

Presentation Coffee Microcaps

Comms Group – Business Update

30 May 2024

COMMS GROUP LIMITED (ASX: CCG)
www.commsgroup.limited



This document has been approved by the Board of Comms Group Limited



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Global Cloud Communications

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Comms Group Limited

Introduction

Business Background

Comms Group Limited is a cloud-based communications and managed IT services provider for business.

Established in 2008 and listed on the Australian Stock Exchange (ASX:CCG) in 2017.

Company is headquartered in Sydney, Australia.

Within Australia, we provide services to small business, enterprise and government.

Internationally, we deliver wholesale voice & UC services to domestic and international telcos, Contact Centre providers, OTTs, UCaaS Providers and IT service providers.

We are a leading B2B provider of cloud-based communications and managed IT services to businesses

We service our customers via three key divisions

next.[®]
telecom
a commsgroup business

Telco service provider to Australian SME & corp. mid-market sectors (<1,000 employees) with the latest products and award winning customer service.

www.nexttelecom.com.au

onPlatinum

Award-winning IT Managed Service Provider supporting corporate customers' ICT needs, focusing on innovation and developing long-term relationships.

www.onPlatinum.com.au

commsgroup
Global Cloud Communications

Specialist UCaaS and CPaaS provider to Wholesale, Enterprise and Global MNCs (>1,000 employees) with global network reach.

www.commsgroup.global

- Located across Sydney, Melbourne, Gold Coast, Singapore, Philippines, London

Key Products and services

A full telco & ICT product suite and leading position as a global unified communications provider



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telecom
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Voice services

- Leading provider of MS Teams calling plans
- Teams calling value adds inc. call recording, contact centre, analytics
- Teams calling for Govt organisations
- Contact centre solutions
- Advanced cloud business phone/hosted PBX
- Inbound 13/1300/1800 services
- 4G/5G Mobile & Mobile Broadband



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Data services

- High speed fibre-optic based data & internet services
- NBN services inc. NBN Enterprise Ethernet
- Own our own Layer 2 and Layer 3 (ISP) networks
- SD WAN in key capital cities
- Multi-carrier diversity services
- Access to Cloud Services
- Security (Firewall) services
- SD-WAN/Firewall services inc. Velocloud (VMWare) and Fortinet specialisations



onPlatinum
a commsgroup business

Managed IT services

- 24x7 IT Managed services (highly structured and productised offering)
- Modern Workplace solutions
- Provision of ICT hardware
- Security services inc. Fortinet
- Cloud based services (Azure, VMWare)
- Own our own Cloud IaaS Virtual Server cluster (VMWare)
- Desktop as a service
- Backup as a service
- Managed telephony & data services



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Unified Comms Solutions (UCaaS)

- Industry leading Global Microsoft Teams calling (Direct Routing)
- Range of value-added applications
 - Contact Centre
 - Call Recording
 - Call Analytics
 - SMS messaging with integration to MS Teams
- Extensive Asia Pacific & Global offering



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Wholesale/Global

- UCaaS & CPaaS services today
- Global MS Teams calling network
- Global hosted PBX
- SIP Trunks – various countries
- Call Termination Services
- Global DID/Telephone numbers provision
- 24x7 Global NOC and support

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Financial Update

3Q FY24

Financial Update 3Q FY24

Continued Strong Financial Performance

- Business continues to perform well showing positive overall growth in revenue and EBITDA YTD.
- A strong financial position (unaudited) for the 9 months to 31 March 2024.

Total Revenue Increased

- Total group operating revenue was **\$41.4m** (unaudited) for the 9 months to 31 March 2024, up **7%** on pcp of \$38.8m.
- March 2024 revenue was circa **\$5m** – a monthly record for the business.

Continued Focus on Cost Management

- Continued focus on managing supplier (COGS) costs with overall gross margins increasing to 48%.
- We continue to explore cost of supply reductions to improve overall gross margin via synergy work.
- Operating costs have been kept largely flat YTD.
- Office space rationalised in Sydney CBD saving ~\$0.7m pa.

Underlying EBITDA Increased

- Group underlying EBITDA¹ was **\$5.1m** (unaudited) for the 9 months to 31 March 2024, up **46%** on pcp of \$3.5m.
- Highlighting the continued strong profit growth across all areas of the business.

FY24 Guidance Reaffirmed

- Guidance reaffirmed for FY24:
 - Revenue expected in the range of **\$53m to \$55m**.
 - Underlying EBITDA expected in the range of **\$6.5m to \$7.0m**.

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

Business Update

3Q FY24

Global Business Update 3Q FY24

Comms Group Global Business

Seeing solid growth opportunities across the Asia Pacific and for key prospects in the USA and Europe.

Commenced project to add multi country Microsoft Teams Operator Connect capability to Comms Group.

We also recently added Cisco Webex calling capability to our UCaaS offerings.

Key Vodafone Group PLC relationship continues on a positive trajectory with additional customers added, new products deployed and working on supplementing the global voice coverage with additional countries to be added.

We are adding additional resources to our Global business to support expected growth.

Profitability of the Global business has increased in FY24 with underlying EBITDA (9mths YTD FY24) of \$1.6m (unaudited) c.f. \$1m pcp.



Global Business Update 3Q FY24 (cont.)

Key Asia Pacific & Global Footprint Expanded

Comms Group now has now secured voice licences (or equivalent) to provide local voice and UC services in a large number of key Asian countries including:

- Australia
- NZ
- Singapore
- Hong Kong
- Indonesia
- Japan
- Malaysia
- Philippines and;
- Taiwan (in progress)

We also have partnership arrangements in place to service other key countries such as China, South Korea, Thailand and Vietnam.

