
9 February 2024

Business Update – Half Year 31 December 2023

JCURVE SOLUTIONS LIMITED (ASX: JCS) (Jcurve), the business transformation technology company, provides the following market update and preliminary unaudited results for the half-year ending 31 December 2023 (1HY24).

Half Year Result

Our 1HY24 preliminary unaudited results with a comparison to key reporting measures and the comparative 1HY23 period is outlined in the following table:

Measure	1HY24 \$M's	1HY23 \$M's	% Change
Revenue	6.580	7.800	(16%)
Remaining Performance Obligation*	2.770	4.200	(34%)
Normalised EBITDA	(0.560)	0.400	(240%)
Profit Before Tax	(1.574)	(0.300)	(347%)
Cash Balance 31/12/23	1.500	4.200	(64%)

(*) Unearned services and deferred license revenues from existing contracts

An explanation of these results is provided in the commentary below. Separate to this commentary it is important to note the following:

1. the cash balance of \$1.5M was impacted by a number of factors including business performance, one-off payments, changes in customer and supplier payment terms, dividend distribution to shareholders in September 2023 as well as the normal seasonality of our business. With existing cash and an undrawn bank facility of \$500,000, the Company remains adequately funded;
2. we are currently finalising with our auditors the impairment of our Asian operations which may impact the final audited results. These are accounting, non-cash adjustments, and

do not reflect our confidence in the Asian operations moving forward. These impairments are estimated at \$0.3M.

The half-year audited results will be released to market in late February 2024.

Strategic Review and Priorities

Following the commencement of Chris King as Chief Executive Officer in August 2023, Chris undertook a review of the business, and at our AGM in November 2023, provided guidance on what the priorities were for FY24 and beyond.

The '*Let's Grow*' company transformation program which has the objective of '*delivering free cash flow from annual recurring revenues*' is well underway and below is an update on the business priorities set out after the review and within the context of the 1HY24 results.

Profitability

The 1HY24 results clearly show that we have experienced top line revenue pressures across the six months with revenue of \$6.58M, down from \$7.8M for 1HY23. Given this pressure, profitability is our top priority for FY24 with a focus on management of cost of goods sold and operating expenses.

Annualised savings of more than \$1.0M have already been delivered from actions taken during 1HY24. The savings have come from reducing headcount by over 25% year to date and a cost minimisation program that is eliminating all non essential operating costs from the business. These savings, although initially hitting both cash and bottom line results, will flow through to EBITDA moving forward.

Significant one off expense items for the period (which are excluded in the normalised EBITDA figure of \$0.56M loss) include \$176,572 for dual CEO salaries during the handover period, and \$67,326 relating to redundancy costs.

Gross profit analysis at the product and service level identified key areas for immediate attention and work to remedy the losses started on these during the period and will continue into the 2HY24, namely:

- \$0.481M operating loss from the professional services division due to project overruns and high fixed costs;

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- \$0.289M operating loss from the Quicta division for the period due to continued investment in R&D.

We will continue with our cost out program for 2HY24 that will deliver a minimum of \$1.0M in further annualised savings.

In summary, the strategic review revealed a business with a strong foundation, but also a business that was overstaffed and lacked a steely focus on profitability. Pleasingly, our customers are being serviced as well, if not better, than previously.

Customer Centric Go-to-Market

To drive new customer acquisition and improved customer experience we have invested in senior sales team members including new country leaders for Australia and Singapore. As we continue our journey to a customer centric operating model our priority was to build a sales and marketing capability to deliver sustainable Annual Recurring Revenue (ARR) growth. New customer acquisition is forecast to materially improve in 2HY24 as a result of our investments into sales and marketing during the period.

We have received positive feedback from customers with respect to the operating model change and as a result are forming key partnerships with our customers who rely on us for business critical solutions.

We had 19 ERP customers and 1 Quicta Customer go-live during the period.

Optimise Revenue Mix

We are transitioning our business to be an ARR business with a target of 20% CAGR. This ambitious goal represents our greatest challenge as we look to transform into a business that delivers sustainable growth.

During the period as a result of this transition we saw a reduction in revenues of \$1.220M vs 1HY23 due to the following trading conditions:

- revenue from new customers was below expectations (\$0.186M);
- moving from 'multi year' to 'annual' contracts/sales (\$0.885M);
- revenue and margin pressures from existing customers (\$0.149M).

Quicta sales performed to expectations and after many years of product development we now see growing interest in the product. We have a solid 2HY24 pipeline due to expanding product capability and our maturing Epicor partnership.

Expense Management (EM) sales performed to expectations during the period. All existing EM customers will be upgraded to our new 'NextGen' unified expense management platform during 2HY24 and this will provide future revenue opportunities and reduced operating expenses once all migrations have been completed.

Portfolio Optimisation

We identified our products and services that deliver gross margin contributions in line with our target of 30% or better. We will continue to optimise our portfolio into 2H based on these insights.

As part of our portfolio optimisation and as advised to the market, we divested the marketing services business Dygiq, completing the divestment after the end of the reporting period on 31 January 2024. Fundamentally a good business but it does not contribute to our core strategy of free cash flow from recurring revenues.

Asia Acceleration

Thailand new customer acquisitions for the period did not meet expectations. Success in prior periods has demonstrated that the Thai team has a track record of achieving growth and margin contributions and we have been working hard on building a strong pipeline for the second half of the year. We expect the region to perform well in 2HY24 and will continue to invest.

Singapore "go to market" is being rebuilt under the leadership of new Country Manager, Mark Wilfred. Mark brings with him a wealth of experience from both a Vendor and Customer perspective and we will continue to invest in this region as sales grow.

We have more to do in the Philippines market to ensure that it meets our expectations for new customer acquisitions.

Concluding Remarks

Mark Jobling, Chair of Jcurve stated "The half-year results for the Jcurve business have been disappointing. However, the business has been in a significant transition and Chris King's focus

as CEO has been on strategically re-positioning the business, delivering higher margins and profitable operations. The Board fully supports Chris in this undertaking. We look forward to strong sales in the second half”.

Chris King, Chief Executive Officer of Jcurve stated “My focus is on delivering a business fit for purpose, focused on profitability and growing annual recurrent revenue in a way that allows the market and shareholders to see the value of investing in Jcurve, The task is ongoing but a lot has been achieved in 1HY24 which has set solid foundations for future periods. Let’s Grow!”.

This announcement has been authorised for release by the Board of Jcurve Solutions Limited.

About Jcurve

Jcurve works collaboratively with ambitious organisations to drive growth through the effective use of technology. Serving as a trusted guide in an on-demand world, Jcurve helps build growing and resilient organisations to withstand market disruption.

From business management solutions and consulting services to field service management – Jcurve is uniquely positioned to help organisations on their business transformation journey.

For more information, please visit www.jcurvesolutions.com.