



JCurve Solutions Limited

Half Year Report 31 December 2021

JCurve Solutions Limited
ABN 63 088 257 729

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The information contained in the half year financial report should be read in conjunction with the Company's Annual Financial Report for the year ended 30 June 2021.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as "Jcurve") consisting of JCurve Solutions Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mark Jobling	Non-Executive Chairman
Bruce Hatchman	Non-Executive Director
Graham Baillie	Non-Executive Director
Martin Green	Non-Executive Director
David Franks	Company Secretary

Principal Activities

During the half year, the principal continuing activities of Jcurve consisted of:

- 1) the sale, implementation and support of Enterprise Resource Planning (ERP) solutions, which consisted of:
 - (i) the Oracle NetSuite mid-market and enterprise editions (in Australia, New Zealand and South East Asia);
 - (ii) the exclusively licensed small business edition of Oracle NetSuite, JCurveERP (in Australia and New Zealand);
- 2) the sale and support of proprietary Telecommunications Expense Management Solutions;
- 3) the continued development of quicta (formerly Riyo), Jcurve's proprietary owned Service Management Platform including the sale and support of the platform to paying customers; and
- 4) the sale of digital marketing services.

Review of Operations

Summarised financial result and position

The first half of the financial year result saw significant growth across multiple business divisions, culminating in a record half year of sales of \$6.7m, a 37% increase on the comparative result from 31 December 2020. The growth was achieved both organically (23%) and from acquisitions in June 2021 and July 2021.

Business expenditure excluding cost of sales, depreciation and amortisation for the half year period ended 31 December 2021 increased by 23% from \$4.3m in the corresponding comparative period to \$5.3m. This increase in business expenditure was inclusive of \$0.25m relating to the recognition of the interim deferred payment payable on the acquisition of Rapid Thailand as an employee benefit expense. The primary driver for the increase in business expenditure was an increase in salaries and wages with head count increasing by 48% over the past six months as the business expands into new markets and solution offerings.

Jcurve recognised a net profit after tax of \$118,500 for the half year period ended 31 December 2021 (2020: \$129,310 loss).

Net cash inflows from operating activities for the 6-month period ended 31 December 2021 totalled \$0.1m (2020 comparative half year period: \$0.7m operating cash inflows).

At 31 December 2021, Jcurve held cash reserves of \$4.5m. During 1HY2022 Jcurve paid S\$300,000 as the completion payment for the business and assets of Rapid e-Suite Thailand. The 1HY2022 cash outflow and increased level of unearned income over the period reflects the seasonality of the Jcurve business and the increased timeline to complete projects as the mix of larger projects sold continues to grow. The record level of unearned income at \$4.1m is expected to strongly flow into statutory profit in 2HY2022 as open projects are delivered.

In addition to holding strong cash reserves, Jcurve continues to remain debt free, providing the opportunity for both further organic growth and growth by acquisition in future periods.

DIRECTORS' REPORT (continued)

The underlying EBITDA for the half year period ended 31 December 2021 was \$1,013,445 (2020: \$354,929), which has been determined as follows:

	Half-year	
	2021	2020
	\$	\$
Statutory profit/(loss) after income tax for the half year period	118,500	(129,310)
Add back: non-cash expenses:		
Depreciation / amortisation	544,023	426,442
Total non-cash expenses	544,023	426,442
Income tax expense	298,047	40,672
Interest income	(2,304)	(2,968)
Finance costs	55,178	20,093
Underlying EBITDA profit for the half year period	1,013,444	354,929

Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific items. The table above summarises key items between the statutory loss after tax and underlying EBITDA. The directors use underlying EBITDA to assess the performance of Jcurve.

Underlying EBITDA has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying auditor reviewed financial report.

Strategic Priorities

Jcurve is focused on achieving the following four strategy priorities.

