



The Manager
Company Announcements
Australian Securities
Exchange Level 5, 20 Bridge
Street
SYDNEY NSW 2000

Dear Sirs,

ASX Code: JAN

FY 2018 Full Year Audited Results

Sydney, 31st August 2018 – Janison Education Group Limited today released its audited financial results for the 12 months ended 30 June 2018 (“FY18”) and operational highlights for the period.

Overview

We are pleased to present the results reflecting the operations of Janison Education Group Limited and all subsidiaries (together the “Group”) for the twelve months from 1 July 2017 to 30 June 2018.

The Group is capturing share of the \$252 Billion edtech industry and in the first year trading on the ASX delivered strong platform revenue growth of 40% and expanded its international income share to 23%. The Group generated trading EBITDA of \$3.2m and ended FY18 with \$3.6m of cash.

During FY18 the highlights included:

- Achieving platform revenue growth of over 40% with \$3 m of additional recurring revenue after 48% growth in the prior year.
- Delivering on our key projects with 99.9% of the 668,000 NAPLAN tests completed successfully.
- Investing in improving the reliability, scalability, quality, security and accessibility of our platform which increased our cost of sales by 33%.
- Being recognised for our innovation with the highly acclaimed NSW awards and being ranked in top 100 list of Australian Financial Review’s Most Innovative Companies 2018.
- Investing in building key relationships and partnerships with Microsoft, British Council and other industry leaders to help shape the industry.

As a consequence of the capital raising and reverse acquisition transaction which was completed in December 2017, the Group’s reported net results include \$23.3m of transaction related expenses (~\$21m non-cash) which is not representative of the ongoing operations of the company.

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Trading Highlights for FY18

The Group delivered a positive trading EBITDA of \$3.2m for FY18 compared to \$3.0m for FY17. Significant trading highlights of FY18 include:

Financial Summary - Financial Year 2018			
(A\$000s)	12-mths FY 17	12-mths FY 18	Growth
Learning Revenue	6,571	7,602	16%
Assessment Revenue	7,772	9,703	25%
Group Revenue	14,343	17,305	21%
Gross Profit	6,338	6,680	5%
Gross Margin %	44%	39%	-5 ppt
Trading EBITDA⁽¹⁾	3,008	3,177	6%
Operating Cash Flow	(734)	842	+\$1.6m
Cash Balance, end of period	1,358	3,619	+\$2.3m

(1) Trading EBITDA is defined as earnings before interest, income taxes, depreciation, amortisation and non-trading items. The Group's annual report includes a reconciliation of net results to Trading EBITDA.

- **Revenue**

Total Group revenue increased 21% to \$17.3m reflecting 40% growth in platform revenue from FY17. The Assessment segment reported a 92% increase in platform revenue.

Operating Revenue by Component			
(A\$000s)	12-mths FY17	12-mths FY18	Growth
Platform Revenue ⁽²⁾	7,563	10,616	40%
Project Services Revenue	6,780	6,689	-1%
Group Revenue	14,343	17,305	21%

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

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- **Gross Profit**

Gross Profit increased to \$6.7m (39% of revenue) compared to \$6.3m (44% of revenue) in the prior year. Cost of sales increased 33% during the year reflecting an investment in key projects. The reduced gross margin percent in FY18 can be attributed to the investment in two specific Assessment projects which ensured the reliability, scalability, quality and accessibility of our platform.

- **Selling, General and Administrative Expenses (SG&A)**

SG&A expenses increased significantly during the period in line with the Group's plan as described in the prospectus. Total SG&A increased to \$3.9m in FY18 from \$2.7m in FY17, an increase of 44%. This increase reflects increased personnel, travel and professional services attributable to the growth of the company and the added administrative costs associated with being a listed company. The increase also reflected higher business development costs in line with the Group's plan to invest more resources in selling and marketing its products.

- **Trading EBITDA**

Trading EBITDA increased 6% to reach \$3.2m compared to \$3.0 in FY17. FY18 Trading EBITDA reflected increased revenue and gross profit, offset by higher SG&A expenses. Trading EBITDA also benefited from lower net expenses related to product development expenses (down \$1.1m from FY17), a result of higher capitalisation of software development costs during the period.

- **Capital Raising and Reverse Take-Over Acquisition**

On 15 December 2017, HJB Corporation Ltd. (HJB) completed a capital raising and acquisition (the Transaction) of 100% of Janison Solutions Pty Ltd (Janison). HJB subsequently changed its name to Janison Education Group Limited (ASX:JAN).

The capital raising via public offer under the Prospectus dated 10 November 2017, raised \$10 million (before costs) through the issue of 33.3 million new shares at an issue price of 30 cents per share. As a result of the Transaction, the Group reported a non-trading loss of \$22.6m in the First Half of FY18, primarily related to the non-cash, equity-based expenses associated with the acquisition. These non-trading expenses have had a material impact on the FY18 net results and are not representative of the on-going operations of the Group.

- **Investment and Capital Expenditure**

During FY18, the Group capitalised \$1.6m of software development costs compared to \$150 thousand in FY17. Janison's strategy includes investing in new product software to meet current and market demands in the education sector. As described in the Prospectus, the Group is investing some of the proceeds from the ASX listing into new functionality and products that can be taken to market and sold on a software-as-a-service basis.

Our new products will be focused on the digital testing market and aim to provide solutions for higher education institutions including artificial intelligence marking and mobile delivery platforms.

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In April Janison acquired the assets of an award-winning learning content business to complement the integrated solution for our large corporate and government clients by investing \$99 thousand in cash and assuming \$172 thousand of employee entitlement liabilities.

- **Outlook for FY19**

Our strategy focuses on four key priorities to rapidly grow the business to \$150 million income by 2025. Firstly to nurture our existing clients which have been the foundation of our growth to date and have ambitious investment plans for the year ahead.

Secondly to build innovative world class products with a specific focus on Higher Education and Certification Assessment functionality and growing Assessment platform income greater than 30% in FY19. Thirdly we are targeting six specific segments to drive the growth of the platform and are building capacity in our products, people and partnering to deliver longer term sustainable growth in the rapidly growing Asian edtech sector.

Finally we are intensifying our sales and marketing spend to capture this wave of opportunity as technology rapidly disrupts the education market.

About Janison Education Group (ASX: JAN)

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.

Investor Briefing Zoom Conference Call – Monday, 3 September 2018 at 11:30 am

Please join Tom Richardson, Janison’s CEO, for an investor briefing conference call at 11:30 am on Monday, 3 September. To join please refer to the log-in details below:

Join from PC, Mac, Linux, iOS or Android: <https://zoom.us/j/714243756>

Or iPhone one-tap : Australia: +61280152088,,714243756# or +61871501149,,714243756#

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