

Janison FY19 Full Year Audited Results

Sydney, 23rd August, 2019. The Board of **Janison Education Group Limited (ASX:JAN)** (“**Janison**” or the “**Company**”), is pleased to release its audited financial results for the 12 months ended 30 June 2019 (“**FY19**”) and operational highlights for the year.

The results reflect the operations of Janison Education Group Limited and its subsidiaries (together, the “**Group**”) for the 12 months to 30 June 2019. Language and Testing Consultants Pty Limited (“**LTC**”), which was acquired by the Company during FY19, has been incorporated into the Group results from the date of acquisition on 1 April 2019 up to and including 30 June 2019.

In its second year of trading on the ASX, Janison has further increased its penetration of the \$150bn Education Technology market delivering **30% growth in total operating revenue**, a normalised EBITDA of \$3.3m and ending the year with a robust **cash balance of \$6.0m**.

KEY TAKEAWAYS

- § **Janison’s digital platforms are trusted by highly-respected, organisations, large education bodies and businesses around the world** (*OECD, British Council, Westpac, NAB, Roads & Maritime NSW*)
- § **The Education Technology market is \$150bn, expanding to \$340bn in five years**
- § **Janison’s digital platforms, existing client base and established leadership team places the Company in prime position to capitalise on this rapidly growing global market and capture a greater share of recurring revenue.**

FY19 HIGHLIGHTS

- § Strong revenue growth in all key market sectors: Schools, Higher Education and the Workplace
- § 12% growth in recurring revenue, 20% of revenue derived internationally
- § Immense and growing global market of \$1.5bn
- § Customer health statistics:
 - **60%** increase in customers
 - **97.5%** retention of existing clients
 - **13%** improvement in customer concentration
 - **23%** increase in underlying average revenue per client (ARPC)¹ to **\$247k** per client
- § Successful acquisition of **LTC** assisted by **over-subscribed capital raisings**
- § Exclusive partnership with **OECD** and agreement to run **PISA-based test for schools in Brazil**
- § Successful delivery of large assessment projects:
 - **Roads & Maritime NSW** – national roll-out of new driver knowledge test
 - **USNW Global** launch of Reach and ICAS assessments
 - **NAPLAN** – 2.3m tests delivered and expected to increase in 2020
 - **ITE** - launch platform into Higher Education sector
- § Transformational year from a custom software development business to a configurable platform model
- § **CTO** appointed and full leadership team now established in Sydney head-office

¹ Underlying average revenue per client (ARPC) excludes the impact of acquired businesses during FY19.

FINANCIAL SUMMARY

OPERATING REVENUE BY MARKET SECTOR

Year ending 30 June	2019	2018	Change
Schools (K-12)	\$9.3m	\$6.5m	+44%
Higher Education	\$3.5m	\$2.4m	+45%
Workplace	\$9.7m	\$8.4m	+15%
Total operating revenue	\$22.5m	\$17.3m	+30%

Revenue growth accelerated to 54% in Q4 FY19 (on the prior corresponding period Q4 FY18) with the Group finishing **30% higher in total operating revenue** compared to the prior corresponding year and achieving **high growth rates in each of our three key sectors**.

Revenue from Janison's top ten clients grew 16% in FY19 against the prior corresponding year and customer concentration improved by 13% with the addition of 57 new clients and growth across a number of existing clients. As at 30 June 2019 Janison had **138 clients**, up from 86 the prior year.

