

# APPENDIX 4D

## Under ASX Listing Rule 4.2A

Current reporting period  
Prior corresponding period

1 July 2023 to 31 December 2023  
1 July 2022 to 31 December 2022

### 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Increase / Decrease	Change %	To \$'000
Revenue from ordinary activities	962	3.7%	26,963
Loss from ordinary activities after tax attributable to members	(1,040)	(136)%	(272)
Net Loss for the period attributable to members	(994)	(136)%	(265)

#### Dividend

No dividend has been declared.

#### Operating and Financial Review

On a Group basis including all ordinary operations, Underlying EBITDA for the reporting period has increased significantly from \$2.269m of the prior corresponding period to \$2.971m generated as follows.

	\$'000
Statutory profit for the period before income tax	(295)
Add: Depreciation and amortisation	1,560
Add: Finance charges	464
EBITDA	1,729
Add: Share based payments	292
Add: Business acquisition, integration and restructuring costs	449
Add: One-off costs	618
Less: Non-operating income	(117)
Underlying EBITDA	2,971

Whilst reporting a Net Loss of \$0.265m for the Group relative to a Net Profit of \$0.729m reported for the prior corresponding period, the prior corresponding period included a Gain on the write back of contingent consideration of \$2.464m. Excluding this non-operating gain a loss would have been reported for the prior corresponding period of \$1.696m that has reduced significantly in the current period to \$0.265m.

With regards to the increase in Underlying Earnings the Group has significantly benefitted from restructuring performed in April 2023 and further operating cost synergies realised since the prior corresponding period.

### 2. NET TANGIBLE ASSET PER SECURITY

Net tangible assets per ordinary share: (3.3) cents per share (2022: (3.4)).

### 3. ENTITIES OVER WHICH CONTROL HAS BEEN GAINED DURING THE PERIOD

None.

### 4. OTHER

Additional Appendix 4D disclosure requirements and further information including commentary on significant features of the operating performance, results of segments, trends in performance and other factors affecting the results for the current period are contained in the Half-Year Financial Report 2023.

The consolidated financial statements contained within the Half-Year Financial Report 2023, of which this report is based upon, have been reviewed by the company's auditors, BDO.



**Comms Group Limited**

**Interim Financial Report**

**For the half year ended 31 December 2023**

**ACN 619 196 539**

## **Directors' report**

Your directors present their report on the consolidated entity consisting of Comms Group Limited (the "Company") and the entities it controlled (collectively "Comms Group" or "Group") at the end of or during the financial half year ended 31 December 2023.

### **Directors**

The following persons were directors of the Company during the whole of the financial half year up to the date of this report, unless otherwise stated:

J A Mackay - Independent Non-Executive Chairman

P J McGrath - Executive Director, Chief Executive Officer

B J Jennings – Non-Executive Director

C E Bibby – Independent Non-Executive Director

Ryan O'Hare – Non-Executive Director

### **Principal activities**

Comms Group is a telecommunications and IT services business, providing a comprehensive range of telco and IT managed services. Comms Group services clients in Australia and internationally including New Zealand and Singapore.

Subsequent to a strategic review conducted during the period and a decision to classify the IT services or ICT business as held for sale, the principal continuing activities of Comms Group will be the provision of a full range of telecommunications services from the Cloud including cloud communications, UCaaS (unified communications) and CPaaS (communications platform as a service) services to business and wholesale customers in Australia and internationally.

For the half year ended 31 December 2023 Comms Group derived revenue from the sale of the above-mentioned IT and telecommunications services. These revenues consist of recurring charges for access to facilities and capabilities as well as consumption charges for variable usage of those facilities. Revenue was also derived from the installation and sale of hardware, equipment and consulting services to support the primary products of the business.

There were no significant changes in the nature of the activities of Comms Group during the reporting period.

### **Dividends**

The Directors have resolved not to pay an interim dividend for the period ended 31 December 2023.

### **Review of operations**

The Group generated revenue of \$26.96m during the period from all operations, an increase of \$0.96m from the prior year.

The Group generated an Underlying EBITDA of \$2.97m during the period from all operations, an increase of \$0.69m from the prior corresponding period. Excluding the ICT business the Group generated Underlying EBITDA of \$1.63m during the period compared to \$1.43m from the prior year. These increases include the benefit of synergies realised over the last 18 to 24 months, cost savings from restructuring conducted in April 2023 and continued emphasis on cost control.

