



Janison.

JAN.ASX

FY23 Annual Results Update.

8 August 2023

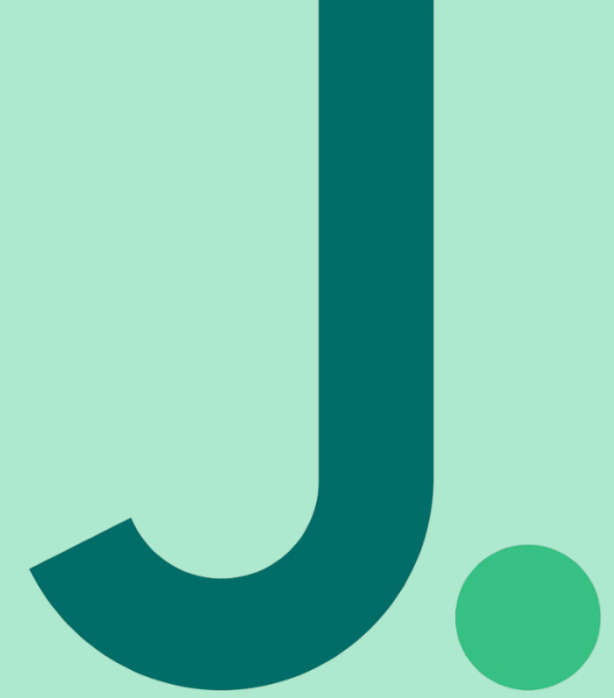
David Caspari

CEO and Managing Director

Stuart Halls

CFO

Janison.



A market leader in digital
assessments and testing, globally.

Unlocking the potential of every learner.

Janison FY23 Overview.

Janison Education Group Limited (ASX:JAN) has released an unaudited financial results summary for the year ending 30 June 2023.

The financial year marked significant milestones for the company. The year was characterised by record revenue, improving operating leverage, client acquisitions, expansion of existing Solutions accounts and Assessments product lines, and international expansion including the opening of a UK office.

The Company achieved group revenue of \$41 million, a 13% increase compared to FY22, driven by growth in Janison Assessments (21%) and Janison Solutions core (17%)¹. Gross profit margins remained strong at 63% due to improved pricing, scale benefits, and efficiency, resulting in Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) growth of 111% to \$4 million. Operating cashflow was \$5 million and Janison is now net cashflow positive. As of 30 June 2023, the company had a cash balance of \$12 million.

¹ 9% is the combined revenue growth for Janison Solutions, with 17% underlying growth in the core (platform partners), partially offset by declines in the Learning business and PBTS IPP.



Key Business Unit Highlights.

Janison Solutions achieved 17% core Solutions revenue growth¹ with significant international expansion, securing strategic partnerships with prestigious institutions such as Oxford University Press and Cambridge University Press and Assessment. Additionally, Janison added six new key account clients, further reinforcing its market-leading position. Janison has extended its NAPLAN Online contract up to 2030, representing up to \$24 million in Total Contract Value (TCV), demonstrating the continued trust and confidence placed in the company by educational institutions.

Janison Assessments achieved 21% revenue growth², the ICAS competition grew 15% and achieved higher average revenue per school. The company signed a co-branding agreement with the University of Sydney to address equity gaps and promote awareness of the Janison Assessments portfolio. The integration of recently acquired businesses, AAS and QATs, underpinned a 53% increase in combined revenue compared to the previous year.

¹ 9% is the combined revenue growth for Janison Solutions, with 17% underlying growth in the core (platform partners), partially offset by declines in the Learning business and PBTS IPP.

² 21% is the combined revenue growth for Janison Assessments, with higher growth in AAS and QATs, partially offset by declines in PBTS NSP.



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FY23 Highlights

Outlook

FY23 Business Performance

- Janison Solutions
- Janison Assessments

The Janison Group Annual Report and audited financial statements will be released on Monday 21 August 2023



FY23 Highlights – Record Revenue, Positive Net Cashflow.

Group revenue \$41m, +13% vs FY22

- +21% growth in Janison Assessments
- +9% growth in Janison Solutions (+17% core growth), record new customer wins



Gross profit increasing

- Improved pricing, scale benefit and efficiency continue strong GP margin
- Improved platform and product margins balanced by marginally higher services mix as record new customers are onboarded
- 28-percentage point increase since FY19 (from 35% to 63% GP)



EBITDA growth 111%

- +\$2.1m on LY driven by improved operational leverage and scale benefit

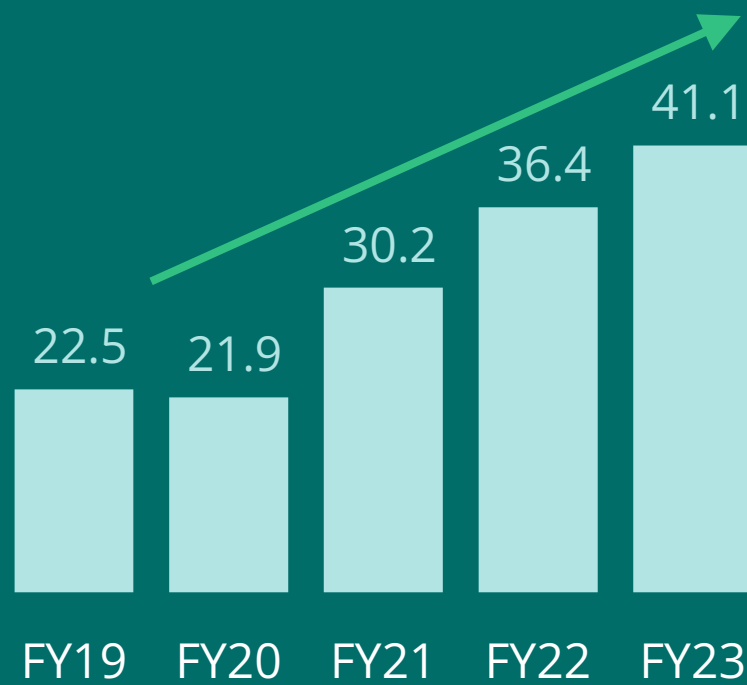
Positive cashflow

- Revenue growth, scale benefits, efficiencies and disciplined Opex management delivered positive net cashflow and free cashflow
- +\$11.5m net cashflow improvement vs prior year
- \$12m cash on hand at 30 June 2023

