

JCurve Solutions Annual General Meeting

ASX: JCS

22 November 2017

9:30am AEDT

www.jcurvesolutions.com

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Chairman's Address



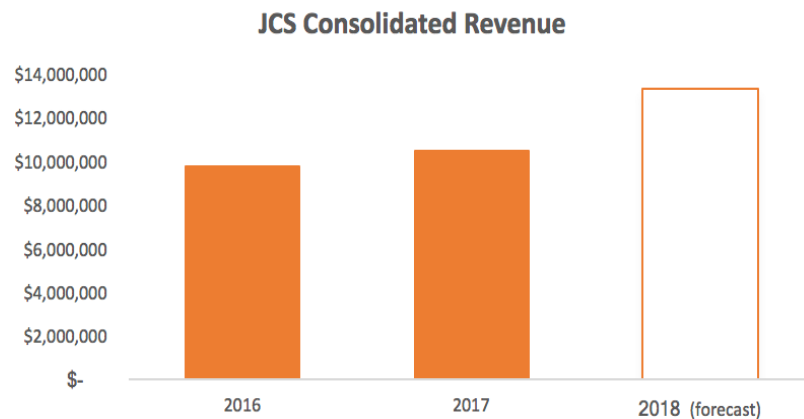
Bruce Hatchman

Chairman

Strategic Direction

Purpose and Vision

Since FY2016, JCurve Solutions has embarked on a sustained period of ambitious business growth aiming to increase revenues, diversifying market offerings, expanding geographical territories and investing in our people to increase the value provided to customers and achieve an order of magnitude lift in long term shareholder value.

