



**Janison.**

JAN.ASX

# FY24 Annual Results Update.

**Stuart Halls  
Sujata Stead**

**Chief Financial Officer  
Chief Executive Officer**

6 August 2024

Janison.



A market leader in digital  
assessments and testing, globally.

Unlocking the potential of every learner.

# Contents.

**FY24 Unaudited Financials**

**CEO Update**

**J.** The Janison Education Group Annual Report and audited financial statements will be released on Monday 19 August 2024.



# FY24 Highlights.

## Group revenue \$43m, +5% vs FY23

- +7% growth in Janison Solutions (+16% in Janison Insights)

## Record new contract win

- \$45m 5-year TCV agreement signed with the NSW Department of Education to deliver computer-based selective school entrance exams.
- Largest deal signed in Janison history and secures the relationship further.
- Implementation and pilot commenced in 2H24 driving an increase in Services revenue in FY24.

## Strong underlying gross profit margins

- Insights delivering consistent platform gross margin of 85% in FY24.
- \$4m additional exam services revenue in FY24 (with lower margins) to support platform clients lowering group gross margin to 59%. Excluding this additional revenue, gross margin was flat (62% in FY23).

## Operating costs

- Opex increased only +3%/+\$0.7m in FY24 despite increased investment in Sales and Marketing, platform enhancements and salary inflation.
- To address a reduction in FY24 EBITDA a cost-out exercise was undertaken in July 2024 for reinvestment in growth in FY25.



**\$43m**

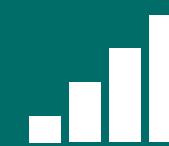
GROUP REVENUE



59%

**\$25m**

GROSS MARGIN



**\$23m**

ARR (ANNUALISED  
RECURRING  
REVENUE)