- (i) **Profitably grow Jcurve in Asia Pacific from our existing operations, new product and service lines, as well as through acquisition**

We will achieve our strategic priority by focusing on:

- Continuing to win mid-market new customers in Australia;
- Growing our sales team in Singapore and the Philippines;
- Elevating the customer experience delivered to improve our customer retention levels and customer advocacy;
- Growing our Philippines delivery centre of excellence to control our costs as we scale; and
- Continuing to look for business management solution M&A opportunities.

- (ii) **Rapidly grow our Quicta subscriber numbers and focus on product enhancements**

We will achieve our strategic priority by focusing on:

- Releasing Quicta Zero Touch, a version of Quicta that complements the current enterprise solution that has been growing in strength across a range of verticals and companies across multiple countries;
- Further development of the platform with more verticalisation of the solution so we can tackle specific industries;
- Establishing a channel referral network and channel partnerships;
- Increase the integrations with ERP and other point solutions;
- Increased levels of marketing campaigns; and
- Rapidly growing our user numbers.

(iii) Expand our Business Consulting and Advisory service (Vyzeri).

We will achieve our strategic priority by focusing on:

- Rapidly building business consulting sales and delivery capabilities in Australia, Singapore and the Philippines through recruitment of experienced consulting resources and retraining existing talent; and
- Promoting the importance of digital transformation as businesses recover from the COVID-19 pandemic.

(iv) Markedly increase shareholder value

We will achieve our strategic priority by focusing on:

- Delivering an exponential growth in sales from existing operations;
- Focusing on complementary technology business merger and acquisition opportunities;
- Enhancing our customer experience to be the best in the space; and
- Building investor relations.

Significant changes in the state of affairs

On 9 July 2021, Jcurve purchased the business assets of Rapid E-Suite Pte Ltd's Thailand operations resulting in the expansion of operations into Thailand, a market which Jcurve has assessed to have significant digital transformation opportunities, opportunities which have been further accelerated by the COVID pandemic.

There were no other significant changes in the state of affairs of Jcurve during the half year ended 31 December 2021.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, Grant Thornton Audit Pty Ltd, to provide the directors of Jcurve with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Mark Jobling

Chairman

Dated 23 February 2022

Auditor's Independence Declaration

To the Directors of JCurve Solutions Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of JCurve Solutions Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 23 February 2022

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Notes	Consolidated half-year (\$)	
		2021	2020
Revenue	3	6,716,005	4,896,065
Cost of sales		(917,122)	(627,303)
Gross profit		5,798,883	4,268,762
Other income	3	416,631	335,071
Employee benefit expenses		(3,531,497)	(2,959,810)
Other employee related expenses		(264,223)	(244,058)
IT and communications expenses		(263,238)	(252,391)
Advertising and marketing expenses		(138,774)	(21,730)
Professional fees		(681,191)	(484,156)
Occupancy expenses		-	(89,232)
Travel (expenses)/refunds		(11,130)	1,300
Depreciation and amortisation expenses		(544,023)	(426,442)
Finance costs		(55,178)	(20,093)
Bad debt (expense)/write back		(98,417)	699
Due diligence costs		-	(22,873)
Other expenses		(211,296)	(173,685)
Profit/(loss) before income tax		416,547	(88,638)
Income tax expense		(298,047)	(40,672)
Profit/(loss) after tax for the half year period		118,500	(129,310)
Other comprehensive income (exchange differences on translation of foreign operations)		(6,939)	(55,865)
Total comprehensive profit/(loss) for the half year period		111,561	(185,175)
Basic earnings/(loss) per share (cents per share)	14	0.04	(0.04)
Diluted earnings/(loss) per share (cents per share)	14	0.04	(0.04)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	Consolidated (\$)	
		31 Dec 2021	30 June 2021
Assets			
Current Assets			
Cash and cash equivalents		4,541,410	5,101,831
Trade and other receivables	4	1,938,659	1,112,529
Contract assets	5	2,914,840	1,273,770
Other financial assets	6	244,225	244,595
Prepayments	7	538,878	235,681
Total Current Assets		10,178,012	7,968,406
Non-Current Assets			
Property, plant and equipment	8	186,983	133,942
Right-of-use assets	9	1,430,264	1,719,227
Intangible assets	10	3,405,958	3,057,735
Deferred tax assets		1,194,823	1,568,848
Total Non-Current Assets		6,218,028	6,479,752
Total Assets		16,396,040	14,448,158
Liabilities			
Current Liabilities			
Trade and other payables	11	3,552,911	2,318,443
Contract liabilities - unearned income	12	4,009,984	2,682,868
Current tax liability		196,737	502,422
Lease liabilities		449,076	524,391
Provisions		555,302	445,877
Total Current Liabilities		8,764,010	6,474,001
Non-Current Liabilities			
Contract liabilities - unearned income	12	87,655	136,027
Deferred tax liabilities		1,163,436	1,373,385
Lease liabilities		1,052,171	1,253,181
Provisions		119,865	137,138
Total Non-Current Liabilities		2,423,127	2,899,731
Total Liabilities		11,187,137	9,373,732
Net Assets		5,208,903	5,074,426
Equity			
Issued capital	13	17,586,326	17,586,326
Reserves		1,705,243	1,689,266
Accumulated losses		(14,082,666)	(14,201,166)
Total Equity		5,208,903	5,074,426

