

**ASX: CCG**

**ASX Release 4 April 2023**

## **BUSINESS UPDATE AND RESTRUCTURE**

**Comms Group Limited (ASX:CCG) ("Comms Group")** provides an update on business operations and advises of a restructure to reduce non-core costs and improve underlying profitability.

Key highlights of the business update and restructure are as follows:

- The business continues to trade in line with expectations with new sales (contracts) at or around previous levels.
- Comms Group continues to derive synergies with the onPlatinum ICT business focussing on network and cost of goods sold synergies. CCG expects to deliver approx. \$200k in annualised savings by the end of June 2023 with a further \$100k per annum in FY24.
- The business has been able to rationalise and restructure its office requirements, recently re-letting excess office space in the Sydney CBD generating \$240k in rent income per annum to offset existing costs.
- A review of resourcing within the domestic retail businesses has highlighted excess resourcing levels. A restructure has commenced and Comms Group expects to deliver circa \$2m of annualised operating cost savings. The majority of these savings will be realised in Q4 of FY23.
- The business remains on track to achieve underlying EBITDA<sup>1</sup> of \$5mil+ for FY23, dependent upon the delivery of these synergies.
- On a full year basis, including the above synergy and restructuring cost savings the business would expect to achieve underlying annualised EBITDA of approx. \$7m which includes corporate overhead costs of circa \$2m.
- Good progress continues to be made in the Global business unit. Comms Group has been working with key customer Vodafone on an enhanced contractual arrangement and we expect to release details of this to the market in the coming weeks.

**Authorised for release by the Board of Comms Group Limited.**

**ENDS**

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<sup>1</sup> Underlying EBITDA excludes net interest, tax, non-cash share LTIP costs, rent, depreciation, amortisation, business acquisition, integration, restructuring and non-recurring costs.

## 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 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.

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