

MOQ Limited – Investor Update

Q1 FY21 Financial Highlights, Business Update, Key Wins & Case Studies

" I am happy to report that MOQ has made a very positive start to FY21. In addition to much improved profitability, there have also been some great new deal wins, in both new and existing customers. Importantly our recent investments in Digital Services capability, the Wardy IT acquisition and our laser focus on our Microsoft partnership have combined to ensure we are well positioned for the rest of FY21 and beyond.."

Joe D'Addio - CEO of MOQ Limited



Q1 FY21 Financial Highlights

A very good start to FY21 with all key indicators in positive territory³.



EBITDA¹

\$1.010m

Operational EBITDA for Q1 has grown **149%** on Q1 FY20.

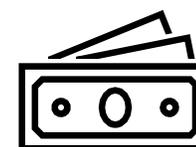
Note: This result excludes the JobKeeper² Subsidy received in Q1.



Operating Expenses

**Reduced
Against Q1 FY20**

Our Q1 OPEX in FY21 is at a similar level as Q1 OPEX in FY20 (actually 1% less), despite Wardy IT OPEX included for only 1 month in Q1FY20³ and a full quarter in Q1FY21



Cash Position

\$7.501m

The cash position at June 30, 2020 was **\$4.976m**.

Improved liquidity position, as a result of increased profitability and JobKeeper funding, which has enabled us to keep our business shape intact and further invest.



Revenue & Gross Profit

**Growth for each at
16% over Q1 FY20**

As a result of flat technology sales, revenue has not grown materially. However, high value recurring and professional Digital Services have replaced tech sales at higher rates of GP.

1. Operational EBITDA – for MOQ Limited is inclusive of all Corporate Expenses and exclusive of other income derived from JobKeeper.
2. Revenues have recovered sufficiently so that MOQ Limited no longer qualifies for the JobKeeper program from October 1, 2020.
3. Wardy IT expenses and revenue for FY20 commenced September 1, 2019
4. The provided financial data is un-audited.



Q1 FY21 Financial Data

Financial Performance continues to improve, impacted by the Wardy IT acquisition, reshaping of the business around Recurring Services, continuing challenges of COVID and prudent operational expense management.



(\$'000)	Q1FY21	Q1FY20	% Growth
Technology	5,143	5,356	-4.0%
Digital Services	6,686	3,790	76.4%
Foundational Services	4,910	5,311	-7.5%
Revenue Total	16,739	14,457	15.8%
Technology	833	1,080	-22.8%
Digital Services	2,513	1,669	50.5%
Foundational Services	809	834	-3.0%
Gross Profit Total	4,156	3,583	16.0%
Operating expenses	3,146	3,178	-1.0%
Operational EBITDA	1,010	405	149.2%
% of Revenue	6.0%	2.8%	
Other Income	1,928	2	
Integration costs - Wardy IT	(20)	(7)	
Operational EBITDA inc JobKeeper	2,917	400	628.9%

Commentary

- Technology sales remain flat and product margins impacted as the limited market is very competitive
- Wardy IT Digital Services revenues were only consolidated from September 1st 2019 being date of acquisition
- Foundational Services have been impacted by COVID-19 market conditions
- Operating expenses exclude \$397K and \$58K for M&A costs for FY20 and FY21 respectively. Expenses exclude AASB rent adjustment
- Other income in FY21 includes \$1,922k for JobKeeper subsidies received/accrued for

(\$'000)	30/9/20	30/6/20
Cash Position	7,501	4,976
Net Assets	11,375	10,523
Current Ratio	0.98	0.82

