



MOQ Limited

ASX:MOQ

FINANCIAL RESULTS

FY 2016

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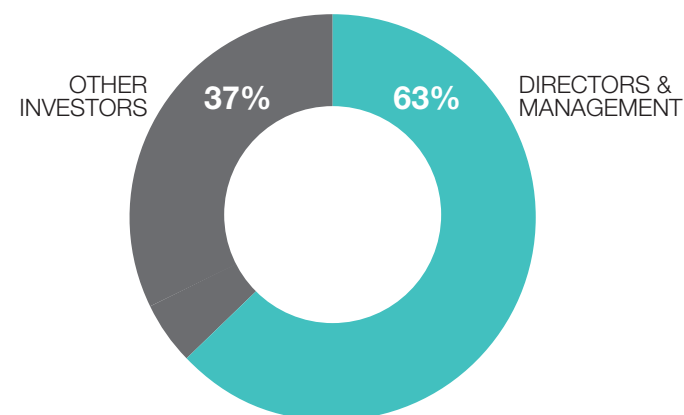
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Strategy to build, develop and acquire complementary Cloud-focused technology businesses to capitalise on the emerging digital economy

- MOQ is a global award winning, cloud focused technology company with over 200 employees, providing technical solutions, managed services and owns its own commercialised IP
- Building an integrated cloud based services offering from both organic and acquisitive growth
- FY16 was a year of consolidating and integrating acquired businesses, Technology Effect, Breeze, Tetran and Skoolbag and investing for future growth
- Strategic focus on growing recurring revenue via managed services and commercialised IP such as the Skoolbag Software-as-a-Service (SaaS) product
- Strong momentum into Q1 and targeting \$50-\$55m revenue in FY17 (25% recurring)

ASX	MOQ
52 Week Share Price	\$0.22 - \$0.40
Shares on Issue	154.7 million
Market Cap*	\$38.7 million
Cash*	\$5.04 million

Shareholders



*As at 29 August, 2016

Highly credentialed leadership team with a proven track record



David Shein
Non-Executive
Chairman

- Established Com Tech Communications and built it to revenues of \$700m, 1,400 employees (Acquired by Dimension Data, 2001)
- Chairman & founding investor of Macromatix (Sold to TPG Ventures, 2012). Invests in and mentors early stage technology companies, many of which have been successfully exited



Nicki Page
Exec Director /
CEO

- 20+ years in IT in both UK and Australia as a Computer Scientist
- Background in Technical and Sales with companies such as KAZ Computing and Microsoft
- 2014 ARN Women in ICT Entrepreneur of the year



Joe D'Addio
Exec Director /
MD

- 35+ years in IT prof. services, technology consulting, system and network engineering
- Held key management & director positions building and leading IT businesses with Com Tech Communications, Dimension Data and co-founded Technology Effect



