



Janison.

JAN.ASX

Janison 1H24 Business Update.

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Founder & Interim Managing Director

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Chief Financial Officer

12 February 2024

1H24 Key Highlights.

Disciplined financial performance

~\$22m group revenue with +11% growth in core Solutions business, Learning and PBTS decline, group revenue flat to PCP

\$1.6m EBITDA, operating costs steady

Significant improvement in cash flow (cash at bank up +51% on PCP to \$9m)

Delivery & expansion of large, strategic relationships

\$45m TCV contract signed with Department of Education NSW

Successful expansion of strategic relationships with global assessment authorities (+\$2m in 1H24)

Healthy pipeline of Solutions deals at various stages of tender process

Strong cash flow focus

Focus on optimising EBITDA and cash flow

~\$2m of cost savings implemented (\$1m to be realised across 2H24)

Capex spend controlled, < \$1.5m

New leadership to commence in 2024

Appointment of Sujata Stead as CEO (to commence 1 May 2024)

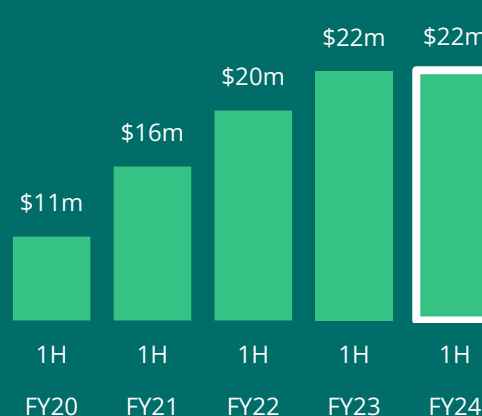
Previously CEO of Cambridge BoxHill Language Assessment

Demonstrated success in rapidly growing revenue and profit over many years at Cambridge BoxHill

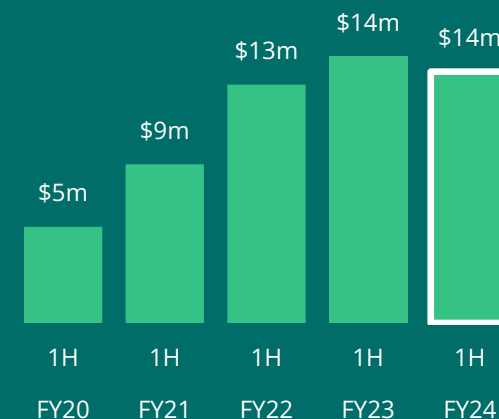
Financial Performance 1H24.

- 1H24 total group revenue flat on last year at \$22.1m. Strong core solutions business growth, ICAS shortfall announced at Q1.
- Higher proportion of exam delivery & client services revenue in 1H24 vs. PCP, slightly diluting gross margin.
- \$2m of annualised cost-out initiatives implemented in 1H24 in light of ICAS shortfall in Q1.
- EBITDA below PCP reflecting change in revenue mix and ICAS Q1 miss.
- Strong cash balance of \$9m on hand at 31 Dec 2023 (up \$3m or 51% vs PCP).

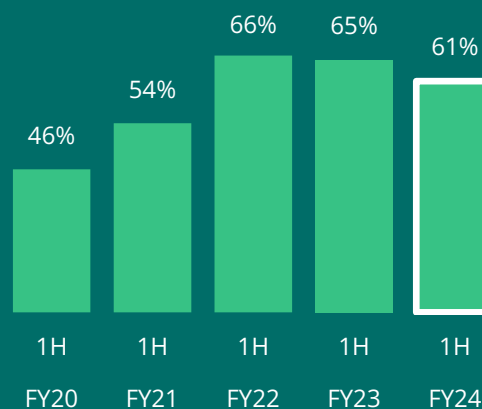
HALF-YEAR GROUP REVENUE



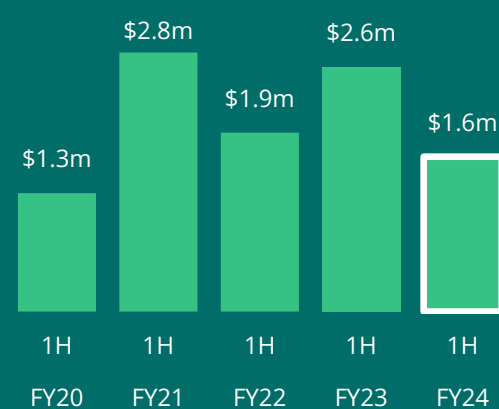
HALF-YEAR GROSS PROFIT



HALF-YEAR GROSS MARGIN



HALF-YEAR EBITDA



A group of people are gathered around a table, looking at a laptop screen. A man with a beard is pointing at the screen, while others look on. The scene is a professional meeting or collaborative work session.