The Group's cash position at 31 December 2023 was \$2.42m cash on hand. Whilst reporting statutory net cash inflow from operations of \$1.71m, excluding payments for acquisition, restructuring, integration and other one-off expenses underlying cashflows from operations was approximately \$2.77m. Significant non-operating cash payments during the period included term loan repayments of \$0.5m.

A reconciliation of underlying EBITDA from all and continuing operations to the reported profit before tax from all and continuing operations in the consolidated statement of profit or loss and comprehensive income is tabled below:

	All \$000	Continuing \$000
Revenue	26,963	17,674
Reported profit before income tax	(295)	(974)
Add: Depreciation and amortisation <sup>(1)</sup>	1,560	1,074
Add: Finance charges <sup>(1)</sup>	464	422
EBITDA	1,729	522
Add: Share based payments	292	292
Add: Business acquisition, integration and restructuring costs	449	321
Add: Legal costs, international expansion (considered one-off)	335	335
Add: Travel and other costs, international expansion (considered one-off)	116	116
Add: Property outgoings, vacated office (considered one-off)	64	64
Add: Other one-off costs	103	91
Less: Other income – non-operating	(117)	(110)
Underlying EBITDA	2,971	1,631

(1) Includes lease interest and depreciation as per AASB 16

The Underlying EBITDA from operations is a non-IFRS measure that is presented to provide an understanding of the underlying performance of the Group's operations. In the opinion of the Directors, the Group's underlying EBITDA reflects the results generated from ongoing operating activities which excludes non-operating adjustments that are considered to be non-cash or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result. The non-IFRS financial information is unaudited.

### Earnings per share

Earnings per share for the period is as follows:

	Cents per security
Earnings per share (cents)	(0.07)
Diluted earnings per share (cents)	(0.07)

### Operating segment

The Group has three operating segments under AASB 8 *Operating Segments* including Global (International, Wholesale and Enterprise), SME telecommunications and ICT services. Customers with similar and primarily telecommunication needs are allocated to either Global or SME based on their size and customers with primarily IT managed service needs are allocated to ICT (including those customers acquired as part of the onPlatinum acquisition). These customer bases are then managed by dedicated resources and each division has its own CEO, responsible for the delivery of service to all customers categorised to that division and financial performance of the division.

For internal purposes, each division has its own monthly and annual budget, against which actual results are measured and reported through to the Board of Directors.

The Group's revenues from external customers are predominantly domiciled in Australia.

### Significant changes in the state of affairs

Subsequent to a strategic review conducted during the period, a decision was made to classify the IT services or ICT business as held for sale. No other significant changes in the state of affairs occurred during the period.

**Events since the end of the interim financial period**

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, the consolidated entity's state of affairs in future financial years or the strategic review commenced in 2022.

**Insurance of officers and indemnities**

During the period, Comms Group incurred a premium of \$68,805 to insure the directors, officers and secretary of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of directors.



John Mackay  
Non-Executive Chairman

Sydney  
20 February 2024

## DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF COMMS GROUP LIMITED

As lead auditor for the review of Comms Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Comms Group Limited and the entities it controlled during the period.



**Gareth Few**  
Director

**BDO Audit Pty Ltd**

Sydney, 20 February 2024

# Comms Group Limited

ACN 619 196 539

## Consolidated financial report – for the half year ended 31 December 2023

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**Comms Group Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half year ended 31 December 2023**