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. The classification of some prior period comparatives have been adjusted in the current period.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Consolidated (\$)			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance as at 1 July 2020	17,588,248	(14,453,815)	1,825,051	4,959,484
Loss after tax for the half year period	-	(129,310)	-	(129,310)
Other comprehensive income (exchange differences on translation of foreign operations)	-	-	(55,865)	(55,865)
Total comprehensive loss for the half year	-	(129,310)	(55,865)	(185,175)
<i>Transactions with owners, recorded directly in equity</i>				
Share based payment expenses	-	-	5,308	5,308
Reclassification of expired options and performance rights	-	100,394	(100,394)	-
Total transactions with owners	-	100,394	(95,086)	5,308
Balance as at 31 December 2020	17,588,248	(14,482,731)	1,674,100	4,779,617
	Consolidated (\$)			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
Balance as at 1 July 2021	17,586,326	(14,201,166)	1,689,266	5,074,426
Profit after tax for the half year period	-	118,500	-	118,500
Other comprehensive income (exchange differences on translation of foreign operations)	-	-	(6,939)	(6,939)
Total comprehensive profit for the half year	-	118,500	(6,939)	111,561
<i>Transactions with owners, recorded directly in equity</i>				
Share based payment expenses	-	-	22,916	22,916
Total transactions with owners	-	-	22,916	22,916
Balance as at 31 December 2021	17,586,326	(14,082,666)	1,705,243	5,208,903

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

		Consolidated half-year (\$)	
	Notes	31 Dec 2021	31 Dec 2020
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,707,755	5,912,743
Payments to suppliers and employees (inclusive of GST)		(6,041,378)	(5,011,758)
Income tax paid		(530,099)	(215,684)
Net interest received		1,102	560
Net cash from operating activities		137,380	685,861
Cash flows used in investing activities			
Purchase of property, plant and equipment		(91,993)	(60,661)
Proceeds from the sale of property, plant and equipment		2,098	2,200
Cash paid for the purchase of the the Rapid Thailand business and assets	20	(298,263)	-
Net cash used in investing activities		(388,158)	(58,461)
Cash flows used in financing activities			
Repayment of principal of leases		(307,962)	(287,066)
Net cash used in financing activities		(307,962)	(287,066)
Net (decrease)/increase in cash and cash equivalents		(558,740)	340,334
Cash and cash equivalents at the beginning of the half-year		5,101,831	4,152,349
Effects of exchange rate changes on cash and cash equivalents		(1,681)	(7,863)
Cash and cash equivalents at the end of the half-year		4,541,410	4,484,820

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of half-year report**

The consolidated half year financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of Jcurve as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Jcurve Solutions Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

(b) Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Significant judgments made by management in applying Jcurve's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021. They include:

- (1) Revenue recognition - Identification of performance obligations;
- (2) Revenue recognition - Satisfaction of performance obligations;
- (3) Useful life of intangible assets
- (4) Impairment of intangibles with indefinite useful lives;
- (5) Useful life of the quicta Platform;
- (6) Share-based payment transactions;
- (7) Recovery of deferred tax assets.

