

15 December 2021

**The Manager
Company Announcements Office
Australian Stock Exchange**

MOQ Limited Trading Update

Contract Cost Overruns

MOQ Limited ("MOQ" or "Company") has completed an updated review of its 1H22 trading expectations.

Following a comprehensive assessment of the status of the Company's portfolio of professional services customer contracts, the status of work in progress on several of the Company's larger customer contracts and the Company's limited capacity to charge the relevant customers further material fees to complete those contracts in accordance with the Company's fixed fee arrangements with these customers, the Board has determined that it is prudent to write off and provide for total project over-runs in the order of \$3.5m.

This issue was identified as a result of analysis undertaken based on variations in the budget versus actual EBITDA for November 2021.

While various options are being explored to minimise these losses, including contract renegotiations, the scale of the provision reflects a desire to prudently acknowledge the material extent of the issues arising out of the current circumstances.

Reflecting the above provision and associated cost items the Company advises:

- (a) 1H22 statutory EBITDA loss is forecast to be in the range of (\$3.0m) to (\$3.5m), (noting 1H21: statutory EBITDA was \$4.05M including JobKeeper receipts of \$1.997m); and
- (b) consistent with its previous policy, the Company is not providing any guidance with respect to its FY22 statutory profit before tax or any other financial outcomes for the full year.

Operational Review

In light of the materiality of the write-off referred to in this announcement, the Board has initiated a review of the Professional Services business and operations with the assistance of an external advisor, with a mandate to review and recommend steps to be taken to substantively upgrade the Company's operational controls and project governance.

Other areas of the business are performing broadly in line with budget, and other than these issues identified in Professional Services, the business continues to operate in the normal course.

The company has initiated discussions with its bank regarding the potential impact on covenants for the reporting period ending 31 December 2021, which are due to be reported by 15 March 2022.

The Company will keep the market informed of further material developments as they occur.

**Authorisation**

This ASX release has been authorised by the MOQ Limited Board of Directors.

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About MOQ Limited

MOQ Limited is a global award winning, provider of market leading services and solutions, including Consulting, Integration, Managed Services and Solutions around data, applications, and infrastructure that enables digital business. Core to our strategy is to build annuity revenue streams through high value managed services and commercialised IP such as the Virtual DBA service and to capitalise on the rapidly growing digital economy.

Our purpose is to enable our customers to achieve more through the smart use of technology as they embrace technology driven transformation. We pride ourselves on building lifetime relationships with our customers by driving outcomes to get the best results for their business needs.

For more information, please visit: <https://www.moq.com.au/>