

ASX Announcement
19 August 2024

Janison FY24 Results Update

Janison Education Group Limited (ASX:JAN) ("Janison" or the "Company"), is pleased to release its Annual Report including audited financial statements for the year ending 30 June 2024 ("FY24").

The financial year was characterised by growth in Group Revenue, a positive operating cashflow, expansion of existing accounts, and a record new contract signing with the NSW Department of Education (DOE) for computer-based exams. The company demonstrated resilience in a challenging market environment and saw a transition in leadership with the commencement of Sujata Stead as CEO on 1 May 2024.

Financial Highlights

- The Company achieved record Group Revenue of \$43.1 million, a 5% increase from FY23. This growth was driven by a 16% increase in Janison Insights (offsetting a decline in the Learning business).
- Gross Profit of \$25 million, with a Group Gross Margin of 59%.
- Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) of \$3.1 million
- The Company generated a positive Operating Cash Flow of \$2 million, demonstrating disciplined cost management of operational expenses.
- Cash on Hand of \$10 million, with no debt.
- Significant Contract Win: \$45 million 5-year TCV agreement with NSW Department of Education.
- New CEO, Sujata Stead, joined in May 2024 with 20 years of experience in global education and assessment.

Key Metrics





Business Performance

The Group delivered a 5% increase in revenue for FY24, reaching \$43.1 million, compared to \$41.1 million in FY23. This growth was driven by a 7% increase in Janison Solutions revenue, reaching \$28.0 million of which Janison Insights contributed significantly with a 16% increase. This growth is attributed to revenue in the second half of FY24 from the implementation and pilot of the new DOE contract.

Gross margin remained strong at \$25.2 million. The decline in percentage terms to 59% (from 62% in FY23) is primarily driven through increased service revenue to support the implementation of the new \$45m¹ contract with the NSW Department of Education. Excluding this, gross margin was consistent with FY23 at 62% with underlying Insights platform gross margin of 85%.

Operating expenses increased by 3%, or \$0.7 million, reflecting disciplined cost management coupled with investments in Sales, Marketing, and platform enhancements.

In FY24 EBITDA decreased by 21% to \$3.1 million. EBITDA margin declined from 10% in FY23 to 7% in FY24. In July 2024 a significant reshaping of the business was implemented to create capacity to invest in capability to drive long-term growth.

Cash Flow and Balance Sheet

Operating Cash Flow for FY24 was \$2.0 million, down from \$5.4 million in FY23, primarily due to a reduction in gross profit from higher services revenue coupled with an increase in Sales, Marketing and platform enhancements. Janison ended the year with \$10.2 million in cash, slightly down from \$12.0 million at the beginning of the year.

Capital expenditure of \$3.1 million was focused on key strategic projects, including an upgrade to the ICAS product and CRM platform; a 30% reduction in spend on FY23. The final instalment for the acquisition of Academic Assessment Services (AAS) was paid in July 2023, with no further acquisition-related costs remaining from FY25 onwards.

Business Update

In October 2023 David Caspari resigned as CEO. Founder and director, Wayne Houlden, assumed the role of Interim CEO for most of FY24 until May 2024 when Janison welcomed its new CEO – Sujata Stead. Sujata has a wealth of industry experience with more than 20 years spent in global education and assessment. Most recently Sujata was the CEO at Cambridge Boxhill Language Assessment (OET) and previously at Cambridge University and British Council.

Janison continues to build on its leadership position: its strong foundations, deep and long-standing blue-chip client relationships and partnerships with the world's most prominent assessment providers. The Company has delivered over 30 million digital assessments since FY20 and this year its flagship NAPLAN program, now fully online across all Australian schools, delivered online assessments to over 1 million students.

The past year revealed both opportunities and challenges. Immediate growth opportunity lies in Janison's platform Solutions business through sector and geographical diversification and replicating current successes. Acquisitions in the Assessments business over the past three years have proved challenging and not performed as initially anticipated. Advancement in AI will accelerate the pace and scope of assessment digitisation, create opportunities and be a source of potential disruption.

¹ \$45m contract over 5 years, subject to approval by the Department for subsequent tests years after Year 1.



Review of Strategy and Future Outlook

A review of Janison's operating performance and cost structure was initiated in late FY24, leading to the realignment of leadership to five functional units focused on delivering whole-of-Janison outcomes. In addition to the strategic restructuring in July 2024, this realignment aims to enhance competitive positioning and create headroom for investment to drive long-term growth.

Looking ahead, we are developing a detailed long-term business plan and future strategy, with the assistance from strategy consulting firm Nous. The updated strategy will focus on delivering sustained growth, improving performance and leveraging competitive advantages in digital assessment technology.

Janison will present its strategy update to investors at 10am on Tuesday 17 September in person in Sydney, with virtual participation also available (full details and webinar link to be released to the ASX).

Summary

Janison Education Group's FY24 performance reflects solid revenue growth, a significant contract win and a major reshaping of costs to create headroom for investment in long-term growth. The updated strategy and initiatives planned for FY25, including the recent restructuring and refocusing of resources, aims to position Janison for sustained growth and long-term success in rapidly digitising assessment market.

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This release has been approved by the board.

For further enquiries, please contact IR@janison.com