(21)%

**\$3m**

EBITDA



**\$2m**

OPERATING  
CASHFLOW

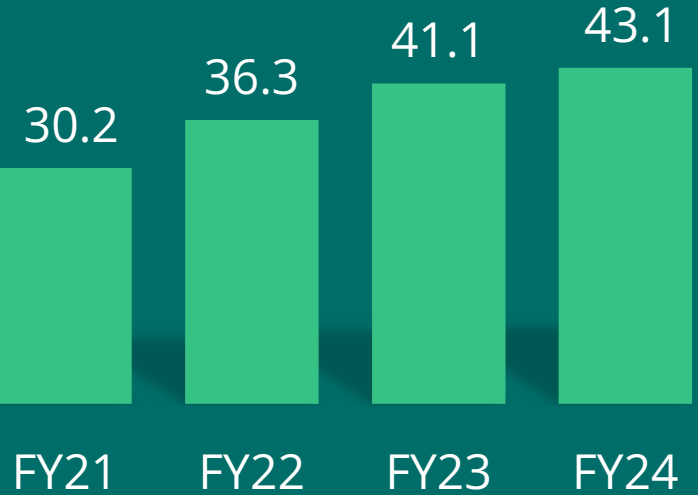


**\$10m**

CASH ON HAND  
NO DEBT

# Key Metrics.

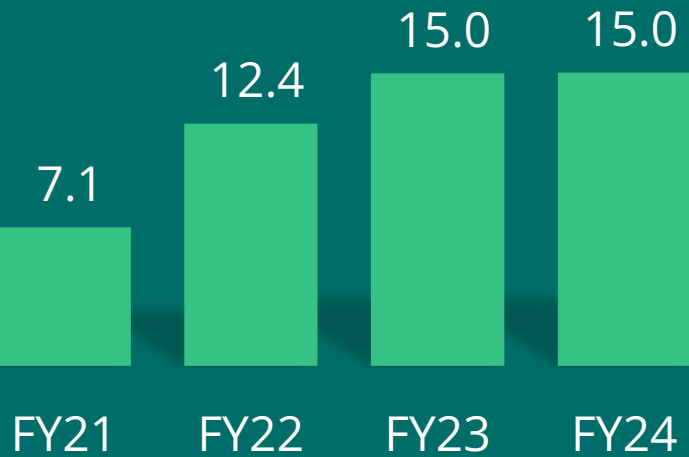
Group Revenue



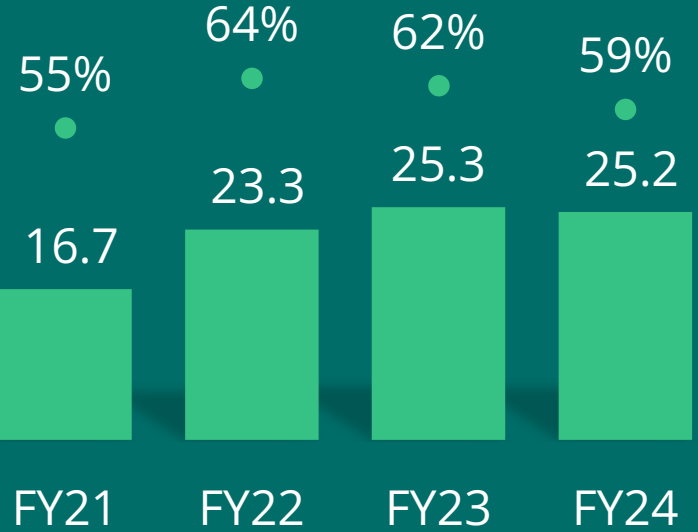
Solutions Revenue



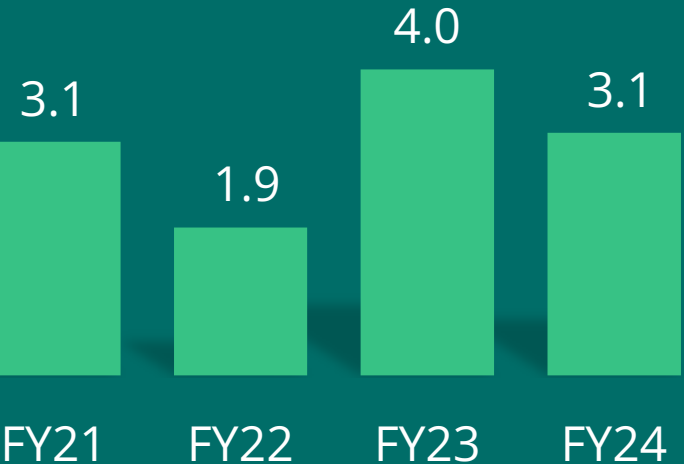
Assessments Revenue



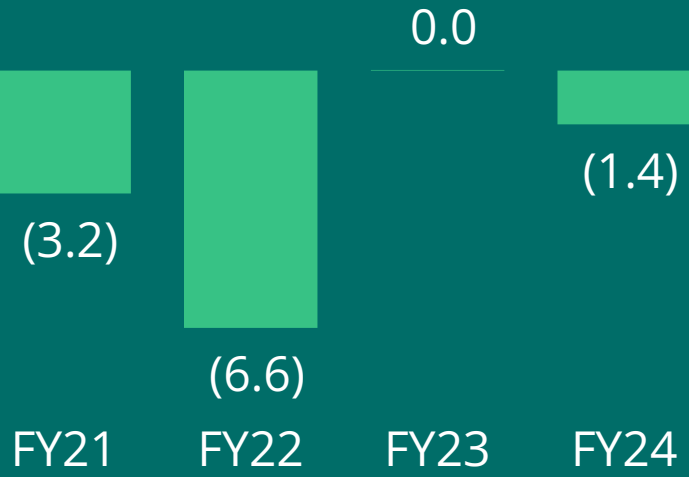
Gross Profit



EBITDA



Free Cashflow



All figures shown in AUD \$m. Gross Profit Margin shown in percentage terms. Free cashflow consists of Operating Cashflow minus Capex.

