

**ASX: CCG**

**ASX Release 21 February 2024**

### **Comms Group Announces Solid EBITDA Increase for 1H FY24**

**Comms Group Limited (ASX:CCG) (“Comms Group”)** has today released its financial results for the half year ended 31 December 2023 (**1H FY24**).

#### **KEY HIGHLIGHTS**

- Total revenue of \$27m for the half, an increase of 4% on the previous corresponding period.
- Underlying EBITDA<sup>1</sup> for the half of \$3.0m, an increase of 29% on the previous corresponding period.
- An increase in the Group gross margin to 48% including improved core gross margin in the Comms Group business.
- For the full year FY24, Comms Group guidance for group revenues at \$53m to \$55m and underlying EBITDA of \$6.5m to \$7.0m expected.
- Underlying EBITDA now benefitting from investments in the Global business with meaningful revenues now flowing from the Vodafone Group Plc contract and other key Global customers.

#### **RESULTS SUMMARY**

<b>A\$M</b>	<b>1H FY24</b>	<b>1H FY23</b>
Operating Revenue	27.0	26.0
Gross Profit	12.8	12.2
<i>Gross Margin</i>	<i>48%</i>	<i>47%</i>
Underlying EBITDA <sup>1</sup>	3.0	2.3
EBITDA	1.7	3.5
NPAT	(0.3)	0.8

Commenting on the 1H FY24 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 1<sup>st</sup> half of FY24. We are strongly encouraged by the results and opportunities of each of our three operating businesses including Global, SME telecommunications and ICT services with all three business units showing an increasing trend in monthly underlying EBITDA.”

<sup>1</sup> **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, acquisition, integration, restructuring & other one-off costs.

## KEY BUSINESS HIGHLIGHTS

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### Financial

- Total operating revenue for 1H FY24 was \$27m and included \$5.8m from the Global business, \$11.9m from the SME Telecommunications business and \$9.3m from the ICT Services business.
- Continued focus on cost management and despite supply costs pressures, Group gross margin increased to 48% including an improvement in margin of the core Comms Group business.
- Operating expenditure held largely flat at \$9.8m compared to \$9.9m for the 1H FY23 – a strong result considering cost increases in the marketplace and despite wage and other operating cost pressures.
- The Company had cash at bank of \$2.4m at 31 December 2023 relative to \$1.8m at 31 December 2022 and \$8.1m of term loan debt (after the repayment of \$0.5m in the six month period).
- The synergy projects in the SME & ICT businesses have now been largely completed, resulting in cost savings for the Group. We continue to optimise some supplier costs in our SME business resulting in cost savings.

### Customers, Sales and Growth Initiatives

- The Group continued to see a strong level of new sales contracts signed into FY24. A total of \$4.0M new ARR<sup>1</sup> in sales contracts was closed in the first half.
- All three business units have a healthy sales pipeline of quality sales deals.
- Our key partnership with Vodafone Group continues to have a positive trajectory. We have onboarded a range of services to date and expect to see some key sales deals close over the next 6 months with a number of significant deals in the sales pipeline.
- In our Global business, we continue to expand our global reach including with telco licences, particularly in the Asia Pacific region. Based on some further expected positive developments in the next few months, we plan to provide a further update on our Global business in the next quarter
- Our footprint and licence expansion in Asia is also opening up opportunities with other wholesale customers.

## OUTLOOK

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- FY24 Group revenue expected in the range of \$53m to \$55m.
- Underlying EBITDA expected to be \$6.5m to \$7.0m.

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<sup>1</sup> ARR is annual recurring revenue from new sales contracts and excludes upfront or one-off sales/revenue from new sales contracts.

## RESULTS BRIEFING

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Comms Group CEO Peter McGrath, and CFO Matthew Beale will host a webinar to discuss the half year results on Wednesday 21<sup>st</sup> 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](mailto: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

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### ABOUT COMMS GROUP

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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.

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