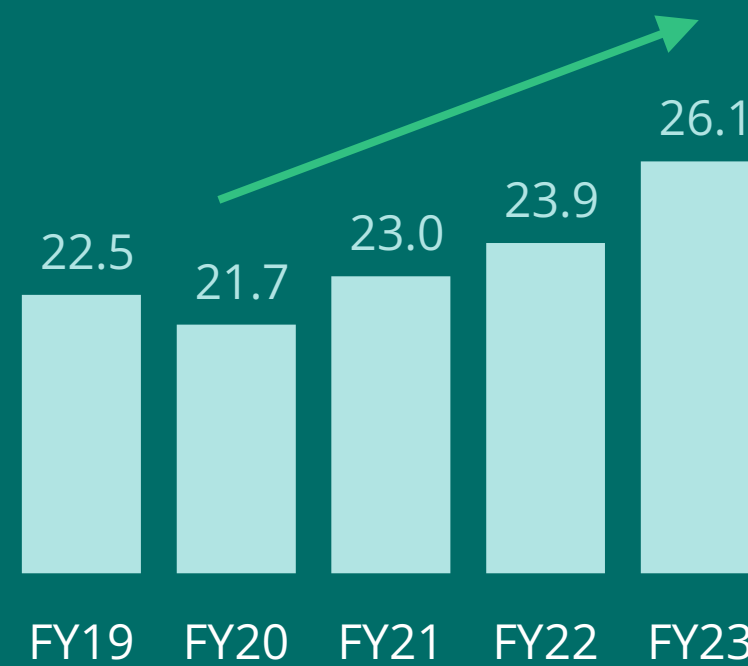


Growth Trajectory Across Key Metrics.

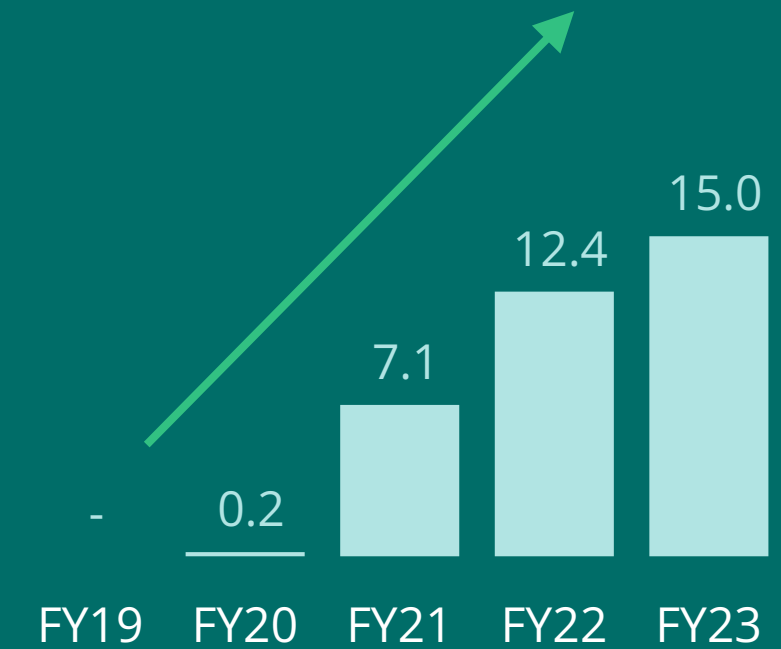
Group Revenue (\$m)



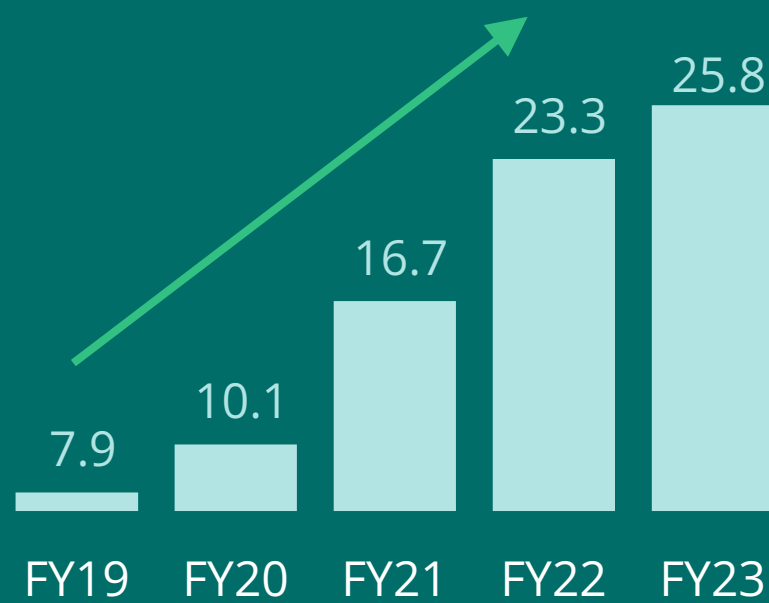
Solutions Revenue (\$m)



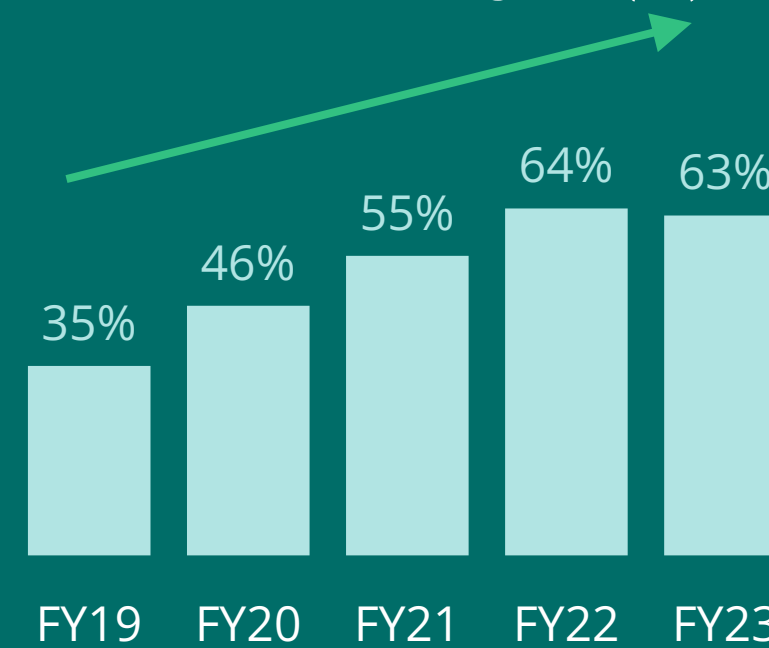
Assessments Revenue (\$m)



