

In the second half of FY21 and onwards, Janison expects to continue developing and expanding the above relationships to further assist educational bodies to improve student outcomes globally, and in turn, drive further value for shareholders.

Janison also expects to continue adding more clients to its digital assessment platform as the investment in Sales and Marketing (Opex) sees pipeline deals convert over the coming months. A notable success in recent client acquisition was [Chartered Accountants ANZ](#) which selected Janison to remotely deliver its membership examinations.

Online Learning and Professional Services

Janison's **foundational** business is the SaaS licence of its learning management software (LMS) and the provision of professional services; **Exam Management**, **Content Development** and **Strategic Accounts**.

These businesses remain stable and support Janison's focus on becoming a global Assessment business scaling its SaaS technology platform and SaaS products.

In 1H21, COVID continued to negatively impact Janison's Exam Management service business with tertiary institutions and professional bodies unable to offer in-person exams due to the limit on the number of people in gatherings placed upon businesses. Management foresee this impact continuing to suppress Exam Management revenues for the remainder of FY21.

Excluding Exam Management revenue, Janison's group revenue grew by +79% in 1H21 on pcp (compared to the +40% reported revenue growth).

Preliminary, Unaudited Income Statement

for the six months to December

(\$m)	1H FY21	1H FY20	\$ Growth	% Growth
Platform Revenue	11.8	6.3	+5.5	+88%
Services Revenue	4.1	5.1	(1.0)	(20)%
Group Revenue	15.9	11.4	+4.5	+40%
Cost of Sales	7.3	6.2	+1.1	+18%
Gross Profit	8.6	5.2	+3.4	+65%
GM%	54%	46%	+8.3pps	
Operating Expenses	5.8	3.9	+1.9	+48%
EBITDA	2.7	1.3	+1.5	+118%
EBITDA %	17%	11%	+6pps	

In 1H21 Janison increased its Gross Margin percentage through a number of targeted cost efficiency programs which aided in lowering Cost of Sales. It also benefited from a larger amount of higher-margin revenue from the licence of its Assessments Platforms and Products.

Janison has invested in building a highly secure, high-stakes assessment platform over the past 10 years in partnership with large strategic clients. This investment in product development has led to Janison now having an unparalleled assessments platform able to generate gross margins typical of a SaaS business.

As Janison's revenue from SaaS platforms and products increases, Gross Margin profitability for the Group is also expected to increase.

At the start of FY21, management invested strongly in strengthening its Sales and Marketing function in order to capitalise on the rapidly expanding global market opportunity for digital assessments (as outlined in the Use of Funds for the April 2020 capital raise). This investment has led to an increase in Operating Expenses of \$1.9m on pcip.

Management is pleased with the Company's progress on this front including increased levels of qualified leads and Janison's new capacity to harvest these leads.

Revenue by Division and Underlying

<i>6 months to December</i>				
(\$m)	1H FY21	1H FY20	\$ growth	% growth
Total Group Revenue	15.9	11.4	+4.5	+40%
Platform Revenue	11.8	6.3	+5.5	+88%
Services Revenue	4.1	5.1	(1.0)	(20)%
Assessment Revenue	12.3	7.9	+4.4	+56%
Underlying Assessment Revenue:	6.5	4.6	+2.0	+43%
Platform	5.1	3.4	+1.7	+49%
Services	1.4	1.2	+0.3	+25%
Acquired Revenue:	5.8	3.3	+2.5	+74%
EA (ICAS)	5.3	0.5	+4.8	+906%
JEM (Exam Management)	0.5	2.8	(2.3)	(82)%
Learning Revenue	3.6	3.5	+0.1	+2%
Platform	2.2	2.3	(0.1)	(5)%
Services	1.3	1.1	+0.2	+18%
Total Underlying Revenue	10.1	8.1	+2.0	+25%
Total Acquired Revenue	5.8	3.3	+2.5	+74%
Group Revenue Excluding JEM	15.4	8.6	+6.8	+79%

