

Janison Reports a 55% Increase in FY18 Q4 Platform Revenue

Janison Education Group Limited (ASX: JAN) ("Janison" or the "Company"), the education technology pioneer transforming the way people learn, today announces its unaudited Q4 cash flow statement (Appendix 4C) for the financial year 2018 ("FY18") and a trading update for the financial year.

FY18 has been a successful, but more importantly, transformational year for Janison. The Company has evolved from a private Coffs Harbour based business to an ASX listed, global education technology platform business.

Janison has successfully delivered on a number of critical projects including the first ever Naplan online examination with 99.9 percent of the 668,000 tests completed successfully. The business continues to expand into Asia with assessment opportunities spanning schools, tertiary and English language testing.

Revenue for the business continues to show outstanding growth with total revenue of \$4.8m in Q4 FY18 demonstrating a 44% increase over the prior corresponding period ("pcp").

Even more pleasing was that total Platform revenue (recurring licensing revenue) in Q4 FY18 increased 55% over pcp. Platform revenue in the fast growth Assessment division increased 90% in FY18.

Janison CEO, Tom Richardson commented:

"FY18 has been a very successful year for Janison. It is very pleasing to see these sort of growth rates in the strategically important recurring platform income, which demonstrates our strategic plan and investment strategy is on track. Janison is strategically well positioned, on a global scale, to lead the market in digital assessment and learning."

In line with commentary made during the recent IPO, Janison has invested funds raised to extend its platform products to enable this transition and take advantage of scaling opportunities within its target markets and existing blue-chip client base.

Specifically, since the ASX listing in December 2017, Janison has invested in:

- Team Expansion: Recruiting business development leaders and executive personnel in both the Assessment and Learning divisions plus more than doubling the product development capacity since 1 July 2017 from ~ 33 full-time equivalents staff to ~80 (including contractors)
- Geographic Expansion: Partnering to expand into Asia and Europe
- Product Expansion: Building functionality in the existing customer endorsed technology platforms to "productise" the IP for new sales pipeline opportunities in commercial, school, tertiary and accreditation customers
- Corporate Governance: Ensuring the governance required of a listed company such as the Board, reporting, accounting function, systems and regulatory processes are set

These investments, whilst a use of funds raised in the short-term, will contribute to the creation of a scalable business with a sound corporate structure upon which the Company can truly build a successful global learning and assessment education offering.

Importantly, the business has developed a detailed product roadmap which are proposed to bring a number of very exciting and new scalable products into the market in the next 12-18 months.

More information on these products and associated investments will be discussed with the full release of the year-end results.

Headline unaudited financial highlights include:

<p>FY18 Platform Revenue Growth</p> <p>+ 40%</p> <p><i>to \$10.6m, from \$7.6m in p.c.p.</i></p>	<p>Q4 Platform Revenue Growth</p> <p>+ 55%</p> <p><i>to \$2.7m, from \$1.7m in p.c.p.</i></p>	<p>FY18 Platform Revenue</p> <p>to \$10.6m</p> <p><i>from \$7.6m in p.c.p.</i></p>
<p>Trading EBITDA Q4</p> <p>\$0.40m</p> <p><i>from \$0.63m in p.c.p.</i></p>	<p>Trading EBITDA FY18</p> <p>to \$3.2m</p> <p><i>from \$3.0m in p.c.p.</i></p>	<p>Cash at Bank 30 June</p> <p>to \$3.6m</p> <p><i>from \$1.4m in p.c.p.</i></p>

Q4 FY18 Operational Highlights:

- ✓ Contract wins signed during the 4th quarter for new projects or change requests with existing clients will deepen our relationships with our key partners including:
 - Singapore Examination Assessment Board
 - University of New South Wales Global
 - Education Services Australia
 - British Council
- ✓ In April, the Group announced the acquisition of an award-winning learning content business, Ascender Learning, to complement the integrated learning solution for large enterprise companies.
- ✓ In May, Naplan Online, powered by Janison's assessment platform, was hailed a success by the Federal Education Minister following the 9-day annual NAPLAN event. For the first time ever Naplan implemented its exams online with 99.9 percent of the 668,000 tests completed successfully using Janison's platform paving the way for future increases in the proportion of the NAPLAN event conducted on-line.
- ✓ In June, the Group announced the appointment of Allison Doorbar as a new Non-Executive Director on the Janison's Board. Allison is Managing Partner at EduWorld, a company that provides market research and strategic consulting services in the education sector.

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FY18 Unaudited Trading Update:

Platform revenue continues to show strong growth. Management plans to continue to invest in platform enhancements and new products with the objective of maintaining strong platform revenue growth.

Operating Revenue - Financial Year 2018						
(A\$000s)	3-mths Q4 FY 17	3-mths Q4 FY 18	Growth	12-mths FY17	12-mths FY18	Growth
Platform Revenue ⁽¹⁾	1,745	2,707	55%	7,600	10,616	40%
Project Services Revenue	1,553	2,050	32%	6,743	6,689	-1%
Group Revenue	3,298	4,757	44%	14,343	17,305	21%

⁽¹⁾ Platform revenue includes license and hosting fees, content license fees and platform maintenance fees

Growth rates in Q4 were very pleasing with strong growth in both divisions of the business with Learning revenue up 34% QoQ and Assessment revenue up 55% QoQ.

Financial Summary - Financial Year 2018						
(A\$000s)	3-mths Q4 FY 17	3-mths Q4 FY 18	Growth	12-mths FY 17	12-mths FY 18	Growth
Learning Revenue	1,716	2,308	34%	6,571	7,602	16%
Assessment Revenue	1,582	2,449	55%	7,772	9,703	25%
Group Revenue	3,298	4,757	44%	14,343	17,305	21%
Trading EBITDA ⁽²⁾	626	396	(37)%	3,007	3,177	6%
Operating Cash Flow	(769)	(1,078)	(0.3)m	(734)	842	+\$1.6m
Cash Balance, end of period	-	-		1,358	3,619	+\$2.3m

⁽²⁾ Trading EBITDA is defined as earnings before interest, income taxes, depreciation, amortisation and non-trading items. The Group's Interim Financial Report for H1 2018 provides a description of the non-trading items.