	Notes	31 December 2023 \$	31 December 2022 \$
<b>Continuing operations</b>			
Revenue	4	17,674,863	17,743,508
Gain on write-back of contingent consideration		-	2,464,618
Other income		107,428	69,821
		<b>17,782,291</b>	<b>20,277,947</b>
Cost of sales		(9,304,145)	(9,921,916)
Employee benefits expense		(4,966,063)	(4,894,435)
Administration expenses		(731,349)	(694,415)
Sales & marketing expenses		(436,710)	(474,232)
Information technology expenses		(503,024)	(490,895)
Professional fees	5	(595,709)	(330,241)
Property expenses		(102,195)	(96,179)
Business acquisition and integration expenses		(277,060)	(169,923)
Share based payments		(291,670)	(544,284)
Other expenses		(52,491)	(13,185)
Finance expenses		(421,616)	(513,430)
Depreciation & amortisation	5	(1,074,289)	(1,073,413)
<b>(Loss)/Profit before income tax</b>		<b>(974,030)</b>	<b>1,061,399</b>
Income tax benefit / (expense)		232,530	(555,371)
<b>Discontinued operations</b>			
Profit after income tax from discontinued operations	7	469,390	262,230
<b>(Loss) / Profit for the period</b>		<b>(272,110)</b>	<b>768,258</b>
<b>Other comprehensive income</b>			
Foreign currency translation		6,375	(39,192)
<b>Total comprehensive loss or income attributable to shareholders</b>		<b>(265,735)</b>	<b>729,066</b>

**Earnings per share for (loss) / profit from continuing operations attributable to the ordinary equity holders of the company:**

	Cents	Cents
Basic earnings per share	(0.19)	0.14
Diluted earnings per share	(0.19)	0.13

**Earnings per share for (loss) / profit from total operations attributable to the ordinary equity holders of the company:**

	Cents	Cents
Basic earnings per share	(0.07)	0.21
Diluted earnings per share	(0.07)	0.20

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**Comms Group Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2023**

	Notes	31 December 2023 \$	30 June 2023 \$
<b>Current assets</b>			
Cash and cash equivalents		2,418,584	1,928,582
Trade and other receivables		4,411,674	5,572,767
Other current assets		1,779,199	2,113,964
Prepaid Income Tax		353,072	-
Assets classified as held for sale	7	21,129,776	-
<b>Total current assets</b>		<u>30,092,305</u>	<u>9,615,313</u>
<b>Non-current Assets</b>			
Property, plant & equipment		91,048	178,744
Right of use asset		309,195	2,293,993
Goodwill		16,069,798	21,723,405
Intangible assets		11,056,083	22,047,434
Deferred tax assets		872,496	1,811,979
<b>Total non-current assets</b>		<u>28,398,620</u>	<u>48,055,555</u>
<b>Total assets</b>		<u><u>58,490,925</u></u>	<u><u>57,670,868</u></u>
<b>Current liabilities</b>			
Trade and other payables		6,978,124	6,136,886
Deferred revenue		548,881	688,094
Provisions		773,715	1,098,827
Borrowings	6	1,000,000	1,000,000
Lease liabilities		408,777	849,951
Income tax payable		-	124,401
Liabilities directly associated with assets classified as held for sale	7	7,325,100	-
<b>Total current liabilities</b>		<u>17,034,597</u>	<u>9,898,159</u>
<b>Non-current liabilities</b>			
Provisions		47,446	187,150
Deferred tax liability		3,016,378	6,868,762
Borrowings	6	7,127,911	7,627,911
Lease liabilities		-	1,850,228
<b>Total non-current liabilities</b>		<u>10,191,735</u>	<u>16,534,051</u>
<b>Total liabilities</b>		<u>27,226,332</u>	<u>26,432,210</u>
<b>Net assets</b>		<u>31,264,593</u>	<u>31,238,658</u>
<b>Equity</b>			
Share capital		48,930,371	48,930,371
Share based payment reserves		1,861,597	1,569,927
Foreign currency translation reserve		(137,027)	(143,402)
Accumulated losses		(19,390,348)	(19,118,238)
<b>Total Equity</b>		<u>31,264,593</u>	<u>31,238,658</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**Comms Group Limited**  
**Consolidated statement of changes in equity**  
**For the half year ended 31 December 2023**