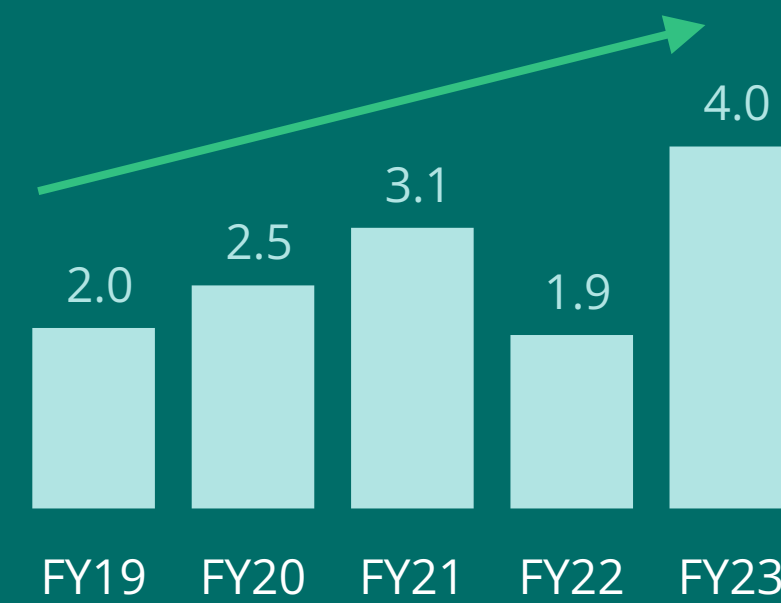
Gross Profit (\$m)



Gross Margin (%)



EBITDA (\$m)



FY23 financials are unaudited

Outlook - FY23 Has Created Momentum into FY24.

Solutions (\$26m)

+17% FY23 Core Solutions growth

Entering FY24 with advanced stage pipeline

Oxford and Cambridge wins

Signed 6 new key accounts clients; TCV \$5m+

Expansion of existing clients

Record NAPLAN 2023 and \$24m TCV extension up to 2030

Platform enhancements (including AI)

PISA for Schools (PBTS) IPP YoY decline due to cancellation of Russia. FY24 focus on new countries

Assessments (\$15m)

+21% FY23 Revenue growth

FY23 exceeded expectations on AAS and QATs with record revenue and new school acquisition

New AAS product development – ATAR analysis and prediction (PSAM)

+15% growth in ICAS revenue (up +25% since acquisition in FY21)

Exclusive partnership signed with University of Sydney (ICAS & Reach)

RISE+ launched and managed carefully within parameters

PBTS NSP underperformance in FY23, refocus from school to jurisdictional engagement

Operations

FY23 Net cashflow positive

+1.9% Opex increase

Maintained GM% at 63%

+111% EBITDA increase

High employee engagement score (eNPS 41)

Customer Satisfaction score at new highs (CSAT 97.3)

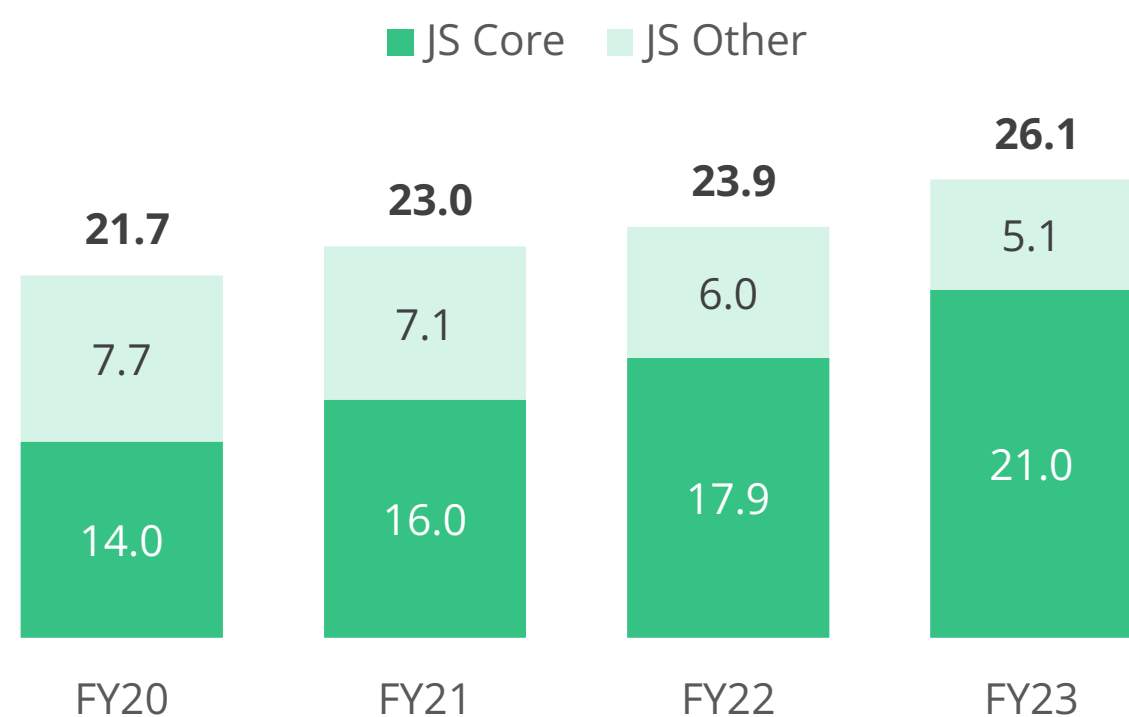
50 | 50 gender balance through all levels of business and at Board

AI commercialised as part of a multi-year adoption curve

\$41m Group Revenue by Business Unit.

