

# JCurve Solutions Full Year Results Presentation

30 June 2018



ASX: JCS

[www.jcurvesolutions.com](http://www.jcurvesolutions.com)

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## Year in review

15% increase in consolidated revenue and 14% increase in consolidated sales

**\$0.8m after tax profit FY2018 (87% increase)**

\$1m cash flow positive and \$1.7m in positive operating cash flows

**\$0.6m investment in research and development in FY2018 before R&D incentive**

**Significant investment in the ERP business (10 net new employees over the past 12 months)**

Achieved Oracle + NetSuite 5 Star Status for 2018

**Acquisition of the Riyo Platform**

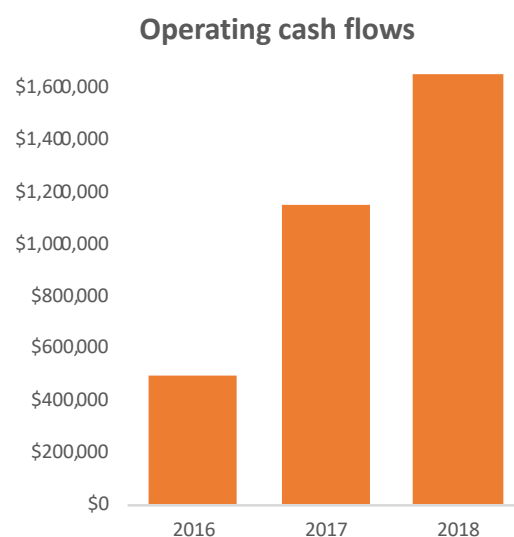
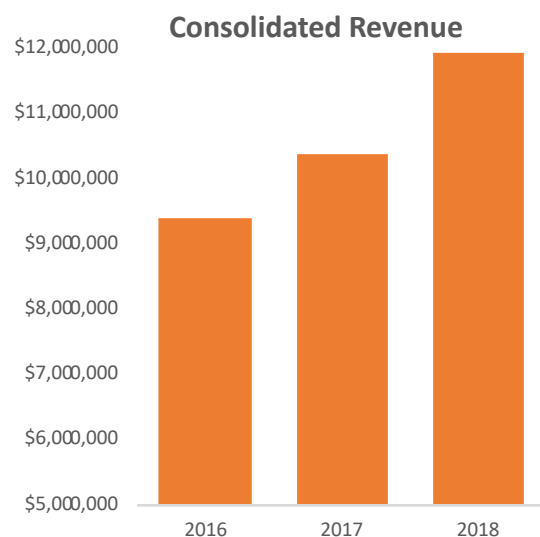
Continuing to assess acquisition opportunities that will deliver shareholder value

# Strategic Direction

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

This strategic direction has seen a strong improvement in the financial profitability and financial stability over the past 24 months with the Company achieving significant growth in revenue (27%) and operating cash flows (234%) while our market capitalisation has increased by 700% (\*).

The Company's three core stated strategic priorities (investing to grow the ERP Business, maximising value from the TEMS business and diversification) remained at the forefront of our operational and strategic initiatives in FY2018 and solid progress was made for each.