# Income Statement.

(\$m)	FY24	FY23	Change
<b>Revenue</b>	<b>43.1</b>	<b>41.1</b>	<b>+5%</b>
<i>Janison Solutions Revenue</i>	28.0	26.1	+7%
<i>Janison Assessments Revenue</i>	15.0	15.0	0%
<b>Cost of sales</b>	<b>17.9</b>	<b>15.7</b>	<b>+13%</b>
<b>Gross profit</b>	<b>25.2</b>	<b>25.3</b>	<b>0%</b>
<b>Gross profit %</b>	<b>59%</b>	<b>62%</b>	<b>(3)pps</b>
Operating expense	22.1	21.4	+3%
<b>EBITDA</b>	<b>3.1</b>	<b>4.0</b>	<b>(21)%</b>
<b>EBITDA %</b>	<b>7%</b>	<b>10%</b>	<b>(2)pps</b>
- R&D intangible amortisation	5.6	6.2	(10)%
- Office lease and other operating D&A	0.9	1.2	(29)%
<b>Operating EBIT</b>	<b>(3.4)</b>	<b>(3.5)</b>	<b>(3)%</b>
Acquired amortisation	5.4	5.9	(8)%
Non-operating expenses	1.8	2.4	(25)%
<b>EBIT</b>	<b>(10.6)</b>	<b>(11.8)</b>	<b>(10)%</b>

- FY24 financials are unaudited. Audited financial results will be released on 19<sup>th</sup> August 2024.
- Janison Solutions revenue includes platform licence and services revenue for the provision of Janison's digital assessment platform- Insights and its associated exam services. It also includes platform licence income from Janison's Learning Management System (LMS). Janison Assessments revenue includes product sales of Janison's school assessment brands ICAS, AAS, QATs and RISE+
- \$0.4m reclassified from Operating expense to Cost of Sales in FY24. FY23 figures have been restated increasing Cost of Sales and reducing Operating expenses by this amount. FY23 gross profit margin was previously reported as 63% (now 62%).

## COMMENTARY

### Revenue

- Revenue growth in Janison Solutions driven by Janison Insights sales and a record contract win with NSW Department of Education to digitise NSW Selective Entrance exams across the state (\$45m TCV).
- Revenue in Janison Assessments impacted by challenging ICAS campaign in 2023. Other Assessment brands growing at 4% on prior year.

### Gross Profit

- Gross profit impacted by shift in revenue mix towards more professional services to support and retain Janison Insights platform clients.
- \$4m additional exam services revenue in FY24 (at lower margins). Excluding this additional revenue GP margin was consistent with FY23 at 62%.

### Opex

- Opex cost increase limited to +3%/+\$0.7m in FY24 after annualised savings of \$2m implemented in December 2023, net impact of \$1m in FY24 after implementation costs. Inflation and increased platform maintenance and enhancement spend driving increased Opex.
- Non-operating expenses include Share Based Payments of \$1.6m in FY24 (\$1.4m in FY23).
- Historically higher capex spend on product development rolling off in FY24 causing R&D amortisation to decrease in FY24. The acquisition of the LTC business in 2019 was fully amortised in Q3 FY24.

### EBIT

- Improvement of +10% in EBIT due to a reduction in amortisation, termination of office leases, and savings in other non-operating items.

# Cashflow Statement.

(\$m)	FY24	FY23	Change
Customer Receipts	46.9	47.1	(1)%
Supplier Payments	(45.2)	(41.8)	+8%
Interest, tax & other	0.3	0.1	+178%
<b>Operating cashflow</b>	<b>2.0</b>	<b>5.4</b>	<b>(64)%</b>
Acquisition costs	(1.0)	(0.7)	+49%
Product Development	(3.1)	(4.4)	(30)%
Plant & Equipment	(0.1)	(0.1)	+27%
<b>Investing cashflow</b>	<b>(4.2)</b>	<b>(5.1)</b>	<b>(19)%</b>
Lease liabilities	(0.2)	(1.0)	(79)%
Proceeds from capital raising/other	0.5	0.9	(42)%
<b>Financing cashflow</b>	<b>0.3</b>	<b>(0.1)</b>	<b>(585)%</b>
FX effect	(0.0)	(0.0)	(79)%
<b>Net change in cash</b>	<b>(1.9)</b>	<b>0.2</b>	<b>(960)%</b>
Cash at the beginning of the year	12.0	11.8	+2%
<b>Cash at the end of the year</b>	<b>10.2</b>	<b>12.0</b>	<b>(16)%</b>

## COMMENTARY

### Customer Receipts

- Customer receipts were marginally lower than FY23 due to a timing of customer receipts. Receipts typically include payment of upfront annual platform licence fees, exam event services and software development fees (including GST). Timing of large milestone payments may not align with the revenue recognition for those projects and can cause variances between the amount of cash received and the amount of revenue recognised in-year.