(c) New and amended standards adopted by Jcurve

The Directors have reviewed all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board for annual reporting periods beginning or after 1 July 2021. The Directors have concluded that there is no impact, material or otherwise for Jcurve from these new and revised accounting standards and interpretations.

(d) Impact of standards issued but not yet applied by Jcurve

Jcurve will adopt the revised accounting standard, AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as current or non current from 1 July 2022.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021****NOTE 2: SEGMENT REPORTING****(a) Accounting policy**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and Executive Management Team of JCurve Solutions.

(b) Description of segments

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the components of Jcurve that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

Jcurve sells a portfolio of solutions and derives its revenues and profits from a variety of sources.

The Board and Executive Management Team for the year ended 30 June 2021, considered the business from a product perspective and identified five reportable segments:

- ERP – AU: ERP cloud-based Business Management solutions and associated consulting services sold to Australian and New Zealand customers; and
- ERP – Asia: ERP cloud-based Business Management solutions and associated consulting services sold to South East Asian customers;
- TEMS - The development and marketing of Telecommunications Expense Management Solutions (JTEL and Full Circle Group) sold to Australian customers; and
- Riyo – The development and sale of service management and scheduling software
- Dygiq – Providing digital marketing services

All other segments – the development business unit and group/head office are cost centres and are not reportable operating segments. The results of these operations are included in the unallocated column in the segment information below.

Jcurve operates in two geographical segments being Australasia (Australia and New Zealand) along with South East Asia.

Jcurve reports internally on the assets and liabilities of Jcurve on a consolidated basis.

No individual end user customers comprise more than 10% of the Jcurve's total revenue.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

(c) Segment information provided to the chief operating decision maker

The segment information provided to the Board and the Executive Management Team for the reportable segments for the six month period ended 31 December 2021 (including the comparative period) is as follows:

Half Year ended 31 December 2021	NetSuite ERP	TEMS	Quicta	JCS Asia	Dygiq	All other segments	Total
Total revenue	4,315,404	709,279	87,951	1,097,659	505,712	-	6,716,005
Total cost of sales	(410,432)	-	(3,272)	(220,950)	(282,468)	-	(917,122)
Gross profit	3,904,972	709,279	84,678	876,710	223,244	-	5,798,883
Other income	-	254,009	777	149,991	9,550	-	414,327
Interest income	-	2,167	-	137	-	-	2,304
Finance costs	-	(418)	-	-	-	(54,760)	(55,178)
Employee benefit expenses and other employee related expenses	(1,802,257)	(235,579)	(322,911)	(902,239)	(210,868)	(321,866)	(3,795,720)
Professional fees	(44,190)	(94,084)	(132,547)	(160,503)	(246)	(249,621)	(681,191)
Depreciation and amortisation expenses	(12,426)	(517)	(60,517)	(123,693)	(37,954)	(308,916)	(544,023)
All other expenses	(298,411)	(158,579)	(88,743)	(61,894)	-	(115,228)	(722,855)
Total profit/(loss) before tax	1,747,688	476,278	(519,263)	(221,491)	(16,274)	(1,050,391)	416,547
Income tax expense	-	-	-	5,719	-	(303,766)	(298,047)
Total profit/(loss) after tax	1,747,688	476,278	(519,263)	(215,772)	(16,274)	(1,354,157)	118,500
EBITDA	1,760,115	475,046	(458,747)	(97,936)	21,680	(686,714)	1,013,444

