

24 July 2020

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

By E-Lodgement

JCurve Solutions Business Update

JCurve Solutions (ASX: JCS) provides the Company's FY2020 preliminary unaudited financial results as well as providing a general business update.

Summary

- Preliminary FY2020 statutory unaudited revenue and profitability results within the FY2020 guidance range
- \$4.2 million cash balance as at 30 June 2020
- A record quarter of Riyo sales in Q4
- Ongoing expansion of Asian operations in preparation for future growth

Preliminary FY2020 unaudited results

MEASURE	FY2020 GUIDANCE (*)	FY2020 PRELIMINARY UNAUDITED RESULT (***)
Sales Income (**)	Range: \$12.5m - \$15.5m	\$11.3m
Revenue	Range: \$10.5m - \$13.5m	\$11.2m
EBITDA (****)	Range: \$0.0m to \$0.6m	\$0.2m
NPBT	Range: (\$0.3m) - \$0.3m	(\$0.1m)
Unearned Income	Range: \$3.5m - \$4.2m	\$2.3m

(*) Guidance issued 19 November 2019

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

(***) The preliminary results outlined above are still subject to year-end audit and are inclusive of \$0.3m of government subsidies from the JobKeeper Payment

(****) The positive \$0.5m impact of adopting AASB 16 from 1 July 2019 on the FY2020 EBITDA result has not been included in the above preliminary unaudited result for comparability purposes.

The Company's Quarter Four financial results were mixed with stronger than expected results from our existing ERP and TEMS customer renewals offset by a large number of new customer sales opportunities which were expected to close, being lost or delayed as a result of the Covid-19 lockdown across Australia and Asia. This has negatively impacted the sales income and unearned income balances.

The Company continues to generate strong interest in its wholly owned Riyo solution with growing market exposure, a growing pipeline of Epicor aged care opportunities, a number of new customer wins and the highest quarter of sales despite the very challenging market conditions.

The Company generated operating cash outflows for FY2020 of \$0.2m, with a 30 June 2020 cash balance of \$4.2m, down from \$4.8m as at 30 June 2019, with \$0.4m paid during the year for a deferred acquisition payment on the Spectrum business acquisition.

Despite the exceptionally challenging market conditions associated with the Covid-19 pandemic, JCurve Solutions remains in a strong financial position which is supported by annual recurring revenue streams exceeding \$7m, a cash balance of \$4.2m as at the end of June 2020 and no external debt which positions the Company to be in a position to take advantage of M&A opportunities as they arise.

While achieving short term financial growth will be challenging given the level of uncertainty, we have continued to invest, particularly in Asia and Riyo, thereby setting up the business up for accelerating growth in the medium term in line with our strategy.

Over the past six months we have expanded the size of our delivery centre of excellence and our sales team in Asia and expanded the territory of the NetSuite Solution Provider Agreement to include the Philippines. The Covid-19 lockdown has accelerated interest in cloud adoption and digital transformation in Asia and JCS remains well positioned to benefit.

After implementing a number of cost saving initiatives which included a general pay freeze and the Executive Management Team members waiving all eligible bonuses under the FY2020 and FY2021 short term incentive schemes, we remain confident that the Company will be not only withstand the implications of the pandemic and general downturn in market conditions, but will emerge stronger.

The Company is continuing to manage the risks associated with the Covid-19 pandemic with all offices continuing to operate under Business Continuity Plans which has included all our employees in Australia, Singapore, India and Philippines working from home throughout the quarter.

Our focus remains on the delivery of exceptional service and value for our customers and delivering strong growth in value for our shareholders. Despite global market conditions, we continue to remain excited by the opportunities being opened up to your business.

About JCurve Solutions

JCurve Solutions is a trusted 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.

This update is authorised for release to the market by Stephen Canning, CEO of JCurve Solutions Limited.