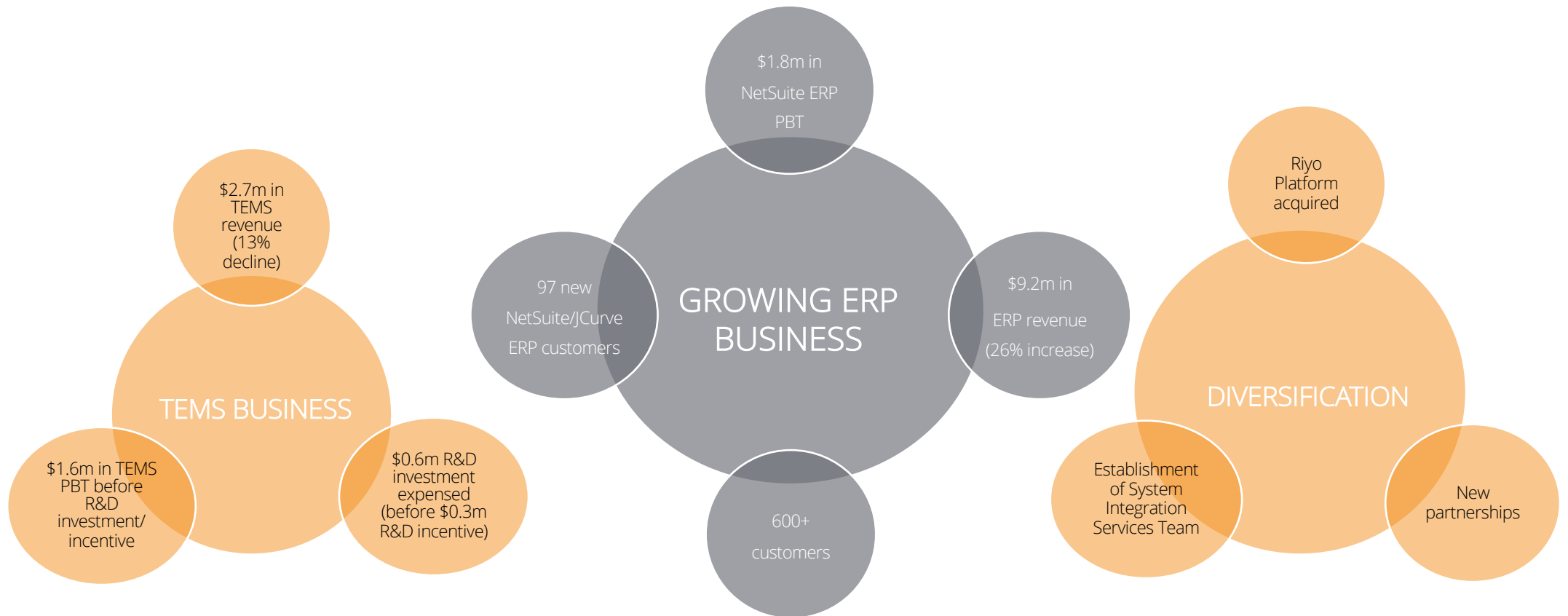


Source: <https://www.asx.com.au/prices/charting/?code=JCS&compareCode=&chartType=priceMovingAverage1=&priceMovingAverage2=&volumeIndicator=&volumeMovingAverage=&timeframe=>

\* Movement in market capitalisation from 30 June 2016 (share price of 0.6 cents) to 21 August 2018 (share price of 4.2 cents)

# Strategic Business Priorities

FY2018 Achievements



# Financial Result FY2018

Strong financial performance achieved through ERP organic revenue growth and stabilised TEMS customer churn

P&L Extract	FY2018 (\$m)	FY2017 (\$m)
Revenue	11.9	10.4
Other income	0.3	0.2
Operating expenses	(11.2)	(9.8)
Impairment and depreciation expense	(0.1)	(0.1)
<b>Profit before tax</b>	<b>0.9</b>	<b>0.7</b>
Income tax expense	(0.1)	(0.2)
<b>Profit after tax</b>	<b>0.8</b>	<b>0.5</b>
EBITDA	1.0	0.8

## Summary

- 15% increase in consolidated revenue and 14% increase in sales achieved through organic growth
- Net Profit Before Tax Financial result impacted by project losses incurred from MYOB Advanced projects and recognition of R&D incentive (previously recognised in income tax expense)
- 26% increase in the revenue recognised from the ERP division and a 13% decline in revenue recognised from the TEMS product division
- TEMS R&D investment (\$0.6m) expensed (FY2017 - \$0.5m). R&D incentive of \$0.3m recognised in other income (FY2017 - \$0.2m)
- Recognition of \$1.1m of carried forward tax losses (\$0.3m tax effect) to offset FY2018 taxable income

# June 2018 Financial Position

Strengthening financial stability and well positioned for future business growth

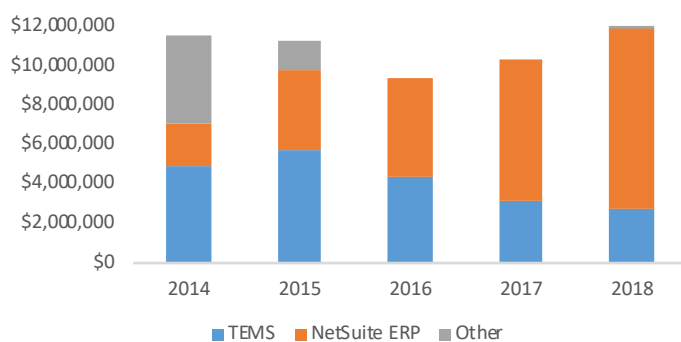
Balance Sheet Extract	June 2018 (\$m)	June 2017 (\$m)
Cash at Bank	4.5	3.5
Deferred Expenditure	0.2	0.3
Intangible Assets	2.9	2.3
<b>Total Assets</b>	<b>11.3</b>	<b>8.9</b>
Unearned Income	2.7	2.2
<b>Total Liabilities</b>	<b>6.4</b>	<b>4.9</b>
<b>Net Assets</b>	<b>4.9</b>	<b>4.0</b>
Net Tangible Assets	2.0	1.7

