

Comms Group Limited (ASX: CCG)

Acquisition & Equity Capital Raising

17 December 2020

Important Notice and Disclaimer

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This investor presentation ("Presentation") has been prepared by Comms Group Limited (ACN 619 196 539), formerly Commschoice Group Limited, ("Comms Group" or "Company") and is dated 17 December 2020. This Presentation has been prepared in relation to a proposed capital raising ("Capital Raising") comprising an institutional placement of new Comms Group ordinary shares ("New Shares") to certain 'sophisticated' and 'professional' investors (as defined in the *Corporations Act 2001* (Cth)) ("Corporations Act") ("Placement").

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This Presentation contains summary information about the current activities of Comms Group and its subsidiaries and the acquisition described in the Presentation as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Comms Group's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

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This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Comms Group, the outcome and effects of the Capital Raising and the use of proceeds, including the impact of the acquisition described in the Presentation. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Comms Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the risks section of this Presentation for a summary of certain general and Comms Group specific risk factors that may affect Comms Group.

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A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

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An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Comms Group including possible loss of income and principal invested. Comms Group does not guarantee any particular rate of return or the performance of Comms Group, nor does it guarantee the repayment of capital from Comms Group or any particular tax treatment. In considering an investment in Comms Group shares, investors should have regard to (amongst other things) the risks outlined in this Presentation.

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Disclaimer

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Executive Summary

- Comms Group (ASX: CCG) is a leading business Telco service provider with a broad product suite servicing SME & corporate mid-market customers and wholesale & partner customers
- Primarily operating in Australia and increasingly offshore supporting corporate mid-market customers and key partners who resell our offerings to their customers
- Well positioned to take advantage of strong growth in the corporate ICT market – Technology change, Cloud services (**UCaaS***) & high-speed networks (NBN, fibre, wireless, SD-WAN)
- Our broad customer & product set has allowed the business to achieve a:
 - Profitable business – delivered strong EBITDA in FY20 and despite Covid headwinds in 1H FY21, anticipate FY21 EBITDA to be broadly in line with FY20 following recent contract wins
 - Focused go-to-market approach with 3 key channels - SME (typically less than 100 employees), corporate mid market (typically 100 to 2,000 employees) and wholesale/partners) and a focus on delivering excellent customer service
 - Strong base to build future growth through domestic and overseas growth + wholesale partners to strengthen offering and plan to undertake strategic acquisitions
 - Unique IP with a Global POP network for our Global PBX International and Global Microsoft Teams calling offerings targeting multi country corporate mid-market customers

Capital Structure

Number of shares	191.4m
Share Price (14-Dec-20)	\$0.095
Market capitalisation	\$18.2m
Cash at bank (31-Oct-2020)	\$1.5m cash Zero debt
Enterprise Value	\$16.7m
Performance Rights on Issue - 50% vest at 12.5c & 15c per share - 50% vest at 20c & 25c per share	20.5m
Options on Issue - Exercisable at 31.25 cents (expire Dec 2020)	3.5m