Scott McPherson
Exec Director /
Director Solutions

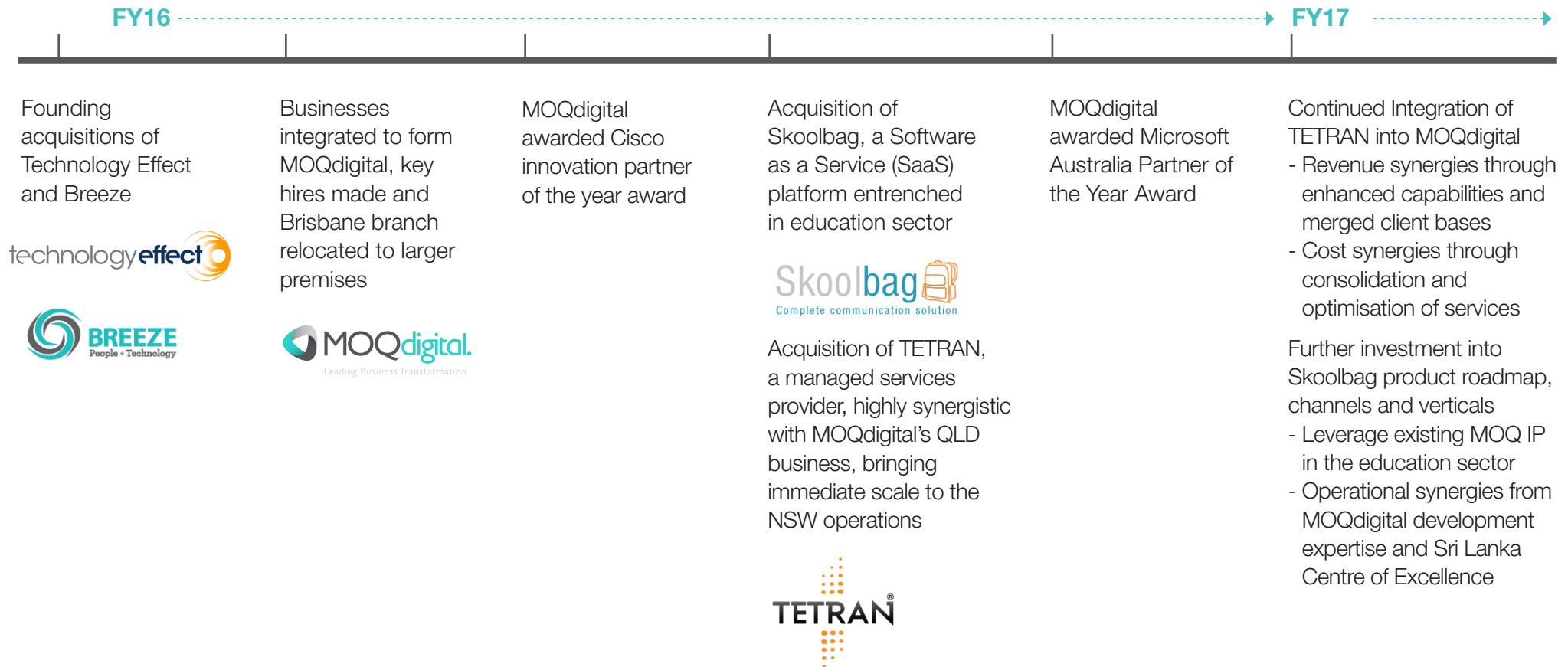
- 20+ years experience at Com Tech Communications, Dimension Data
- Started as a systems engineer, transitioned into a solutions architect and then into practice management. Co-founded Technology Effect



