



30 January 2019

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

By E-Lodgement

Company Update

- **4% increase in YTD sales (1HY2019 v 1HY2018)**
- **Closing December 2018 cash position of \$3.3m (up from \$2.7m at December 2017 with \$0.9m spent making two acquisitions in 2018)**
- **Riyo platform launched following further development enhancements**
- **Integration of the Spectrum Partner Group into JCS Asia's business operations is progressing in line with our strategic plan**

JCurve Solutions Limited (ASX: JCS) today announces its unaudited half year result and updated guidance for FY2019. The final audited results will be reported by JCS in late February 2019.

Financial update for FY2019

The Company's financial results for the 6 months ended 31 December 2018 are as follows:

Sales Result by Reported Segment (*)	Actual YTD December 2018 (unaudited)	Actual YTD December 2017 (unaudited)	% Change
ERP	\$4.0m	\$3.5m	14% increase
TEMS	\$1.3m	\$1.5m	13% decrease
MYOB	Nil	\$0.1m	100% decrease
Total	\$5.3m	\$5.1m	4% increase

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

Normalised Consolidated EBITA Result (**)	Actual YTD December 2018 (unaudited)	Actual YTD December 2017 (unaudited)
Statutory (loss)/profit after income tax for the half year period	(\$0.2m)	\$0.4m
Add back depreciation/amortisation	\$0.1m	\$0.1m
Add back income tax expense/(benefit)	Nil	(\$0.6m)
Normalised EBITDA loss for the half year period (**)	(\$0.1m)	(\$0.1m)

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

The Company continues to achieve overall growth in sales and revenue although that growth has been below expected levels. The shift in the sales mix of our ERP Division towards the larger more complex NetSuite solutions has continued at pace which saw a number of new sale opportunities which were forecast to close in 1HY2019 be delayed. The consequence of the shift in product mix is a higher initial average deal size and stronger future revenue potential from reduced customer churn and increased consulting opportunities, but a longer initial sales and project delivery cycle resulting in delayed recognition of revenue and profit. In line with the seasonality of the ERP business experienced in prior years, the Company expects a strong 2HY2019 ERP sales result achieved from increasing new business sales, the contract profile of the Company's recurring revenue base and an increasing



number of customer implementations being completed in preparation for the start of the new financial year.

The Company remains committed to investment and growth of our ERP division and continuing as NetSuite's largest solution partner globally by number of customers managed. The integration of the Spectrum Partner Group (Spectrum), acquired in December 2018, into JCS Asia's business operations is progressing in line with our strategic plan and a number of new customer opportunities are forecast to close throughout 2HY2019.

Since acquiring the Riyo Platform, JCS has focused on enhancing the solution through development, redefining the go to market plan and building a team to launch and support the solution. The further development of the Riyo platform (which has been expensed in line with the Company's current accounting policy for R&D), has now broadened the Riyo solution to a much larger addressable customer base which we have recently launched to the market.

Pleasingly, JCS has continued to see reducing levels of customer churn from the TEMS division which has assisted with the generation of solid profit returns and maximisation of revenue.

The Company's December 2018 cash balance was \$3.3m (up from \$2.7m in December 2017) while the unearned income account balance was \$2.8m (up from \$2.2m in December 2017) both of which continues to put the company in a strong financial position for future growth and a strong 2HY2019 result. The \$3.3m cash balance reflects the strength of the Company and is after making the SGD300,000 Spectrum Partner Group completion payment in December 2018 along with further investment in both our ERP division and the Riyo platform throughout 1HY2019.

Updated guidance for FY2019 incorporating the forecast JCS Asia results

The updated guidance inclusive of forecast results for the JCS Asia division with a comparison to the original guidance is as follows:

MEASURE	FY2018 ACTUAL	FY2019 ORIGINAL GUIDANCE (*) (+)	FY2019 UPDATED GUIDANCE (^)
Sales Income (**)	\$12.6m	Range: \$14.0m - \$15.5m	Range: \$13.0m - \$14.0m
Revenue	\$11.9m	Range: \$13.0m to \$14.5m	Range: \$12.0m to \$13.0m
EBITDA	\$1.0m	Range: \$1.2m - \$1.4m	Range: \$0.7m - \$0.9m
NPBT	\$0.9m	Range: \$1.0m - \$1.2m	Range: \$0.5m - \$0.7m

(*) Issued 26 September 2018

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

(^) The FY2019 updated guidance includes actual due diligence costs incurred in FY2019 and forecast 2HY2019 results from JCS Asia

(+) No due diligence costs or financial results from JCS Asia were included in the original FY2019 guidance

Bruce Hatchman, Chairman of JCurve Solutions explained "Following the acquisition of Spectrum, JCurve Solutions has been reviewing its regional sales strategy. The Company has recently seen a number of headwinds facing the core Australian business operations which has resulted in slower growth and a requirement for profits to be reinvested for future forecast accelerating growth. With this in mind the Company's strategic focus areas for the second half of FY2019 are to launch the Riyo Platform to the Australian market, aggressively drive growth from the Riyo solution and to grow our presence in Asia by driving growth both organically and by further acquisition in the region. We see particularly strong overall growth prospects within the Asian market for our solutions".



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.