### Payments to Suppliers

- Supplier Payments is predominantly salaries and wages, contractor fees, hosting, software licence costs and exam event costs (venues, equipment).
- Payments were higher in FY24 as a result of:
  - increased investment in Sales and Marketing of +\$0.9m/+29%,
  - increased investment in Insights platform maintenance and product enhancements of +\$1.6m (\$2.4m total spend in FY24)
  - increased costs to support additional services revenue (in-person exams and associated costs; invigilation, venues, device hire).

### Product Development

- In FY24 Janison focused investment on a smaller number of key strategic projects with a total investment of \$3.1m, 30% less than in FY23. Projects included: ICAS product upgrade to improve customer experience, CRM upgrade for improved sales effectiveness and enable cross-selling within Janison Assessments

### Acquisitions

- In July 23 the final cash instalment of \$1.0m was paid to the vendors of AAS.
- No further acquisition costs in FY25.

### Proceeds from Equity

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



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# Chief Executive Update.

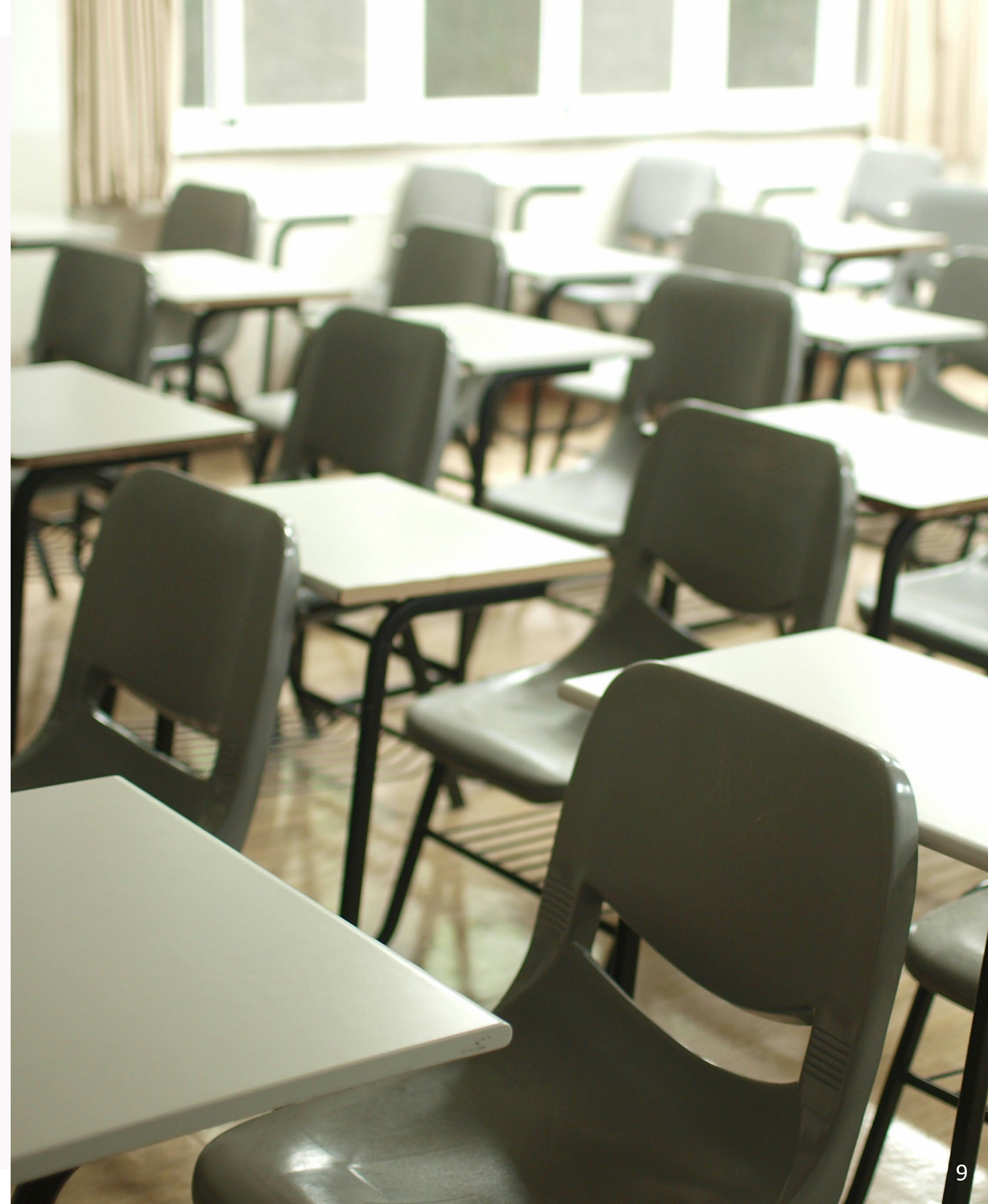


# Initial impressions:

**Janison is an amazing business with a long track record of success**

- Pioneer in the education technology sector with strong track record of delivering services at scale.
- Long term relationships with an impressive list of blue-chip clients globally.
- High level of customer satisfaction, delivering more than 30 million digital assessments since FY20.
- Flagship NAPLAN program has transitioned to a fully online delivery method across all schools in Australia whilst remaining resilient, secure and reliable.
- Passionate and committed workforce strongly aligned to the organisation's purpose.

J.



# Initial impressions: (contd.)

- For Solutions business there is opportunity in the medium term to scale up by replicating current successes and diversify sectors we service.
- Some acquisitions have not delivered as planned over the past 3 years.
- Operating in an increasingly competitive environment particularly with investment in new technology, and a fast-changing external environment.
- Whilst Janison has achieved notable successes, the business has been overly driven by short-term targets.
- Opportunity to reset and refocus the business – to simplify, unify and be bold.



# The last three months:

## Developing strategy for FY25 and beyond:

- FY25 Business Plan - 'must do's' to steer our organisation towards a path of sustained growth and performance uplift.
- Review of current business and market opportunities.
- Developing future strategy and focus with input from Nous, a strategy consulting firm.
- **Updated strategy to be presented in September 2024.**