1H24 Results.

1H24 Trading Update.

\$m	1H FY24	1H FY23	+/- % vs PCP
Revenue	22.1	22.0	+0.3%
<i>Janison Solutions</i>	12.1	11.8	+3%*
<i>Janison Assessments</i>	10.0	10.3	(2)%
Gross Profit	13.6	14.4	(5)%
Gross Margin	61%	65%	(4)pps
Opex	11.9	11.8	(1)%
EBITDA	1.6	2.6	(37)%
Free Cash Flow	(1.9)	(5.5)	+65%
Cash on Hand	9.2	6.1	+51%

Commentary

Janison Solutions (ex Learning) revenue up +11% vs. PCP*. **+3%** growth overall for the division impacted by reduced Learning development revenue and decline in PBTS IPP.

Janison Assessments up +1% on PCP excluding PBTS NSP, **(2)%** decline for the overall division due to ICAS miss in Q1.

Gross Profit mix: additional in-person exam delivery services vs. platform licence income in 1H24.

Opex flat in 1H24 vs PCP reflecting tight cost control with further \$1m cost-out in 2H24.

Cash flow improved in 1H24 through well-managed customer collections, reduced capex spend, higher interest income and timing benefit of customer contract renewals.



Note: All financials are draft, unaudited results. Full audited results to be released on Monday 26th February 2024.

PBTS = [PISA-Based Test for Schools](#)

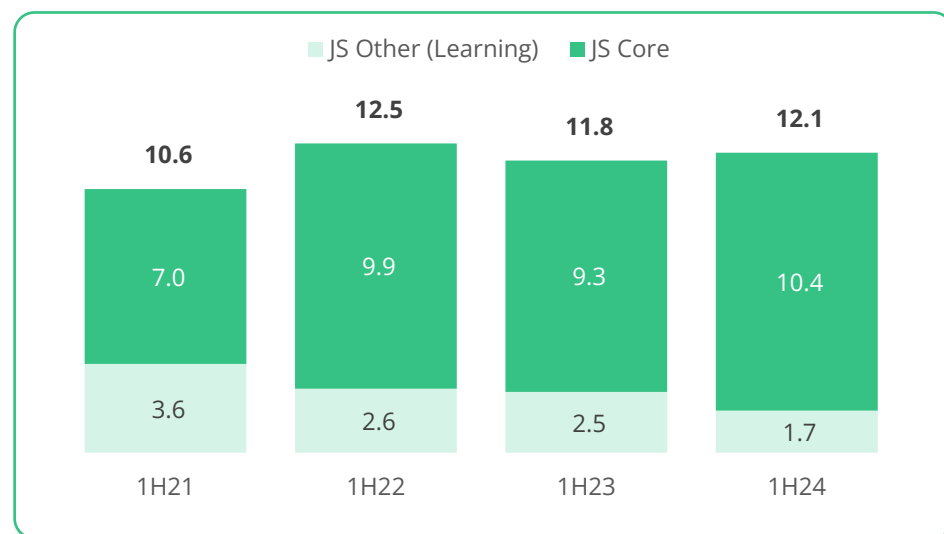
IPP = International Platform Provider, responsibility for the provision of a digital assessment platform to the NSP

NSP = National Service Provider, responsibility for onboarding and delivery of PBTS directly into schools

Business Unit Revenue.

