

30th August 2024

FY24 CEO Letter to Shareholders

JCURVE SOLUTIONS LIMITED (ASX: JCS) (Jcurve), the company that builds partnerships that help people and businesses grow, is pleased to provide its FY24 CEO Investor Update Letter, from Mr Chris King.

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

30th August 2024

Letter from the CEO

Dear Shareholders,

It's has been a year since I rejoined Jcurve as CEO. With the benefit of 12 months in the role and witnessing what we have been able to achieve in that time I am confident we are well placed to take advantage of the opportunity in front of us. I still have the same enthusiasm for this business as when I first joined back in 2010 prior to its merger into what would become Jcurve Solutions Limited. I am pleased to be able to share with you where we are with respect to our evolution into a business that consistently delivers free cash flow from annual recurring revenues.

I will start by personally thanking every one of our customers, shareholders and partners for their continued support throughout what was a challenging year for the business. I do also have to say a special thank you to all our team members. Despite last year being a year of transition and rightsizing, without exception, they all showed up with; determination, an exemplary attitude and a work ethic that has delivered change the business needed. I could not be prouder of our team.

The following is a summary of some of our significant FY24 achievements from across the group.

At a customer level, we added 30 new customers and \$0.936M of annual contract value (ACV = annual value of contract signed by the end user) and closed the year with 638 customers and \$21.292M in ACV. An average of \$33,373/customer. We delivered \$2.629M in services and celebrated 31 successful project go-lives. Focusing on our financials, normalised EBITDA of \$0.506M in 2HFY24 compared favourably to a loss of \$0.612M in 1HFY24 and is evidence that our Let's Grow transformation agenda is working. Our cash position went from an average decline of \$0.454M/month in 1HFY24 to an average increase of \$0.007/month in 2HFY24.

We restructured our business to be closer and more aligned with our customers and invested heavily into additional on shore resources in all markets. In country leadership is now accountable for all business outcomes. We reduced our headcount by circa 30% and this did not adversely affect our sales or customers' experience. Our quicta product is gaining traction and closed the year with 8 customers and \$0.171M in ACV. We went live with our NextGen Expense management platform which contributes \$0.778M in ACV. We restructured the company to focus on new customer acquisition and ACV growth. We are building a customer first culture by empowering our team members and aligning around a common purpose.

Last year we put profitability front and center and as a result have eliminated unnecessary costs or inefficient business processes that were a drag on profitability.

We have simplified our operating model, have a greater focus on our gross margin contributions and every business unit now has full autonomy on how they deliver profit. It is clear from our results where we made improvements in operational cost and cash management throughout the year. We are capitalising our R&D costs for our field service and expense management products, which reduced our operating expenses by \$0.492M.

Revenue. Throughout last year we optimised our go to market to accelerate ACV growth and improve profitability. The result was a decline in statutory revenues of \$3.659M from FY23 to FY24. The majority of this was attributable

to our new go to market but also changes in trading and economic conditions. It is important that these impacts are understood when comparing FY23 to FY24. I have provided detail on key items;

Annual Invoicing. In FY24 we ceased invoicing our customers in advance for multi-year contracts. In prior years we had offered customers an option to finance the contract via 3rd party financing which meant we Invoiced customers for the full contract value. Increased financing costs and customers only wanting to commit to shorter renewal terms made financing and multi-year contracts uncompetitive. We have moved to annual in advance invoicing for contracts which better aligns sales, revenue, costs and cash. In FY23 we Invoiced \$2.585M in multi-year contracts that had an ACV of \$0.848.

Agent renewal commissions. There was a fall in the commission rate on renewal revenue from existing customers on a year-on-year basis as well as for the six-month period 2HFY24 vs 1HFY24 because we did not meet our ACV growth targets. We are working hard to increase sales so as to increase the commission rate on future renewals. Commissions on new customer and growth ACV are fixed and not subject to growth targets and remained unchanged from FY23 to FY24 and throughout FY24.

Dygiq Disposal. We disposed of Dygiq marketing agency in January 2024. This resulted in a \$0.5M reduction in digital marketing services revenue from FY23 to FY24. This business did not meet our requirements for alignment or margin.

These essential changes on the sales and revenue side bring us into line with application software industry best practice, provide for a much simpler go to market which is good for us and good for customers and sets the company up to focus on ACV growth.

We introduced our Let's grow visual and verbal identity in 2023. A simpler message of partnership and growth. Whether you're a shareholder, customer, team member or partner you will all be on a growth journey with us. We have moved away from the widely adopted technology industry jargon and made our tone human and relatable for our customers.

A final comment on FY24. We have restructured the team to deliver better outcomes for our customers. Business unit leaders, whilst primarily focused on sales and profitability, are accountable for all aspects of their market and have customer experience as a key metric. These business units are supported by our shared services teams; support & consulting, product, finance, operations, IT and technology services. The new organisation has been set up to take signals and inputs from outside the business and act on them. We will always be obsessed with customer outcomes and maximising market opportunities.

Turning to FY25 we are still focused on our 5 key priorities;

Profitability. We will continue to drive towards our goal of 10% operating profit and positive cash flows. With costs under control revenue improvements will be how we achieve this target.

New Customer Acquisition and ACV growth. This is our most important sales metric. With minimal churn from existing customers, we need to get to our goal of 20% ACV CAGR with the majority of this coming from new customers. This will have an amplifying effect on our renewal revenues as we will benefit from improved renewal margins through our Oracle solution provider program.

Customer Centricity. We will continue to evolve our business operations, resourcing and structure to better serve our customers. We are implementing always on Customer feedback, and I am personally chairing our group wide Customer Experience program to improve our CX and NPS scores.

Portfolio Management. We have moved our product, technology and support teams into a single business unit. This team will improve the value that our customers are getting from our portfolio and fast-track the flow of information from support to product teams.

Asia Acceleration. Thailand is performing well and we believe this will continue to be a high performing market. There is upside to come from Singapore and Philippines where we are making investments into sales and marketing efforts.

FY24 represented one of the biggest transformations to our business for years and we have been inwardly focused on this change agenda. As we turn our attention to growth in FY25 and beyond I will provide regular, simple and transparent business updates so you can observe our progress more closely.

On behalf of myself and the entire Jcurve team I thank you for your partnership.

Let's Grow

Chris

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