## Summary

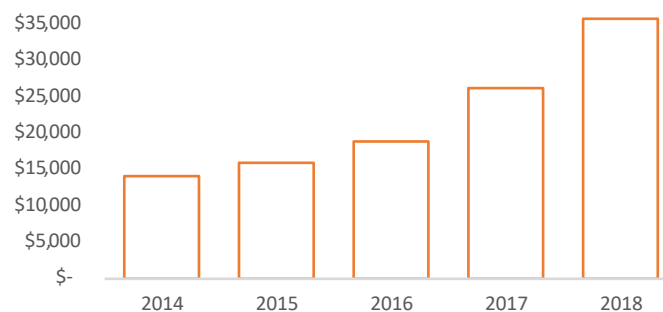
- \$4.5m of cash held as at 30 June 2018
- Continue to remain Debt free
- Net \$1.7m operating cash flow positive during FY2018 as a result of business growth and improved working capital management
- Increasing net asset basis and net tangible asset balances
- Purchase of Riyo Platform (\$600k intangible asset recognised)
- Despite strong Q4 project delivery results the Group still increased the deferred revenue balance which sets the Group up for a strong FY2019

## Key financial trends

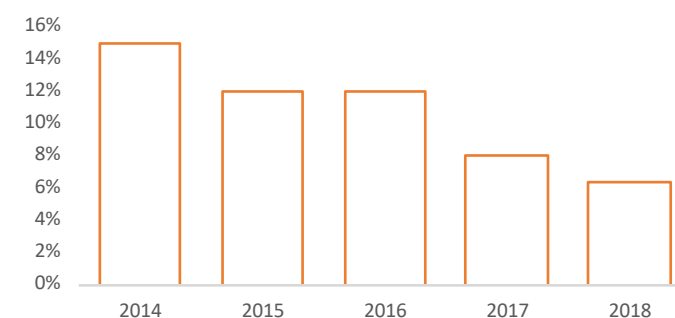
**Revenue by Product Division**



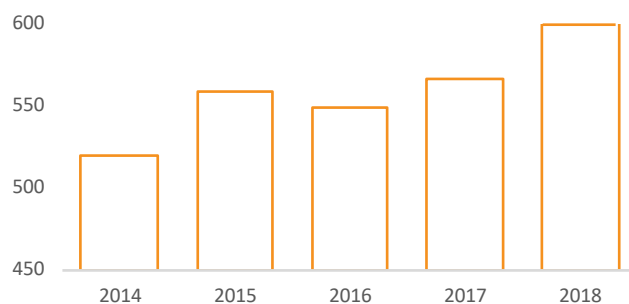
**Revenue per new ERP customer**



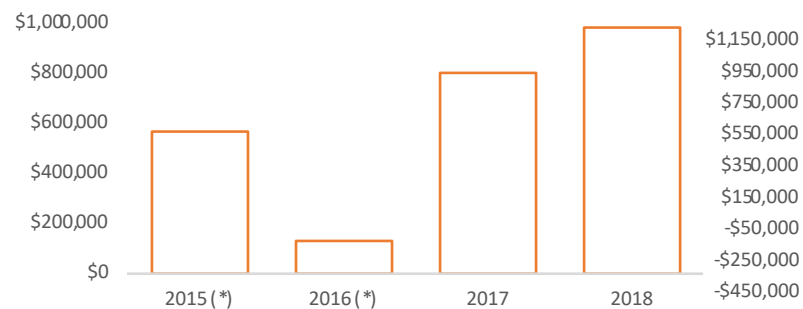
**JCurve ERP Churn by Contract Value**



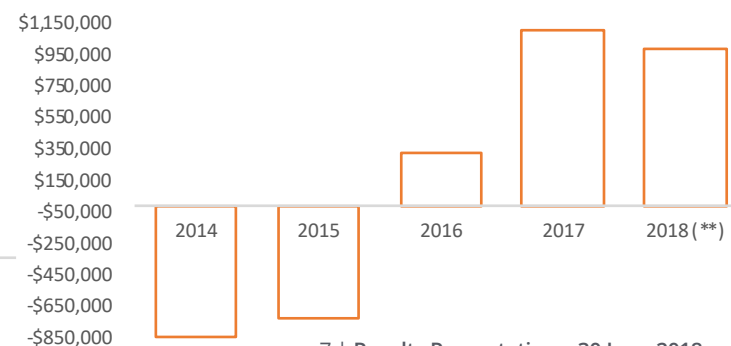
**Number of ERP Customers**



**Normalised EBITDA**



**Net Cash Flow**

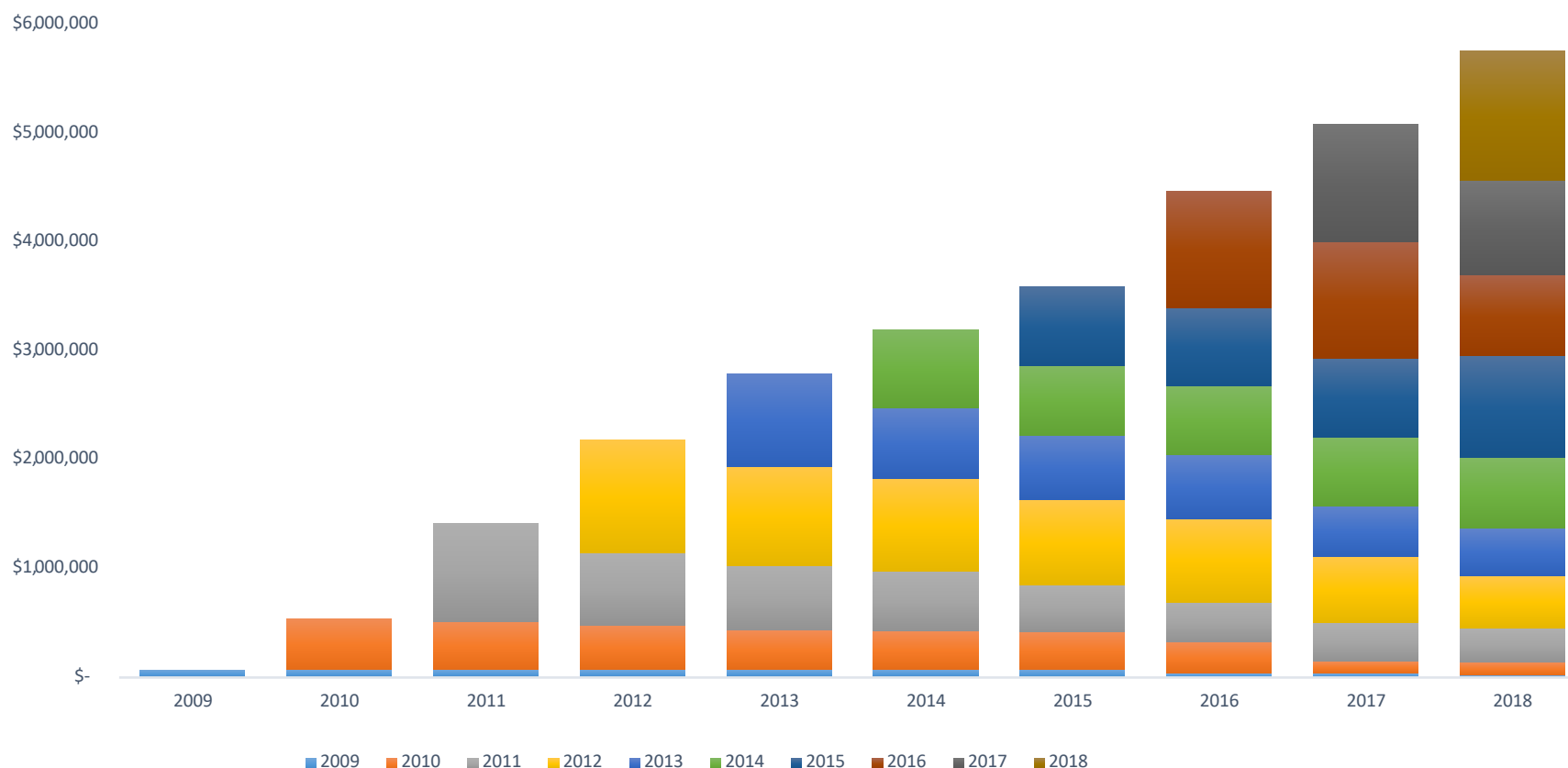


(\*) R&D incentive not recognised. 2015 normalised EBITDA included cumulative favourable AASB 15 adjustments from FY2015 and earlier years.

(\*\*) Group purchased the Riyo Platform for \$600,000. Operating cash flows for the year were \$1.7m.



# ERP Division Recurring Contract Business Model



Reflects the annualised contract basis of recurring income products (licenses and support) for all ERP customers. NetSuite customers are shown at the amount of annualised commissions received from each customer (between 30% and 50%), JCurve ERP customers are shown as the annualised recurring contract value.

# Overall Summary



## Strong Financial Foundations

- \$0.9m profit before tax
- \$4.5m cash at bank as at 30 June 2018
- \$1.7m operating cash flow positive
- Debt free
- Growing recurring annual ERP commissionable contract base



## Growth

- Continued organic revenue and profit growth
- Market trend towards cloud adoption
- Industry leading products
- Through acquisitions (Riyo Platform) and other M&A opportunities continue to be evaluated
- Product diversification



## 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

## Contact Information



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