Key Investments are showing positive returns & business growth

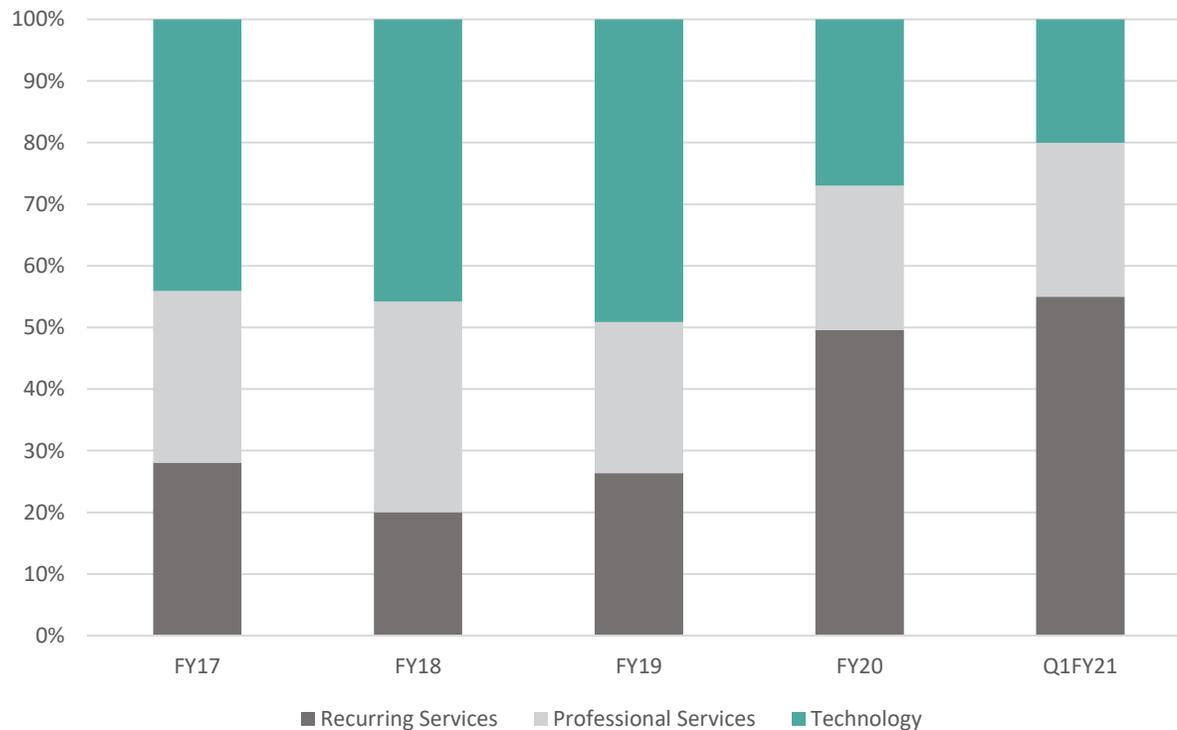


Business Update

Despite the ongoing COVID-19 challenges, we are making solid progress in key investment areas. The business continues to function well with positive feedback from our customer base and a range of successful projects delivered through Q1



Gross Profit Composition - Evolution Four Years Vs Q1 FY21



- ✓ Excellent growth in our **Digital Services** line of business with **76%** over Q1 FY20. The merging of MOQdigital and Wardy IT capability in this space resulted in this business unit contributing over **60%** of overall Gross Profit.
- ✓ **Recurring services and solution** offerings now contribute **55%** of the Gross Profit generated by MOQ Limited.
- ✓ A key investment focus for MOQ, the **NSW Region**, has now grown to represent **43%** of our overall Gross Profit contribution, up from **29%** in Q1 FY20.
- ✓ Investment in the **Microsoft Partnership** is positively impacting our pipeline and providing some great wins.
- ✓ **Integration of the Wardy IT** acquisition is continuing and on track to be completed by December 31, 2020.
- ✓ Due to COVID-19, medium term market visibility continues to be challenging, but the **Opportunity Pipeline** is healthy, particularly for Digital Services where we also anticipate a range of customers to take advantage of the Federal Budget accelerated depreciation tax incentives.



Significant Key Wins

A range of excellent new customer wins and also completed initiatives during the quarter



Sydney Catholic Schools – MOQdigital continue to expand its focus on the education sector and leverage our successful track record with the Catholic Dioceses across QLD. We have recently been engaged by the Sydney Catholic Schools to deliver both ongoing Managed Services and Professional services across several key areas of their IT landscape.

Perfection Fresh – MOQdigital has assisted to accelerate the digital transformation of Perfection Fresh enabling them to continue to respond to changing consumer behaviour, through increasing their agility by migrating key services to Azure, and also improving operational efficiency through custom developed business applications and modernisation of the core elements of their IT platform.



BSR Group – The BSR Group is a franchisor operating in the electrical retail industry throughout Australia. MOQdigital is assisting to implement a modern Data Warehouse solution on Azure to provide richer insights across the retail network.



Case Studies

There have been a number of major projects delivered over the last quarter. Here are a few, with links to our website.



QBANK – QBANK consulted MOQdigital to review their banking platform, understand its current functionality and plan the direction of its future development to provide its customers with the best experience possible.

<https://www.moqdigital.com/case-studies/qbank>

Laing O'Rourke – MOQdigital helped Laing O'Rourke improve their productivity and minimise costs by automating their processes across time zones by scaling operations within its infrastructure into a new virtual model.

<https://www.moqdigital.com/case-studies/laing-orourke-virtual-team>



Port of Brisbane – MOQdigital helped the Port of Brisbane transform their digital infrastructure by developing and deploying a next generation campus network, which will help them achieve their business objectives.

<https://www.moqdigital.com/case-studies/port-of-brisbane-next-generation-campus>

MOQ's focus and investment in capability to address the Digital Transformation market leaves it well positioned to achieve further organic growth and improved profitability

MOQ will continue to invest in its people, customers and strategic partnerships to ensure a high value proposition into market

MOQ is actively seeking further strategic M&A opportunities with a focus on:

Digital Services
&
Cyber Security

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Contact Information

For further information please contact:

MOQ Limited

P: +61 (2) 8006 5790

E: info@moq.com.au

W: www.moq.com.au

Joe D'Addio
Chief Executive Officer

Danny Loh
Chief Financial Officer