Cash Flow

Closing cash on hand at 31 December 2020 was \$9.9m. Customer receipts increased +16% on pcp and Janison maintained a steady investment in research and product development (\$2.4m in 1H21 and \$2.5m in 1H20).

for the 6 months ending December

(\$m)	1H FY21	1H FY20	\$ Change	% Change
Customer Receipts	15.0	12.9	+2.1	+16%
Payments to Suppliers	(14.3)	(11.5)	(2.8)	(24)%
Other	0.6	1.1	(0.5)	--
Operating Cash Flows	1.3	2.5	(1.2)	(49)%
Acquisitions	(0.0)	(1.7)	+1.7	--
Investment in R&D	(2.4)	(2.5)	+0.1	+5%
Other Investing Activities	(0.4)	(0.0)	(0.3)	--
Investing Cash Flows	(2.8)	(4.2)	+1.5	+35%
Financing Cash Flows	0.3	(0.1)	+0.4	--
NET CASH FLOW	(1.2)	(1.8)	+0.7	--
FX	(0.0)	0.0	(0.0)	--
Opening Cash Balance	11.1	6.0	+5.1	+84%
CLOSING CASH BALANCE	9.9	4.2	+5.7	+137%

Guidance Comparison

Metric	Guidance	Actual	On Track
Revenue	\$15-\$16m	\$15.9m	✓
Gross Margin	50% or >	54%	✓
Opex	\$5.8m	\$5.8m	✓
EBITDA	\$1.7m - \$2.2m	\$2.7m	✓

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Janison and the Market Opportunity

- Janison operates in a **vast addressable market** of manual (paper-based assessments) transitioning to digital format across millions of schools, universities, vocational education and training organisations and professional bodies around the world.
- Janison's assessment platform has a **compelling value proposition** – online assessments are cheaper than paper-based assessments, and they deliver faster, more insightful results in a more environmentally sustainable manner.
- Janison's **competitive advantage** is formed from 10 years of co-investment developing a high-stakes, highly scalable, highly secure online assessment platform based on the needs of multiple clients including the ministry of education in Australia, the Organisation for Economic Cooperation and Development (OECD), the Singaporean Government, the University of London, Chartered Accountants ANZ, NSW Department of Education, Service NSW Roads & Maritime and English Language testing for British Council.
- Janison currently delivers millions of tests each year to over 110 countries globally.
- Janison has a 100% retention rate of assessment clients.
- In recent times, **COVID has accelerated the digitisation** of paper-based testing, and in 2019 Janison was awarded a 5-year exclusive agreement with the OECD to transition 90 countries to the Janison assessment platform for the PISA for Schools test. Each country presents a large market expansion potential.

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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, delivers online assessments to millions of candidates in more than 100 countries every year, 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 provides the following in the education technology (EdTech) industry:

- **Assessments**

- o **Janison Insights** – a leading assessment technology platform powering large-scale digital exam authoring, testing, marking and reporting. It is used by national education departments, tertiary institutions and independent educational bodies – key contracts include PISA for Schools, NAPLAN Online, Singapore Exams Assessment Board (SEAB), and APTIS English Language testing, amongst others.
- o **Janison Educational Assessments** (“JEA”) – world-class assessments produced in-house and delivered on the Janison Insights technology platform. Assessments include ICAS, REACH and JET.
- o **Janison Exam Management** (“JEM”) – outsourced physical exam services. JEM provides the full suite of exam services for universities and professional bodies to outsource their in-person including secure test paper logistics, venue hire, exam supervision with a team of 700 trained invigilators, marking, remote proctoring services and exam paper scanning. Exams managed by JEM range from 1 person to 4,500 in one sitting and have been delivered for over 30 years.

- **Learning**

- o **Janison Academy** – an integrated learning management software (LMS) technology platform used by large enterprises and government departments to build capability in their people. Notable clients using Janison's LMS include Westpac, Suncorp and the NSW Department of Education.

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.