

ASX ANNOUNCEMENT

ASX Release 3 May 2022

TRADING UPDATE AND FINANCIAL GUIDANCE UPDATE

Comms Group Limited (ASX:CCG) (“Comms Group”) provides an update on trading conditions and financial guidance for the 12 months to 30 June 2022 as well as financial guidance for FY23.

Trading update

In line with previous guidance, Comms Group’s revenue for FY22 is expected to be between \$40m to \$43m. However, delays in expected revenues associated with the Vodafone global contract and reduced spend on domestic telephony services by a key wholesale client in the Global Business Unit have impacted the Company’s previous underlying EBITDA guidance range of \$5m to \$5.5m.

Underlying EBITDA for FY22 is now expected to be between \$4.4m to \$4.8m before start-up costs associated with the Vodafone global contract win. These start-up costs, which include mobilisation costs, staffing, and contract establishment related costs are estimated to be between \$0.5m to \$0.7m for the financial year ending 30 June 2022.

Comms Group’s CEO and Managing Director Peter McGrath said: “Despite the unpredicted delays in the commencement of our agreement with Vodafone, the quarter ending 31 March 2022 saw significant new organic sales with solid performance across the group, resulting in total new sales contracts signed of approximately \$138,000 in monthly recurring revenue (MRR). Of this, \$38,000 MRR in new sales contracts was attributable to OnPlatinum with the remainder coming from the SME and Global Business Units in the quarter.

“The business continues to see strong sales prospects across the group with a particularly strong sales pipeline emerging in the Global Business Unit. With the end of COVID lockdowns, senior Comms Group executives have been able to conduct face-to-face meetings with global prospects in both Europe and Asia, resulting in strong levels of interest from new customers for our Global services.

“In May, our Global leadership team including the newly appointed CEO of the Global Business Unit Mr Zac Crofts, will also be attending key meetings with prospective customers in the USA which we expect will generate new opportunities and further strengthen our pipeline.

Despite having to sacrifice alternate opportunities in the short term, we believe the investment in resources, time and people currently being undertaken to support the Vodafone agreement will generate stronger growth for the business over the medium to long-term commencing with FY23.

In relation to earnings guidance for FY23, Comms Group expects to achieve at least \$50m in revenue and underlying EBITDA in excess of \$6m with the potential for new material contracts currently being worked on to add incremental EBITDA in the year” said Mr McGrath.

ENDS

Authorised for release by the Board of Comms Group Limited.

Peter McGrath
CEO and Managing Director
investors@commsgroup.limited

Maude Lacasse
Investor Relations
maude@nwrcommunications.com.au

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 Global): 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 Global) – both domestic & international: offering all our retail technologies and key wholesale services and leveraging our international network to key wholesale and partner customers.