

ASX Announcement

29 July 2022

June 2022 Quarter Update and Appendix 4C

MOQ Limited (**MOQ** or **the Company**) (ASX:MOQ) provides an update on its activities for the quarter ending 30 June 2022. MOQ has also released its Appendix 4C today.

Commentary on quarterly cash flow to 30 June 2022

During the quarter, MOQ's net operational cash flow was -\$167k. The Company concluded the quarter with cash on hand of \$5.228m, and a net cash position of \$3.811m. MOQ has a further \$1.750m in available funds through its overdraft facility with ANZ Banking Group, which was undrawn at 30 June 2022, leaving MOQ's total available funding of \$6.978m.

Business Update

MOQ expects to deliver consolidated revenue (unaudited) of:

- \$19.83m for Q4 FY22, representing a 3.1% increase compared with Q4 FY21

Despite the growth in revenue, MOQ expects to deliver EBITDA (unaudited) of:

- \$141k for Q4 FY22, equating to an EBITDA margin of 0.7%.

MOQ continues to implement its 'Back on Track' turnaround plan, which includes a number of initiatives to improve the Company's operational controls and project governance. Significant progress has been made in completing most unprofitable professional services customer contracts; however, two of these contracts are still in progress with an expected completion date in 1H23. Overall, the Company's 'Back on Track' turnaround plan has been slower than originally anticipated.

Transaction with Atturra

On 30 June 2022, MOQ announced that it had executed a Scheme Implementation Deed under which it is proposed that Atturra Holdings Pty Ltd (a wholly owned subsidiary of Atturra Limited (ASX: ATA) (**Atturra**)) will acquire 100% of the fully diluted share capital in MOQ by way of scheme of arrangement.

This announcement has been authorised by the MOQ Limited Board of Directors

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About MOQ Limited

MOQ 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 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 digital transformation. We pride ourselves on building lifetime relationships with our customers by driving outcomes to get the best results their business needs.

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

MOQ Limited

ABN

94 050 240 330

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	19,689	92,836
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(7,114)	(43,673)
	(c) advertising and marketing	(117)	(433)
	(d) leased assets		
	(e) staff costs	(10,547)	(46,291)
	(f) administration and corporate costs	(2,068)	(6,744)
1.3	Dividends received (see note 3)		
1.4	Interest received		12
1.5	Interest and other costs of finance paid	(7)	(40)
1.6	Income taxes paid		(371)
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	(3)	83
1.9	Net cash from / (used in) operating activities	(167)	(4,621)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		(1,348)
	(b) businesses		
	(c) property, plant and equipment	(76)	(632)
	(d) investments		
	(e) intellectual property		(479)
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		3,861
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	(3)	(229)
2.6	Net cash from / (used in) investing activities	(79)	1,173

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		5,988
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	(141)	1,417
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(166)	(696)
3.10	Net cash from / (used in) financing activities	(307)	6,709

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,781	1,967
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(167)	(4,621)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(79)	1,173
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(307)	6,709
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,228	5,228

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,228	5,781
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,228	5,781

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,417	1,417
7.2	Credit standby arrangements		
7.3	Other (Overdraft Facility)	1,750	0
7.4	Total financing facilities	3,167	1,417
7.5	Unused financing facilities available at quarter end		1,750
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. The Group has a Loan facility with ANZ Bank. The facility assisted with the acquisition of Dienst Consulting Pty Ltd. The facility is repayable by \$141,667 each calendar quarter with the last payment made after the September 2024 quarter. The interest rate for the loan facility is the BBSY plus 0.5% p.a. and a line fee of 3.25% p.a. of the facility limit payable quarterly. The Group has an Overdraft Facility with ANZ Bank. The facility is to assist with working capital requirements and is undrawn at 30 June 2022. The facility has an interest rate of BBSY + 4% p.a. for amounts up to the facility limit payable monthly in arrears and a line fee of 3.25% p.a. of the facility limit payable quarterly in arrears. Facilities are secured by a General Security Agreement over property of the Security Provider.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(167)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,228
8.3	Unused finance facilities available at quarter end (item 7.5)	1,750
8.4	Total available funding (item 8.2 + item 8.3)	6,978
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	41
Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a		
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a		
Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

Authorised by the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.