OPERATING REVENUE BY GEOGRAPHY

Year ended 30 June	2019 (\$'000s)	2018 (\$'000s)	Change
Australia and New Zealand	18,014	13,348	35%
Asia	3,154	2,484	27%
Rest of World	1,328	1,473	(10)%
Total Operating Revenue	22,496	17,305	30%
<i>International revenue as percentage of total</i>	<i>20%</i>	<i>23%</i>	<i>(2.9) ppt</i>

ppt stands for percentage point

INCOME STATEMENT

(A\$m)	Normalised				
Year ended 30 June	2017	2018	2019	2019	Growth
Platform revenue	7.6	10.6	11.5	11.5	+9%
Exam management revenue	--	--	2.5	2.5	NM
Project services revenue	6.8	6.7	8.4	8.4	+26%
Group Revenue	14.3	17.3	22.5	22.5	+30%
Cost of Sales	8.1	10.6	14.6	13.4	+26%
Gross Profit	6.3	6.7	7.9	9.1	+36%
GM%	44%	39%	35%	40%	2pps
Operating Expenses	3.2	3.5	5.8	5.8	+67%
EBITDA	3.0	3.2	2.0	3.3	+2%
EBITDA %	21%	18%	9%	14%	(4)pps

A reconciliation of Normalised Gross Profit to the Annual Report can be found in Schedule 1 of this document.

Gross profit finished strong at **43% in the final half of FY19** to close the year at 35% overall. This is compared to 39% in the prior year and reflects higher non-recurring hosting expenditure and higher investment in new client implementation in the first half of FY19. Janison continues to manage its Cost of Sales and drive greater efficiencies in direct labour and hosting.

EBITDA before normalisations was lower than the prior year due to the Group's strategy to accelerate development of new products for higher education, support the implementation phase of new client contracts, enhance the executive leadership team; and intensify sales and marketing spend.

Going forward with relatively fixed long-term operating costs, the platform business model generates increasing profitability with scale.

OUTLOOK

The Company expects FY20 EBITDA to improve on FY19 due to the non-recurring nature of the investments listed above, the addition of a full year of income from the recently-acquired LTC business, and through organic growth actively being pursued both domestically and overseas.

Due to the low seasonality of LTC in the first quarter of each year, the Group expects its Q1 FY20 financial result to be more closely aligned with that of the prior corresponding quarter (Q1 FY19) than with the fourth quarter FY19 in which LTC experiences its peak demand and generates over 40% of total annual revenue.

CEO COMMENTARY

"We are very excited about the year ahead for Janison. We have a healthy cash balance and the business will generate free cash flow in FY20 to further fuel organic growth in our three key sectors.

The global education market is immense and is becoming ever more digitised. As Janison continues to win business internationally with highly respected partners such as the OECD, and make strategic acquisitions such as LTC, we believe it will put the Group in prime position to capitalise on the digitisation trend by offering our existing suite of trusted assessment and learning platforms thereby rapidly scaling the business and increasing our recurring revenue.

I would like to thank our valued clients for their trust, our partners for their collaboration, and our staff, contractors and their extended families for choosing Janison each day. I also thank the leadership team for their commitment to our vision and the Board for their guidance. Finally, I would like to thank our investors for their support as we continue on our mission to transform the way people learn."

Tom Richardson, CEO of Janison Education Group.

SCHEDULE 1: RECONCILIATION OF GROSS PROFIT TO ANNUAL REPORT

Year ended 30 June	FY17	FY18	FY19	Change
Reported Gross Profit	6.3	6.7	7.9	+18%
<i>GP normalisation add-backs:</i>				
Non-recurring project build costs ¹	--	--	0.7	--
Non-recurring excess hosting costs ²	--	--	0.5	--
Normalised Gross Profit	6.3	6.7	9.1	+36%
<i>Normalised Gross Profit % of Revenue</i>	<i>44%</i>	<i>39%</i>	<i>40%</i>	<i>+1 ppt</i>

¹ Project build costs relate to ITE, RMS and British Council

² Net of compensation received from hosting provider

CONTACT

Should investors require further information please contact Investor Relations at:

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About Janison Education Group

Janison is an education technology pioneer transforming the way people learn and provides two primary offerings in the education technology industry.

- **Janison Learning** – a leading integrated learning business that is used by large enterprise and government departments to build capability in their people.
 - **Janison Assessment** – a leading global platform for the provision of digital exam authoring, testing and marking which is sold to national education departments, tertiary institutions and independent educational institutions.
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