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# The last three months: (contd.)

**Strategic restructuring to reshape the business to strengthen our competitive position and create headroom for investment to drive long-term growth.**

- Reshaped business into 5 units focusing on whole of Janison outcomes:
  - Sales and Marketing
  - Service Delivery
  - Product Development and Technology
  - People and Culture
  - Finance, Legal and Risk
- This aligns our executive leadership on customer and product excellence, growth and efficiency.
- Reshaping has required us to reduce our workforce and optimise operational efficiency.

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# Strategy Update - Overview

## Objective

To define future strategy to enable us to deliver sustained growth, performance uplift and position us to realise our potential.

## Approach

1. Assess our competitive advantage and improvement opportunities.
2. Understand the outlook for our markets, including customer segments and their needs, potential sources of disruptions and competition.
3. Find growth opportunities and assess their attractiveness and fit for Janison.
4. Define viable strategic options to inform our areas of focus.
5. Develop the future roadmap, including targets, milestones.
6. Define specific requirements to ensure the successful execution of the strategy.



# Initial findings from the strategy update exercise

## Our advantage

- 1 Our competitive advantage (why customers value us) is the unique combination of our:
  - Assessment technology solution for the reliable, scalable and equitable delivery of large-scale and remote assessments globally.
  - Track record.
  - Australian heritage and global reach.

## The market

- 2 The Australian and global assessment services market is expected to grow over the next 10 years. This is driven by an increase in the use of assessments and the digitisation of the development, delivery, marking and analysis of assessments.
- 3 Advancement in AI (and other technologies) will accelerate the pace and scope of assessment digitisation and create opportunities and be a source of potential disruption.

## Growth opportunities

- 4 Our immediate growth opportunity is in leveraging our assessment technology solutions. Consideration is being given to increasing our depth in K-12 education, extending to complimentary segments and expanding globally (including through strategic partnerships).
- 5 Consideration is also being given to growth opportunities in our ICAS and AAS content products – in Australia and globally.

**End**

This release has been approved for release by the board of Janison.  
For further enquiries, please contact Janison Investor Relations, email: [IR@janison.com](mailto:IR@janison.com)

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