



30 January 2020

Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By E-Lodgement

Financial Company Update

- **Strong sales growth with a 15% increase in YTD sales (1HY2020 v 1HY2019)**
- **Improvement in underlying profitability**
- **Rising comparative cash position of \$3.7m as at December 2019 compared to December 2018 of \$3.3m and December 2017 of \$2.7m. The cash position is down from \$4.8m at June 2019 as a result of the seasonality of the Company's customer contract portfolio and the use of funds in expanding the business operations**
- **December 2019 deferred revenue of \$2.5m (up from \$2.2m at June 2019)**

JCurve Solutions Limited (ASX: JCS) today announces its unaudited half year result and provides the following general company update.

Sales and revenue result for 1HY2020

The Company's financial results by business division for the 6 months ended 31 December 2019 is as follows:

Sales Result by Business Reported Segment (*)	Actual YTD December 2019 (unaudited) (**)	Actual YTD December 2018 (unaudited) (**)	% Change
NetSuite ERP – AU	\$4.1m	\$4.0m	4% increase
NetSuite ERP – Asia	\$0.7m	Nil	Initial sales
TEMS	\$1.2m	\$1.3m	4% decrease
Riyo	\$0.02m	Nil	Initial sales
Total	\$6.0m	\$5.3m	15% increase

(*) Not revenue as per the accounting standards and not reported in the statutory financial results.

(**) Rounded to the nearest \$0.1 million.

The Company has achieved strong growth in sales and revenue for the 6 months ending 31 December 2019 when compared with the comparable half year reporting period. In December 2019, the Company's Asian division won its largest two NetSuite customer contracts worth in excess of A\$0.4m of combined contracted sales income over the contract periods.

The shift in the new business sales mix of our Australian ERP Division towards the larger more complex NetSuite solutions with longer sales cycles continued throughout 1HY2020 with a reduced number of Australian ERP new customers won but a 25% increase in the initial average deal size. Pleasingly the Australian ERP Division achieved reduced levels of customer churn across its existing customer base with annualised ERP customer churn of 4.7% in 1HY2020 (half the level achieved in 1HY2019).

The consolidated unaudited revenue result (as per the statutory accounts) for the period ending 31 December 2019 increased by 11% to \$5.7m.

Operating segment result for 1HY2020

The operating segment result for the 6 months ended 31 December 2019 is as follows:

Operating Result by Business Reported Segment	Operating Actual YTD Profit/(Loss) Before Tax December 2019 (unaudited) (*)	Statutory Financial Adjustments (**)	Statutory Actual YTD Profit/(Loss) Before Tax December 2019 (unaudited)
NetSuite ERP – AU	\$0.7m	Nil	\$0.7m
TEMS	\$0.7m	(\$0.1m)	\$0.6m
Total – Established Business Divisions	\$1.4m	(\$0.1m)	\$1.3m
NetSuite ERP – Asia	(\$0.2m)	(\$0.1m)	(\$0.3m)
Riyo	(\$0.4m)	Nil	(\$0.4m)
Total – Future Growth Divisions	(\$0.6m)	(\$0.1m)	(\$0.7m)
All other segments – Corporate	(\$0.8m)	Nil	(\$0.8m)
Total	Nil	(\$0.2m)	(\$0.2m)

(*) Not in accordance with the segment accounting standards and not reported in the statutory financial results.

(**) Revenue recognition and deferred expenditure adjustments to report in accordance with the accounting standards.

The Company's operating results show a strong profit contribution from its established businesses divisions and a period of investment in the company's future growth divisions. The 1HY2020 financial result includes increasing levels of research and development (R&D) expenditure on the Riyo Platform, expenditure incurred to further enhance its service management solution. This R&D expenditure has been expensed over the period and has impacted the result by an amount of \$0.2m. It reflects the Company's strong belief in the power of the platform, and its creation of shareholder value which will ultimately be reflected in the Company's share price.

Normalised consolidated result for 1HY2020

The Company's normalised consolidated EBITDA result for the 6 months ended 31 December 2019 is as follows:

Normalised Consolidated EBITA Result (*)	Actual YTD December 2019 (unaudited)	Actual YTD December 2018 (unaudited) (**)
Statutory (loss)/profit after income tax for the half year period	(\$0.3m)	(\$0.2m)
Add back depreciation/amortisation	\$0.4m	\$0.1m
Add back income tax expense	\$0.1m	Nil
Normalised EBITDA profit/(loss) for the half year period	\$0.2m	(\$0.1m)

(*) The preliminary results outlined above are still subject to auditor review.

(**) Excludes the impact of adopting AASB 16, with the Company applying the cumulative catch up method from 1 July 2019. The impact on the December 2019 YTD result was \$0.2m of additional depreciation/amortisation recognised which would otherwise have been reported in Occupancy expenses.



Financial Position of the Company

The Company's 31 December 2019 cash balance of \$3.7m was down against the 30 June 2019 cash balance of \$4.8m but up against the comparative 31 December 2018 cash balance of \$3.3m (with 31 December 2017 cash balance of \$2.7m). The comparison to 31 December 2018 (and 2017) illustrates the ongoing growth of your business with the deferred revenue account balance also increasing to \$2.5m (up from \$2.2m in June 2019). Deferred revenue reflects amounts invoiced and typically paid for which performance obligations remain outstanding.

The comparison to 30 June 2019 reflects the seasonality of the Company's customer contract portfolio, the use of funds in the development of the Riyo Platform and ongoing expansion of our international operations including A\$0.4m for the deferred Spectrum Business acquisition payment.

Strengthening the future cash position of the business is the fact that, in addition to the deferred revenue recognised on the Company's Balance Sheet, a further \$1.9m of ERP contracts have been signed over the past two years which will be invoiced annually over the customers contract period which typically ranges from 12 to 60 months. These longer term contracts provide further comfort regarding the ongoing strength of the Company.

The Company looks forward to reporting its audited financial results prior to the end of February 2020.

For and on behalf of the Board

Bruce Hatchman
Chairman

About JCurve Solutions:

JCurve Solutions is a trusted Australian technology solutions partner, listed on the ASX (JCS). The team at JCS utilise the power of the cloud to help customers make lasting, substantial improvements to their performance and grow into great businesses. Learn more: www.jcurvesolutions.com.

For enquires on this announcement please contact the Company's Chief Financial Officer, James Aulsebrook at james.ausebrook@jcurve.com.au.