Half Year ended 31 December 2020	NetSuite ERP	TEMS	Quicta	JCS Asia	Dygiq	All other segments	Total
Total revenue	3,435,058	822,891	47,004	591,112	-	-	4,896,065
Total cost of sales	(491,472)	-	-	(135,831)	-	-	(627,303)
Gross profit	2,943,586	822,891	47,004	455,281	-	-	4,268,762
Other income	-	304,500	659	-	-	27,586	332,745
Interest income	-	2,259	-	67	-	-	2,326
Finance costs	-	(1,632)	-	-	-	(18,461)	(20,093)
Employee benefit expenses and other employee related expenses	(1,883,411)	(186,823)	(295,608)	(376,267)	-	(461,760)	(3,203,868)
Professional fees	(17,543)	(67,527)	(91,460)	(37,845)	-	(269,781)	(484,156)
Depreciation and amortisation expenses	-	-	-	(33,506)	-	(392,936)	(426,442)
All other expenses	(417,559)	(159,667)	(142,617)	(179,326)	-	341,258	(557,912)
Total profit/(loss) before tax	625,073	714,001	(482,022)	(171,596)	-	(774,094)	(88,638)
Income tax expense	-	-	-	-	-	(40,672)	(40,672)
Total profit/(loss) after tax	625,073	714,001	(482,022)	(171,596)	-	(814,766)	(129,310)
EBITDA	625,073	713,374	(482,022)	(138,158)	-	(363,338)	354,929

The presentation of the prior period comparatives have been adjusted in the current period for comparability purposes.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 3: REVENUE AND OTHER INCOME (*)

	Consolidated (\$)	
	31 Dec 2021	31 Dec 2020
Enterprise Resource Planning (ERP) solutions – JCurve ERP and NetSuite	5,413,063	4,026,170
Quicta solutions	87,951	47,004
Telecommunications expense management solutions	709,279	822,891
Digital marketing services	505,712	-
	6,716,005	4,896,065
Other Income		
Interest income	2,304	2,968
Sundry income	20,541	27,603
JobSaver/JobKeeper Subsidy (**)	250,476	304,500
Gain on bargain purchase (***)	143,310	-
	416,631	335,071

(*) Reflects revenue in accordance with AASB 15.

(**) \$250,476 of government subsidies from the JobSaver Payment were received and recognised during the half year ended 31 December 2021. \$304,500 of government subsidies from the JobKeeper Payment were received and recognised during the half year ended 31 December 2020.

(***) Gain from the bargain purchase arose on the purchase of Rapid E-Suite Thailand. Refer to note 20 for further details.

NOTE 4: TRADE AND OTHER RECEIVABLES

	Consolidated (\$)	
	31 Dec 2021	30 June 2021
Current		
Trade receivables	2,000,457	1,135,335
Allowance for expected credit losses	(144,838)	(44,779)
Sundry debtors	83,040	21,973
	1,938,659	1,112,529

NOTE 5: CONTRACT ASSETS

	Consolidated (\$)	
	31 Dec 2021	30 June 2021
Current		
Accrued revenue/commissions receivable	2,125,263	839,542
Deferred expenditure	789,577	434,228
	2,914,840	1,273,770

NOTE 6: OTHER FINANCIAL ASSETS

	Consolidated (\$)	
	31 Dec 2021	30 June 2021
Current		
Term deposit	217,050	217,835
Rental Bond	27,175	26,760
	244,225	244,595

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 7: PREPAYMENTS

	Consolidated (\$)	
	31 Dec 2021	30 June 2021
<i>Current</i>		
Prepayments	538,878	235,681
	538,878	235,681

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Make Good Assets	Total
At 1 July 2021, net of accumulated depreciation	105,969	27,973	133,942
Additions	91,993	13,086	105,079
Foreign currency revaluation	(966)	-	(966)
Depreciation	(33,266)	(17,806)	(51,072)
At 31 December 2021, net of accumulated depreciation	163,730	23,253	186,983