Janison Solutions

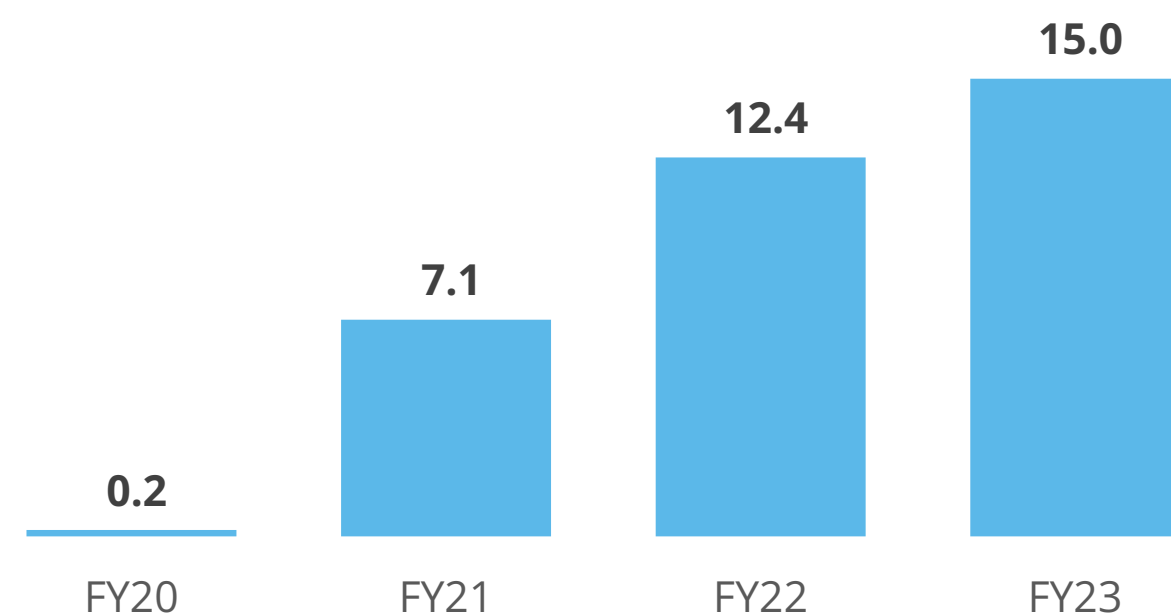
B2B platform licence & software services



12 mths ending 30 June (\$m)	FY20	FY21	FY22	FY23	FY23 YoY Growth	
JS Core	14.0	16.0	17.9	21.0	+17%	+3.1
JS Other (Learning & PBTS IPP)	7.7	7.0	6.0	5.1	(18)%	(1.1)
Total JS Revenue	21.7	23.0	23.9	26.1	+9%	2.1

Janison Assessments

School and parent assessments and analytics



12 mths ending 30 June (\$m)	FY20	FY21	FY22	FY23	FY23 YoY Growth	
ICAS	--	5.2	5.8	6.6	+13%	+0.8
AAS	--	--	4.1	6.4	+58%	+2.4
JA Other	0.2	1.9	2.5	2.0	(22)%	(0.6)
Total JA Revenue	0.2	7.1	12.4	15.0	+21%	+2.6

FY23 financials are unaudited
 Janison Solutions Core revenue includes B2B platform and services clients including previous JEM customers

FY23 Sustainable Positive Cashflow.

\$m	FY23	FY22	+/- % vs PCP
Revenue	41.1	36.3	+13%
Gross Profit	25.8	23.2	+11%
Gross Margin	63%	64%	(1)%
Opex	21.8	21.4	+2%
EBITDA	4.0	1.9	+111%
Free Cashflow	0.1	(7.7)	--

Revenue growth in Janison Solutions was driven by core businesses, through new client acquisition and expansion of strategic accounts.

Revenue growth in Janison Assessments driven by AAS and ICAS

Gross profit growth driven by platform volumes and new wins in Janison Solutions, in tandem with higher services revenue mix contributing to a stable, strong profit margin in FY23

Disciplined Opex cost management enabling investments in Sales and Marketing to support growth

Profitable full year with \$4m EBITDA, +111%

Free cashflow and net cashflow positive in FY23 as a result of revenue growth and operating leverage

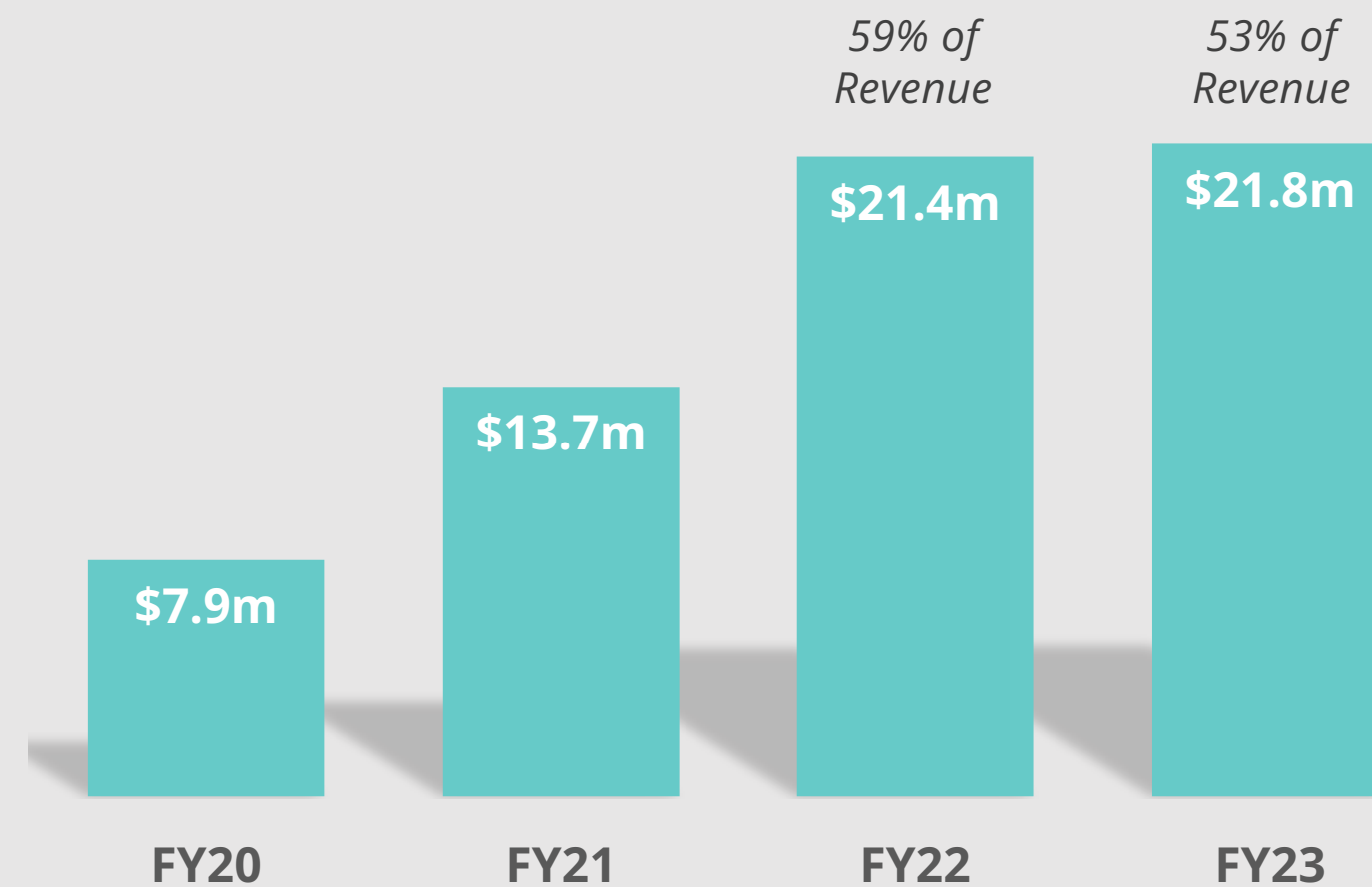


FY23 financials are unaudited.