Executive Summary

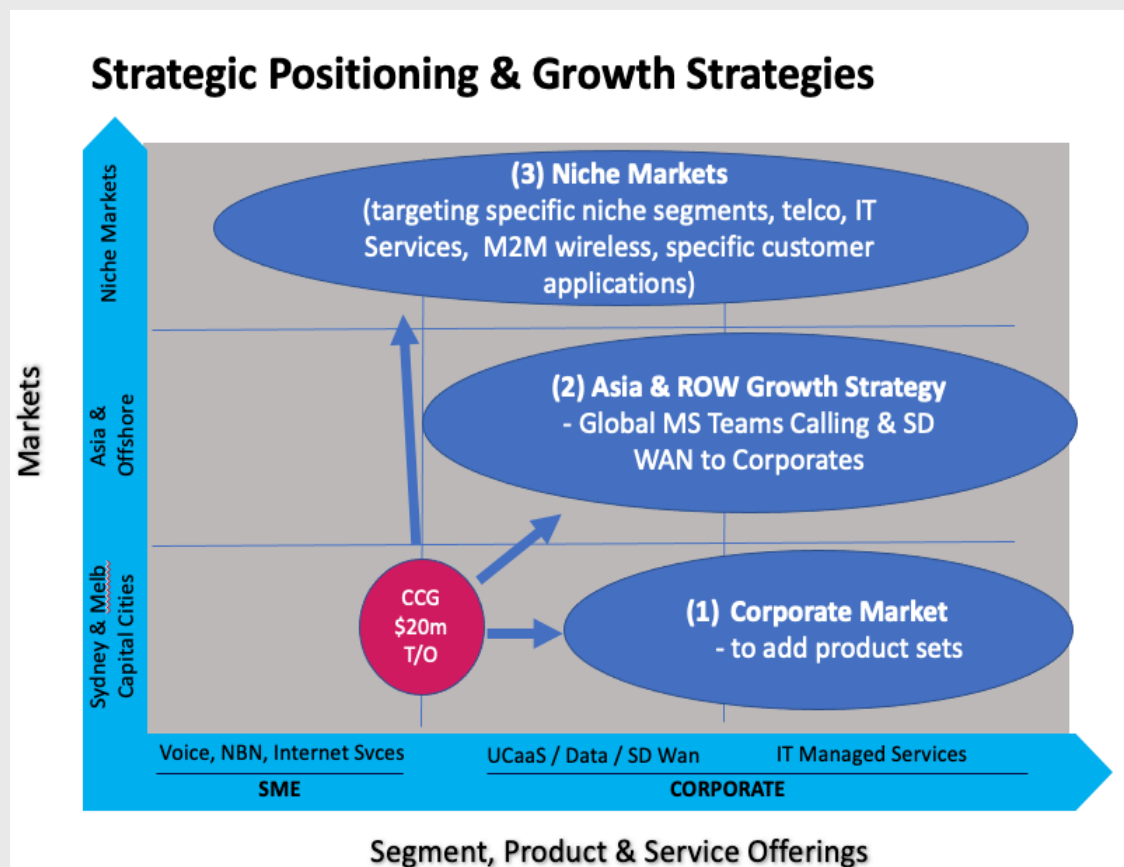
- ❑ Comms Group is raising approximately \$6.25m through a conditional placement at \$0.08 per share for the acquisition of the shares of Next Telecom Pty Ltd (**Next Telecom**) and working capital, acquisition integration and transaction costs and to strengthen the balance sheet to support additional acquisitions
- ❑ Next Telecom, established in 2008, has the following key attributes:
 - Telecommunications service provider servicing the medium sized corporate business markets in Australia with offices in Sydney;
 - Business offers national broadband network (**NBN**) products, corporate fibre, cloud IP telephony, managed IT services, security offerings and other telecommunication offerings;
 - FY21 (30 June) forecast revenue of \$15.5m and pro-forma annualised EBITDA of \$1.5m+
- ❑ The acquisition is transformational with significant increase in scale and product offerings of Comms Group
- ❑ Post acquisition, Comms Group will have revenue of circa \$33m and annualised pro-forma EBITDA of \$4m+, including synergies
- ❑ Significant opportunity to lead consolidation within the domestic market and grow a regional footprint
- ❑ Comms Group is well progressed with its M&A strategy to bring further scale, additional profit and synergies and has identified a number of domestic M&A opportunities

- 1. Market Dynamics and Comms Group Overview**
- 2. Next Telecom Overview, Acquisition Benefits & Terms and Combined Financials**
- 3. Future Growth**
- 4. Capital Raising**
- 5. Key Risks & International Offer Restrictions**

1. Market Dynamics and Comms Group Background

Market Dynamics

- C Comms Group's position and future growth strategy / target markets relative to the SME and corporate mid-market segments and the Company's product & service offering as shown opposite.
- C There is significant opportunities for growth in the corporate mid-market particularly through Unified Communications as a Service (UCaaS), IT managed services, Cloud Services and Security:
 - UCaaS solutions providers have experienced strong take-up under Covid-19 with requirement for remote work. Microsoft is a leader in the UCaaS space today, particularly in the corporate and Enterprise (2,000+ employee) markets.
 - In the UCaaS space, Comms Group focuses on Microsoft Teams calling offerings with our own leading Global platform for Direct Routing telephony integration into Teams, launched in mid 2018.
 - Teams is one of the fastest growing collaboration apps in the industry.
 - Microsoft Teams supports everything from team and personal messaging, video conferencing and enterprise telephony.
 - Comms Group can offer enterprise telephony for Microsoft Teams - in circa 80 countries globally today.



