

ASX RELEASE

23 August 2023

**COMMS GROUP REPORTS CONTINUED REVENUE AND
UNDERLYING EBITDA GROWTH IN LINE WITH MARKET GUIDANCE**

Comms Group Limited (ASX:CCG) (“Comms Group”) released its financial results for the financial year ended 30 June 2023 (FY23).

KEY HIGHLIGHTS

- Total group operating revenue \$51.9m, up 27% on FY22.
- Full year underlying EBITDA¹ of \$4.8m, up 17% on FY22. Results include a full year of operations from Switched On and onPlatinum, both acquired in FY22.
- Group Gross Margin stable at 47%.
- Run-rate (annualised) revenue now in excess of \$51m.
- FY24 revenue is anticipated to be in the range of \$53m to \$55m.
- FY24 underlying EBITDA is anticipated to be in the range of \$6.5m to \$7m.

RESULTS SUMMARY

A\$M	FY23	FY22
Total Operating Revenue	51.9	41.0
Gross Profit	24.2	19.1
<i>Gross Margin</i>	47%	47%
Underlying EBITDA ¹	4.8	4.1
EBITDA	4.6	2.1
NPAT	(0.7)	(0.7)

Commenting on the FY23 results, CEO and Managing Director Mr Peter McGrath said “FY23 has seen another year of positive revenue and profit growth for Comms Group. Following some key acquisitions over the last two years, management attention in FY23 focussed on extracting synergies and reducing costs where possible, to maintain our strong gross margins and enhance profitability into FY24. A large emphasis during the year has also been on developing our Global division, continuing to expand its capabilities and global coverage, that’s now leading to meaningful revenues flowing from our contract with Vodafone Business and other new contracts.

For the Group, operating revenue increased 27% to \$51.9m and underlying EBITDA increased 17% to \$4.8m. Acquisitions completed during FY22 have now contributed a full year of operations and earnings, with results in line with our expectations.” said Mr McGrath.

¹ **Underlying EBITDA** excludes net interest, tax, non-cash share LTIP costs, depreciation, amortisation and business acquisition, integration & restructuring costs.

KEY BUSINESS HIGHLIGHTS

Financial

- Total operating revenue of \$51.9m includes SME of \$24.2m, Global of \$10.8m and ICT of \$16.9m. SME revenues have been bolstered by the inclusion of a full year of Switched On revenues. ICT revenues have increased following a full year of operations from onPlatinum since being acquired in February 2022.
- Continued focus on cost management and extracting synergies between business units resulted in total operating costs of \$19.6m.
- Underlying EBITDA grew from \$4.1m in FY22 to \$4.8m in FY23. Current annual earnings run rate are running at a significantly higher level.
- The Group had cash at bank of \$1.9m at 30 June 2023 with an undrawn overdraft facility of \$0.7m. This is after funding approximately \$1.8m in integration, restructuring and other one-off costs incurred in expanding Global operations.
- The term loan established to assist the acquisition of onPlatinum was drawn to \$8.7m at 30 June 2023. Following a \$1.3m draw-down to fund a tranche 2 payment for onPlatinum in July 2022, principal repayments of \$0.8m were then made during FY23.
- Net payments of \$1.9m have been completed to finalise the acquisition of Switched On and onPlatinum with no further amounts owing.

Customers, Sales and Geographical Reach

- In June 2023 CCG announced signing of an additional supply agreement with Vodafone Business (the business division of Vodafone Group PLC) to expand the range of services provided. This is a significant further development for the Group with meaningful recurring revenues now starting to flow from this contract, and additionally a minimum monthly commitment for the new operator connect service of circa \$30k pcm to commence in October 2023.
- New sales contracts signed in FY23 were significant and the strongest level in the Group's history. A total of \$9.6m ARR (\$0.8m MRR) of new sales contracts were closed in FY23.
- The business today has operations in NSW, Queensland and Victoria nationally and in Singapore, Philippines and the UK internationally.
- In FY23 we invested in further expansion in both the capacity and reach of both our domestic and global networks. We are currently working on increasing the reach of our global voice network into the UAE, South America and the African continent as well as adding additional carrier partners across the Asia-Pacific region.

Corporate & Strategic

- The Board is of the view that the current share market valuation does not reflect the strong profitability and market position of the SME Telco & ICT businesses or the inherent value and market position of the Global business.
- In June 2023, we announced a strategic review would commence to consider all options available to the Board, including a potential sale of one or more of Comms Group's businesses, to maximise shareholder value.
- It is expected that the results of the strategic review will be clear within the next 3 months and the market will be updated as required under continuous disclosure rules.

OUTLOOK

- Comms Group expects to see continued growth in revenue and profit in FY24.
- FY24 revenue is expected to be in the range of \$53m to \$55m.
- FY24 underlying EBITDA is expected to be in the range of \$6.5m to \$7m.

RESULTS BRIEFING

Comms Group Ltd (CCG) FY23 Full Year Results Webinar is planned for Wednesday, 23 August 2023 commencing at 11:30am (AEST). Peter McGrath, CEO and Matthew Beale, CFO will be presenting.

To register for the webinar, please follow this link:

<https://bit.ly/454qohd>

Authorised for release by the Board of Comms Group Limited.

ENDS

FOR MORE INFORMATION

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Chief Executive Officer
www.commsgroup.limited/feedback

Matthew Beale
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www.commsgroup.limited/feedback

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.

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.