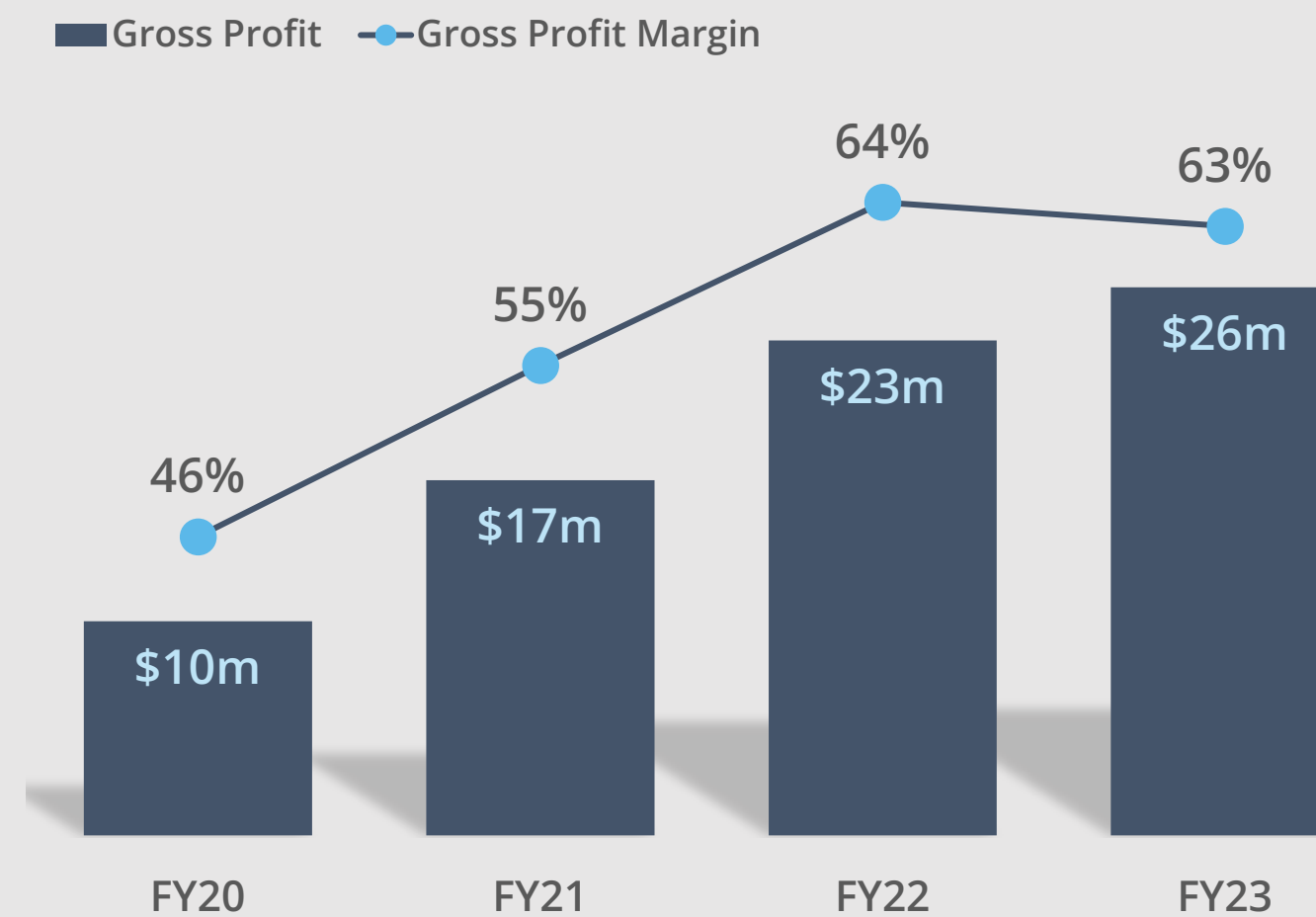
Greater Operating Leverage in FY23.

Operating (Opex) leverage demonstrated significant improvement, decreasing from 59% of revenue in FY22 to 53% of revenue in FY23. This achievement was a result of our disciplined cost approach and prudent reduction in discretionary spending, while enabling strategic investments in sales and marketing throughout FY23.

Operating Expenses



Group Gross Margin



FY23 financials are unaudited.

Cashflow Statement.

for the 12 months ending June

(\$m)	FY23	FY22	\$ Change	% Change
Customer Receipts	47.1	38.4	+8.7	+23%
Payments to Suppliers	(41.7)	(36.9)	(4.7)	(13)%
Other (tax, interest and other)	(0.0)	(0.0)	+0.0	+24%
Operating Cashflow	5.4	1.4	+4.0	+282%
Acquisition Costs	(0.7)	(6.6)	+5.9	+90%
Product Development	(4.4)	(7.8)	+3.4	+44%
Plant & Equipment	(0.1)	(0.2)	+0.1	+59%
Investing Cashflow	(5.1)	(14.6)	+9.5	+65%
Proceeds from Equity	0.9	2.9	(2.0)	+69%
Repayment of Lease Liabilities	(1.0)	(1.1)	+0.1	+12%
Financing Cashflow	(0.1)	1.8	(1.9)	+104%
FX Effect	(0.0)	0.0	(0.0)	--
NET CASHFLOW	0.2	(11.3)	+11.5	--
Opening Cash Balance	11.8	23.1	(11.3)	(49)%
CLOSING CASH BALANCE	12.0	11.8	+0.2	+2%



FY23 financials are unaudited

COMMENTARY

Customer Receipts

- Receipts include payment of upfront annual licence fees for the use of Janison's assessment platform (Insights), per-test fees, exam services and software services. Timing of large annual licence fees from enterprise clients, and the revenue recognition of large development projects can cause a variance between the amount of cash receipts recorded each year and the amount of revenue recognised in the Income Statement.

Payments to Suppliers

- Payments to suppliers includes salaries and wages, short-term cash incentives, contractor fees, software licence fees, marketing expenses, and other operating expenses.
- Approximately \$0.5m was paid to staff in the form of termination payments in FY23 as a result of a restructuring process commencing June 2022 and completing in Q2 FY23.

Acquisitions: During FY23 Janison paid a deferred earnout of \$0.7m to the vendors of QATs.