	Share capital	Share- based payments reserves	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2022</b>	<b>47,778,371</b>	<b>981,088</b>	<b>(23,506)</b>	<b>(18,732,496)</b>	<b>30,003,457</b>
Profit for the period to 31 December 2022	-	-	-	768,258	768,258
Foreign currency translation	-	-	(39,192)	-	(39,192)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(39,192)</b>	<b>768,258</b>	<b>729,066</b>
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued as deferred consideration	1,000,000				1,000,000
Share based payments	-	544,284	-	-	544,284
Cancellation of share options	-	(191,992)	-	191,992	
<b>Balance as at 31 December 2022</b>	<b>48,778,371</b>	<b>1,333,380</b>	<b>(62,698)</b>	<b>(17,772,246)</b>	<b>32,276,807</b>
<b>Balance as at 1 July 2023</b>	<b>48,930,371</b>	<b>1,569,927</b>	<b>(143,402)</b>	<b>(19,118,238)</b>	<b>31,238,658</b>
Loss for the period to 31 December 2023	-	-	-	(272,110)	(272,110)
Foreign currency translation	-	-	6,375	-	6,375
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>6,375</b>	<b>(272,110)</b>	<b>(265,735)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Share based payments	-	291,670	-	-	291,670
<b>Balance as at 31 December 2023</b>	<b>48,930,371</b>	<b>1,861,597</b>	<b>(137,027)</b>	<b>(19,390,348)</b>	<b>31,264,593</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**Comms Group Limited**  
**Consolidated statement of cash flows**  
**For the half year ended 31 December 2023**

	31 December 2023	31 December 2022
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	29,169,399	27,960,813
Payments to suppliers and employees (inclusive of GST)	(26,845,928)	(27,102,998)
Interest received	9,952	327
Interest paid	(403,720)	(379,764)
Income tax paid	(216,865)	-
<b>Net cash inflows from operating activities</b>	<b>1,712,838</b>	<b>478,378</b>
<b>Cash flows from investing activities</b>		
Purchase of intangibles (software and IT systems)	(55,243)	(131,673)
Proceeds from property, plant & equipment	12,545	
Payments for property, plant & equipment	(74,370)	(20,041)
Payments for purchase of businesses, net of cash acquired	-	(1,908,882)
<b>Net cash outflows from investing activities</b>	<b>(117,068)</b>	<b>(2,060,596)</b>
<b>Cash flows from financing activities</b>		
Lease payments	(605,768)	(601,674)
Net (payments)/proceeds from borrowings	(500,000)	1,009,109
<b>Net cash inflows / (outflows) from financing activities</b>	<b>(1,105,768)</b>	<b>407,435</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>490,002</b>	<b>(1,174,783)</b>
Cash and cash equivalents at the beginning of the period	1,928,582	2,938,051
<b>Cash and cash equivalents at end of period</b>	<b>2,418,584</b>	<b>1,763,268</b>

## **1 General information**

The financial statements cover Comms Group Limited as a consolidated entity consisting of Comms Group Limited and the entities it controlled at the end of, or during, the half year. The financial statements are presented in Australian dollars, which is Comms Group Limited's functional and presentation currency.

Comms Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 45 Clarence Street  
Sydney NSW 2000  
Australia

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

These condensed interim financial statements were approved for issue on 20 February 2024. The directors have the power to amend and reissue the financial statements.

## **2 Significant accounting policies**

This consolidated interim financial report for the half year ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Comms Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

Comms Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

### 3 Segment reporting

*Identification of reportable operating segments*

The Group has three operating segments under AASB 8 Operating Segments including Global (International, Wholesale and Enterprise), SME telecommunications and ICT services. These operating segments are based on the internal reports that are reviewed and used by the CEO and Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Other (non-operating) segments include the Head Office that accounts for the activities of the Board and other Group employees who provide services across the Group and other costs of being an ASX listed business.

On a monthly basis the CODM reviews each segments EBITDA that is prepared using the same accounting policies as those adopted in the financial statements.

ICT is disclosed in Note 7 Discontinued operations.

<b>For the half year ended 31 December 2023</b>	<b>Global</b>	<b>SME</b>	<b>ICT</b>	<b>Total</b>
<b>Revenue</b>				
Sales to external customers	5,849,713	11,844,298	9,269,634	26,963,645
Intersegment sales	361,929	19,837	19,148	400,914
Total segment sales revenue	6,211,642	11,864,135	9,288,782	27,364,559
Less:				
Intersegment eliminations	(361,929)	(19,837)	(19,148)	(400,914)
Total revenue	5,849,713	11,844,298	9,269,634	26,963,645
<b>Underlying EBITDA – Segment</b>	678,149	2,212,958	1,339,782	4,230,889
Less corporate costs				(1,259,398)
<b>Underlying EBITDA – Group</b>				2,971,491
Plus: other income – non-operating				117,154
Less: share based payments				(291,670)
Less: acquisition, restructuring, one-off and restructuring costs				(1,067,753)
<b>EBITDA – Group</b>				1,729,222
Less: finance expenses				(464,688)
Less: depreciation and amortisation				(1,559,559)
Loss before tax – Group				(295,025)
Less: Profit before tax – ICT Segment (Note 7)				(679,005)
<b>Loss before tax – Continuing Operations</b>				(974,030)

*Intersegment transactions*

Intersegment transactions were made at market rates. Taking advantage of existing accounts and economies of scale, Global and SME telecommunications purchase telecommunication services on behalf of each other. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables and payables*

Intersegment receivables and payables are eliminated on consolidation.