Janison Solutions

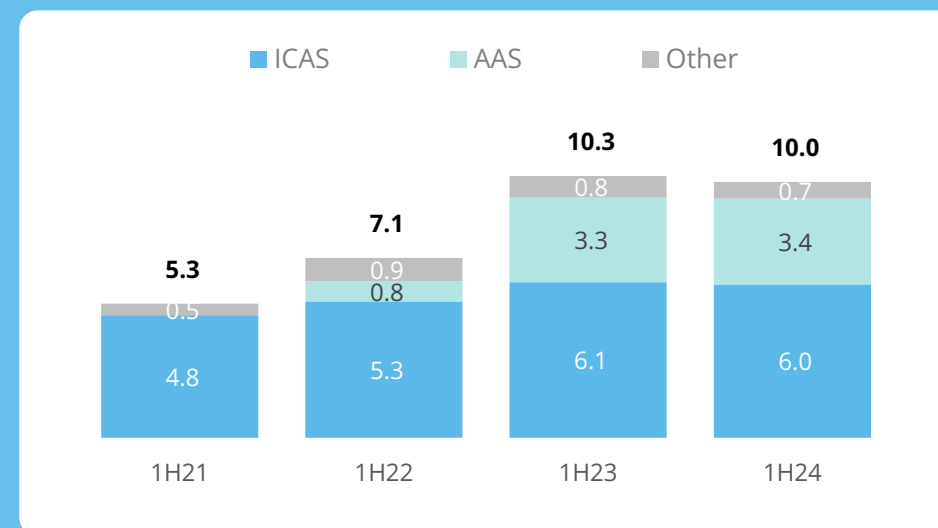
B2B platform licence & software services



6 mths ending 31 Dec (\$m)	1H21	1H22	1H23	1H24	1H24 Growth	
JS Core	7.0	9.9	9.3	10.4	+11%	+1.1
JS Learning	3.6	2.6	2.5	1.7	n/m	n/m
Total JS Revenue	10.6	12.5	11.8	12.1	+3%	+0.3

Janison Assessments

School and parent assessments and analytics



6 mths ending 31 Dec (\$m)	1H21	1H22	1H23	1H24	1H24 Growth	
ICAS	4.8	5.3	6.1	6.0	(1)%	(0.1)
AAS	--	0.8	3.3	3.4	+2%	+0.1
JA Other	0.5	0.9	0.8	0.7	(23)%	(0.2)
Total JA Revenue	5.3	7.1	10.3	10.0	(2)%	(0.2)

Note: All financials are draft, unaudited results. Full audited results to be released on Monday 26th February 2024.
 Janison Solutions Core = B2B Platform clients, JEM/LTC Exam Delivery, PBTS-IPP, Janison Other = Learning
 Janison Assessments "Other" = QATs, REACH, RiSE+, PBTS - NSP and exam services

Janison Solutions: Strong growth in exam and client services in 1H24, record \$45m agreement secured.

- Strong growth of +11% in Janison Solutions core business.
- New strategic customers secured over the past two years with global assessment authorities, now building well with combined revenue of approximately \$2m in 1H24, up from nil in FY22.
- New key clients secured in FY23 (FINSIA, AICD, Sydney Catholic Schools) delivering incremental revenue in 1H24 (approx. +\$0.5m) and supporting growth in the division.
- NSW DoE Opportunity Class assessment event delivered over one day, testing 15,000+ students across 170 venues simultaneously in July across the state. This demonstrates Janison's capabilities in large-scale, high-stakes testing and paved the way for the \$45m 5-year agreement with NSW DoE.
- Learning LMS business – now less than 10% of group revenue, declined \$(0.8)m or (31)% in 1H24.
- Healthy pipeline of large platform opportunities in various stages of tender process.

Janison Solutions: Record Deal Secured, \$45m TCV.

- NSW Department of Education (NSW DoE) – selective education placement tests a key win for Janison, and the largest agreement won in the company's history.
 - \$45m TCV over 5 years, commencing in 2HFY24 with an option for NSW DoE to extend for a further 5 years.
 - Transitions the state's selective placement tests to computer-based delivery on Janison's digital assessment platform.
 - Competitive tender process, further strengthens the existing 20-year history between Janison and NSW DoE.
 - Janison the lead contractor working closely with Cambridge for the development and design of the tests.
 - Janison expects to earn an initial ~\$5m for the implementation and digital pilot period in CY24, followed by approx. \$10m p.a. for each of the 4 Placement Test cycles commencing 2HFY25.
 - Approximately \$6m p.a. of incremental revenue in each Test cycle year (vs. FY23 revenue of \$3.2m for the paper-based assessment).
 - Revenue to include services to develop, deliver, and manage tests, with a portion of the TCV to be recorded as platform licence income to transform from paper-based to computer-based on Janison's digital assessments platform.

Janison Assessments: Impacted by ICAS performance in 1Q24 with continued progress in AAS and QATs.