Proceeds from Equity consists of loan repayments made by directors and senior executives, for equity granted in 2017.

Product Development

- In FY23 Janison invested in the following key projects:
 - New platform functionality to allow the ability for clients to develop formative 'on-demand' assessments.
 - Developing items (test questions) for ICAS and other assessment products (Janison Assessments) which have a long-term future use as practice tests.
 - New development work to build the parent platform (RiSE+)
 - Finalising the consolidation of legacy branch functionality into the core platform.



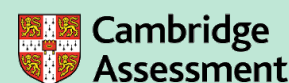
FY23 Business Performance.

Janison Solutions Overview.

Janison Solutions equips K-12 assessment publishers, accreditation providers and education departments with secure, high integrity, mission-critical hyperscale assessment solutions (platform and services) to deliver insights and education outcomes.

Serviceable TAM* for Janison Solutions in target geographies is ~A\$500 million. Growth is driven by expansion of platform partnerships in strategic accounts (medium term revenue \$3m-\$10m p.a.) and key accounts (\$1m-\$3m p.a.), targeted new customers, global TAM unlock driven by UK/EMEA market expansion, and ongoing platform enhancements.

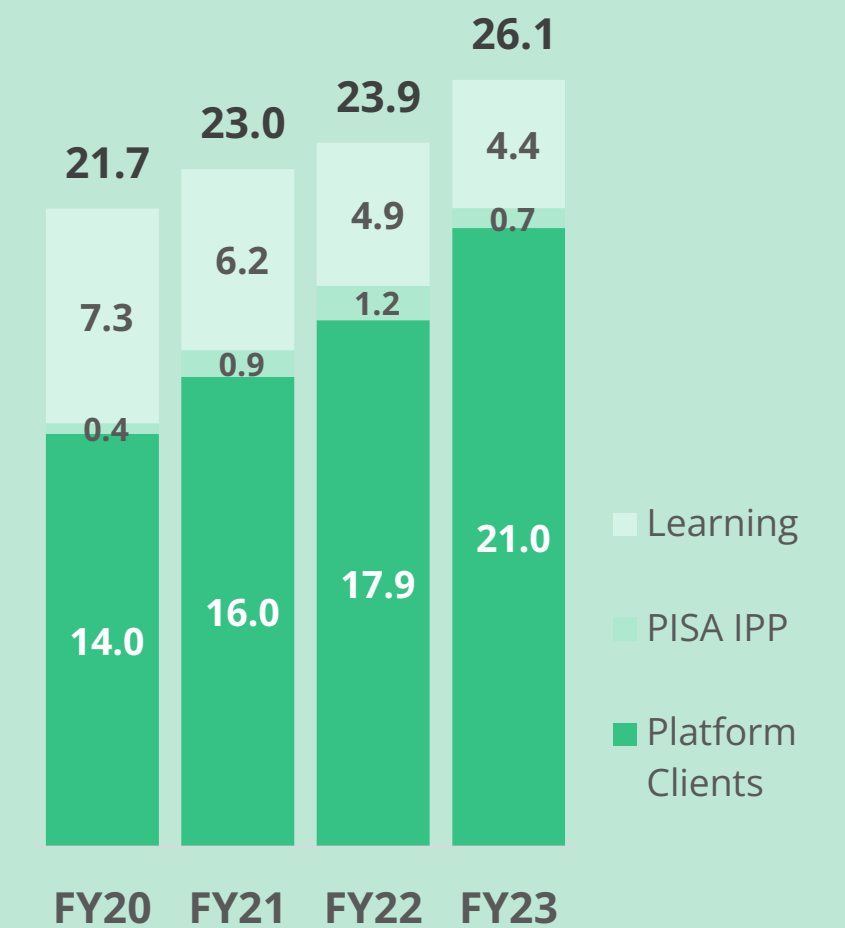
** Serviceable TAM: a component of total TAM considering factors such as Janison's deployment of resources, and segment/geographic focus. Internally prepared.*



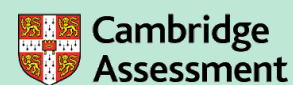
Janison Solutions – FY23 Achievements.

- Growing client base with 6 new platform clients – onboarded in FY23, delivering benefit in FY24+
- Record NAPLAN 2023 and \$24m TCV extension with options up to 2030
- UK and EMEA market expansion progressing well with Cambridge University Press & Assessments expanded, Oxford University Press signed in FY23 and opening of UK office with internationally-focused sales and account management footprint
- Significant expansion of NSW DoE test delivery with ‘on-demand’ – piloting since July 2023
- PISA for Schools (PBTS) platform revenue declined in FY23 by \$1m (Russia cancellation impact \$0.5m), with ongoing engagement with new IPP countries for FY24. New opportunities emerging within OECD beyond PBTS in FY24
- Entering FY24 with advanced stage pipeline, both new clients and SoW increase in existing clients

Janison Solutions Revenue (A\$m)