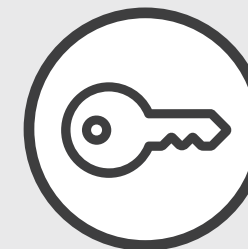
Comms Group Overview



Voice Networks



Data Network



Managed Services

Services	<ul style="list-style-type: none"> • Replace legacy ISDN & PABX lines • Advanced cloud business phone (domestic) • Global PBX International • Industry leading Global Microsoft Teams calling (Direct Routing) • Inbound 13/1300 services • SIP Trunks • Mobile voice/data plans 	<ul style="list-style-type: none"> • Multi-carrier • Fibre, NBN • NBN Enterprise Ethernet • Simplify networks • Connect to the cloud • Mobile data plans 	<ul style="list-style-type: none"> • SD WAN • Design, Deliver, Ongoing Management and Support • High availability, redundancy, greater control • Better access to Cloud services
Example Corporate and SME customers	<ul style="list-style-type: none"> • National childcare operator • Major local Govt organisations 	<ul style="list-style-type: none"> • Large charity • Regional corporate multi sites 	<ul style="list-style-type: none"> • Large not for profit organization
International	<ul style="list-style-type: none"> • Global cloud contact centre providers • Technology services Co, global offices • Multi-national corporates, global offices Asia, Americas and Europe 		
FY20 Revenue Contribution	66%	22%	12%

Our expanding global network



- CommsChoice is a leader in Microsoft Teams calling for global businesses particularly in the Asia Pacific region.
- Extensive international network with the most extensive Asia Pacific coverage.
- Recently completed expansions into China, Japan, Philippines & HK.
- The first and only provider of Microsoft Teams calling in China.
- Recently awarded Microsoft Gold Partner for Communications.



2. Next Telecom Overview, Acquisition Benefits & Terms

Next Telecom Overview

Next Telecom is a telecommunications service provider targeting the corporate mid-market in Australia

Overview

- ❏ Founded in 2008, Next Telecom is an established and multi-service award winning telecommunications service provider in Australia
- ❏ Next Telecom provides a full range of telecommunication services including:
 - ❏ Cloud hosted IP telephony: sophisticated voice and video platform with functionality of a traditional phone system with a host of additional features
 - ❏ Voice, SIP trunking, business mobile services and inbound services
 - ❏ NBN products, fibre services and international data services
 - ❏ Managed services and network security solutions
- ❏ Next Telecom is recognised by its tailored solutions and excellence in customer services

Customers

- ❏ Next Telecom has established a high-quality customer base, particularly in the Corporate mid-market sector
- ❏ Its diversified and sophisticated customer base include businesses and enterprises across retail, legal, distribution, freight, finance, hospitality or manufacturing industries
- ❏ The strength of Next Telecom product and service offering is evidenced by low churn (circa 5%) and high customer satisfaction scores

Financial information

- ❏ Next Telecom forecast to generate:
 - Revenue in FY21 of c.\$15.5m; and
 - Pro-forma annualised EBITDA of \$1.5m+

Acquisition Benefits

The Next Telecom acquisition fits Comms Group's acquisition criteria to increase scale and further strengthen its position in the corporate mid-market

Complementary customer base	<ul style="list-style-type: none">Expanding Comms Group's customer base, particularly in the corporate mid-market sector (100 seats +) across retail, legal, distribution, freight, finance, hospitality or manufacturing industries
Products / technology fit	<ul style="list-style-type: none">Product / technology fit across Voice, Data and Managed ServicesStrong and award recognised service levels
People	<ul style="list-style-type: none">High quality people with significant industry experience including key sales and operations executives staying on board to run Next TelecomRyan O'Hare, Executive Chairman and CEO of Next Telecom to join Comms Group's Board of DirectorsSignificant portion of acquisition consideration issued to Next Telecom vendors in Comms Group scrip
Financial benefits	<ul style="list-style-type: none">Purchase price at accretive EBITDA multiple for Comms GroupAbility to realise synergies including expected cost reductions and cross-selling of other services from FY22 – estimated at \$0.4m+