- ICAS short of expectations in Q1
 - Revenue of \$6.0m vs. \$6.1m in PCP
 - Impacted by softer economic conditions during 1Q24 sales period.
 - Fixed operating costs constrained in 1H24 and continue into 2H24 to optimise for profit.
 - Some subjects discontinued in FY24 to improve profitability.
 - +2% revenue growth on a like-for-like basis, reported revenue marginally negative.
- Remain positive on outlook for ICAS
 - Investment in technology enhancements and CRM in FY23/24 expected to contribute to growth in FY25.
 - International expansion plans and practice assessments also expected to contribute to growth.
- AAS ahead of expectations and continuing to grow on prior year, up +2% on PCP
 - Integration at a sales and marketing level now enabling cross-sell opportunities within Australian schools
- The OECD's PBTS NSP business now a lower priority. Focusing efforts on expanding into more countries as the international platform provider rather than placing resources on the ground in each NSP region.

Cost savings identified to drive profitability.

- In 1H24 Janison undertook a review of its cost structure for opportunities to optimise EBITDA in FY24 and beyond.
- The review generated \$2.0m of gross annualised cost savings across the business with transition costs of \$0.2m resulting from the removal or non-replacement of 8 roles across various functions.
- Approximately \$1m of the annualised savings expected to be recognised in 2H24.
- Opex spend held relatively flat to pcip at \$11.9m or a +1% increase on the 1H23.

Cash Flow: closing cash of \$9m, \$3m higher than PCP.

\$m	1H FY24	1H FY23	Chg. \$	Chg. %
Operating cash flow	(0.3)	(3.4)	+3.1	+92%
Capex investment	(1.4)	(2.1)	(0.7)	(33)%
Business acquisition costs	(1.0)	(0.7)	(0.3)	n/m
Financing cash flow	(0.2)	0.4	(0.6)	n/m
Net change in cash	(2.9)	(5.7)	+2.8	+49%
Opening cash	12.0	11.8	+0.2	
Closing cash	9.2	6.1	+3.1	+51%

Commentary

Substantial improvement in operating cash flow in 1H24. Better management of debtors, higher interest income and timing benefit of contract renewals.

Capex spend controlled to stay under \$1.5m for the first half of FY24. Most product development now enhancements and expensed to the P&L rather than new-build capital expenditure.

Janison ended the half with a significantly stronger cash position (up +51% or +\$3.1m) despite \$1m cash outflow for the final acquisition payment of AAS.

2H is traditionally cash generative vs. cash negative in 1H due to ICAS cash receipts and timing of Solutions annual licence income.

1H24 Balance Sheet.

\$m	1H FY24	1H FY23	Chg. \$
Cash	9.2	6.1	+3.1
Trade and other receivables	4.3	9.0	(4.7)
Other current assets	1.9	1.6	+0.3
Intangible and non-current assets	34.9	46.4	(11.3)
Total Assets	50.3	63.2	(13.4)
Trade and other payables	3.6	3.0	+0.6
Employee liabilities	3.4	3.5	(0.1)
Other current liabilities	6.1	13.6	(7.5)
Non-current liabilities	2.1	3.5	(1.4)
Total Liabilities	15.2	23.6	(8.4)
Net Assets	35.1	39.6	(4.5)

Commentary

Improved debtor collection, increased interest income, and customer renewal timing improved the cash on hand and reduced receivables balance at 31 December 2023.

Intangible assets - software development and business acquisitions amortising at a rate of approximately \$12m p.a. (AAS acquisition and prior years of elevated capex spend on the development of Janison's digital assessment platform – now matured).

Other liabilities reduced by \$7m in 1H24 with the final deferred consideration paid for the acquisition of AAS, the form of ordinary JAN shares.

Outlook.

- Strong strategic progress in 1H24 provides positive outlook
 - New contract win with NSW Department of Education (\$45m) starts in 2H24
 - Strong financial position, \$9m cash on hand and 2H expecting to be cash generative, cost reductions taking effect from 2H24 onwards
 - New CEO, Sujata Stead, starts in May 2024
- Divisional priorities remain clear
 - ICAS growth strategy being implemented
 - Positive momentum in AAS and QATs
 - Focus on client growth and converting pipeline in Janison Solutions
- Large addressable market and Janison well placed to capitalise

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