20 April 2018

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

By E-Lodgement

MEDIA RELEASE - MARCH YTD FY2018 COMPANY UPDATE

- **10% increase in YTD sales and an improving cash position of $3.2m (+$0.5m in the 3 months to 31 March 2018)**
- **Lower sales, revenue and profit guidance for FY2018 reflects an accelerating customer mix change with fewer but larger priced contracts**
- **Unearned income has increased by $0.5m to $2.7m providing a strong base for future revenue**
- **M&A - we continue to focus primarily on acquisition opportunities complimentary to the growing ERP business that will deliver long term shareholder benefits**

Financial and guidance update for FY2018

JCurve Solutions Limited (ASX: JCS) today announces its unaudited end of Quarter 3 update and updated guidance for FY2018.

The Company's sales results for the 9 months ending 31 March 2018 is as follows:

SALES RESULT	ACTUAL YTD MARCH 2017 (UNAUDITED)	ACTUAL YTD MARCH 2018 (UNAUDITED)	% CHANGE
ERP DIVISION	$5.2m	$6.0m	15% increase
TEMS DIVISION	$2.3m	$2.2m	5% decrease
TOTAL COMPANY	**$7.5m**	**$8.2m**	**10% increase**

While the Company overall is seeing sales growth, investments made earlier this year in our sales, marketing and service delivery capabilities have not delivered benefits as quickly as originally forecast, with longer ramp up times for new employees experienced by our ERP business.

Customer churn in the TEMS division has been more favourable than expected and better than in previous financial periods. However, a number of resourcing changes in our development team in February and March has resulted in a delay to the completion of our TEMS software development project. It is now expected that R&D totalling $0.8m will be spent in FY2018.

Pleasingly, the Company is on track to generate positive operating cash flows in FY2018, despite the significant level of investment in the business and the lower than expected level of sales. The March 2018 cash balance exceeded $3.2m, a $0.5m increase on the reported December 2017 position. This continues to put the company in a strong financial position.

Updated guidance for FY2018

After a quarter of below forecast JCurveERP and MYOB Advanced new business sales, projects from which we were expecting to implement in FY2018, the Company today announces updated guidance with a comparison to the original guidance outlined:

MEASURE	FY2017 ACTUAL	FY2018 ORIGINAL GUIDANCE (*) (+)	FY2018 UPDATED GUIDANCE (^)
Sales Income (**)	$11.1m	Range: $13.5m - $15.0m	Range: $12.0m - $13.0m
Revenue	$10.4m	Range: $12.5m - $14.0m	Range: $11.0m - $12.0m
EBITDA	$0.6m	Range: $1.0m - $1.2m	Range: $0.6m - $0.7m
NPBT	$0.6m	Range: $0.9m - $1.1m	Range: $0.5m - $0.6m

(*) Issued 4 September 2017
(**) Not revenue as per the accounting standards and not reported in the statutory financial results
(^) The FY2018 updated guidance includes actual due diligence costs incurred in FY2018. No estimate of due diligence costs which may be incurred in 4Q2018 as we progress acquisition opportunities has been included
(+) No due diligence costs were included in the original FY2018 guidance

We were anticipating a much stronger 3Q2018 ERP sales result, a quarter during which we were expecting to realise greater benefits from the investment made earlier in the year.

Our sales and revenue mix continues to evolve at faster rates than we had forecast. We are seeing fewer but larger priced contracts with larger NetSuite sales contributing 42% of our ERP new business sales in the nine months ending 31 March 2018. We have also seen an increasing requirement for E-Commerce integrations for our smaller JCurveERP opportunities, which invariably increases the time to initially close the sale and also the time it takes to implement the project.

The consequence of our evolving sales mix is that our projects are taking longer to implement and recognise revenue, with the service team undergoing a period of change throughout FY2018 to deliver the increasing number of larger more complex projects.

The Company's unearned income balance since 31 December 2017 has increased by $0.5m, to $2.7m as at 31 March 2018, setting a strong base for future revenue growth for the Company. A larger than forecast portion of this deferred revenue relates to NetSuite projects of which will not be recognised as revenue until 1Q2019. These NetSuite projects invariably take up to 6 months to fulfil our performance obligations and recognise revenue in line with our revenue recognition accounting policy.

Despite the lower than expected sales and revenue result, our sales pipeline remains strong for 4Q2018 and FY2019.

Acquisition Opportunities

The Company has assessed multiple acquisition opportunities throughout FY2018, both locally and internationally. While entering new markets remains a key strategic priority for the Company, we have investigated and passed up multiple opportunities over the past two years to ensure that any acquisition entered provides the best opportunity for delivering long term shareholder returns.

The acquisition opportunities we have thoroughly assessed have primarily been businesses which are complementary to our growing ERP division. A number of these opportunities remain open. Any acquisition announcement will be made when the parties have signed a binding non-conditional agreement.

For and on behalf of the Board

Bruce Hatchman
Chairman