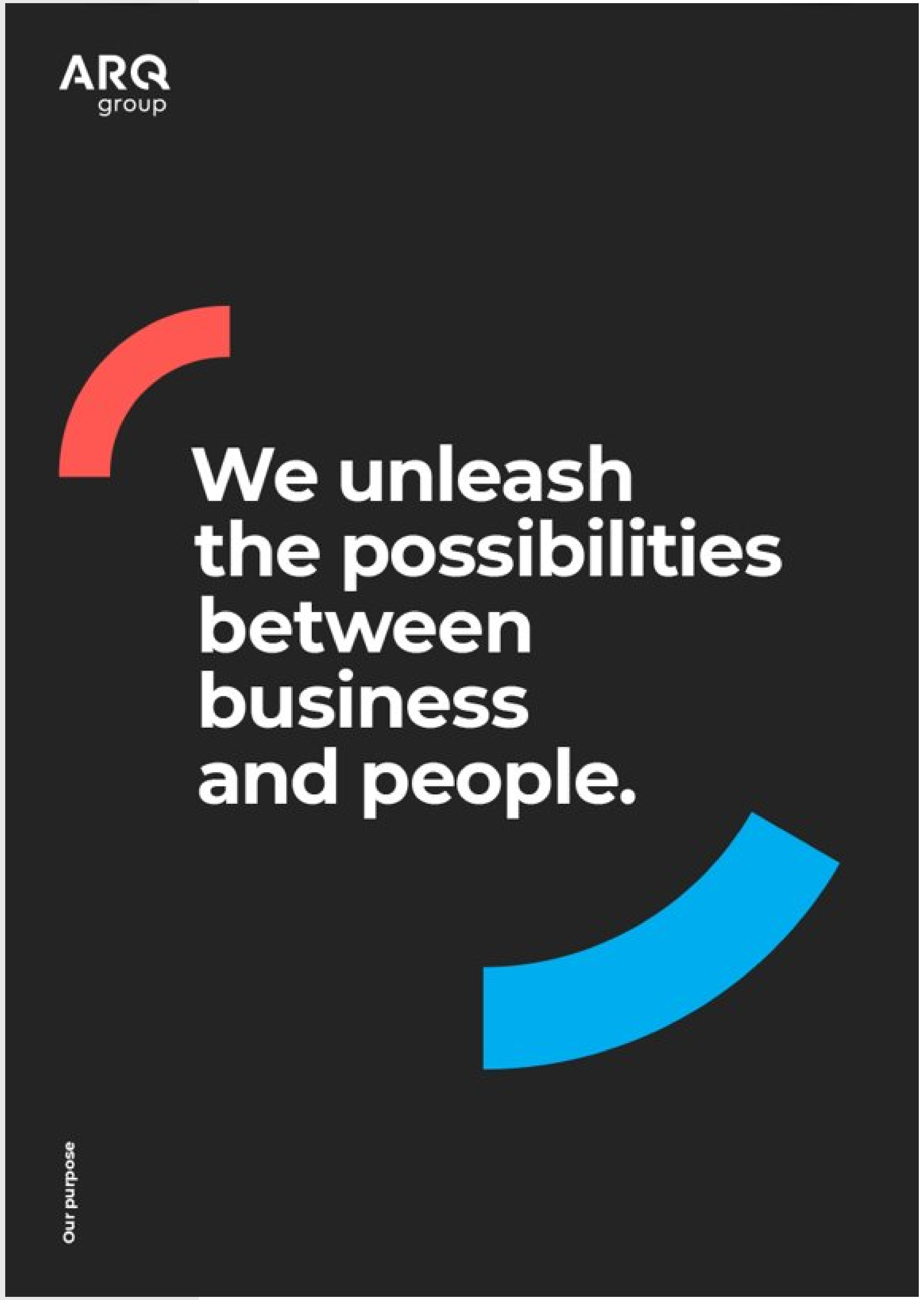
ARQ group

Investor Meetings

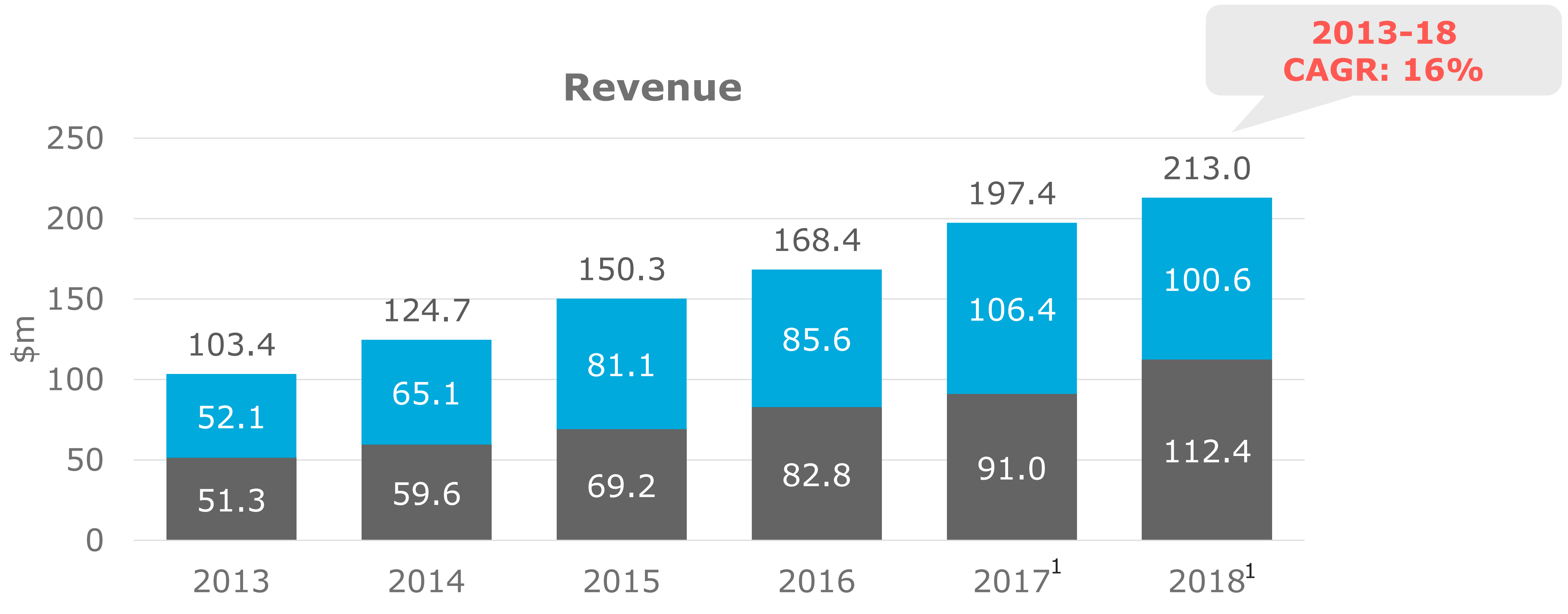