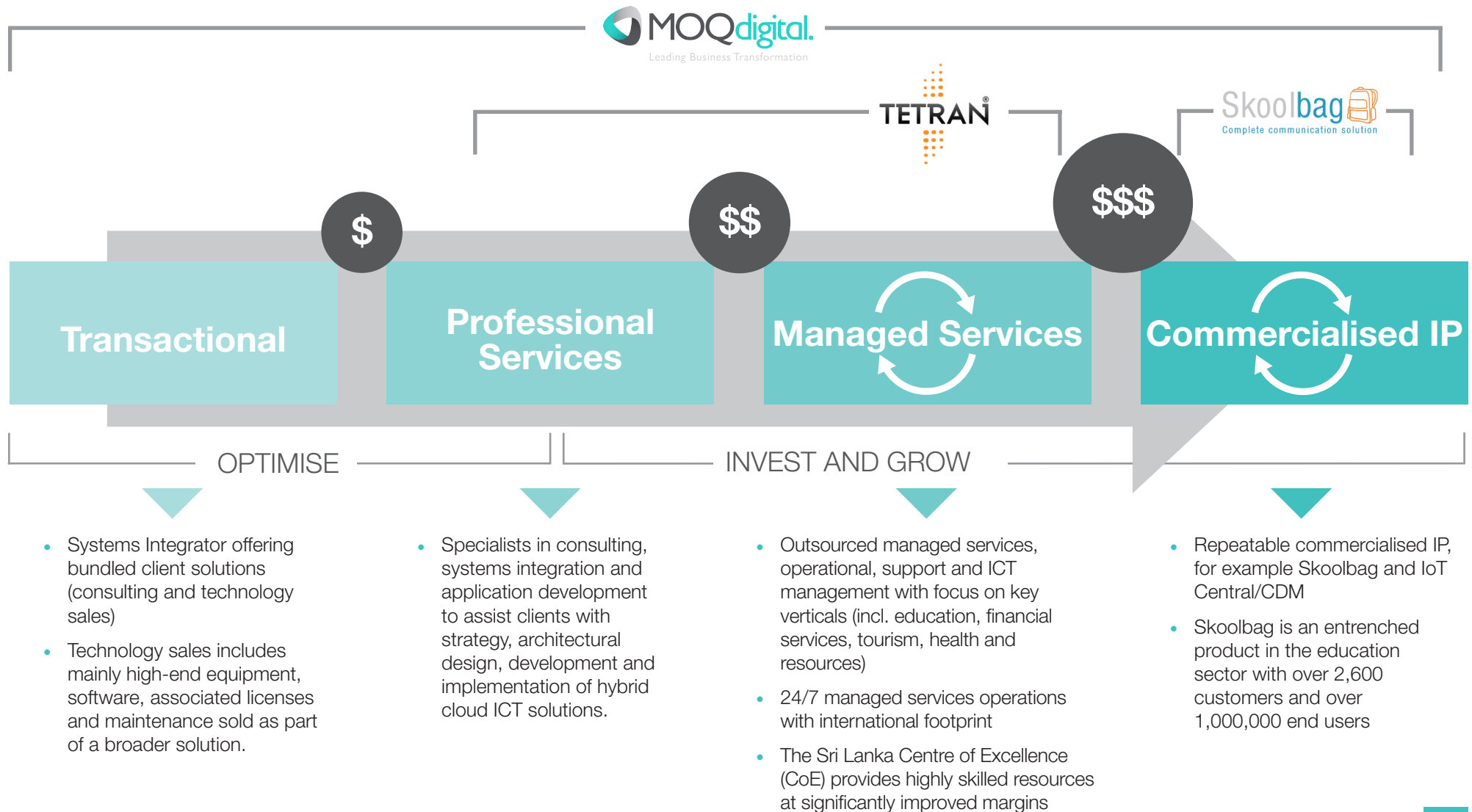
Don Francis
Exec Director /
COO

- 20+ years experience in IT industry with focus on managed services
- Holds key management & director positions including co-founding TETRAN and expanding the business globally by setting up Sri Lanka Centre of Excellence, Singapore and New Zealand operations

A year of consolidation and investment to build a platform for growth



Transitioning along the 'Cloud Services Value Chain'



