

ASX: CCG

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**Comms Group Announces Revenue and
Underlying EBITDA Increase for 1st half FY23**

Comms Group Limited (ASX:CCG) (“Comms Group”) has today released its financial results for the half year ended 31 December 2022 (**1H FY23**).

KEY HIGHLIGHTS

- Total revenue of \$26.0m for the half an increase of over 50% on the previous corresponding period.
- Underlying EBITDA¹ for the half of \$2.3m an increase of 16% on the previous corresponding period.
- An increase in the Group gross margin to 47% including improved core gross margin in the Comms Group business.
- Includes earnings from the acquisition of onPlatinum for the full period that was completed in February 2022.
- For the full year FY23, Comms Group guidance for group revenues at over \$50m and underlying EBITDA of \$5M+ expected.
- Underlying EBITDA has been impacted by additional short term business development investment to support Global growth initiatives with benefits expected to flow from FY24 onwards.

RESULTS SUMMARY

| A\$M | 1H FY23 | 1H FY22 |
|--------------------------------|----------------|----------------|
| Operating Revenue | 26.0 | 17.3 |
| Gross Profit | 12.2 | 8.0 |
| <i>Gross Margin</i> | 47% | 46% |
| Underlying EBITDA ¹ | 2.3 | 1.9 |
| EBITDA | 3.5 | 1.0 |
| NPAT | 0.8 | -0.06 |

Commenting on the 1st Half FY23 results, CEO and Managing Director Mr Peter McGrath said “We are pleased to see the increase in the revenue and underlying profitability of the

¹ **Underlying** EBITDA is presented to provide an understanding of the underlying performance of the Group’s operations. It reflects the results generated from ongoing operating activities that excludes non-operating adjustments considered to be non-cash or non-recurring in nature. These exclusions include net interest, tax, non-cash share LTIP costs, depreciation, amortisation and acquisition, integration & restructuring costs.

business in the 1st half FY23. The business has also spent significant time and effort on extracting synergies from our recent acquisitions as well as aligning the go-to-market and product offerings of our domestic SME Telco Next Telecom and our domestic ICT business onPlatinum. Our Global business worked closely with our key partner customer Vodafone on some new initiatives and automation of systems as well as expanding our footprint internationally and the relationship with further key customers”.

KEY BUSINESS HIGHLIGHTS

Financial

- Total operating revenue for 1H FY23 was \$26.0m and included \$5.6m from the Global business, \$12.2m from the SME Telecommunications business and \$8.2m from the ICT Services business.
- Continued focus on supply cost management and synergy extraction saw an improvement in both the Group gross margin to 47% and improvement in margin of the core Comms Group business.
- Operating expenditure increased to \$9.9m for the 1st half FY23, an increase of \$3.9m on the previous corresponding period the majority of which was accounted for by the inclusion of the onPlatinum business. Some increases have been incurred for the addition of further business development and operations staff, some corporate cost increases and IT system cost increases.
- The Company had cash at bank of \$1.8m at 31 December 2022 and \$9.1m of term loan debt (after the repayment of \$0.3m).

Customers, Sales and Growth Initiatives

- A strong level of new sales were closed in the 1st half across the SME, ICT and Global businesses. Total of \$4.5M new ARR closed in the half.
- We continue to see good customer demand across the business with a solid pipeline of opportunities in all three business units.
- Significant work undertaken on extracting synergies from our recent acquisitions with further synergy extraction commencing in CY23 for the onPlatinum acquisition.
- We have also focused on aligning a segment of the go-to-market and product offerings of our domestic SME Telco Next Telecom and our domestic ICT business onPlatinum. The businesses will work together to increase the cross-sell of IT services and product bundles into our telco customer bases whilst still maintaining the integrity of the businesses and key customer relationships.
- On the Global front, we have been working closely with our key customer Vodafone on some new offerings and automation of platforms and systems.
- Separately, we have spent significant time and resources on expanding our capabilities and footprint in the Asia Pacific region.
- These initiatives have added some additional costs to the business in the short-term but we expect to see the benefits from these initiatives moving forward. In particular, we would expect to see increasing revenues emerging from our Vodafone relationship in CY23.
- Our footprint and licence expansion in Asia is also opening up opportunities with other wholesale customers.

OUTLOOK

- FY23 Group revenue expected to be \$50m+.
- Underlying EBITDA expected to be \$5m+ which includes a full 12 months of trading from all recently acquired businesses.

RESULTS BRIEFING

Comms Group CEO Peter McGrath, and CFO Matthew Beale will host a webinar to discuss the half year results on Wednesday 22nd February at 11:30am (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: <http://bit.ly/3RcdsA3>

Investors are invited to submit questions prior to the webinar to investors@commsgroup.limited or do so via the Q&A function on Zoom.

Authorised for release by the Board of Comms Group Limited.

ENDS

FOR MORE INFORMATION

Peter McGrath
Chief Executive Officer
investors@commsgroup.limited

Matthew Beale
Chief Financial Officer
matthew.beale@commschoice.com

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; Domestic - through the **Next Telecom** and **onPlatinum** brands; and Wholesale and Partner services via **Comms Group Global**.

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.

Global Services (branded Comms Group Global): Comms Group Global uses its cloud based global business phone platform and its global Microsoft Teams telephony calling platform to provide fully managed key UCaaS and CPaaS services for customers in multiple regions internationally. We cover 65 countries for full PSTN replacement and another 30+ countries via on premises solutions/carrier partners.

We also offer key wholesale services and leverage our international network to deliver services to key wholesale and partner customers globally.