14 May 2019

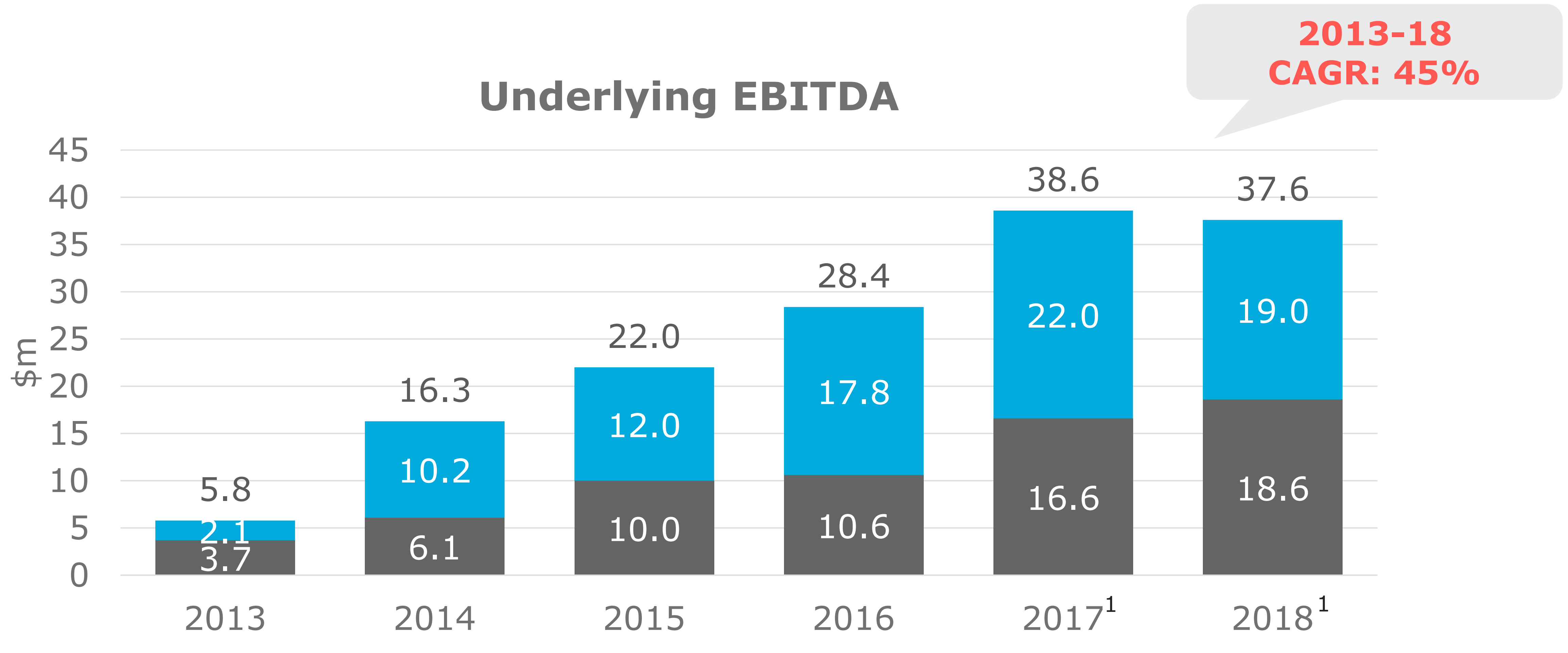
Arq Group

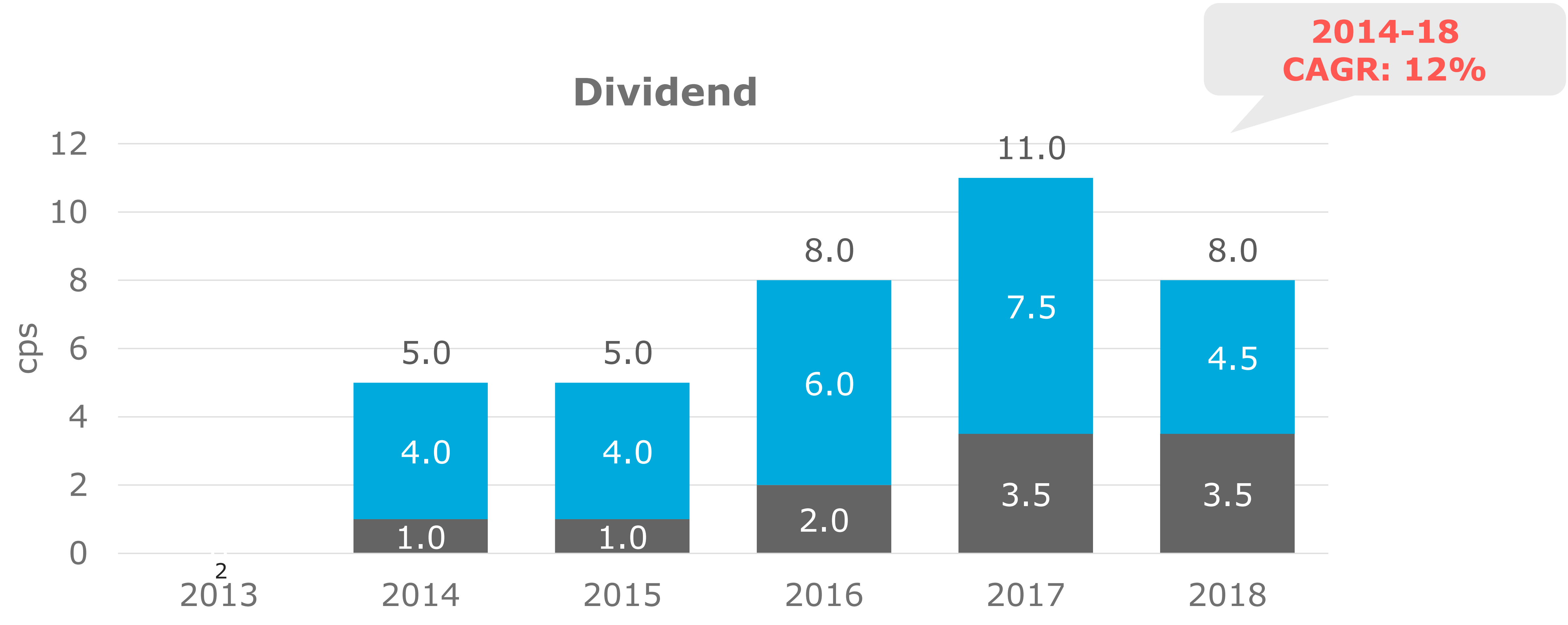
Our vision: To be Australia's leading digital partner, powering the growth of businesses, big and small.