Loyal customer base with high retention and broad spread

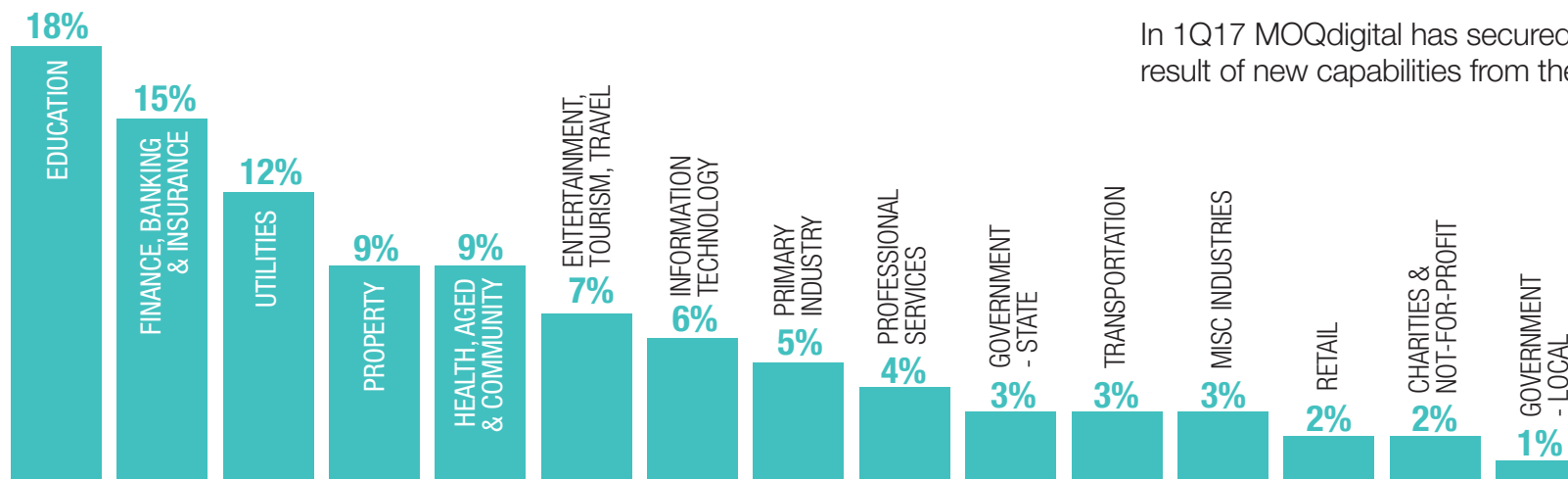


MOQdigital is an agile Systems Integrator that delivers technical solutions and drives outcomes for customers in a new digital world.

- Provides consulting, integration, managed services and specialised IP across infrastructure, applications and data.
- Global business with over 200 employees in total, located across NSW, QLD, VIC, New Zealand and Sri Lanka
- TETRAN merge brings immediate scale to MOQdigital's NSW operations
- The Sri Lanka Centre of Excellence (CoE) provides highly skilled resources at significantly improved margins

In 1Q17 MOQdigital has secured new opportunities as a direct result of new capabilities from the TETRAN merge

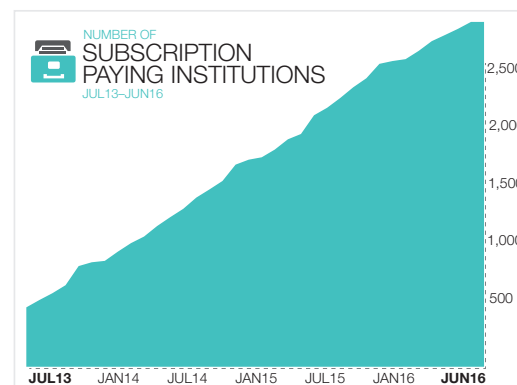
REVENUE BY SECTOR



SKOOLBAG BUSINESS UPDATE



- Market leading Software-as-a-Service (SaaS) product in the Education sector, MOQ's largest industry sector by revenue
- Annuity revenue across a diversified subscriber base
- Total revenue in FY16 of \$1.55m¹ (c.63% recurring)
- Skoolbag has continued to grow its subscriber base and now has over 2,600 customers/institutions and over 1,000,000 end users
- **Investing in developing product revenue by adding functionality, expanding geographically and targeting new industry verticals**



1. New features and services

Compelling development/distribution platform. Add higher value offerings through development of proprietary features and through joint ventures/partnerships with 3rd party bolt-on services.

2. Expand geographic reach

Majority of customers are based in Australia. Have commenced marketing/co-selling the platform to additional geographies.

3. Industry vertical products

Skoolbag entrenched in primary/ secondary education market in Australia. Now targeting sports clubs, higher/ vocational education and corporates. Sportsbag product used by the Australian Olympic Committee and all Australian Olympic Athletes during the Rio Olympics.