The Group's FY18 Trading EBITDA reflects healthy gross margin and positive operating cash flow. The EBITDA percentage has been affected by the higher cost base associated with the business's investments in its platform, business development capability and transition to a listed company with global operations.

Janison's balance sheet is strong with no debt and \$3.6m in cash and \$4.5 million of trade receivables. We are investing cash in our products and services / solutions by building specific functionality for the purposes of generating long-term platform income.

- ✓ Learning Segment FY18 revenues reached \$7.6m up 16% over pcp reflecting continued growth in platform revenues. Project services revenues also increased benefitting from the content generation services business acquired in April.
- ✓ Assessment Segment FY18 revenues increased 25% to reach \$9.7m reflecting strong platform growth and relatively stable project services revenues (-4% vs pcp).
- ✓ Q4 FY18 Revenues totalled \$4.8m, an increase of 44% over the pcp reflecting strong platform revenue growth and the impact of the purchase of Ascender on project services revenues.

Cash Flow Commentary

Operating cash flow for the June quarter was negative \$1.1m reflecting changes in working capital, including increased receivables related to existing projects and increased personnel and supplier payments. As at 30 June 2018, the Company had \$4.5m of trade receivables, \$2.4m of which were invoiced, and on-average are collected within 50 days and \$2.1m of which are related to accrued project revenues and expected to be invoiced in Q1 and Q2 of FY19. This balance represents a significant increase in working capital from previous periods.

The Company's working capital fluctuates between quarters depending on the timing of milestone payments received from customers on software development projects combined with relatively large annual or quarterly payments to suppliers of content licenses and hosting services.

Full FY18 operating cash flows totalled \$842k compared to a negative \$734k in the pcp reflecting higher FY18 cash receipts from customers and income tax refunds, partially offset by higher payments to suppliers and staff.

Full FY18 cash flows used in investing activities totalled \$4.0m and included primarily investment in new product software intellectual property, and the payment of \$2.6m of transaction costs related to the December 2017 Janison ASX listing. Full FY18 cash flows generated by financing activities totalled \$5.4m and included the positive impact of the successful capital raising of \$9.3m of new capital (net of capital raising costs), offset by the repayment of shareholder loans and the payment of a dividend early in the financial year to the vendor prior to listing.

The Group's cash balance as of 30 June 2018 remains healthy at \$3.6m compared to a balance of \$1.4m as of the beginning of the financial year.

Estimated cash outflows for the September 2018 quarter reflect a continuation of the Group's business plan to invest in business development personnel and platform improvements to drive future growth. Section 9 of Appendix 4c does not allow for an estimate of customer receipts and as such have not been included.

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.

Note: *The information contained in this Quarter Report Appendix 4C and the accompanying trading update is based upon preliminary unaudited FY18 figures pending the issuance of the Group's annual financial report which will include audited financial statements.*

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Janison Education Group

ABN

90091302975

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year-to-date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,397	16,561
1.2 Payments for		
(a) research and development	(74)	(1,079)
(b) product manufacturing and operating costs	(782)	(3,902)
(c) advertising and marketing	(46)	(166)
(d) leased assets	(77)	(319)
(e) staff costs	(2,865)	(9,059)
(f) administration and corporate costs	(628)	(1,748)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	14	40
1.5 Interest and other costs of finance paid	(1)	(83)
1.6 Income taxes paid	-	468
1.7 Government grants and tax incentives	-	100
1.8 Other (provide details if material)	(17)	34
1.9 Net cash from / (used in) operating activities	(1,078)	842

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(38)	(74)
(b) businesses (see item 10)	(99)	(2,685)
(c) investments	-	

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Consolidated statement of cash flows		Current quarter \$A'000	Year-to-date (12 months) \$A'000
	(d) intellectual property	(657)	(1,570)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	153
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other-Termination of Term Deposit	-	147
2.6	Net cash from / (used in) investing activities	(794)	(4,029)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	10,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(657)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(2,895)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(1,000)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	5,448

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,491	1,358
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,078)	842
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(794)	(4,029)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	5,448

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Consolidated statement of cash flows		Current quarter \$A'000	Year-to-date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,619	3,619

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,619	5,491
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,619	5,491

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

271

-

Details of Item 6.1:

Board of director salaries \$219k
Office lease payments made to Exec Board Member \$52k.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

52

-

Details of Item 7.1:

Office lease payments made to Exec Board Member \$52k.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other Bank Overdraft Facility (unsecured)	750	-0-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	200
9.2 Product manufacturing and operating costs	700
9.3 Advertising and marketing	50
9.4 Leased assets	80
9.5 Staff costs	3,700
9.6 Administration and corporate costs	700
9.7 Other (provide details if material)	0
9.8 Total estimated cash outflows	5,430
Note: Item 9. Above excludes cash inflows, including cash receipts from customers estimated for next quarter.	

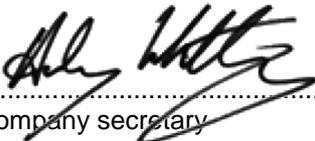
10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	NA	NA
10.2 Place of incorporation or registration	NA	NA
10.3 Consideration for acquisition or disposal	NA	NA
10.4 Total net assets	NA	NA
10.5 Nature of business	NA	NA

Details of Item 10:

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 26 July 2018
Company secretary

Print name: Andrew Whitten
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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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