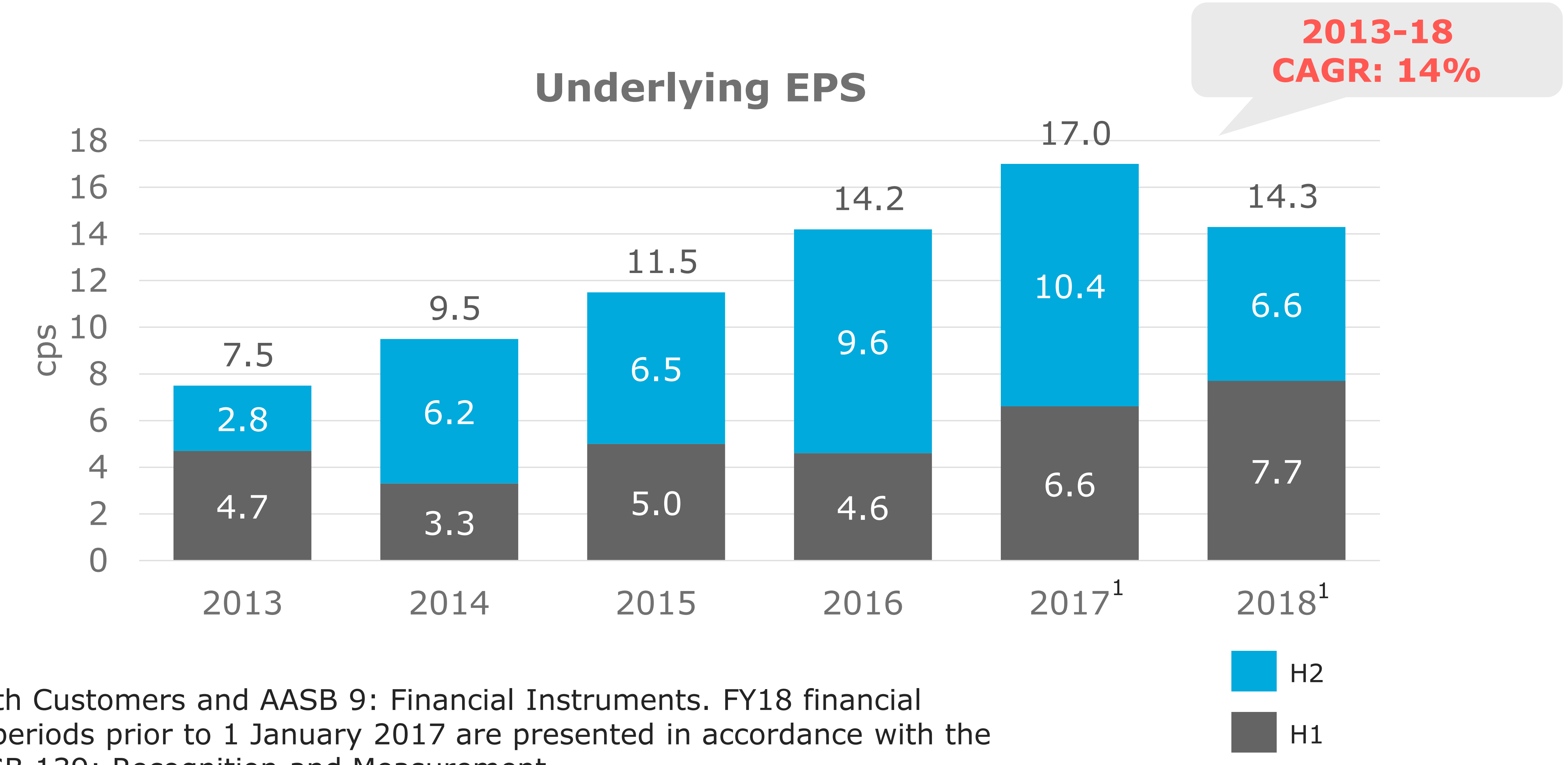


Track record: history of growth









1. On 1 January 2018, the Group adopted two new accounting standards, AASB 15: Revenue from Contracts with Customers and AASB 9: Financial Instruments. FY18 financial information (and FY17 prior year comparative) have been presented on this basis. Financial information for periods prior to 1 January 2017 are presented in accordance with the previous accounting standards, AASB 118: Revenue, AASB 132: Financial Instruments: Presentation and AASB 139: Recognition and Measurement.
2. A one-off special dividend of 25.0 cents per share was paid in 2013 following the divestment of the Group's DBS business unit. No other dividend was paid to shareholders in that year

FY18: a transformational year

Transformational year sets up a return to growth in 2019

- Development and launch of **new brand** and company identity
- Moved into **new offices** in Melbourne and Sydney
- Secured a **new debt facility** for the Group
- **New Chair** appointed, Mr Andrew Reitzer commenced on 1 August 2018
- Another **strong year for the Enterprise business unit** with **growth to continue** in 2019
- **Improvement in operating cash conversion** following working capital optimisation project
- Challenging year for SMB but **progress made on restoring growth** in Solutions
- Declining **non-core operations** of SMB **split out for sale**
- The continuing operations of **SMB expected to return to growth** in 2019

Enterprise: operational highlights

- **Key 2019 customer wins** including ABC, First State Super, Isentia, ME Bank, Prospa, SITA, Visy and Jetstar
- 82% of Enterprise customer base in **long term customer partnerships** including;
  - 80% of Australia's Top 10 Most Valuable Brands*
  - 45% of the ASX Top 20 (by market cap)
- >70% of new projects have a direct **innovation** component utilising new technologies or Ways of Working
