

JCurve Solutions Half Year Results Presentation

31 December 2017



ASX: JCS

www.jcurvesolutions.com

Important Information

The information contained in this Presentation (“Presentation”) has been prepared by JCurve Solutions Limited (“the Company”) and is being delivered for informational purposes only.

The Company has prepared the Presentation Materials based on information available to it at the time of preparation. No attempt has been made to independently verify the information contained in this Presentation. The Presentation does not purport to contain all information that a prospective investor may require. While the information contained herein has been prepared in good faith, neither the Company nor its shareholders, directors, officers, agents, employees, or advisors give, has given or has the authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisors (all such information being referred to as “information”) and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisors take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of the accuracy or completeness of the information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss howsoever arising from the use of this Presentation. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

This Presentation should not be considered as the giving of investment advice or recommendations by the Company or any of its shareholders, directors, officers, agents, employees or advisors. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgement, analysis and assumption and each recipient should satisfy itself in relation to such matters.

This Presentation may contain “forward looking statements”. Where the Company expresses or implies an extension or belief as to future events or results such expectation or belief is expressed in good faith and believed to have reasonable basis. However, “forward looking statements” are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such “forward looking statements”. The Company does not undertake any obligation to release publicly any revisions to any “forward looking statement” to reflect events or circumstances after the date of this Presentation or to reflect the occurrence of unanticipated events, except as may be required under applicable laws.

All forward looking statements contained in this Presentation is qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

Summary

11% increase in consolidated revenue (1HY2018 v 1HY2017) and 13% increase in consolidated sales (1HY2018 v 1HY2017)

**\$0.4m after tax profit
1HY2018**

Record new business pipeline of opportunities forecast to close 2HY2018

Significant investment in the ERP business (12 net new JCurve Solutions employees over the past 12 months)

\$0.5m investment in research and development in 1HY2018

While our sales mix is changing we are on track to meet FY2018 market guidance

Achieved Oracle + NetSuite 5 Star Status for 2017

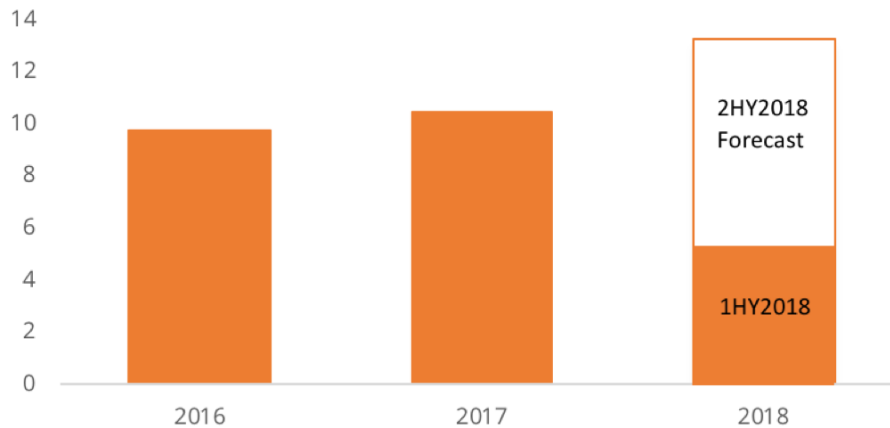
Continuing to assess acquisition opportunities that will deliver shareholder value

Strategic Direction

Since restructuring the Company in FY2016, JCurve Solutions has embarked on a sustained period of business growth aiming to increase sales, diversify market offerings, expand 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.

We have made solid progress to date and expect further sustained growth, both organically and through strategic acquisitions and expansion.

Consolidated Revenue (\$m)