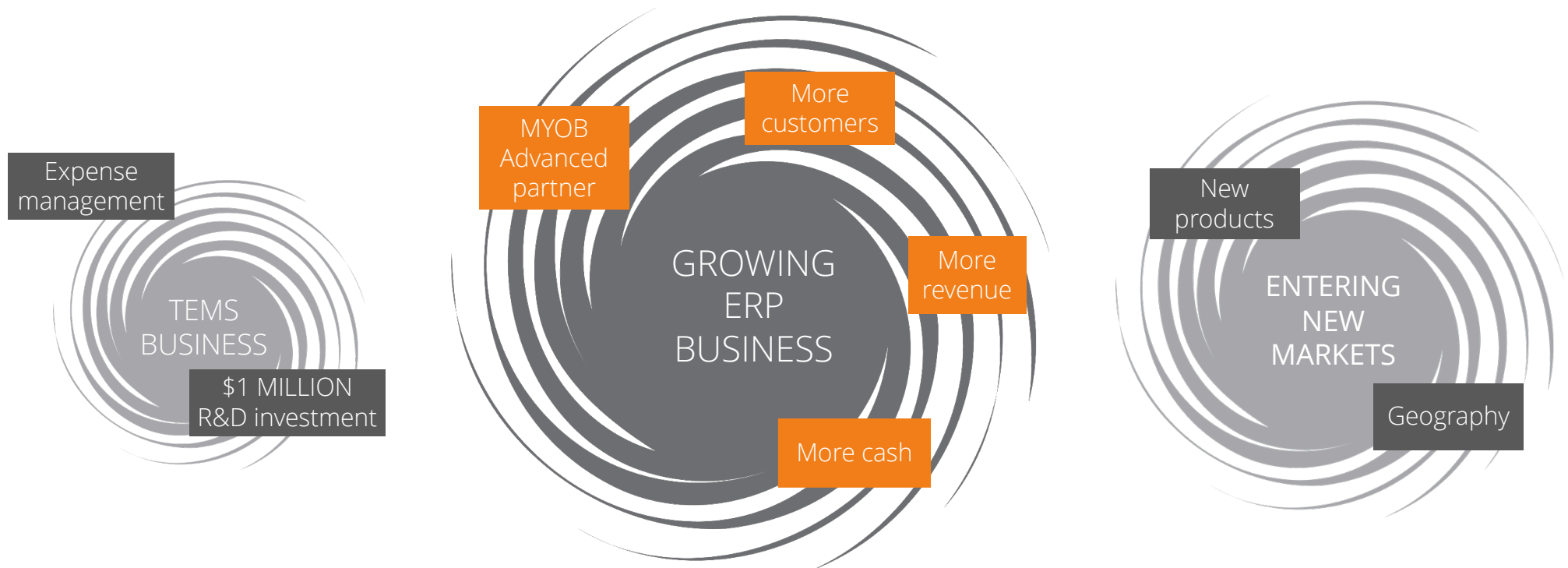


Source:

<http://www.asx.com.au/prices/charting/?code=JCS&compareCode=&chartType=&priceMovingAverage1=&priceMovingAverage2=&volumeIndicator=&volumeMovingAverage=&timeframe=>

Strategic Business Priorities

Summary of Performance



Strategic Business Priorities

JCS Strategy

#1: Maximizing Value from the TEMS Business

\$3.1m in TEMS revenue generated in FY2017 (28% decline)

\$1.8m profit generated by the TEMS business before the inclusion of any R&D expenditure

Success in locking in a number of our TEMS customers to multi year contracts



#2: Investing to Grow the ERP business including NetSuite, JCurve ERP and MYOB Advanced

\$7.3m in ERP revenue generated in FY2017 (36% increase)

Upgraded 26 JCurveERP customers to NetSuite editions

Signed Solution Provider Agreement and became an MYOB Advanced Partner

Significant investment in the sales, marketing and service delivery capability



#3: Diversification by Leveraging our Core Strengths and Capabilities

New partnership agreements signed to expand cloud ERP offering

Investigated multiple acquisition targets both locally and in Asia

Incorporated Singapore subsidiary

MYOB Advanced partnership

\$0.7m investment in R&D for TEMS and expense management



Financial Result 2017

Solid financial performance from organic recurring revenue growth from the ERP division and reduced TEMS customer churn

P&L Extract	2017 (\$m)	2016 (\$m)
Revenue	10.4	9.7
Operating Expenses	(9.7)	(9.6)
Impairment and Depreciation Expense	(0.1)	(3.0)
EBITDA	0.6	(2.9)
Add back Impairment Expense	-	3.0
Normalised EBITDA	0.6	0.1
Add back Research and Development Expense	0.7	0.2
Normalised EBITDA Excluding R&D	1.3	0.3

Summary

- 7% increase in consolidated revenue achieved through organic growth
- 36% increase in the revenue recognised from the ERP division through larger and longer term new business sales and emphasis on customer retention
- 28% decline in revenue recognised from the TEMS product division
- 365% increase in normalised EBITDA in FY2017

June 2017 Financial Position

Improving financial stability achieved through process improvements and improving financial performance

Balance Sheet Extract	June 2017 (\$m)	June 2016 (\$m)
Cash at Bank	3.5	2.4
Deferred Expenditure	0.3	0.4
Total Assets	8.9	7.0
Unearned Income	2.2	1.4
Total Liabilities	4.9	3.5
Net Assets	4.0	3.5
Net Tangible Assets	1.7	1.2

Summary

- \$3.5m of cash held as at 30 June 2017
- Debt free
- \$1.1m cash flow positive for FY2017
- Increasing net asset basis
- Increasing net tangible asset balances
- Strong growth in the ERP division deferred revenue balance (\$1.4m to \$2.2m) which will be recognised as projects "Go Live" over the next 3-6 months

CEO Address



Stephen Canning

Our FY2017 Highlights

#1

Strong Financial Performance

- 7% growth in revenue
- \$0.6m EBITDA
- \$1.1m cash flow positive
- \$3.5m cash balance and debt free

#2

Early Adoption of AASB 15

JCS was one of the first ASX listed entities to adopt the new revenue accounting standard



