



ASX Announcement

7 July 2022

Janison Preliminary FY22 Trading Update and Outlook

Janison Education Group Limited (ASX:JAN) (“Janison” or the “Company”), is pleased to release an unaudited draft financial summary for the financial year ending 30 June 2022 (“FY22”) and trading update.

FY22 Financial Highlights

- +20% growth in reported revenue on prior year, PCP¹ (+\$6m growth)
- +8 percentage points improvement in gross margin to 64% (PCP 55%)
- Positive EBITDA
- Material improvement in cost base for FY23 and streamlined operations
- Strong cash balance at 30 June

FY22 Trading & Operational Highlights

- Growth across all strategic business units (Janison Assessments, Janison Solutions & PBTS)
- Acquisition and integration of AAS and QATs
- Domestic launch of new school parent SaaS product (“RiSE+”)
- Annual record, delivered 9m tests on Janison’s assessment platform (1m in one day)
- NAPLAN now fully online and school tech capability uplifted nationally
- New logo wins for Janison Solutions on the assessment platform
- Streamlined operating model with material cost-out starting 1 July 2022

FY23+ Outlook

- Group will continue to grow and expected to be cash flow positive in FY23
- Robust pipeline of new logo Janison Solutions assessment platform clients
- New PBTS IPP countries expected in 1H23. New PBTS NSP school signings subdued in 1H23 while main PISA International runs until December 22 but 2H23 resurgence expected
- Integrating recent acquisitions within Janison Assessments portfolio for schools’ growth

¹ PCP = Prior Corresponding Period, the 12 months to 30 June 2021

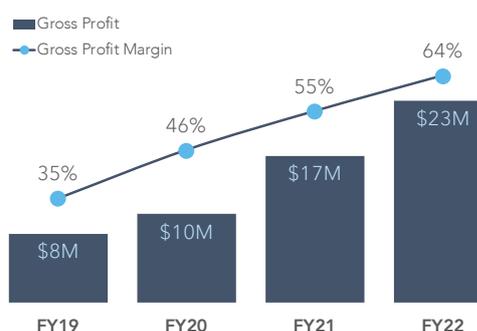


FY22 Financial Summary (Draft Unaudited)

Revenue by Business Unit



Gross Profit & Margin



| Full year ending 30 June (\$ million) | FY20 | | FY21 | | FY22 | | FY22 Growth | |
|--|--------|------|--------|------|-----------------|------|-------------|---------|
| Group Full Year Revenue | 22 | | 30 | | 36 | | +6 | +20% |
| Group Half Year Revenue (1H, 2H) | 11.4 | 10.5 | 15.9 | 14.3 | 19.5 | 16.6 | 1H +23% | 2H +16% |
| Annualised Recurring Revenue | 13 | | 23 | | 25 | | +2 | +9% |
| - Janison Assessments ARR ² | 1.3 | | 7.1 | | 8.9 | | +1.8 | +25% |
| - Janison Solutions ARR | 7.2 | | 11.3 | | 12.6 | | +1.3 | +12% |
| - Other ARR | 4.5 | | 4.2 | | 3.6 | | -1.4 | -14% |
| Gross Profit Margin | 46% | | 55% | | 64% | | +8pps | |
| EBITDA | 2.5 | | 3.0 | | 1.5 | | -1.5 | -50% |
| Cash on Hand | 11 | | 23 | | 12 ³ | | | |
| Closing Share Price | \$0.33 | | \$0.89 | | \$0.43 | | | |
| Total Tests Delivered | 5.5m | | 6.5m | | 8.7m | | +2.2m | +34% |

Management believes \$3-4 million of high margin revenue from ICAS and PBTS was foregone in FY22 and delayed until FY23/24 due to the ongoing impacts of COVID, and Pro Forma revenue for FY22 is \$1.8m higher when accounting for a full year of revenue from businesses acquired in Q2 FY22 (AAS and QATs).

² ARR = Annualised Recurring Revenue

³ During FY22 \$7m cash was paid for the acquisitions of AAS and QATs during FY22



Trading Summary

Janison Solutions (B2B Enterprise Clients)

- New logo wins; Cambridge Box Hill and the Australian Children's Education & Care Quality Authority (ACECQA)
- Share of wallet expansion for all major existing accounts (NSW DoE, NAPLAN, RMS)
- Continued gross margin expansion
- Largest year for NSW DoE Check-In assessments
- Contract extension for NAPLAN Online



Janison was awarded the contract to provide its digital assessment technology for English language testing for healthcare workers by Cambridge Assessment Box-Hill Institute ("Occupational English Testing"). The initial deal is a three-year contract with a TCV of approximately \$0.5m and based on customer volumes currently experienced and variable test pricing, Janison predicts this deal should deliver platform licence revenue of approximately \$1 million p.a.