Notes:

1. Pro-forma FY16, unaudited and based on new straight line accounting recognition principles. Pro-forma-FY16 unaudited revenue was \$2.08m (69% recurring) based on Skoolbag's previous accounting recognition principles. The pro-forma FY16 information contained herein has been provided by the vendors of Skoolbag to MOQ. The Directors of MOQ have not independently verified the accuracy of the information and do not accept any responsibility for its inaccuracy, misstatement or any omission of any nature whatsoever in relation thereto.

FY16 RESULTS



MOQ Limited Financial Summary \$'000 ¹	FY16 Statutory ²	FY16 Pro-Forma ³	FY15 Pro-Forma ⁵	Var (%)
Revenue	33,934	43,330	29,676	46%
Recurring Revenue	4,828	9,563	2,717	252%
Technology Sales	18,365	20,810	16,801	24%
Professional	10,741	12,957	10,158	28%
Gross Margin	5,963	10,738	6,267	71%
Recurring	1,778	4,644		
Technology	3,221	3,819		
Professional	964	2,275		
EBITDA⁴	(547)	1,700	1,049	
Adjustments for investments/ non-recurring costs	1,359	1,359	200	
Underlying EBITDA	812	3,059	1,249	145%

Notes:

1. Financials are unaudited

2. FY16 statutory results only incorporate Skoolbag and TETRAN performance from the point of acquisition, being 12th April and 23rd May 2016 respectively

3. FY16 Pro-forma results include full year performance of Skoolbag and Tetran. The information contained herein has been provided by the vendors of Skoolbag and Tetran to MOQ. The Directors of MOQ have not independently verified the accuracy of the information and do not accept any responsibility for its inaccuracy, misstatement or any omission of any nature whatsoever in relation thereto.

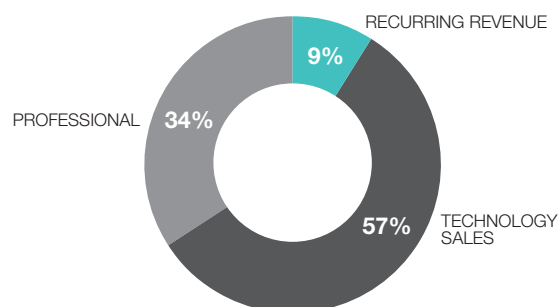
4. FY16 EBITDA excludes \$1.359m of non-recurring costs, including \$400k Due diligence and acquisition costs, \$164k integration costs, \$280k in one-off project write-downs, \$306k of restructuring costs and \$209k of a non-cash adjustment to Long Service Leave provisions through adoption of a more conservative policy

5. FY15 Pro-forma results exclude goodwill impairment from June 2015 acquisitions of Technology Effect and Breeze and FY15 Underlying EBITDA normalised for one-off merger and transaction related expenditure of \$200k

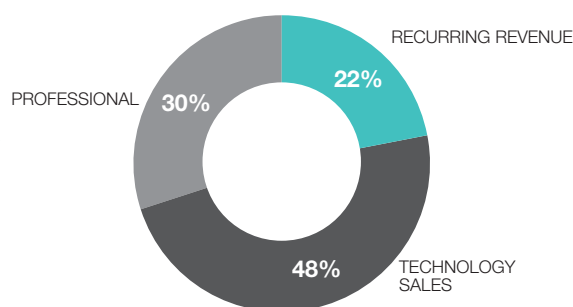
FY16 IN CONTEXT

- Invested in building the MOQdigital business
- Acquired Skoolbag and TETRAN
- Raised \$9m to fund the acquisitions
- Integration of acquisitions well underway
- MOQdigital now scalable in NSW/QLD with SriLanka Centre of Excellence (CoE)
- Commercialised IP bolstered with Skoolbag Software-as-a-Service (SaaS) offering
- There has been a lag in the investment to translate into earnings momentum
- Strong start to FY17 and targeting revenue in FY17 of \$50-\$55m (25% recurring)
- Business now well placed to achieve target margins in FY17