NOTE 9: RIGHT-OF-USE-ASSET

	Buildings	Equipment	Total
At 1 July 2021, net of accumulated depreciation	1,647,443	71,784	1,719,227
Additions	1,632	-	1,632
Depreciation	(275,926)	(14,669)	(290,595)
At 31 December 2021, net of accumulated depreciation (i)	1,373,149	57,115	1,430,264

- (i) The consolidated entity leases buildings for its offices, under agreements of between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. Jcurve also leases office equipment under agreements of less than five years.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 10: INTANGIBLE ASSETS

	Licences (i)	Quicta Platform	Goodwill	Customer relationships	NetSuite customer contracts	E-Commerce connector	Total
At 1 July 2021, net of accumulated amortisation and impairment	2,302,857	230,000	232,204	230,760	1,914	60,000	3,057,735
Additions (ii)	-	-	-	239,946	292,069	-	532,015
Amortisation	-	(60,000)	-	(61,276)	(71,080)	(10,000)	(202,356)
FX revaluation	-	-	7,249	7,304	4,011	-	18,564
At 31 December 2021, net of accumulated depreciation and impairment	2,302,857	170,000	239,453	416,734	226,914	50,000	3,405,958

- (i) The licenses intangible asset reflects the carrying value of the ERP relationship with Oracle NetSuite. The licenses intangible asset reflects the carrying value of the ERP relationship with Oracle NetSuite.
- (ii) On 9 July 2021, JCurve Solutions Asia Pte Ltd, a 100% owned subsidiary of JCurve Solutions Limited, purchased the business assets of Rapid E-Suite Pte Ltd's Thailand operations, a NetSuite Solution Provider in Thailand. The purchase price was allocated to customer contracts and customer relationships. The customer contracts intangible asset was assessed as having a useful live of 2 years and the customer relationships intangible assets was assessed as having a useful live of 7 years, both of which reflects the period in which the intangible assets are being amortised over on a straight line basis.

NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated (\$)	
	31 Dec 2021	30 June 2021
Current		
Trade payables	2,063,327	1,268,183
Other payables	298,011	272,421
Accrued expenses	1,191,573	777,839
	3,552,911	2,318,443

NOTE 12: CONTRACT LIABILITIES - UNEARNED INCOME

	Consolidated (\$)	
	31 Dec 2021	30 June 2021
Current		
Enterprise Resource Planning (ERP) solutions – JCurve ERP and NetSuite (Australasia) (1)	2,149,205	1,713,301
Enterprise Resource Planning (ERP) solutions – NetSuite (South East Asia)	1,256,063	720,067
Telecommunications expense management solutions	365,832	182,066
Quicta solutions	196,273	67,434
Digital marketing services	42,611	-
	4,009,984	2,682,868
Non Current		
Enterprise Resource Planning (ERP) solutions – JCurve ERP and NetSuite (Australasia) (1)	77,578	136,027
Quicta solutions	10,077	-
	87,655	136,027
Total Contract Liabilities - Unearned Income	4,097,639	2,818,895

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 13: ISSUED CAPITAL

	Consolidated (\$)	
	31 Dec 2021	30 June 2021
Ordinary shares issued and fully paid	17,380,969	17,380,969
Unissued shares	205,357	205,357
	17,586,326	17,586,326

NOTE 14: EARNINGS/(LOSS) PER SHARE

	Consolidated (\$)	
	31 Dec 2021	31 Dec 2020
Profit/(loss) used for calculation of basic and diluted earnings per share	118,500	(129,310)
Basic profit/(loss) from operations	118,500	(129,310)
	Number	Number
Weighted average number of shares used for calculation of basic and diluted EPS	328,343,446	327,856,900
Basic earnings/(loss) per share (cents per share)	0.04	(0.04)
Diluted earnings/(loss) per share (cents per share)	0.04	(0.04)

NOTE 15: DIVIDENDS PAID AND PROPOSED

Dividends Paid

A final dividend was not declared or paid for the half year ended 31 December 2021.