During FY22, ACECQA awarded Janison the contract to deliver an online knowledge assessment platform to accredit childhood education and care service providers. The product is in proof-of-concept mode and will begin to generate revenue in FY23. Furthermore, the recent change in federal government means there is now greater support for childcare services. Management believes this will lead to increased demand and usage of Janison's assessment platform for childcare workers in the medium term. Initial contract is a 2-year term with TCV of approximately \$0.3m.



Janison Assessments (School & Parent Assessment Products)



ICAS

- +50% ICAS sales growth (before refunds)
- 100,000 parent contacts captured (up +40,000 on PCP)

FY22 began with state-wide school closures across NSW and Victoria in Q1 during the peak selling and sitting window for Janison's flagship school competition, ICAS. A curtailed sales campaign and abnormally high rate of refunds in FY22 saw Janison forego approximately \$1-2m of high-margin revenue from the sale of ICAS.

In the lead up to school closures, demand for ICAS was very strong year-on-year with consistent daily growth of 50% on PCP. Approximately 20% of this sales growth came from an increased average price point and the remaining 30% from additional volumes. In recent years, the sales process has shifted from a direct-to-schools approach to one of direct-to-parent. Sales in FY22 demonstrate the inelasticity of demand for the ICAS product.



AAS

- Successful acquisition of Academic Assessment Services in November 2021
- Premium assessment content developer and branded assessment products for K-12
- Annualised revenue of approximately \$5m of Services revenue currently (non ARR)
- Integration process complete and delivering immediate synergy cost benefits in FY23
- Development of digital assessments including PSAM, an ATAR indication tool



QATs

- Successful acquisition of Quality Assessment Tasks in October 2021
- Year 11 and 12 end-of-school practice assessments with very high market share across Australia
- Annualised revenue of approximately \$1m of Platform revenue (ARR) in FY22
- Integration complete and delivering synergy cost benefit in FY23
- Reviewing plans to support the digitisation of HSCs and VCEs in the next 3-5 years



PISA for Schools

- +47% growth in FY22 vs. PCP
- 2 new IPP⁴ countries added, and two-year renewals signed with all existing IPP countries
- 160 new NSP⁵ schools added

Growth of the PISA for Schools assessment continued at a high rate in FY22 with the signing of 2 new countries and 160 new schools. COVID effects of school closures slowed the rate of signing new PISA-for-Schools IPP countries and NSP schools in 2H FY22.

Janison Assessments - New Product Development



RiSE Plus (www.riseplus.education)

In Q4 FY22, Janison launched its first new product developed solely for students, marketed to parents, with the introduction of "RiSE+", an [online platform](#) containing the highest-quality predeveloped test content. RiSE+ is a practice assessment tool which delivers a range of tests and subjects. Using the platform, students can prepare for a variety of well-known K-12 school-run assessments, experiencing the same digital interface and online environment that they would in the actual school-run test on exam day. Parents receive valuable insights in real time, providing granular information on their child's strengths and development needs.

The RiSE+ platform enables parents, tutors and teachers to develop interventions which support children to reach their full potential. The platform leverages Janison's existing library of 40,000 digital test questions and as children progress through each school year they access the next year's material – avoiding the need for Janison to continually invest in developing new test content.

⁴ IPP = International Platform Provider, where Janison is the technology platform provider only for PISA for Schools

⁵ NSP = National Service Provider, where Janison provides the full-service delivery of PISA for Schools – the technology platform and managing the onboarding, event management and support



RiSE+ Home Programs Pricing FAQs Log in Get started

Getting started with RiSE+

FREE General Abilities Test

Before any learning goals are set, RiSE+ will establish your child's strengths and where they need a little help. This is done via our FREE, expertly designed, General Abilities Test.

[Try the FREE test](#)

Review your performance

Immediately review an onscreen report with insights and recommendations specific to your child's performance. Each report highlights curriculum linked skills.

[Read an example report](#)

Set your new learning goals

Using your individual learner report and insights you can confidently identify the skill areas that require more focus and development for your child.

