

Janison 1H FY22 preliminary results: strong growth across all key metrics

Janison Education Group Limited (ASX:JAN) ("Janison" or the "Company"), is pleased to release its preliminary, unaudited financial results for the six months ending December 2021 ("1H22").

During 1H22 Janison continued to reach new heights, performing well with a growth of +23% in total Group reported revenue, a 12-percentage point increase in Gross Margin and a robust closing cash balance of \$15m¹ despite facing a second year of pandemic headwinds causing disruption to schools across Australia and in Janison's key markets. Throughout a challenging period, Janison was able to make a positive impact on the global school community and simultaneously create substantial shareholder value.

1H22 Key Highlights

- Strong growth in **total Group reported revenue of \$19.5 million (up +23% on pcp²)** and strong growth in key underlying business units (further details below).
- Total **Group Annualised Recurring Revenue (ARR) of \$23 million** as at 31 December 2021, **growth of +36% on pcp. Assessment ARR of \$19 million, growth of +49% on pcp.**
- **Gross profit** and margins continue to increase due to scale benefits and a greater proportion of clients hosted on the standardised assessment platform (**GP% up +12 percentage points on pcp to 66%**).
- **Successful acquisition of two highly regarded assessment content businesses** (QATs and AAS) in alignment with the Schools M&A strategy. **ICAS Assessments** business unit now **renamed to 'Educational Assessments'** to encompass the two acquisitions and its expansive portfolio of school assessment products and services.
- Early-stage investment during 1H22 on new product streams for future horizon growth plans (Opex and Capex investment).
- **Profitable EBITDA of \$1.9 million** for the first six months of FY22 and strong **cash balance of \$15m¹** to support ongoing investment
- New non-executive director joins the Janison Board – **Vicki Aristidopoulos**, an experienced executive, formerly **Chief Marketing Officer at Afterpay** among many other high-profile roles.

¹ Cash balance of \$15m includes \$10m of short-term investments in low risk, highly liquid marketable securities and fixed return assets to optimise cash during periods of surplus throughout the year.

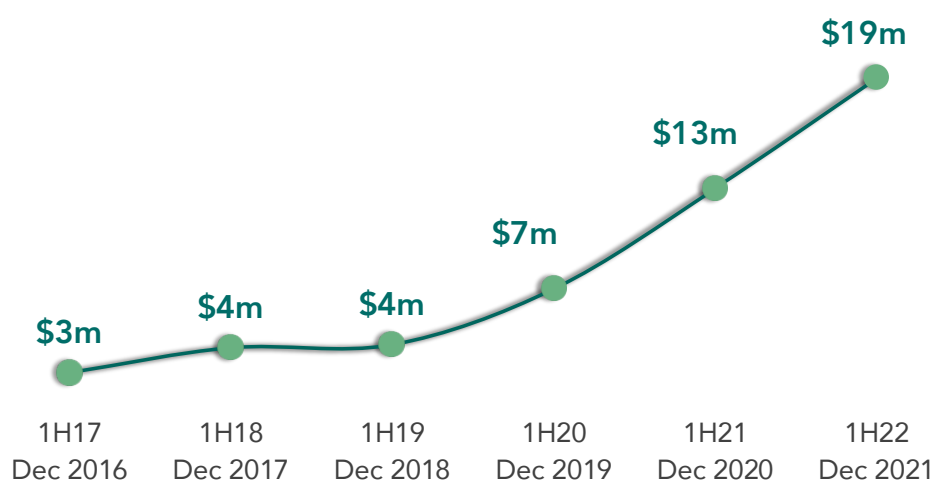
² PCP is defined as the 'prior corresponding period'. In this instance, pcp is the six months ending 31 December 2020, in the case of Annualised Recurring Revenue (ARR) metrics, pcp is defined as the end of the reporting period at 31 December 2020.