PRO-FORMA FY15 REVENUE MIX



PRO-FORMA FY16 REVENUE MIX



MOQ is focused on profitability in FY17

- Targeting revenue of \$50m – \$55m in FY17
- Targeting gross margins in FY17 as outlined below



- Managed Services, Skoolbag provide scalable model and margins have the potential to improve substantially with additional revenue
- MOQ is targeting recurring revenue of circa 25% (up from circa 11% in FY16)
- Opex in FY17 is expected to be between \$7.8m to \$8.2m*

*Excluding MOQ Group overheads

MOQ REMAINS ACQUISITIVE



**Profitable,
cash flow
positive,
growth
businesses**



**Earnings
accretive**
(target 4 to 6
times EBTIDA),
vendor/key
management
retention and
alignment via
MOQ shares



Like-minded
culture,
complementary
skillsets



Expand Australia
and New Zealand
presence
with strong
technology
vendor
partnerships
and **revenue**
synergies across
client bases



Key themes:

- **managed services**
- **education**
- **Internet of things (IoT)**
- **big data**
- **data analytics**
- **business intelligence**
- **security**



Add **recurring revenue** via
Product
(Software as a Service),
managed
services

- FY16 was a year of consolidating, integrating and investing for future growth
- MOQ shifted higher up the value chain with strong contributions to recurring revenue
- MOQ offers exposure to the ongoing shift to the cloud and outsourcing
- Strong pipeline leading into Q1FY17 targeting revenue in FY17 of \$50-\$55 million (25% recurring)
- Managed services offer now highly scalable
- MOQ leverage Sri Lanka Centre of Excellence to improve margins
- Investing in developing Skoolbag product revenue by adding functionality, expanding geographically and targeting new industry verticals
- Targeting overall GM in FY17 of 22%-25%
- Management focused on increasing profitability in FY17

APPENDICES



David Shein
Non-Executive Chairman

- Established Com Tech Communications and built it to revenues of \$700m, 1,400 employees (Acquired by Dimension Data, 2001)
- Chairman & founding investor of Macromatix (Sold to TPG Ventures, 2012). Invests in and mentors early stage technology companies, many of which have been successfully exited



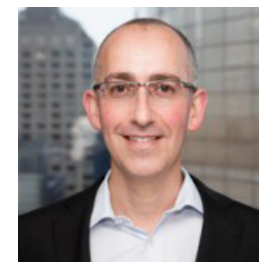
Jonathan Pager
Non-Exec Director

- 20+ years experience in advisory, Managing Director of Pager Partners Business Consultants and Pager Partners Corporate Advisory
- Currently Director of ASX-listed UCW Ltd (ASX:UCW), Noble Mineral Resources Ltd (ASX:NMG) & was more recently a director of AHAlife Holdings Ltd (ASX:AHL), Rhipe Ltd (ASX:RHP), Metalicity Ltd (ASX:MCT) and Prospect Resources Ltd (ASX:PSC)



Michael Pollak
Non-Exec Director

- 15+ years experience in audit, insolvency and corporate advisory
- Currently director of ASX-listed HJB Corp Ltd (ASX:HJB) and UCW Ltd (ASX:UCW), & was recently a director of Rhipe Ltd (ASX:RHP), Disruptive Investment Group Ltd (ASX:DVI), Prospect Resources Ltd (ASX:PSC) and Metalicity Ltd (ASX:MCT)



Joseph Fridman
Non-Exec Director

- Co-founder and CEO of Monash Private Capital an independent principal investment and advisory firm
- Previously CFO of Investec Bank Australia and Chairman of the bank's Investment Committee, Joey brings a comprehensive mix of financial, strategic, operational, risk management and commercial skills

For further information please contact:

David Shein
Non-Executive Chairman

MOQ Limited
T: +61 (2) 8039 5015
E: Info@MOQ.com.au

Brad Cohen
**Corporate Development Manager
& Company Secretary**

MOQ Limited
T: +61 (2) 8039 5015
E: Info@MOQ.com.au

Or visit our website at: www.MOQ.com.au