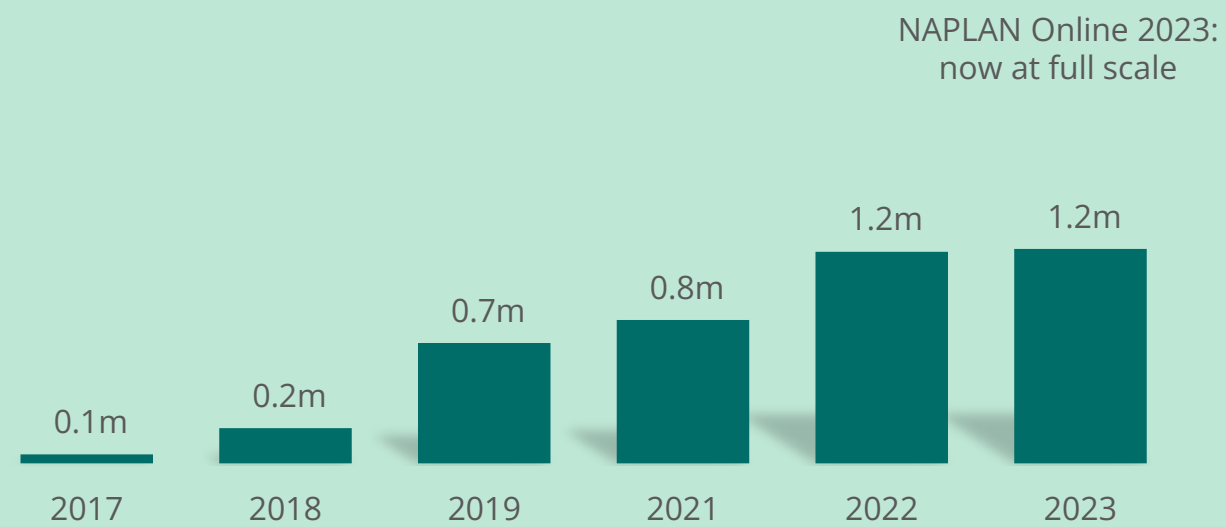


FY23 financials are unaudited

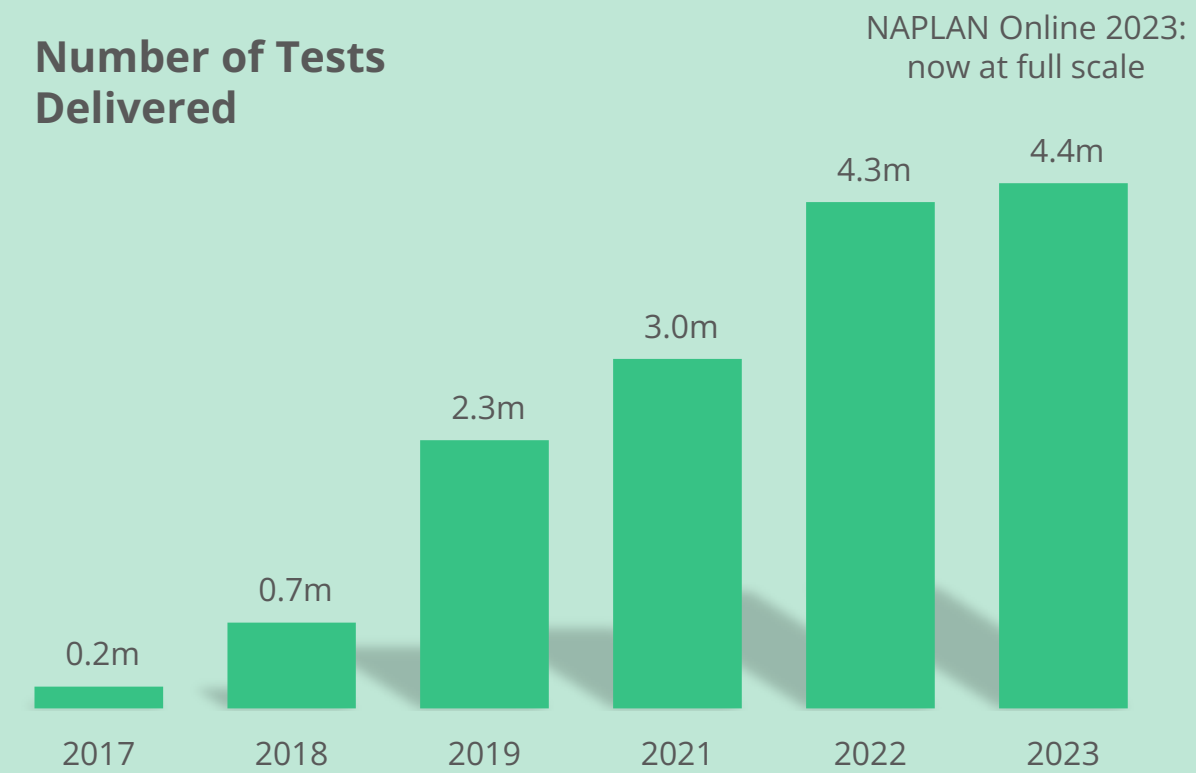


Solutions: NAPLAN FY23 Fully Online Event Delivery, with Extension Signed up to 2030.

Number of Students Assessed



Number of Tests Delivered



1.3m

NAPLAN Online students in one week



4.4m

NAPLAN Online tests in March 2023



2bn

Server calls to service fabric



9k

schools now transitioned from paper-based to digital (100% online)



0.3m

concurrent students using Janison Insights at the peak

Solutions: UK & European Footprint Expanding in FY24.

Market expansion into Janison's key regions – UK and Europe, is ahead of plan with targeted, disciplined investments and resources to lay the foundation for future international growth

Janison's presence in the UK dates back to 2010 and includes British Council - APTIS, IDP, University of London and Office of Immigration

Anchored on the Cambridge University Press & Assessments and the Oxford University Press platform agreements signed in FY23, these partnerships represent opportunity within Australia, UK/EMEA and internationally

Targeted investments in FY24 include opening of UK regional office in London, internationally-focused sales team, increased brand/PR, partnership enablement with consulting and technology resellers, and expedited investment in platform enhancements to support growth

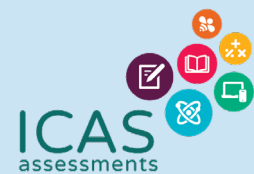


Janison Assessments.

Janison Assessments provides assessment products for schools, educators and parents, evolving towards a 'one-stop shop' portfolio as the market transitions from analog 'pen and paper' products to delivery through a digital, secure, scalable SaaS platform.

Serviceable TAM* for Janison Assessments in target geographies is ~A\$400 million. Growth is driven by expansion of existing products (ICAS, QATs, AAS, RiSE+ and PISA for Schools NSP), share of wallet growth via an integrated go-to-market, and the modernisation of assets into a SaaS product portfolio addressing all K-12 segments.

** Serviceable TAM: A component of total TAM considering factors such as Janison's deployment of resources, and segment/geographic focus. Internally prepared.*