*Major customers*

During the six months ended 31 December 2023 no individual customer accounted for more than 10% of Group revenues.

**Comms Group Limited**  
**Notes to the Consolidated Financial Statements**  
**31 December 2023**

<b>For the half year ended 31 December 2022</b>	<b>Global</b>	<b>SME</b>	<b>ICT</b>	<b>Total</b>
<b>Revenue</b>				
Sales to external customers	5,568,004	12,175,504	8,257,584	26,001,092
Intersegment sales	643,584	2,072	-	645,656
Total segment sales revenue	6,211,588	12,177,576	8,257,584	26,646,748
Less:				
Intersegment eliminations	(643,584)	(2,072)	-	(645,656)
Total revenue	5,568,004	12,175,504	8,257,584	26,001,092
<b>Underlying EBITDA – Segment</b>	665,324	1,753,654	852,923	3,271,901
Less corporate costs				(1,002,060)
<b>Underlying EBITDA – Group</b>				2,269,841
Plus: other income – non-operating				2,464,618
Less: share based payments				(544,284)
Less: acquisition, restructuring, one-off and restructuring costs				(678,868)
<b>EBITDA – Group</b>				3,511,307
Less: finance expenses				(564,499)
Less: depreciation and amortisation				(1,529,894)
Profit before tax – Group				1,416,914
Less: Profit before tax – ICT Segment (Note 7)				(355,515)
<b>Profit before tax – Continuing Operations</b>				1,061,399

*Intersegment transactions*

Intersegment transactions were made at market rates. Taking advantage of existing accounts and economies of scale, Global and SME telecommunications purchase telecommunication services on behalf of each other. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables and payables*

Intersegment receivables and payables are eliminated on consolidation.

*Major customers*

During the six months ended 31 December 2022 no individual customer accounted for more than 10% of Group revenues.

## 4 Revenue

	Consolidated 31 December 2023	Consolidated Restated <sup>(1)</sup> 31 December 2022
	\$	\$
<i>Sales revenue</i>		
Voice revenue	10,782,575	9,782,906
Data revenue	5,879,375	6,658,311
Managed service revenue	1,012,913	1,302,291
	<b>17,674,863</b>	<b>17,743,508</b>

	Consolidated 31 December 2023	Consolidated Restated <sup>(1)</sup> 31 December 2022
	\$	\$
<i>Sales revenue</i>		
Global division	5,811,417	5,568,004
SME telecommunications division	11,863,446	12,175,504
ICT services division (See note 7)	-	-
	<b>17,674,863</b>	<b>17,743,508</b>

### Disaggregation of revenue

The Group derives its revenue from the delivery of hosted voice, data and enterprise networks and cloud based communication enablement services that are recognised over the term of the contract. The table above provides a breakdown of revenue by major business line. As disclosed in note 3 the Group has three operating segments.

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 31 December 2023	Consolidated Restated <sup>(1)</sup> 31 December 2022
	\$	\$
<i>Timing of revenue recognition</i>		
Revenue recognised over time	17,558,134	17,632,178
Revenue recognised at a point in time	116,729	111,330
	<b>17,674,863</b>	<b>17,743,508</b>
Revenue from direct customers	12,893,417	13,985,139
Revenue from wholesale customers	4,781,446	3,758,369
	<b>17,674,863</b>	<b>17,743,508</b>

<sup>(1)</sup> Numbers have been restated to exclude ICT segment (Note 7)