Income Statement

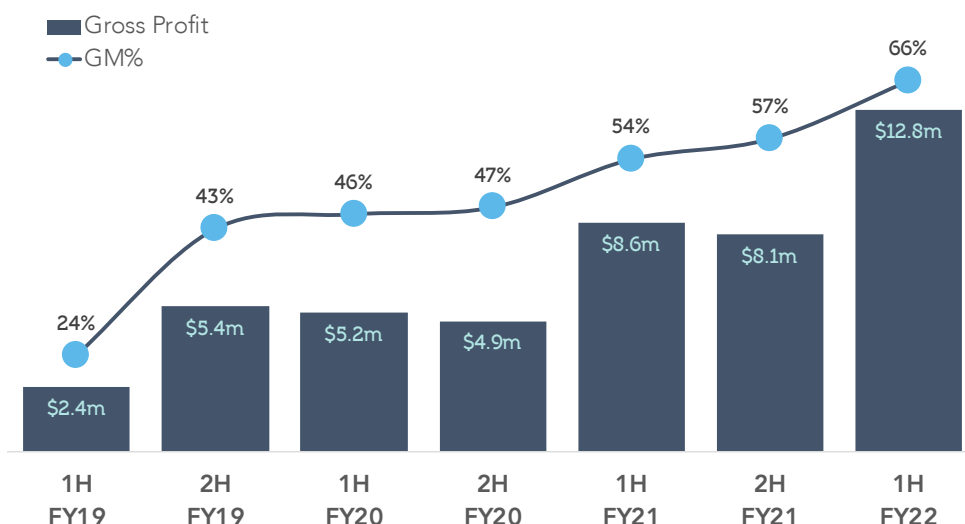
Six months¹ ended December

	2021 (1H'22) (\$000s)	2020 (1H'21) (\$000s)	Change	
			(\$000s)	(%)
Revenue				
Educational Assessments <i>(formerly K-12 and ICAS)</i>	6,344	5,255	+1,088	+21%
PISA Based Test for Schools <i>(PBTS)</i>	1,489	604	+885	+147%
Assessment Platform Clients	9,099	6,488	+2,611	+40%
Non-Core <i>(Learning & other)</i>	2,581	3,567	(986)	(28)%
Total Group Reported Revenue	19,512	15,914	+3,598	+23%
Cost of sales	6,703	7,345	(642)	(9)%
Gross profit	12,809	8,569	+4,240	+49%
Gross profit %	66%	54%		+12pps
Operating expenses	10,890	5,811	+5,079	+87%
EBITDA	1,919	2,758	(839)	(30)%
EBITDA %	10%	17%		(7)pps
Acquisition expenses	397	581	(184)	(32)%
Depreciation and amortisation	4,450	2,785	+1,665	+60%
Finance costs	60	68	(8)	(12)%
Income tax benefit	(1,290)	(110)	(1,180)	--
Net Loss	(1,698)	(567)	(1,131)	--
Amortisation from acquisitions	1,285	869	+416	+48%
Net Loss Adjusted (NPAT-A)	(413)	302	(715)	--

Annualised Recurring Revenue (ARR) – Assessments



Gross Profit & Margin – Group Total



Commentary

Revenue

Revenue grew across all key business units for the first six months of FY22 driven by:

1. Educational Assessments:
 - a. Volume of ICAS practice assessments sold to parents doubling on pcp – a relatively new market for Janison but one with significant potential; and an overall lift in the price of ICAS.
 - b. Revenue from acquisitions (\$0.7m) Quality Assessment Tasks (QATs) in Oct 21 and Academic Assessment Services (AAS) in Nov 21.
2. New client wins in the Assessment Platform division and strong expansion of existing accounts.
3. Global rollout of the PISA for Schools program continued into four new IPP³ countries in the six months to 31 December; and across 100 more schools where Janison is now the NSP⁴ - generating an additional +\$0.7m in revenue vs. pcp.

Gross Margin

Improvements in Gross Margin were derived from higher test volumes driving scale and efficiency benefits, improved mix of client revenue towards standardised platform compared to bespoke legacy platforms, and price increases across ICAS subjects.

Opex

Operating expenses increased by \$5.1 million in line with management expectations as a result of a number of key initiatives including:

³ IPP = International Platform Provider

⁴ NSP = National Service Provider

- Establishment of a global 24/7 exam event support team.
- Investment in research and early-stage development of new products, yet to be released.
- Further expansion of the Sales & Marketing team and marketing expense to support new business and growth of ICAS.

Other factors impacting the increase in operating expenses in 1H22 include:

- Planned investment in enterprise headcount during FY21, annualising in 1H22.
- Acquired operating costs from the purchase of QATs and AAS.
- JobKeeper credits and government funding in FY21, not repeated in FY22.

-ENDS-

This announcement has been authorised for release by the Board.

For further information, 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 knowledge and progress. Founded 24 years ago, we are an Australian owned edtech pioneer delivering more than 6 million assessments annually in over 117 countries. Our technology supports our commitment to equity and accessibility for all and includes:

ICAS Assessments – a range of world-class school assessment products for schools and parents. Brands include the ICAS competition, Reach, Jet, Scout, QATs and AAS - all developed in-house by world-leading test and item developers, and administered on the Janison Assessment Platform.

PISA for Schools – an exclusive agreement to deliver PISA for Schools globally with the OECD. It provides educators with the best available evidence drawn from best available data sets to inform best practice in schools. It's unique and the gold standard in international assessments for global benchmarking. Blending cognitive and social emotional skills unlike any other assessment globally. Test content provided by the OECD and administered globally on Janison's Assessment Platform.

Assessment Platform, Janison Insights – 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. The platform is licensed by large education bodies and professional accreditation organisations for them to assess millions of students globally across 117 countries. Clients include the Chartered Accountants ANZ and the NSW Department of Education. The platform includes remote proctoring capability allowing educators to deliver exams in a remote setting with the confidence and integrity required for high-stakes assessments.

Professional Services – Janison provides world-class professional services to assist clients in onboarding their assessment content and delivering high-stakes, high volume exam events on the Janison Assessment Platform. Janison also offers a range of services including content and test development, exam supervision, system implementations, integrations and event delivery support for customers, globally.

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