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ASX RELEASE
26 August 2021

Comms Group Announces Strong Financial Results for FY21 and Positions For Further Growth

Comms Group Limited (ASX:CCG) ("Comms Group") has today released its financial results for the financial year ended 30 June 2021 (**FY21**).

Key Highlights

- Full year underlying EBITDA[1] of $3.2m, up 28% on FY20. This is in line with guidance and only includes 5 months trading from Next Telecom and 3 months trading from Binary Networks.
- Total revenue of $25.2m which is 30% higher than FY20.
- Gross Margin continued to be strong coming in at 45% for the group.
- The Company finalised three key acquisitions over the last 12 months including Next Telecom, Binary Networks and Switched On Australia (completion expected by end August), reinforcing our SME business, enabling continuation of network infrastructure roll-out and building further scale in the key Melbourne market.
- Run-rate (annualised) [2] revenue including full year revenue from recent acquisitions is now expected to be $36m to $38m with run-rate (annualised)[2] underlying EBITDA of circa $5m.

Results Summary

A$M	FY21	FY20
Total Revenue	25.2	19.3
Gross Profit	11.4	9.2
Gross Margin	*45%*	*48%*
Underlying EBITDA[1]	3.2	2.5
EBITDA	1.9	2.2
NPAT	0.6	2.6

Commenting on the FY21 results, CEO and Managing Director Mr Peter McGrath said "FY21 has seen another year of revenue and profit growth for Comms Group despite the challenges presented with Covid-19 impacting our SME base early in the year. Revenue was up 30% to $25.2m and underlying EBITDA increased 28% to $3.2m. We are also pleased with three key acquisitions we have made which will significantly increase the scale of the business and increase our capabilities in our SME

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

[2] ***Run-rate (annualised)*** *– refers to expected full 12-month revenue or EBITDA contribution from existing business and acquisitions*

business, our network infrastructure and increase the size and capabilities of our key Melbourne operation" said Mr McGrath.

Key Business Highlights

Financial

- Total operating revenue for FY21 was $25.1m made up of $10.2m from the Wholesale & Enterprise group and $16.1m from the SME group which was bolstered by the inclusion of 5 months of revenue from Next Telecom and 3 months of revenue from Binary Networks.
- Continued focus on supply cost management saw improvements in gross profit for the core Comms Choice business with overall gross margins coming in at 45% with the consolidation of Next Telecom and Binary Networks.
- Core opex (excluding Next Telecom and Binary Networks) was largely in line with the FY20 result, demonstrating continued strong cost management within the business.
- Underlying EBITDA grew from $2.5m in FY20 to $3.2m in FY21. $0.2m increase was as a result of the core business profit increasing with $0.5m profit from Next Telecom and Binary Networks inclusion for part of the year.
- The Company maintains a strong balance sheet with cash at bank at 30 June 2021 of $5.5m and nil debt. Post settlement for the Switched On Australia acquisition, the Group will have approximately $2.0m cash in bank and access to an undrawn overdraft facility of $0.4m that should be sufficient to meet ongoing working requirements for the Group.
- The Company is currently pursuing discussions with financiers for a debt facility to facilitate further acquisitions.

Customers & Sales

- The Company continues to enhance its global Microsoft Teams calling (Direct Routing) platform with expansion into further countries. Comms Group also added additional unified communications offerings in the year including PCI compliant call recording for both SME and Enterprise customers as well as Microsoft Teams native contact centre and call analytics offerings.
- Our key UCaaS offering in Microsoft Teams calling, together with value added services has seen significant organic growth over the last 12 months. Total monthly revenue (MRR) from our key UCaaS offering and related services has increased 100% over the last 12 months.
- Comms Group deployed a number of key Unified Comms solutions domestically and internationally to SME, corporate and a number of global Enterprise customers. We are particularly pleased to see the acceptance of the solution and value add offerings by large global multi-national corporations. We expect to see continue growth in this segment over the next 12 months.
- We are seeing positive levels of new business (sales) closures on a monthly basis. The Group via the Next Telecom branded SME division continues to enjoy a strong position providing fibre-optic based data services combined with hosted voice services to mid-market corporates in capital cities and regional hubs across Australia.

Corporate & Strategic

- Comms Group Ltd became the new name for the Group from Nov 2020.
- From September 2021, the Company will market its services and trade under two key divisions:
    - Next Telecom will be the brand for our SME and Corporate customer division, servicing domestic customers with up to 1,000 employees.

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    - Comms Group will be the brand for the Group as well as our Wholesale, Enterprise and Global customer division. Enterprise customers are those with > 1,000 employees or more complex needs including Unified Communications across multiple global locations.
- The Company is implementing a detailed integration plan for newly acquired businesses. Moving the SME businesses under a common brand and management team and implementing common platforms and systems is the next key step in the integration plan. A number of key synergies have already been delivered with recent acquisitions.
- We opened our Singapore office in the financial year and we are seeing increasing engagements with wholesale customers looking to acquire services across the region as well as corporate customers (domestic and offshore) implementing global unified communications solutions. We have one of the most extensive reaches globally with our Microsoft Teams UCaaS solution.
- Key organic growth priorities include further growth in the corporate mid-market and enterprise sectors, expansion into Asia and expansion domestically within Australia including adding additional products and services.

Outlook

- Comms Group expects to see continued growth in revenue and profit in FY22 in our wholesale and enterprise areas. Also consolidation in our SME/Corporate businesses under the Next Telecom brand should support further growth in this area.
- Run-rate (annualised) revenue including full year revenue from recent acquisitions is now expected to be $36m to $38m
- Run-rate (annualised) underlying EBITDA expected to be circa $5m.
- We also expect to continue to grow via strategic M&A as opportunities arise.
- The business will provide further guidance with the mid-year results.

Results Briefing

Comms Group Ltd (CCG) FY21 Full Year Results Webinar Thursday, 26 August 2021 commencing at 11:30am (AEST) - Peter McGrath, CEO and Matthew Beale, CFO presenting.

To register for the webinar, please follow this link:

https://us02web.zoom.us/webinar/register/WN_Jl03tBPMQA6pC2bxtjk5Tg

Authorised for release by the Board of Comms Group Limited.

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FOR MORE INFORMATION

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ABOUT COMMS GROUP

Comms Group provides cloud communications, data and value-added services for business. 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 brand; and Wholesale and Partner services.

Domestic SME/Corporate Services (branded Next Telecom) *– domestically: the group delivers a vast array of comms services for businesses including, Fibre, NBN, IP voice, inbound/toll-free, wrapped into an award-winning state-of-the-art service layer.*

International Services (branded Comms Group): *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 bill.*

Wholesale and Partner Services (branded Comms Group) *– both domestic & international: offering all our retail technologies and key wholesale services and leveraging our international network, to key wholesale and partner customers*