## 5 Individually significant profit or loss items

	Consolidated 31 December 2023	Consolidated Restated <sup>(1)</sup> 31 December 2022
	\$	\$
<i>Depreciation and amortisation</i>		
Depreciation expense	127,712	98,547
Depreciation – right of use assets	268,238	301,078
Amortisation of intangibles	678,339	673,788
<b>Total depreciation and amortisation</b>	<b>1,074,289</b>	<b>1,073,413</b>
<i>Interest Expense</i>		
Interest expense	406,968	485,389
Interest on lease liability	14,648	28,041
<b>Total interest expense</b>	<b>421,616</b>	<b>513,430</b>
<i>Other costs</i>		
Share based payments	291,670	544,284
Superannuation guarantee expense	380,506	385,088
Restructuring costs	277,060	169,923
<i>Professional fees</i>		
Legal fees	342,710	175,028
Other professional fees	252,999	155,213
<b>Total professional fees</b>	<b>595,709</b>	<b>330,241</b>

<sup>(1)</sup> Numbers have been restated to exclude ICT segment (Note 7)

## 6 Borrowings

	Consolidated 31 December 2023	Consolidated 30 June 2023
	\$	\$
<b>Current liabilities</b>		
Term loan	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Non-current liabilities</b>		
Term loan	7,127,911	7,627,911
	<u>7,127,911</u>	<u>7,627,911</u>

### *Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 31 December 2023	30 June 2023
<b>Total facilities</b>		
Bank overdraft	700,000	700,000
Bank term loans	8,750,000	9,250,000
	<u>9,450,000</u>	<u>9,950,000</u>
<b>Used at the reporting date</b>		
Bank overdraft	-	-
Bank term loans	8,127,911	8,627,911
	<u>8,127,911</u>	<u>8,627,911</u>
<b>Unused at the reporting date</b>		
Bank overdraft	700,000	700,000
Bank loans	622,089	622,089
	<u>1,322,089</u>	<u>1,322,089</u>

The Term Loan has a term of 3 years from February 2022 and repayments of \$ \$0.25m per quarter.

Security includes fixed and floating charges from Comms Group Limited and all subsidiaries and Guarantees from all Australian registered lending and non-lending Group entities.

## 7 Discontinued operations

Following a strategic review, the group has classified the ICT business as assets held for sale.

The Group intends to exit the ICT business within the next six to twelve months and has initiated an active program to locate a buyer for it. Consequently, the assets and liabilities of the ICT business have been classified as held for sale as at 31 December 2023. The associated earnings for the current and comparative periods have been classified as discontinued operations in the consolidated statement of profit or loss and other comprehensive income and all related note disclosures.

Financial information for discontinued operations is summarised below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Revenue	9,288,782	8,257,584
Expenses	<u>(8,609,777)</u>	<u>(7,902,069)</u>
Profit before income tax from discontinued operations	<u>679,005</u>	<u>355,515</u>
Income Tax	<u>(209,615)</u>	<u>(93,285)</u>
Profit after income tax from discontinued operations	<b><u>469,390</u></b>	<b><u>262,230</u></b>
Cash flows from/(used in) discontinued operations		
Net cash inflow / (outflow) from operating activities	51,672	414,250
Net cash inflow / (outflow) from investing activities	41,770	3,032
Net cash inflow / (outflow) from financing activities	(233,544)	(222,074)

	<b>31 December 2023</b>
<b>Assets</b>	<b>\$</b>
Trade and other receivables	2,387,751
Other current assets	635,079
Property, plant & equipment	111,085
Right of Use Asset	1,520,801
Goodwill	5,653,607
Intangible assets	10,097,477
Deferred tax assets	<u>723,976</u>
	<u>21,129,776</u>
<b>Liabilities</b>	
Trade and other payables	1,402,811
Deferred revenue	144,688
Lease liabilities	1,664,671
Provisions	631,997
Deferred tax liability	<u>3,480,933</u>
	<u>7,325,100</u>
<b>Net Assets</b>	<b><u><u>13,804,676</u></u></b>

## **8 Events occurring after the reporting period**

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, the consolidated entity's state of affairs in future financial years or the strategic review commenced in 2022.

**Directors' declaration**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



John Mackay  
Non-Executive Chairman

Sydney  
20 February 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Comms Group Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Comms Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

A stylized signature of the BDO logo, written in a cursive, handwritten style.

A handwritten signature in cursive script that reads 'Gareth Few'.

**Gareth Few**  
**Director**

Sydney, 20 February 2024