



21 August 2018

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

By E-Lodgment

JCurve Solutions' Annual Financial Results

Results for Announcement to the Market

The operating results for the year to 30 June 2018 are shown with comparisons to the previous corresponding period, being the year ended 30 June 2017.

	Year ended 30 June 2018	Year ended 30 June 2017	Percentage increase / (decrease) over previous corresponding period
	\$	\$	
Revenue	11,945,625	10,378,808	15% increase *
Earnings before interest, taxation, depreciation and amortization (EBITDA)	979,931	801,920	22% increase *
Net profit before tax	895,372	740,916	21% increase *
Net profit after tax	847,267	454,286	87% increase *
Profit from ordinary activities after tax attributable to members	847,267	454,286	87% increase *
Net profit for the period attributable to members	847,267	454,286	87% increase *

(*) improvement on prior period (relative movement)

Dividends

No dividends were paid during the financial year. The Board advises that it does not intend to declare a final dividend for the financial year, and it will consider reinstating the dividend policy in the future once expansion opportunities have been formally evaluated.

Net Tangible Assets / Earnings Per Share

	30 June 2018	30 June 2017
Net tangible assets per ordinary share for continuing operations	0.61 cents	0.51 cents
Basic loss per ordinary share for continuing operations	0.26 cents	0.14 cents

Independent Audit Report

The information outlined above is presented in accordance with ASX Listing Rule 4.3A and the *Corporations Act 2001 (Corporations Act)*. The Appendix 4E is based on the audited Annual Financial Report for the year ended 30 June 2018. The Independent Audit Report is included in the Annual Financial Report.

Accounting Policies, Estimation Methods and Measurements

With the exception of a change in the disclosure of the research and development incentive, all accounting policies, estimation methods and measurement bases used in the Appendix 4E are the same as those used in the previous annual report and half-year report.

The research and development incentive in the amount of \$266,871 (2017: \$189,333) has been reclassified from a credit to the tax expense to other income for the years ended 30 June 2018 and 30 June 2017 to reflect the nature of the incentive being a government grant under *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*. The reclassification was not included in the preliminary FY2018 unaudited results released to the market on the 17th of July 2018.

Explanation of Result

Revenue increased 15% to \$11.9 million compared to \$10.4 million in the previous corresponding period. Revenue is in line with the updated guidance that was provided to the market in April 2018, which outlined that revenue for the year was expected to be in the range of \$11.0 million to \$12.0 million. The revenue result is marginally below the \$12.0 million reported in the July 2018 preliminary unaudited result.

The growth in revenue achieved by JCurve Solutions in FY2018 was through organic growth. JCurve Solutions was able to achieve 26% growth from the NetSuite ERP division through larger new business deals along with a number of longer term renewals. We have seen a stabilisation of TEMS customer churn (13% overall decrease in TEMS revenue in FY2018) while a small amount of revenue was recognized from MYOB Advanced projects.

JCurve Solutions provides the following comments on the Group's main revenue streams:

1. The NetSuite Enterprise Resource Planning (ERP) solutions revenue includes revenue from the sale of the JCurveERP edition and the NetSuite mid-market and one-world editions. The NetSuite ERP solutions revenue has increased by \$1.9 million to \$9.2 million over the past year. The revenue result was achieved after significant investment was undertaken over the past 18 months in the sales, marketing and professional services teams to take advantage of an increasing number of available NetSuite ERP products available to sell. We continue to see a shift in our sales mix towards larger more complex solutions which while they deliver more revenue in the long term, they take longer to close the sales opportunity and longer to implement the solution and thereby recognise the revenue from. JCurve Solutions was also able to increase the number of multi year JCurveERP renewal customers transacted in FY2018.

2. We have seen TEMS churn continue to stabilise from 28% in FY2017 to 13% in FY2018 which allowed the Company to generate \$2.7 million of TEMS revenue in FY2018.
3. MYOB Advanced revenue recognised was below forecast levels with fewer sales generated and implementations taking longer than anticipated resulting in \$0.05 million of revenue generated in FY2018.

	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
Revenue	11,945,625	10,378,808
Net profit before tax (NPBT)	895,372	740,916
Earnings before interest, tax, depreciation and amortization (EBITDA)	979,931	801,920
Net profit after tax (NPAT)	847,267	454,286

The financial performance for the year was an improvement on the corresponding comparative period with Revenue, NPBT, EBITDA and NPAT all increasing.

Furthermore, the Group was \$1 million cash flow positive in FY2018, which was after \$0.6 million was spent acquiring the Riyo Platform in May 2018. The 30 June 2018 closing cash position was \$4.5 million while JCurve Solutions continues to remain debt free. Having significant cash reserves while remaining debt free ensures that JCurve Solutions is well positioned to explore acquisition opportunities, the exploration of which remains ongoing.

Yours faithfully



Bruce Hatchman
Chairman