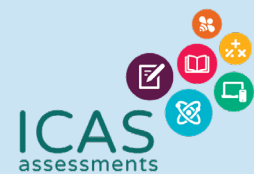
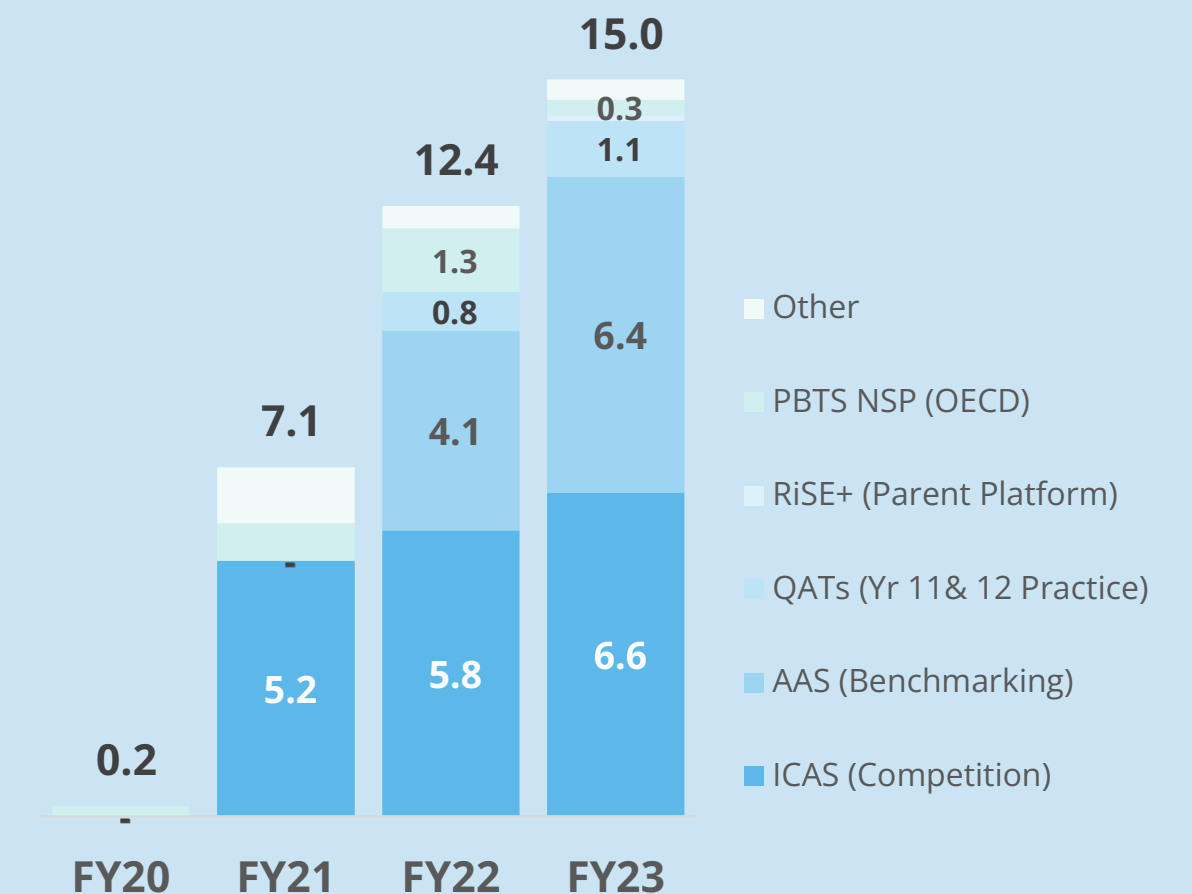


Janison Assessments – FY23 Achievements.

- +21% revenue growth across portfolio including +15% ICAS competition revenue and record revenue for AAS and QATs with +10% growth in new schools
- Established partnership with University of Sydney, with a focus on:
 - addressing educational equity gaps; and
 - co-branding driving awareness of end-to-end Janison Assessments portfolio
- Successful functional integration of AAS and QATs acquisitions with realisation of cost synergies. Commencement of school cross-sell across ICAS, AAS, QATs and PBTS with positive early successes
- Launch of new ATAR analysis and forecasting product in Australia (PSAM)
- Completion of AAS item bank digitisation, foundation for commercialisation in future school and parent propositions
- RiSE+ managed carefully within cashflow parameters. Focus on cross-sell to ICAS parent base from May 2023 yielded YoY increases in revenue (+117%), active subscribers (+70%), new paid customers (+42%), and monthly recurring revenue (+64%), \$0.1m revenue full year FY23.
- PBTS NSP school delivery did not meet expectations in FY23, with ongoing engagement focused on intra-government opportunities for testing in FY24

FY23 financials are unaudited

Janison Assessments Revenue (A\$m)



Janison Assessments – University of Sydney.

- Exclusive partnership between Janison and University of Sydney launched in February 2023.
- Campaign has driven material uplifts in ICAS Assessments website impressions (+144%), new users (+934%), and average session duration (+39%).

Janison and the University of Sydney.

We are thrilled to share the **University of Sydney** is supporting edtech provider **Janison** to deliver 5,000 free student benchmarking tests to students from under-represented backgrounds including low SES, regional, remote and indigenous schools over the next two years.

These assessments provide teachers with additional data that will enable them to identify gaps in student knowledge and tailor their teaching to support all students to reach their full potential.

Read more about this great opportunity: <https://lnkd.in/dHrEudG8>

#LeadershipForGood #ICASAssessments #Janison #EducationEquity #DeepProgram

How regional, rural and remote schools can use data for impact

by Brett Henebery
26 Apr 2023



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News_

Sydney supports extension of educational equity program in schools

5 April 2023

Helping to level the playing field of education

The University of Sydney is supporting edtech provider Janison to deliver 5000 free student benchmarking tests to regional, remote and Indigenous schools over the next two years.

Killara Ulm
Media & Public Relations Adviser (Central)
Mobile: 0481 066 021
Email:

Indigenous school students granted access to free benchmarking tests

Nina Hendy - March 31, 2023

Janison Assessments – Strategic Direction.

Janison Assessments brands and products form the highest quality school and parent propositions in the market

Continued progress to fully digitise analog acquisitions

Digitisation of assessment items and test delivery enables:

- Transition of services revenue from paper-based exams to become platform ARR
- Existing test content to be additionally reconfigured as new school and parent products
 - ICAS tests monetised in future years as past papers, now able to be consolidated as holistic parent “Student Improvement Tools” proposition with RiSE+ practice tests (e.g., for NAPLAN) and AAS scholarship practice tests
 - AAS and QATs bring numerous senior secondary school propositions together in market leading portfolio; Year 10 Benchmarking (AAS), Careers (AAS), Year 11 and 12 Trial Exams (QATs), and ATAR Analysis & Forecasting (AAS)

Flagship ICAS competition focusing on profitable core streams, combined with University of Sydney brand poised for post-COVID recovery in domestic market and expansion into international markets



AI Commercialised as Part of a Multi-Year Adoption Curve.

AI is driving quality and efficiency, student integrity, personalisation, and new products and business models.

- Assessment Integrity - Janison Remote applies AI/ML algorithms used for continuous biometric identification of candidates, infringement detection (launched).
- Performance Prediction - Janison PSAM product using small/large datasets and psychometrics to predict student performance (launched).
- Learning Pathway Personalisation - with integration into Azure AI (launched).
- Assessment Marking – new algorithms have been developed using LLMs to learn marking skills, trained algorithms are being embedded into existing products, validating research and analysis has been conducted by third parties (under development, with OECD/Janison co-authored paper)
- Assessment Authoring – experiments into Assessment Authoring using LLMs are being conducted, Our large and qualified private data repositories are an important component of the resulting models (research).



OECD AI paper co-authored by Janison (Wayne Houlden and Paul Montuoro)

End