Acquisition Terms

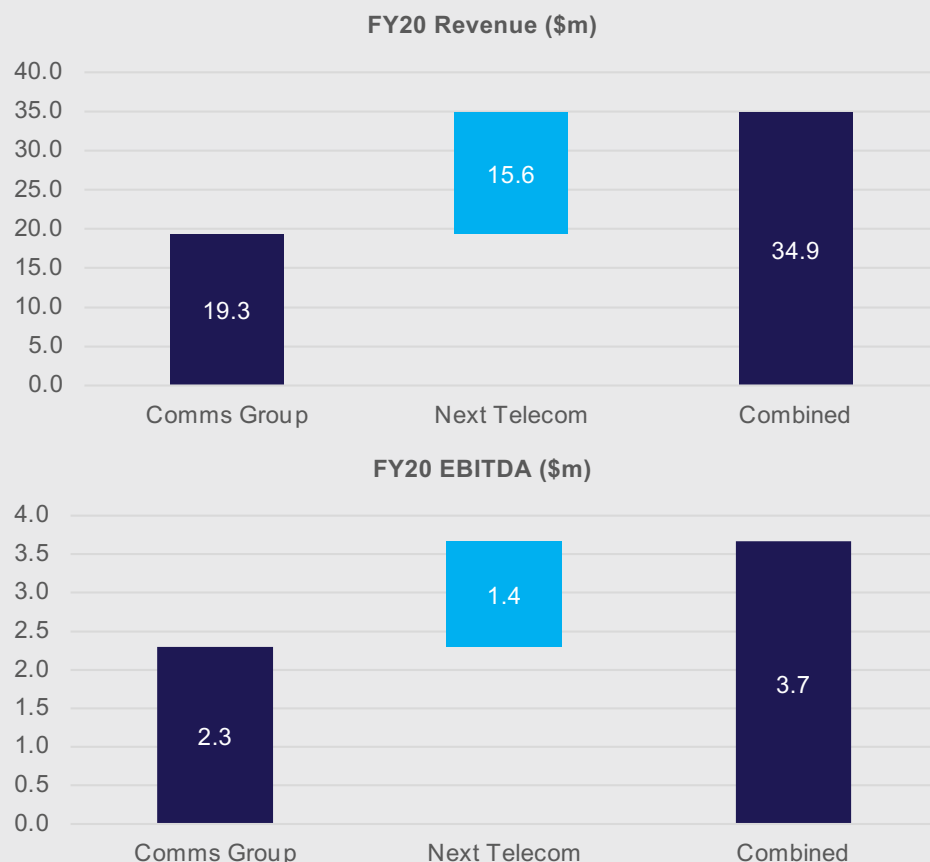
Next Telecom represents a highly compelling strategic acquisition of a complementary competitor in the corporate mid-market telco space in Australia, adding scale to Comms Group's existing business

Acquisition terms

- ❶ Comms Group has reached an agreement to acquire Next Telecom Pty Ltd
- ❷ Total purchase price for the shares in Next Telecom of up to a maximum of \$12m comprising:
 - Upfront consideration of \$8.67m comprising:
 - Cash consideration of \$2.0m subject to adjustment for working capital and net debt
 - \$6.67m in CCG scrip issued at 30 day VWAP \$0.094 per share, subject to shareholder approval and escrowed for 12-18 months from the date of issue
 - Effective EBITDA multiple of less than 5x
 - Performance / earn out payment of up to \$3.33m in CCG scrip issued at \$0.10 per share (with the same escrow arrangements as upfront consideration) based on any additional pro-forma EBITDA over \$1.445m in FY21
- ❸ To include standard warranties and net debt and working capital adjustments on completion

Combined Financials

C Represents a transformational acquisition with significant increase in scale of Comms Group



Summary P&L	Comms Group	Next Telecom	Combined
30 June YE (\$m)	FY20A	FY20A	FY20A
Total Revenue	19.3	15.6	34.9
Gross Profit	9.2	5.1	14.4
GP Margin	47.7%	33.0%	41.1%
Underlying EBITDA*	2.3	1.4	3.7
Underlying EBITDA Margin	11.9%	8.8%	10.5%

**Underlying EBITDA excludes net interest (including interest on rent now accounted for under AASB 16), tax, depreciation and amortization (including amortisation on rent now accounted for under AASB 16), restructuring costs and non-cash LTIP but includes actual rental paid*