ORACLE | **NETSUITE**

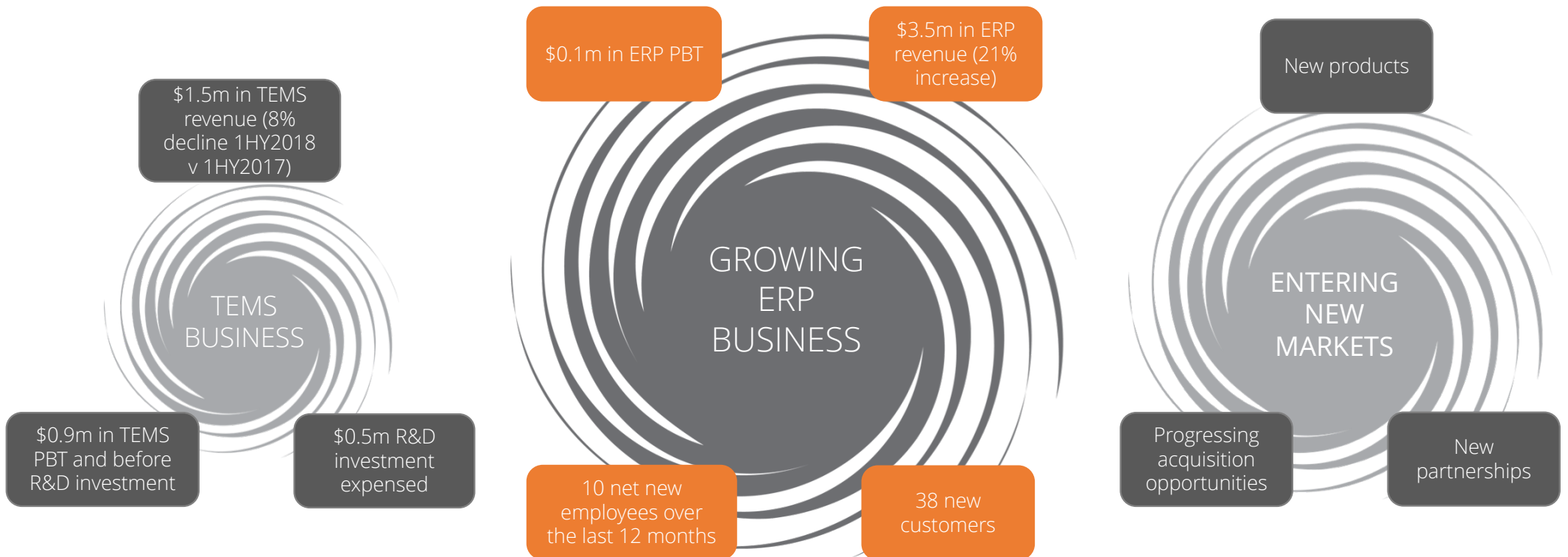
myob | Advanced Business Partner



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

Strategic Business Priorities

1HY2018 Achievements



Financial Result 1HY2018

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

P&L Extract	1HY2018 (\$m)	1HY2017 (\$m)
Revenue	5.0	4.5
Net Profit After Tax	0.4	(0.1)
Add Back: Other	0.1	-
Less Income (Tax Benefit)/Expense	(0.6)	-
Normalised EBITDA	(0.1)	(0.1)
Add Back Research and Development Expense	0.5	0.4
Normalised EBITDA Excluding R&D	0.4	0.3

Summary

- 11% increase in consolidated revenue and 13% increase in sales achieved through organic growth
- Net Profit Before Tax financial result impacted by delays to the delivery of larger NetSuite and MYOB Advanced projects which will be go live ready in Q3 2018 on which revenue has not been recognised to date
- 21% increase in the revenue recognised from the ERP division and an 8% decline in revenue recognised from the TEMS product division
- Continued program of R&D investment (\$0.5m) aimed at maximising value from the TEMS business
- Recognition of \$1.6m of previously unrecognised carried forward tax losses (\$0.4m tax effect)

December 2017 Financial Position

A period of investment in our team combined the impacts of the seasonality of our business

Balance Sheet Extract	Dec 2017 (\$m)	June 2017 (\$m)
Cash at Bank	2.7	3.5
Total Current Assets	5.8	5.9
Total Assets	9.3	8.9
Total Current Liabilities	3.8	3.8
Total Liabilities	4.9	4.9
Net Assets	4.4	4.0
Net Tangible Assets	2.1	1.7

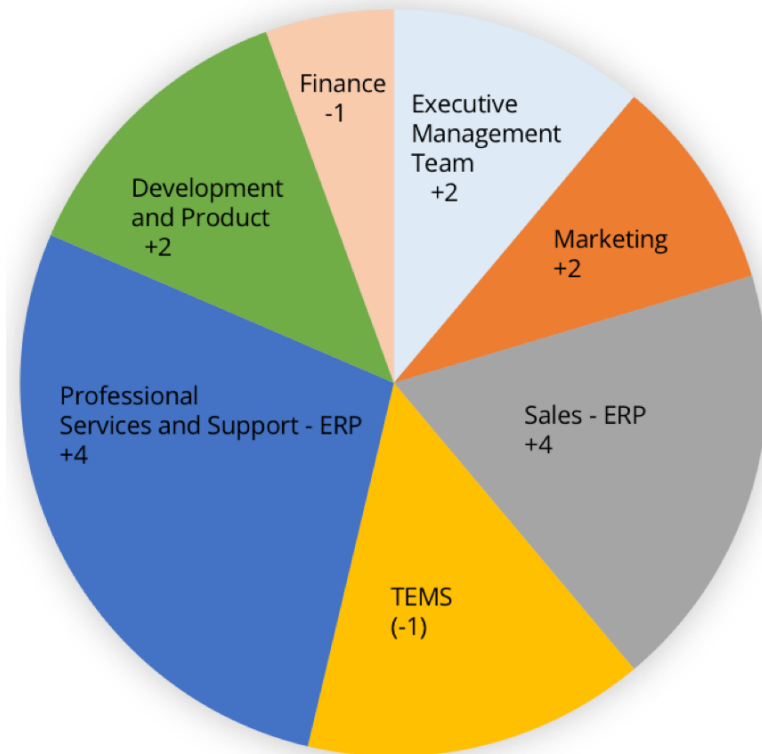
Summary

- \$2.7m of cash held as at 31 December 2017
- Remained debt free
- Net \$0.7m cash outflows from operating activities during 1HY2018 is a component of the seasonality reflected in working capital needs.
- Recognition of \$1.6m of previously unrecognised carried forward tax losses (\$0.4m tax effect)
- Increasing net asset basis and net tangible asset balances
- A number of larger ERP projects have taken longer to implement than forecast in 1HY2018. The ERP division's deferred revenue balance grew to \$1.9m, revenue which will be recognised as projects are "Go Live Ready" over the next 3-6 months. It is expected that the implementation delays are caught up by 30 June 2018 and this revenue recognised in FY2018.