We are currently expanding our footprint into South America and Africa.





Global Expansion and International Licences

Comms Group is a leader in Microsoft Teams calling for global businesses.

Our Goal is to be the leading provider in the Asia Pacific region for both CPaaS and UCaaS (unified comms) offerings.

Significant work undertaken last 12 mths with local voice licences now in place in **Australia, NZ, Singapore, Hong Kong, Indonesia, Japan, Malaysia, Philippines** and **Taiwan** (in progress) and local partnerships in **China, South Korea, Thailand** and **Vietnam**.

Recently we have added Points of Presence in **South America (Brazil)** and **South Africa**.

Currently rolling out new customer facing systems for both our CPaaS and UCaaS offerings.

Next Telecom Business Update 3Q FY24

Next Telecom

Key in demand products include fibre & NBN Broadband services and Microsoft teams (PSTN) calling and Teams calling value-add offerings.

We are also seeing strong interest in contact centre, Teams calling and Teams Video conferencing services

Continued strong level of new sales with \$2.3m new ARR* added YTD.

Greater focus today on mid-market, government and corporate sectors.

Have had good success YTD in the local government sector with a number of other key opportunities in the pipeline.

Profitability of the business continues to increase with underlying EBITDA (9mths YTD FY24) of \$3.3m (unaudited) c.f. \$2.8m pcp.

* ARR = Annual Recurring Revenue



onPlatinum Business Update 3Q FY24

onPlatinum

Continued strong customer interest in best-of-breed modern workplace and enhanced security solutions.

Good level of new sales with \$1.8m new ARR* added YTD.

Some core opex savings expected in the cloud services area (\$0.3m pa).

Seeing good revenue side synergies, cross-selling telco and IT services to a number of key existing customers.

- *Example is a food services client in Sydney where we have increased annual revenue from \$50k to \$200k, with circa 50% gross margin.*

Continued growth in revenue and underlying EBITDA YTD.

Underlying EBITDA (9mths YTD FY24) of \$2.1m (unaudited) c.f. \$1.2m pcp.

Expect strong revenue growth for onPlatinum for FY24.



Strategic Review Process Update

The Company has continued discussions on the potential sale of one or more business units as a way of bridging the gap between the market value of Comms Group Limited and the Board's view of the underlying value of the Company and its respective business units.

The Board will only progress a sale of one or more parts of the business where that option delivers demonstrable value to shareholders.

At this stage, we are not able to recommend any specific option to shareholders due to the uncertainty as to whether a specific transaction can be concluded at an appropriate value.

As such, the Board has put the process on hold for now and will continue to review opportunities as and when they arise.



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Investor Website
www.commsgroup.limited

Enquiries
www.commsgroup.limited/feedback



Glossary

Term	Definition
Cloud Communications	The provision of key communications services from cloud servers based in data centres and over high speed internet connections.
Cloud PBX, Cloud Phone, Hosted PABX	A cloud PBX functions the same as an in office PABX but is hosted in a cloud server accessed via the internet. This is becoming the preferred option for providers and customers today. Comms Group operates a global Cloud Phone network.
Corporate mid-market	For Comms Group, this is larger organisations with typically 500+ employees and monthly spend (MRR) of typically > \$5,000.
CPaaS	Communications Platform as a Service is a cloud-based platform that enables developers to add real-time communications features to their own applications without needing to build backend infrastructure and interfaces. Comms Group provides call termination (SIP Trunks), telephone numbers and management across multiple geographies.
CTS	Call Termination Services – provision of a service by wholesale service providers to terminate voice calls in different markets or countries and on to different networks such as mobile and fixed voice networks.
Data Service	A broadband service that delivers voice, video and data over a private network or the Internet. NBN and fibre optic services are the most common forms of data services in the SME and corporate mid-market. Comms Group operates a domestic Layer 2 (data) and Layer 3 (internet) network with key Points of Presence (PoPs) in Sydney, Melbourne & Brisbane and aggregates a range of layer 2 wholesale access services.
Enterprise	For Comms Group, this is organisations with typically > 1,000 employees and operating multi-nationally as an MNC.
Fibre (optic)	Use of fibre optic networks to carry digital signals (data) via light transmission at very high speeds, transforming the telco and cloud services market globally.
ICT	Information Communication Technology is an umbrella term that covers the wide range of IT services and Communications services provided to businesses.
MNC	Multi-national corporate whereby the corporation has offices, facilities and assets in multiple countries.
MRR	Monthly recurring revenue is the monthly recurring annuity style revenue received from customers.
NBN	Australia's national broadband network, which is a wholesale open access data network, replacing older copper and cable broadband with optic fibre networks, high speed switches and other technologies.
PABX	A typically in-house telephone switching system that interconnects telephone extensions to each other as well as the outside telephone network known as the public switched telephone network (PSTN).
SD-WAN	A software-defined wide-area network (SD-WAN) uses software-defined network technology, such as communicating over the Internet with encryption between an organisation's locations. Allow companies to build higher-performance WANs using lower-cost and commercially available Internet access. SD-WAN is replacing traditional data networks such as MPLS.
SIP	Session Initiation Protocol – being the standard IP telephony signalling protocol used to manage voice calls over the internet.
SME	For Comms Group, this is small to medium enterprise businesses typically up to 500 employees.
Unified Communications (UCaaS or UC)	A communications delivery model based on the cloud, providing key communications services including telephony (voice), video, messaging, chat, collaboration, document storage supporting teamwork, agility, mobility and work from anywhere. Comms Group is a leading provider of MS Teams calling with a global network and offering.

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