[Get started now](#)

Only the **right** practice makes perfect

RiSE+ is driven by the same assessment software used by NAPLAN and ICAS. By practising on the same platform that these tests are presented to children in school, your child will become familiar with the controls, layout and testing tools. This familiarity helps to remove much of the test-day stress some children experience.

RiSE+ benefits:

- Same platform as NAPLAN and ICAS
 - Familiarity with the tools and question formats
 - Reduces test-day stress
- Materials developed by the same team who developed NAPLAN and ICAS materials.
- Curriculum linked skill areas
- Individualised immediate feedback for each test completed
- Individualised learner recommendations for skill development
- Bonus access to additional tests for year levels 4-7. These year levels receive their registered year plus the tests for the year level below.
- New tests released throughout the school year and available for all paid subscriptions

The drawings in the boxes follow the same rule

Choose the drawing that replaces the question mark.

A B C D

Janison Exam Management (JEM)

Janison is now leveraging its national network of exam invigilation staff and on-demand testing centres in major cities across Australia to allow children to sit the ICAS competition remotely off school premises. This is an important milestone because it removes the school from the sales process, simplifying the sales cycle and relieving the administrative burden on schools to deliver and supervise the ICAS assessment event. In FY22 JEM assets also enabled digital remote delivery of online exams for the NSW Opportunity Class placement tests and for Chartered Accountants, supporting the Janison Solutions and Janison Assessments business units.

Higher education institutions have signalled a return to end-of-semester exams outsourced and operated by Janison (JEM) however post COVID take-up has seen lower volumes than expected.



Cash and Profit Focus

Several improvement programs have been completed during FY22 including the acceleration of the acquisition integration plans and consolidation of legacy bespoke assessment platforms. Through carefully managed attrition and discretionary spending reductions, the Company has now materially reset its cost base and operating structure. Management believes it will enter FY23 with a nimbler organisation and expects to be cashflow positive for the year.

Janison expects to finish FY22 with \$11.7m of cash on hand at 30 June 2022. During the year, the Company acquired two businesses with a cash component totalling \$7m.

Outlook

Management remains confident in the medium-long term outlook for digital assessments (products and solutions) and the Company's leading position in the market for powering high volume, highly secure and scalable assessments for schools and accreditation customers. The impact of COVID over the past two years has increased the market size and rate of digital adoption but has pushed out the timing of customers' willingness to commit to large-scale transformations or deployments due to the extent of disruption in the market and resourcing constraints.

Release of Annual Report

Janison will be publishing its Annual Report on Monday 22 August 2022. A webinar will be held on the morning of release for investors to listen to a live update from management and with an opportunity for questions. Further details and a link to the webinar will be released in the next few days.

* * *

This release has been approved by the board.

For further enquiries, please contact Stuart Halls at: IR@janison.com



About Janison

Janison is transforming education through technology to unlock the potential in every learner. Our team empowers teachers, students, accreditation bodies and governments to achieve meaningful educational outcomes by measuring progress and providing insights. Founded 20 years ago, we are an Australian owned EdTech pioneer delivering more than 8.7 million assessments annually in over 117 countries. Our technology supports our commitment to equity and accessibility for all.

Janison Solutions – a market-leading full-suite standardised assessment platform for high-stakes and high-scale online exams with the capability to author, test, mark and provide insightful analysis in a highly secure and scalable manner with equity and accessibility considerations for all students. The platform is used by millions of users globally across 117 countries each year in schools, professional accreditation bodies such as the Chartered Accountants ANZ, and education departments such as the NSW Department of Education. The platform allows remote exam delivery using proctoring capability to ensure the confidence and exam integrity required for high-stakes assessments.

Janison Assessments – a range of world-class school assessment products including the ICAS competition, Reach, Jet, Scout, QATs and AAS, all developed in-house by world-leading test- and item developers.

PISA for Schools – an exclusive agreement to deliver PISA for Schools globally in partnership with the OECD. This online high school test provides educators with the best available evidence drawn from best available data sets to inform best practice in schools. It is unique in that it uses the gold standard PISA-based scale for global benchmarking, and blends assessment of cognitive and social emotional skills.

Janison Exam Management – Janison prides itself on its world-class professional services and exam know-how to aid clients in onboarding, transitioning and event delivery. Janison provides customers with a range of exam services including test development, exam management, software implementation, training and support for customers all around the world.

Visit janison.com.