#3

Enhanced Capabilities

Recruitment and training to expand the capabilities of the ERP Sales, Marketing and Professional Service Teams

#4

Signed New NetSuite Solution Provider Agreement

ORACLE® | NETSUITE

#5

Achieved Oracle + NetSuite 5 Star Status for 2017



#6

Geographical Diversification

Establishment of a Singapore subsidiary



Progressing geographical diversification

#7

Product Expansion: Became a MYOB Advanced Partner



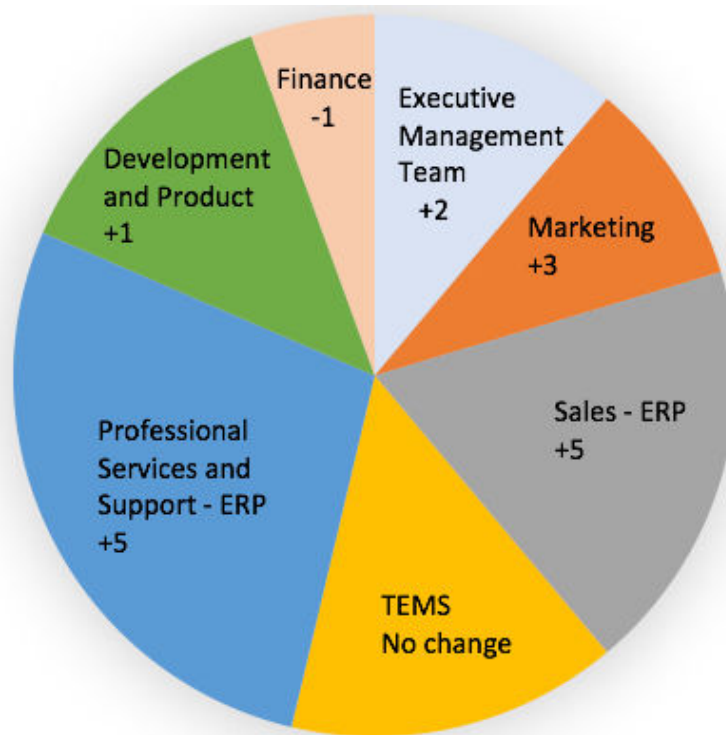
#8

We were Award Winning!



We have been investing in our team

Significant investment in the sales, marketing and service delivery capability over the past year

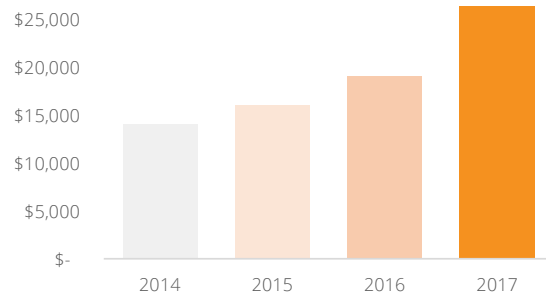


Net change in headcount by functional division over the past 12 months

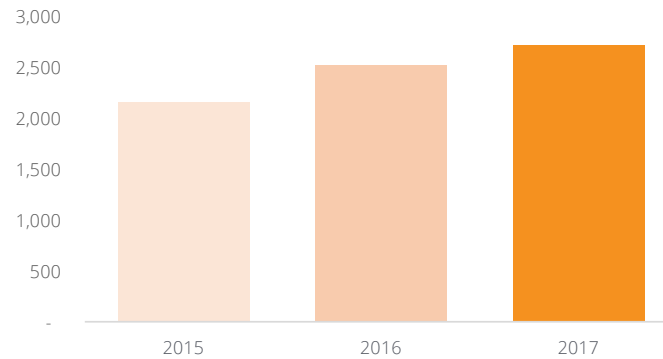
54 JCS employees as at 21 November 2017:

