



MOQ Limited
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13 November 2019

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Australian Securities Exchange

By electronic lodgment

Chairman and CEO Address to 2019 Annual General Meeting

As required by Listing Rule 3.13.3, MOQ Limited hereby provides a copy of the prepared address by David Shein, the Chairman, and Joe D'Addio, the Chief Executive Officer, to the 2019 Annual General Meeting.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Loh W. J.', with a stylized flourish at the end.

Wan Yee Loh (Danny)
Company Secretary

MOQ Limited - Annual General Meeting Wednesday, 13 November 2019

Chairman's Introduction

Good morning ladies and gentlemen,

It is my pleasure to welcome you to the MOQ AGM for 2019.

Over the course of this past financial year, MOQ has continued to make good progress on its stated strategy and delivered solid organic growth within the recurring services and technology segments. Additionally, with the post year end acquisition of Wardy IT Solutions we are positioned for further inorganic growth alongside continued organic growth in FY20.

Our FY19 results showed pleasing organic top line growth, however our underlying profit was not the result we would have liked to deliver. Although this past financial year hasn't been without its challenges, I remain confident in our strategy, the management team and our industry partners to continue to leverage our enhanced relevance to our customers (including through the Wardy IT acquisition) and ensure this delivers improved profitability.

Our strategy remains unchanged, our commitment to application integration and data analytics has been key to our vision since listing on the ASX four years ago and we have not wavered. We have however, not executed on our business strategy to the level we should have. In business, in order to achieve your objectives, I believe that you cannot afford to be reckless in either direction. You can neither over invest nor can you under invest in your people and infrastructure. Our responsibility is to get that balance right.

To that end, an area where we have been too conservative is in the investment to build out our management team. In the MOQdigital business we persisted with shared management responsibilities in key areas of our business – Managed Services, Professional Services and the NSW Region. However, we now have in place key experienced Executives in each of these roles, managing those focus areas where we are seeking strong growth.

With regards to Skoolbag, we have recently further invested in key staff members to accelerate the core product redevelopment that should have been started and completed much earlier.

I am now confident that we have put the team in place to give us the opportunity to deliver on our business objectives. I recognise that this should have occurred more promptly but I am confident that we can now look forward to a brighter and more profitable future. We now have dedicated and committed leaders in all key lines of business and the results will be reflected in the second half of this year – green shoots are starting to emerge.

Our acquisition of Wardy IT has been, and we believe will continue to be, a masterstroke for MOQ. The Wardy IT team is aligned to both our business values and strategy. We can deliver more value to our customers and we are now finally on our way to building a long

term, sustainable, market leading, business. As an example, we are leveraging our expertise in the education vertical and big data analytics to build dashboards for schools. This is providing valuable insights that can be delivered across hundreds of schools cost effectively and profitably for our customers. We will be evaluating other verticals where we can leverage our expertise and our Microsoft partnership to develop additional markets to penetrate.

CEO, Joe D'Addio, will provide an assessment of how the business is tracking against our key performance indicators. Suffice to say, there remains significant room for improvement.

Looking forward, disruption in our market continues as cloud adoption and solutions, such as Software as a Service (SaaS) products, mature and move more into the mainstream of the corporate IT thought process. This is creating increased opportunity for MOQ to expand our market presence, through our high value services offerings.

We continue to look at focused acquisitions that will enhance our market offerings and presence. As always, the priority for any acquisition will be a strong cultural fit and an earnings accretive result. We would love to find a few more Wardy IT's.

I would like to thank our customers who continue to support and promote us through the industry, our key technology and services partners and suppliers, who continue to build market leading solutions, allowing us to produce high quality outcomes for our clients and of course our staff who make it all happen!

Finally, to you, our shareholders, thanks for your patience and ongoing support as we build momentum. We continue to be focused on building MOQ into a quality business with excellent returns and will work to see that 2020 is our year.

Chief Executive Officer's Address

Good morning everyone and welcome.

During FY19 the Executive team has continued to drive towards its stated objective to develop MOQ into a high value, market leading publicly listed technology services business geared around servicing the needs of enterprises who are seeking to successfully drive their digital transformation agendas.

David has already covered some shortfalls in our execution and our commitment to address and turn them around.

FY19 has proven to be a challenging year for MOQ as we needed to balance short term returns, one particularly difficult client engagement (as explained in our Annual Report lodged in September 2019), retain focus on executing on key strategic initiatives and continue improving our financial return.

The period featured continued organic top line growth of over 15%, healthy growth of recurring services at over 19% and a consistently strong cash position, unfortunately our

second half FY19 EBITDA aspirations were negatively impacted by a significant delay to our largest contracted managed service client, which has now been resolved.

Strategically the highlight of the year was the acquisition of Wardy IT Solutions, Microsoft's leading Australian partner in the Data Platform market. Whilst the transaction completed September 1, 2019, the majority of the assessment work was carried out in H2FY19. I will cover off on this in further detail shortly.

I'm going to take a moment to examine key events and achievements in FY19 for each of MOQ's two trading entities:

MOQdigital

The MOQdigital business continues to provide a range of services and solutions to enable digital business transformation including consulting, integration, and managed services across applications, data and infrastructure platforms. With the addition of Wardy IT Solutions we now have over 330 employees operating across the MOQdigital business, including offices in Sydney, Brisbane, Melbourne and Canberra and our 'Managed Services Centre of Excellence' in Colombo, Sri Lanka.