Dividends Declared

Jcurve advises at this stage that it does not intend to declare an interim dividend for the financial year ending 30 June 2022 and it will consider reinstating the dividend policy in the future, subject to performance.

NOTE 16: SHARE-BASED PAYMENT PLANS

Shares issued under Equity Incentive Plan

The equity incentive plan was approved by shareholders at the Annual General Meeting held on 19 November 2019. The share based payment expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income evenly over the vesting period.

On 1 February 2022, 3,100,000 of the performance rights which were issued lapsed and were cancelled.

NOTE 17: CONTINGENCIES

(a) Contingent Liabilities

Jcurve does not have any contingent liabilities as at 31 December 2021 which have not been recognised in the Half Year Report.

NOTE 18: RELATED PARTY TRANSACTIONS

Transactions with Subsidiary Company Directors

During the half-year ended 31 December 2021, legal fees were paid to Calimag Law Office, a firm run by one of the JCurve Solutions Philippines Inc. Directors, Erinne Ann B. Calimag. The legal fees include a monthly retainer of PHP20,000 per month and other legal work charged on normal commercial terms and conditions. Jcurve was invoiced PHP\$220,750 (A\$6,149) during the half year for the Philippines companies legal work for the period July 2021 to December 2021.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 19: GOING CONCERN

Jcurve generated an after tax profit for the period of \$118,500 (31 December 2020: \$129,310 loss). At the balance date, Jcurve had cash assets of \$4,541,410 (30 June 2021: \$5,101,831) and a positive working capital position of \$1,414,002 (30 June 2021: \$1,494,405). The working capital of \$1,414,002 includes current contract liabilities – unearned income of \$4,009,984 and contract assets of \$2,914,840 (30 June 2021: \$2,682,868 and \$1,112,529).

Whilst the recognition of unearned income and deferred expenditure acknowledges there are future obligations in terms of services to be provided this does not represent a future cash outlay with the payments made upfront from both the customer and to NetSuite being non-refundable and recognised in accordance with the accounting standards. Jcurve has prepared cashflow forecasts based on expected future cash inflows and expected future cash outlays and, on the basis of these cash forecasts, and with reference to the cashflow statement incorporated into these financial statements, in the opinion of the Directors, Jcurve will be able to pay its debts as and when they fall due.

NOTE 20: BUSINESS COMBINATION

(a) Current period

Acquisition of the business and assets of Rapid Thailand – Provisional Accounting

On 9 July 2021, JCurve Solutions Asia Pte Ltd, a 100% owned subsidiary of JCurve Solutions Limited, purchased the business assets of Rapid E-Suite Pte Ltd's Thailand operations, a NetSuite Solution Provider in Thailand. The purchase price was allocated to customer contracts and customer relationships.

The purchase price is to be paid across an initial completion cash payment of S\$250,000 (paid on the 9/7/2021 in cash), a milestone completion cash payment of S\$50,000 (paid on the 15/9/2021 in cash), an interim deferred payment in February 2022 and a final deferred payment in August 2022. The deferred payments are based on the level of income generated in the Thailand territory for 12 months immediately after the acquisition date and are capped at a deferred payment of S\$500,000. The deferred payments required the vendor to sign a consultancy agreement before the completion date with JCurve Solutions Asia. The Asset Purchase Agreement stipulated that the interim and final deferred payments are subject to a clause of forfeiture should the vendor terminate the consultancy agreement before the end of their twelve month consultancy period.

Due diligence costs in respect of the acquisition totalling \$4,967 were included in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021. There were no due diligence costs in respect of the acquisition incurred in the six month period ended 31 December 2021.