Financials – Trends

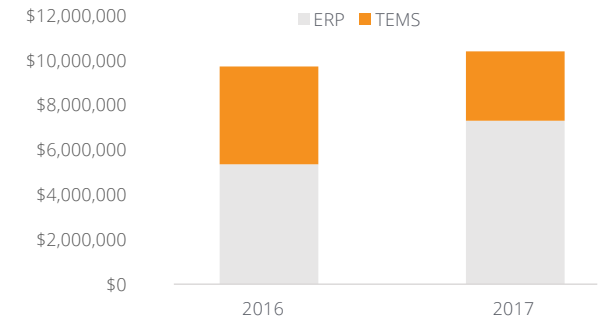
JCurveERP New Business Revenue
Per Customer



JCurveERP License Subscriptions

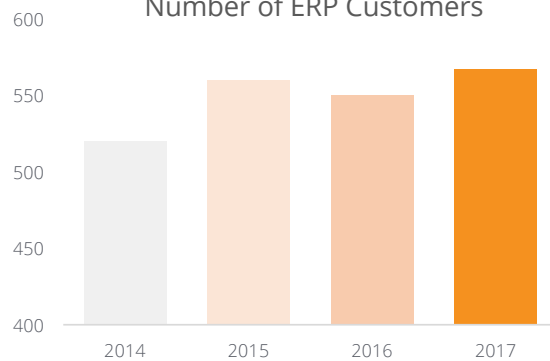


Revenue by Product Division

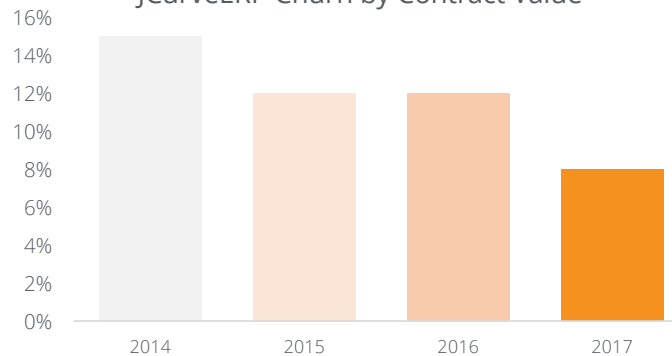


As reported under AASB 15 so only a single year comparative has been shown

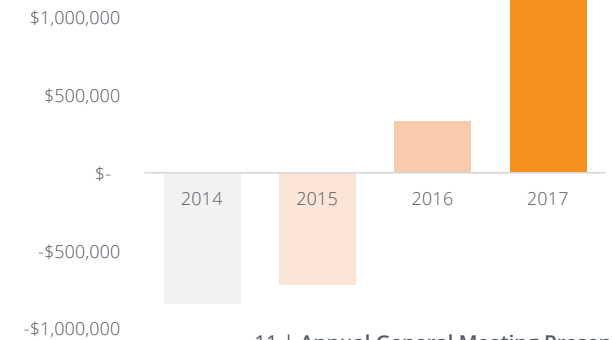
Number of ERP Customers



JCurveERP Churn by Contract Value

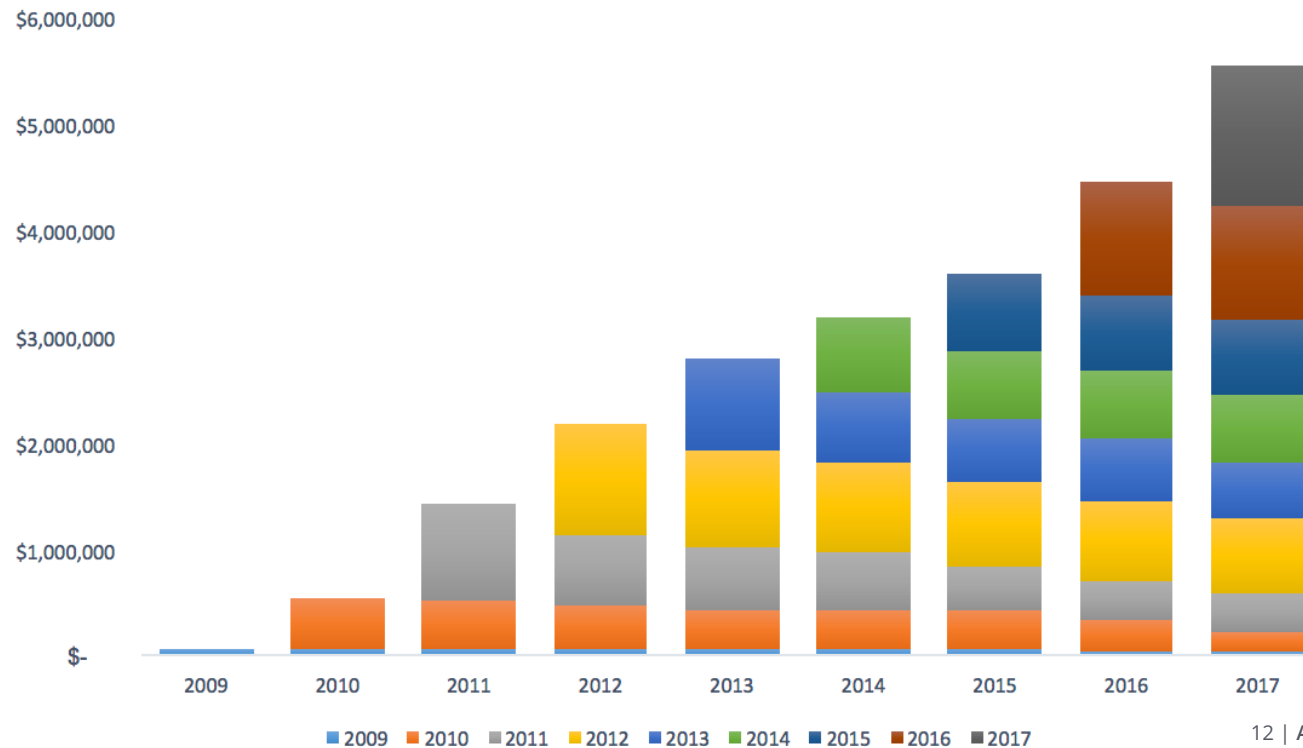


Net Cash Flow



Financials – Detailed Analysis Continued

Growth in recurring revenue FY2013 to FY2017 ERP recurring revenue CAGR of +14%



FY2018 Market Guidance and Progress

Forecasting a sustained increase in the annuity revenue streams from solutions sold by the ERP Division combined with reduced customer churn from the TEMS division following increased levels of research and development

Measure	FY2017 Actual	FY2018 Guidance	% Increase from FY2017 Actual
Sales Income	\$11.1 M	Range: \$13.5 M to \$15 M	22 – 35 %
Revenue	\$10.4 M	Range: \$12.5 M to \$14 M	20 – 35 %
EBITDA (*)	\$0.6 M	Range: \$1.0 M to \$1.2 M	67 – 100 %
NPBT (*)	\$0.6 M	Range: \$0.9 M to \$1.1 M	50 – 83 %

(*) R&D is expensed as incurred under the Company's accounting policies. The above FY2018 guidance includes \$1m of expensed R&D (\$0.7m in FY2017).

The Growing ERP division's revenue profile is heavily weighted towards the second half of the year particularly Q4.

Overall Summary

Strong Financial Foundations

- \$3.5m cash at bank as at 30 June 2017
- Debt free
- Recurring ERP revenue base of \$5.6m as at 30 June 2017 and growing
- Cash flow positive business

Growth

- Continued organic revenue and profit growth
- Market trend towards cloud adoption
- Primarily competing in the large SME sector
- Industry leading products
- Product diversification
- M&A opportunities continue to be evaluated

Strong Operational Fundamentals

- Growing customer base
- 'All in one' unique product capability
- Strategic relationship with #1 vendor of cloud ERP software
- Expanding list of additional solutions
- We have a proven track record