C Post acquisition, Comms Group will have revenue of circa \$33m and annualised pro-forma EBITDA of \$4m+, including synergies

3. Future Growth

4 Pillar Growth Strategy

Comms Group has a longer-term roadmap to grow to scale through the following 4 growth pillars:

Domestic Growth

- SME
- Corporate
- Niche markets

Cloud business phone,
MS Teams calling,
SD-WAN offerings,
fibre & NBN access
services

Wholesale Partners

- Contact centre
- IT Providers
- Global & Regional Telcos

SIP services, CTS and
cloud business phone
& MS Teams calling.
Contact centre
enablement

Overseas Growth

- Corporate MNC
- Asia Pacific focus

Global PBX, MS Teams
calling & SD-WAN
offerings to multi-site
global customers

Strategic Acquisitions

- SME
- Corporate

SME and/or
Corporate service
providers,
data & Managed
IT competencies

4. Capital Raising

Equity Raising Overview

Offer Structure & Size	<ul style="list-style-type: none">Placement to raise \$6.25m comprising:<ul style="list-style-type: none">\$3.7m from the issue of 46.7m new Comms Group shares (New Shares) under Comms Group's existing placement capacity pursuant to ASX Listing Rule 7.1 and 7.1A; and\$2.5m through the issue of 31.4m New Shares subject to shareholder approval.
Offer Pricing	<ul style="list-style-type: none">Offer price of \$0.08 per New Share represents a;<ul style="list-style-type: none">15.8% discount to the last closing price of \$0.095;14.2% discount to the 5 day VWAP of \$0.093; and14.5% discount to the 1 month VWAP of \$0.094
Ranking	<ul style="list-style-type: none">Pari passu with existing fully paid ordinary shares on issue
Use of Proceeds	<ul style="list-style-type: none">Proceeds from the Equity Raising will be applied as follows:<ul style="list-style-type: none">Cash consideration for Next Telecom acquisition: \$2.0mWorking capital / acquisition integration and transaction costs: \$1.7mStrengthen the balance sheet to support Additional funding to support future acquisitions - \$2.6m
Corporate Advisor & Lead Manager	<ul style="list-style-type: none">Henslow Pty Ltd (Henslow)

Capital Structure – Post Transaction

Capital Structure – Post Transaction

Current number of shares on issue	191.4m
Total placement shares	78.1m
Upfront scrip consideration shares*	71.0m
Total shares on issue post placement and acquisition	340.5m
Shareholders – Post Transaction	%
<i>Existing shareholders</i>	56.2%
<i>Placement investors</i>	22.9%
Next Telecom vendors	
<i>Ryan O'Hare and associated entities</i>	12.4%
<i>Mark Manion</i>	4.6%
<i>Gavin Roache</i>	2.8%
<i>Other Next Telecom vendors</i>	1.1%

***Note:** issued at 30 day VWAP calculated at \$0.094 per share from the 30 trading days from 3 November 2020 to 14 December 2020.

Equity Raising Timetable

Event	Time / Date (AEDT)
Transaction announced and Comms Group resumes trading on ASX	17 December 2020
Settlement of Tranche 1 Placement shares	22 December 2020
Quotation of Tranche 1 Placement shares	23 December 2020
Release notice of Extraordinary General Meeting (EGM) and proxy	On or around 24 December 2020
EGM	On or around 22 January 2021
Next Telecom acquisition completion, including issue of Next Telecom upfront consideration shares to vendors	On or around 29 January 2021
Settlement of Tranche 2 Placement shares	On or around 29 January 2021
Quotation of Tranche 2 Placement shares	On or around 1 February 2021

Sources and Uses

Sources	Amount (\$m)
Capital Raising	6.25
Total sources	6.25

Uses	Amount (\$m)
Next Telecom Acquisition – cash consideration	2.0
Working capital / acquisition integration and transaction costs	1.7
Strengthen the balance sheet to support additional acquisitions	2.55
Total uses	6.25

5. Key Risks & International Offer Restrictions

Key Risks

RISK FACTORS

There are a number of factors, both specific to Comms Group and of a general nature, which may affect the future operating and financial performance of Comms Group, its products and services, the industry in which it operates and the outcome of an investment in Comms Group. There can be no guarantee that Comms Group will achieve its stated objectives or that forward looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in Comms Group. Each risk set out below could, if it eventuates, have a materially adverse impact on Comms Group's operating performance, financial performance, financial position, liquidity and the value of its shares.

