

ASX: CCG

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Comms Group Announces Strong Revenue and EBITDA Growth for 1st half FY22

Comms Group Limited (ASX:CCG) ("Comms Group") has today released its financial results for the half year ended 31 December 2021 (**1H FY22**).

KEY HIGHLIGHTS

- Total revenue of \$17.3m for the half which is up over 90% on pcp¹.
- Underlying EBITDA² for the half was \$1.95m, up 63% on pcp.
- Continued strong gross margin of 46% across the business with improved core gross margin in the Comms Group business.
- The business of Melbourne based telco Switched On was acquired in the period and we also announced the acquisition of onPlatinum in February 2022.
- For the full year FY22, Comms Group guidance for underlying EBITDA has been upgraded from the previous guidance of \$4.5m to \$5m to new guidance of \$5m to \$5.5m which includes 5 months trading from onPlatinum.
- Following the acquisition of onPlatinum, Comms Group annualised³ revenue is expected to be over \$50m and annualised underlying EBITDA of \$7m+.

RESULTS SUMMARY

A\$M	1H FY22	1H FY21
Operating Revenue	17.3	9.1
Gross Profit	8.0	4.5
Gross Margin	46%	50%
Underlying EBITDA ¹	1.95	1.2
EBITDA	1.0	0.8
NPAT	-0.06	0.2

Commenting on the 1st Half FY22 results, CEO and Managing Director Mr Peter McGrath said

"We are pleased to see the increase in the revenue and underlying profitability of the business in the 1st half FY22. We are delighted with the performance shown by the recently

¹ **pcp** refers to previous corresponding period

² **Underlying EBITDA** excludes net interest, tax, non-cash share LTIP costs, depreciation, amortisation and business, integration & restructuring costs.

³ **Annualised** figures are based on full year contributions from all businesses acquired over the past 14 months and include expected synergies from the onPlatinum integration.

acquired businesses including Next Telecom, Binary and Switched On which are now part of Comms Group and we welcome the new customers and staff from these businesses to the group.”

“We are particularly pleased to see the acquisition of onPlatinum come to fruition in early February 2022 which will increase the capability and reach of the group even further and result in overall annualised revenue being over \$50m. We also welcome all onPlatinum customers and the dedicated staff at onPlatinum to the group.”

KEY BUSINESS HIGHLIGHTS

Financial

- Total operating revenue for 1H FY22 was \$17.3m made up of \$5.1m from the Global (Wholesale & Enterprise) group and \$12.2m from the SME group. Operating revenue was bolstered by the inclusion of Next Telecom and Binary Networks revenue for the full 6 months and 4 months of revenue from Switched On.
- Continued focus on supply cost management saw improvements in gross profit for the core Comms Group business. Overall gross margins came in at 46% with the inclusion of Next Telecom, Binary Networks and Switched On.
- Opex increased to \$6.1m in the 1st half FY22, an increase of \$2.8m on the previous corresponding period figure of \$3.3m. Opex increased as a result of the addition of acquired businesses (\$2.1m) and also through the addition of further business development and operations staff, some corporate cost increases and IT systems cost increases.
- The Company had cash at bank of \$2.2m at 31 December 2021 and nil debt.
- Subsequent to year end and in order to fund the acquisition of onPlatinum, Comms Group received an inaugural Term Loan facility in February 2022 of \$10m from CBA along with an increase to existing working capital facilities (overdraft & credit and procurement card facilities). The facility is currently drawn to \$8.1m.

Customers & Sales

- A strong level of new sales closed in the 1st half across both SME and Global (Enterprise & Wholesale) divisions. Total of \$235k new sales MRR closed in the half.
- Further wins with Global MNCs in the 1st half. Also some good wins in the wholesale area inc. Vodafone Fiji announced Sept 21
- Good pipeline of opportunities in both SME & Global. Strong Global prospect pipeline with offshore deals via strategic partners.

OUTLOOK

- Comms Group expects FY22 revenue to be in the range of \$40m to \$43m.
- Underlying EBITDA is expected to be in the range \$5m to \$5.5m which includes 5 mths trading from onPlatinum.
- Comms Group, including onPlatinum is expected to have annualised² revenue of \$50m+ and annualised² underlying EBITDA of \$7m+, with synergies.

RESULTS BRIEFING

Comms Group CEO Peter McGrath, and CFO Matthew Beale will host a webinar to discuss the half year results on Thursday, 24 February at 11:00am (AEDT). Please note that the webinar will be recorded, and a copy will be made available on Comms Group's website shortly after it is completed.

Webinar link: https://us02web.zoom.us/webinar/register/WN_1Xvm3ASrQtCuPHP4ljA81w

Investors can submit questions prior to the webinar to maude@nwrcommunications.com.au or via the Q&A function on Zoom, during the webinar.

Authorised for release by the Board of Comms Group Limited.

ENDS

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ABOUT COMMS GROUP

Comms Group provides a full range of IT and Communications services from the Cloud including IT managed services, cloud hosting, cloud communications and UcaaS services.

The company is delivering on its three key strategic growth pillars of International (16 points of presence globally covering 100+ countries); Domestic - through the **Next Telecom** and **onPlatinum** brands; and Wholesale and Partner services.

Domestic SME/Corporate Services (branded Next Telecom and onPlatinum) – domestically: the group delivers a vast array of comms services for businesses including, data services (Fibre, NBN), IP voice, inbound/toll-free, wrapped into an award-winning state-of-the-art service layer as well as an extensive range of ICT services including managed IT services, cloud and security services.

International Services (branded Comms Group): the group uses its cloud based global business phone platform and its global Microsoft Teams Direct Routing telephony calling platform covering 100+ countries, for corporate customers in multiple regions, delivered on one invoice.

Wholesale and Partner Services (branded Comms Group) – both domestic & international: offering all our retail technologies and key wholesale services and leveraging our international network to key wholesale and partner customers.