We have continued the investment in our team

Significant investment has been made in our sales, marketing and service delivery capabilities over the past year as we look to achieve the ambitious longer term growth forecast

Net change in headcount by functional division over the past 12 months (31 December 2017 v 31 December 2016)

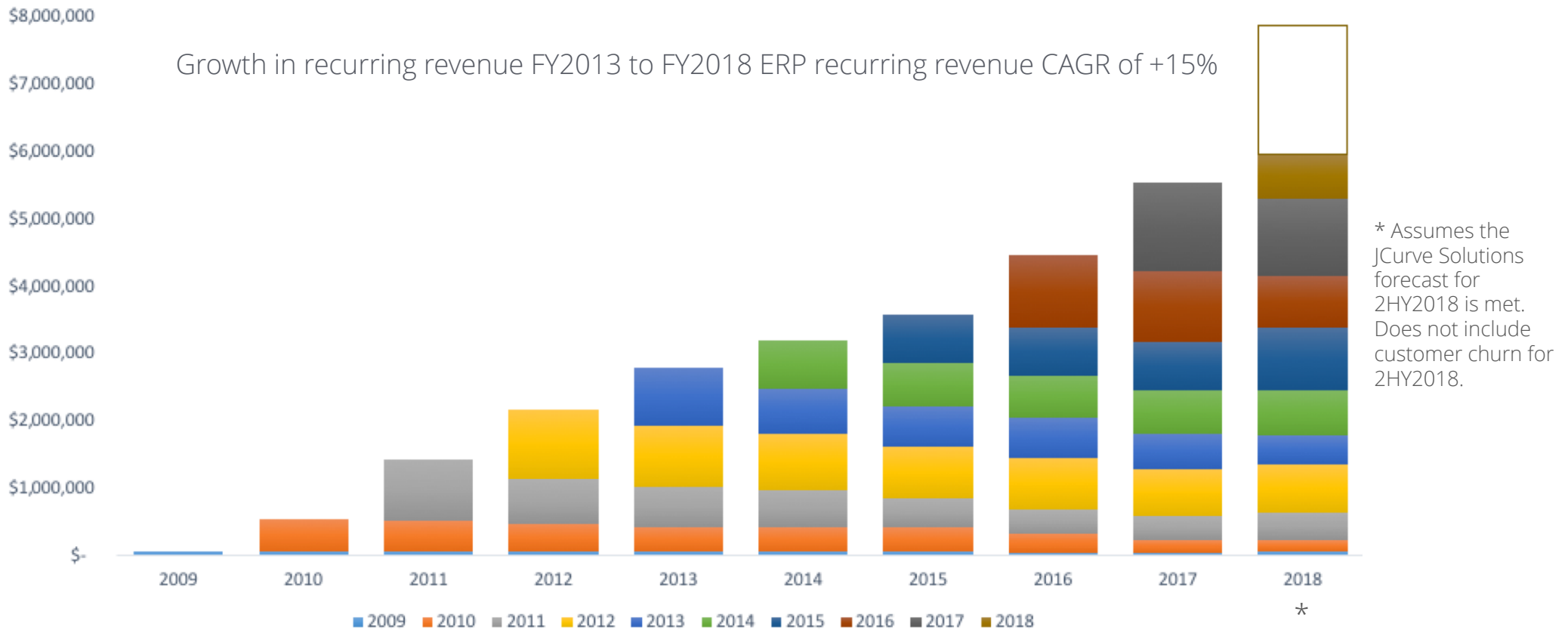


Excludes offshoring resources which may be used to further expand our capabilities, achieve sustained business growth and improve profit margins

54 JCurve Solutions employees as at 31 December 2017

Added bench strength to the Executive Management Team: experienced Sales Director and Product Strategy Director added in 1HY2018

ERP Division Recurring Revenue Business Model



FY2018 Market Guidance and Progress

JCurve Solutions forecast for FY2018 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).

Our sales/revenue mix is changing, evolving towards fewer but larger priced contracts which take longer to implement and recognise revenue in line with our revenue recognition accounting policy. We remain on track to reach the guidance levels outlined above. The growing ERP division's revenue profile is heavily weighted towards the second half of the year particularly Q4. We have made a substantial investment in our ERP team through the employment of new employees over the past 6-9 months to achieve the forecast results, the investment which is now complete.

Overall Summary

Strong Financial Foundations

- \$2.7m cash at bank as at 31 December 2017
- Debt free
- Recurring ERP revenue base of \$5.9m as at 31 December 2017 and growing

Growth

- Continued organic revenue and profit growth
- Market trend towards cloud adoption
- Primarily competing in the larger 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