Before deciding to invest in Comms Group, potential investors should read this entire Presentation and the risk factors that could affect the financial performance of Comms Group. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. You should also consider publicly available information about Comms Group, including information available on the ASX, before making an investment decision.

SPECIFIC RISK FACTORS

The directors of Comms Group ("Directors") believe that there are a number of specific factors that should be taken into account before investors decide whether or not to apply for New Shares. Each of these factors could have a materially adverse impact on Comms Group, its growth plans, operating and product strategies and its financial performance and position. These include the following:

Covid-19 overall impact

The ongoing Covid-19 pandemic has had a significant impact on the global and Australian economy and the ability of businesses, individuals and governments to operate. Emergency powers and restrictions have been enacted on an international, Federal and State level in Australia which, amongst other things, has restricted travel and the ability of individuals to leave their homes and travel to places of work.

Given the high degree of uncertainty surrounding the extent and duration of Covid-19, it is not currently possible to assess the full impact of Covid-19 on Comms Group's business. A number of aspects of Comms Group's business may be directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with Covid-19, including disruption to Comms Group's supply chain and workforce.

There is a risk that if the duration of events surrounding Covid-19 are protracted, Comms Group may need to take additional measures in order to respond appropriately. There are also other changes in the domestic and global macroeconomic environment associated with the events relating to Covid-19 that are beyond the control of Comms Group and may be exacerbated in an economic recession or downturn. These include but are not limited to: (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic conditions which may affect the revenue or costs of Comms Group.

Key Risks

Competition risk

Comms Group operates in a competitive market. A loss of customers may negatively impact earnings. Additionally, the risk from increased competition may negatively impact on sales and profitability. The actions of an existing competitor or of new competitors may make it difficult for Comms Group to grow or maintain its business, which in turn may have a material adverse effect on its profitability.

There is a risk that new entrants in the market may disrupt Comms Group's business and existing market share. Existing competitors and new competitors may engage in aggressive customer acquisition campaigns. Such competitive pressures may materially erode Comms Group's market share and revenue, and may materially adversely impact Comms Group's revenue and profitability.

Information technology risk

Comms Group will rely heavily on information technology systems to ensure the efficient and effective operation of its business. These information technology systems could be damaged or cease to function properly due to any number of causes, such as catastrophic events, power outages, security breaches, computer viruses or cyber-based attacks and malicious or deliberate hacking could cause major disruption to Comms Group's business and could adversely affect its operating and financial performance. While there are contingency plans in place to prevent or mitigate the impact of these events, if they were to occur and Comms Group's disaster recovery plans do not effectively address the issues on a timely basis, Comms Group could suffer interruptions in its ability to manage its operations, which may adversely affect its business and financial results.

Further, as with all technology based products, there is a risk that Comms Group's technology and platform could be superseded by new technologies that have various advantages over Comms Group's offerings.

Intellectual property and patent risk

The ability of Comms Group to maintain protection of its proprietary intellectual property and operate without infringing the proprietary intellectual property rights of third parties is an integral part of Comms Group's business. There can be no assurances that the validity, ownership or authorised use of intellectual property (both owned and licensed) relevant to Comms Group's business cannot or will not be challenged.

Maintenance of reputation

Comms Group's success is reliant on the maintenance of its reputation and any brand names. Any factors that damage the reputation of Comms Group may potentially result in a failure to win new customers and impinge on the ability to maintain relationships with existing customers, as well as affect its ability to attract key employees. If any of these occur, this could materially adversely affect Comms Group's business, operating and financial performance.

Asset impairment risk

Changes to the carrying amounts of Comms Group's assets could have an adverse impact on the reported financial performance of Comms Group in the period that any impairment provision is recorded and could increase volatility of reported earnings in cases where there is further impairment or a reversal of impairment provisions that were recorded in previous periods.

Key Risks

Dividends

There is no guarantee as to future earnings of Comms Group or that Comms Group will be profitable at any time in the future, and there is no guarantee that Comms Group will be in a financial position to pay dividends at any time in the future.