For MOQdigital, some highlights for FY19 included:

1. **Positioning to leverage the Digital Transformation trend** – our strategic decision in FY19 to invest in both growing MOQdigital's capability as well as accelerate the M&A effort in this space, which has resulted in the acquisition of Wardy IT Solutions, ensures that MOQ is well placed to capitalise in this high growth market. This is an inflexion point for the MOQ business in that our Digital Services capability through the combined market presence of MOQdigital and Wardy IT Solutions will contribute in excess of \$20M of Services to MOQ in FY20. Given the market uptake in this space and our new capability, we anticipate a healthy growth trajectory in both Recurring and Professional services.
2. **The Microsoft Opportunity** – in the mid-tier enterprise business market segment, Microsoft is the clear leader for a range of Cloud Services, including Platforms, Applications and Infrastructure. MOQdigital has further enhanced its position with Microsoft, with the Wardy IT Solutions acquisition, and is further investing in working closer in go to market efforts to capitalise on this opportunity.
3. **Sales and Business Development Progress** – whilst retaining great clients is critical, business growth cannot happen without new clients. Over the last two years we have invested in our business development capability. This is reaping direct benefits. In FY19, over 16% of revenue from our top 20 clients came from clients who are new to MOQdigital over the last two years.
4. **Growing our Offering through leveraging the Colombo, Sri Lanka Service Centre** – our investment in our Colombo business has resulted in an enhanced VTeams offering. This allows our clients, especially those with an international presence and staffing requirements, to shape, build and house their own teams under

MOQdigital's guidance and oversight. A number of our clients have taken up the opportunity and we are now in a position to accelerate this offering into market.

Looking forward, into FY20 and beyond, MOQdigital is regaining the positive momentum and focusing on a measured integration process of the Wardy IT Solutions business. In addition to further organic growth, we continue seeking targeted acquisitions, particularly in the booming Microsoft Dynamics space. At this stage, the Executive Team is working through a range of opportunities. It is an expectation that, as a minimum, any acquisition would have the following characteristics: a strong market position in the services space, a high proportion of recurring services, a strong management team and is profitable.

For MOQdigital, despite the challenges encountered in FY19 (particularly in H2FY19), we have been able to stay focused on our key medium-term goals.

SkoolBag

The SkoolBag business operates and develops a market leading Software as a Service communications platform, including mobile apps, primarily for School and Education customers and also in the sports vertical.

For SkoolBag, some highlights for FY19 include:

1. Completed full release of a **new SkoolBag mobile app**
2. SkoolBag's new mobile app hit **#1 in Top Charts** on Apple App Store and Google Play Store in late 2018
3. **Implemented price increase** across all school subscription renewals over FY19 with school contracts now on the higher \$3 per student per year pricing (previously \$1 per student per year)
4. **A 79% Year on Year increase in Monthly Recurring Revenue (MRR)** to \$210,000 at the end of FY19 (\$117,000 at the end of FY18)
5. **Developed new electronic school newsletter feature.** We are seeing increasing uptake of the 'SkoolBag eNewsletter' feature across our customer base and further interest coming in from schools who are not existing SkoolBag customers.
6. **Consistently high Net Promotor Scores (NPS) and Customer Satisfaction Scores (CSAT).** SkoolBag's increased customer engagement stems from implementation of improved pro-active customer success initiatives, including data analytics driven outreach processes and automated user guides/walkthroughs.

Moving forward, SkoolBag is well positioned to offer additional value to customers via new and improved features. With well established customer support and on-boarding processes, the team is focused on retaining and growing its client base as well as attracting key partners.

The Wardy IT Solutions Acquisition

On 12 August 2019 we released via the ASX a Corporate Presentation detailing the Wardy IT transaction and the positioning of the Wardy IT business within MOQ.

Peter Ward, the founder of Wardy IT, is here today and I would like to personally thank him for the way he has continued to positively drive his business through what can be a tough period of transition.

The transaction completed effective 1 September 2019 and we have commenced a measured and staged approach to the integration of the Wardy IT businesses into the MOQ digital business. The initial focus is to ensure Wardy IT continues its positive momentum and financial performance, while at the same time we have commenced a combined sales and marketing effort into each other's client and partner base. We are already experiencing positive additional opportunities for each business.

In my opinion, bringing Wardy IT into MOQ is, without doubt, the most significant M&A activity we have completed since the business listed over 4 years ago. This is a true inflexion point for MOQ and boosts our specialist expertise and market presence to allow us to address the Digital Transformation opportunity.

Conclusion

I must re-emphasise the statement that we made at last year's AGM regarding the market opportunity that is available to MOQ as a result of the digital transformation wave. This opportunity continues to develop, grow and drive information technology expenditure. Businesses of all types and across vertical markets are looking to drive organisational improvement, enhanced customer experience, competitive differentiation and improved returns by utilising modern technology solutions including Cloud, Mobility, Application and Data Platforms, Artificial Intelligence and IOT.

Accordingly, enterprise IT environments are becoming more complex and diverse, with greater demand for specialist services providers. With the addition of Wardy IT Solutions to the group, MOQ has taken another important step to boost its capability, capacity and value proposition to address this market opportunity. This will contribute positively to improving our revenues and returns over the next few years.

In summary, despite some headwinds during the second half of FY19 the Board and Executive team of MOQ Limited continue to drive the business towards its key short to medium term objectives - to establish \$100 million or more in revenues and deliver a return commensurate with market, and indeed our own, expectations.

This continues to be an exciting time for MOQ. I would personally like to take the opportunity to thank all our staff who have come together over the last few years and are now working as one MOQ team, focused on exceptional customer service and positive outcomes for our clients.

I would like to re-iterate that our ambition remains unchanged; to sustainably grow and build a market leading, respected technology business, which through execution, gives me the confidence that this will lead to increased shareholder value and returns.

Thank you for your ongoing support of MOQ Limited.