- 82%** user satisfaction score (up by 7% YoY) as a result of our **Human Centred Design** approach
- **Deep Technical Expertise** Achieved AWS Mobile competency, first and only Australian MSP Provider to achieve this competency extending on our existing competencies of eCommerce, Solution provider, Public Sector Channel Partner, Channel Partner and MSP Partner
- **Quality Solutions** - ISO 9001:2015 and ISO27001:2013. IRAP and PCI Solutions
- Recruited approximately **60 billable staff YTD**

*Brand Finance 'Australia 100 2019 – The annual report on the most valuable and strongest Australian brands'. January 2019
** Usability scoring for Arq Enterprise Mobile engagements

Enterprise: customers won in 2019 (YTD)

ABC Australian Broadcasting Corporation

first state super

isentia

Jetstar

LAUREATE INTERNATIONAL UNIVERSITIES®

me

prospa

SITA

VISY FOR A BETTER WORLD

SMB Direct: operational highlights

- Touch point **NPS at a two year high** of >45% (March and April)
- Solutions recovery plan progressing but more to be done;
  - April 2019 first month of net **customer growth** in over 12 months and **ARPU increasing**
  - May 2019 on track to be the single highest **new solutions sales** month in over 12 months
- Bricks and Clicks, Netregistry successfully **partnered with Channel 7 and Xero** to focus on assisting small businesses take their next step in their digital journey
- Implemented **new payment gateway** in a partnership with Braintree for processing customer credit cards (migrating ~700,000 credit cards into the system)
- staff **attrition slowing markedly** (~1.2% April – annualized rate of 14%)

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Financial data

All dollar values are in Australian dollars ($ or A$) unless stated otherwise.

Future performance

This presentation contains certain forward-looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance are also forward-looking statements.

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