Next Telecom Pty Ltd acquisition – Due diligence

Comms Group has undertaken a due diligence review in respect of the Next Telecom Pty Ltd acquisition. Despite taking reasonable efforts, Comms Group may not have been able to verify the accuracy, reliability or completeness of all the information provided against independent data. There is a risk that information disclosed to Comms Group was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to the Next Telecom business. There is also a risk that the due diligence conducted has not identified issues that would have been material to the decision to enter into the acquisition agreement. A material adverse issue that has not been identified in the due diligence process could have an adverse impact on the financial performance or operations of Comms Group.

Next Telecom Pty Ltd acquisition – Synergies

An important factor to the success of the Next Telecom Pty Ltd acquisition will substantially depend on the extent to which Comms Group is able to realise costs synergies. There is a risk that unforeseen issues or difficulties may arise that may result in integration benefits and/or synergies for Comms Group being delayed, or being achieved only in part, or not at all. Areas of particular risk include:

- difficulties or unexpected costs in reducing corporate and administration costs and rationalising duplicated operating infrastructure and corporate support services;
- difficulties or unexpected costs relating to integration of management and technology systems;
- unexpected losses of key personnel during or following integration and possible reduction in employee morale caused by uncertainty arising from the acquisition;
- higher than expected levels of client attrition arising as a result of the acquisition, and anticipated benefits of the acquisition, not occurring to the extent anticipated; and
- the extent to which cost savings are offset by any incremental compliance or operating costs that arise as a result of Comms Group being listed on ASX and subject to requirements of continuous and periodic disclosure that are not currently relevant to Next Telecom Pty Ltd.

In addition, the process of realising costs synergies from the Next Telecom Pty Ltd acquisition may require management of Comms Group to devote significant time to this task, which may decrease the time they have to manage Comms Group's businesses and to focus on generating additional revenue.

Key Risks

GENERAL RISK FACTORS

Share market

On completion of the Placement, the New Shares may trade on ASX at higher or lower prices than the issue price. Investors who decide to sell their New Shares after the Placement may not receive the amount of their original investment. The price at which the New Shares trade on ASX may be affected by the financial performance of Comms Group and by external factors over which the Directors and Comms Group have no control.

These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

Investors should consider the historical volatility of Australian and overseas share markets.

The Directors make no forecast in regard to the strength of the equity and share markets in Australia and throughout the world.

Dependence on general economic conditions

The operating and financial performance of Comms Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets and government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions could be expected to have a materially adverse impact on Comms Group's business or financial condition. Changes to laws and regulations or accounting standards which apply to Comms Group from time to time could adversely impact Comms Group's earnings and financial performance. The Directors make no forecast in regard to the future demand for Comms Group's products and services.

Tax risk

Changes to the rate of taxes imposed on Comms Group (including in overseas jurisdictions in which Comms Group operates now or in the future) or tax legislation generally may affect Comms Group and its shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Comms Group's interpretation may lead to an increase in Comms Group's tax liabilities and a reduction in shareholder returns. In addition, any change in tax rules could have an adverse impact on the level of dividend imputation and franking. Personal tax liabilities are the responsibility of each individual investor. Comms Group is not responsible either for tax or tax penalties incurred by investors.

Litigation risk

Comms Group may in the ordinary course of business become involved in litigation, claims and disputes (for example, with suppliers or customers). Any litigation, claim or dispute could be costly and damaging to Comms Group's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.

Key Risks

Legislative and regulatory changes

Legislative or regulatory changes in jurisdictions in which Comms Group operates, including property or environmental regulations or regulatory changes in relation to products or services sold by Comms Group, could have an adverse impact on Comms Group.

Funding risk

There is no guarantee that the monies raised under the Placement will be adequate or sufficient to meet the ongoing funding requirements of Comms Group under its current business plan, notwithstanding that the Directors presently expect this to be the case. If Comms Group requires access to further funding at any stage in the future, there can be no assurance that additional funds will be available either at all or on terms and conditions which are commercially acceptable to Comms Group. If Comms Group is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.

Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Comms Group or by investors in Comms Group. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Comms Group and the value of the securities offered under the Placement. Therefore, the shares to be issued pursuant to the Placement carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Potential investors should consider that an investment in Comms Group is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to the Placement.

International Offer Restrictions

International Offer Restrictions

This document does not constitute an offer of New Shares of Comms Group in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold in the Placement, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Offer Restrictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Comms Group's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.