The assets purchased as part of the acquisition include Rapid E-Suite Pte Ltd's existing 20 customers in Thailand and the associated business contracts.

The provisionally determined fair values of the assets and liabilities of Rapid E-Suite Thailand acquired as part of the acquisition as at the date of acquisition are as follows:

	Fair value at acquisition date (S\$)	Fair value at acquisition date (A\$)
NetSuite customer contracts	293,770	292,069
Customer relationships	241,344	239,946
Deferred tax liability	(90,969)	(90,442)
Fair value of identifiable net assets	444,145	441,573
Gain on bargain purchase	(144,145)	(143,310)
Consideration	300,000	298,263

Contingent consideration

The interim and final deferred payments are subject to a clause of forfeiture should the vendor terminate the consultancy agreement before the end of their twelve month consultancy period. In accordance with the requirements of AASB 3 paragraph 55A, the deferred payment is remuneration and is included in the employee benefits expense line item in the Statement of Comprehensive income. The deferred payment is expected to be paid in full and is being recognised evenly across the 12 month consultancy period to match the consultancy payments which are being made. Accordingly, for the six months ended 31 December 2021, an employee benefits expense of \$250,000 was recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

As a consequence of recognising the deferred payment as an employee benefits expense in the Statement of Comprehensive Income, a gain on bargain purchase of \$143,310 was recognised as other income in the Statement of Comprehensive Income, reflecting the excess value of the fair value of assets acquired compared to the purchase price.

Net cash outflow arising on acquisition

The cash outflow on acquisition was \$298,263 (S\$300,000) with a further deferred payments to be paid in February 2022 and August 2022 based on the performance factor and continuing service as a consultant as outlined above.

The acquisition of Rapid Thailand affected the period ended 31 December consolidated result as follows:

	31 December 2021
	\$
Revenue	275,367
Cost of sales	(26,864)
Gross profit	248,503
Other income	6,083
Operating expenses	(211,127)
Profit/(loss) before income tax	43,459

For the period to 31 December 2021 the acquisition of Rapid Thailand contributed sales \$741,620 with the majority of sales relating to projects which remained in progress and yet to met their performance obligation as at 31 December 2021, with the sales recorded in unearned income – contract liability as at 31 December 2021.

Jcurve has not disclosed the revenue or profit or loss as though the acquisition date for business combination occurred at the start of the financial year as such disclosure would not be reliable with the acquired entities financial statements being unaudited.

The useful life of the NetSuite customer contracts intangible asset was assessed as 2 years, with the intangible asset being amortised from 9 July 2021 on a straight line basis over the 2 year period.

The useful life of the customer relationships intangible asset was assessed as 7 years, with the intangible asset being amortised from 9 July 2021 on a straight line basis over the 7 year period.

(b) Prior period

Acquisition of the business and assets of Creative Quest

On 4 June 2021, JCurve Solutions Philippines Inc., a 100% owned subsidiary of the Group purchased the business assets of Creative Quest Events and Marketing Services (Creative Quest), a full-service digital marketing agency domiciled in Philippines.

Details of this business combination were disclosed in note 27 of Jcurve's Annual Financial Report for the year ended 30 June 2021.

NOTE 21: SUBSEQUENT EVENTS

On 1 February 2022, 3,100,000 of the performance rights lapsed and were cancelled.

No other matters or circumstances have arisen since 31 December 2021 that significantly affect, or may significantly affect:

- (a) Jcurve's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) Jcurve's state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors of JCurve Solutions Limited declare that:

1. The financial statements and notes set out on pages 7 to 19 are in accordance with the *Corporations Act 2001* and:
 - a. Comply with Accounting Standards and AASB 134 Interim Financial Reporting; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that JCurve Solutions Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mark Jobling
Chairman
Dated 23 February 2022

Independent Auditor's Review Report

To the Members of JCurve Solutions Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of JCurve Solutions Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of JCurve Solutions Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of JCurve Solution Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 23 February 2022