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Global Cloud Communications

ASX: CCG
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Comms Group to acquire the business and assets of TasmaNet in a highly strategic acquisition, adding key network assets, corporate and government customers and delivering significant expected revenue increase to ~$75m pa with expected underlying annualised EBITDA of $9m to $10m[1]

KEY HIGHLIGHTS

- Comms Group has signed a binding agreement to acquire the business and assets of TasmaNet[2], a leading provider of premium communication and managed IT services to the Tasmanian Government and businesses in Tasmania.
- Delivers a strong strategic position for the group's domestic operations in the government and corporate sectors and with key network assets: delivering a portfolio of corporate data services, cross-sell opportunities and the potential of expanding the provision of government and corporate IT and telecommunications (IT&T) services to other Australian states.
    - Includes the acquisition of a significant fixed wireless (non-NBN) broadband network in Tasmania.
    - Includes a high-capacity fibre optic network through the Hobart CBD together with network facilities in Hobart and Launceston.
    - Significant private cloud (Infrastructure as a Service) assets in both Tasmania and the mainland for government and corporate clients.
    - Data centre assets (Points of Presence) across Australia to extend and upgrade our existing network capabilities.
    - With the planned novation of an NBNCo WBA (Wholesale Broadband Agreement), this elevates the group to become an NBN direct Retail Service Provider paving the way for future national growth, synergy opportunities and lowering the cost for NBN-based services.
    - Adds a portfolio of additional cyber security solutions including Firewall-as-a-Service and Threat assessment and prevention capabilities.
- Adds new service offerings in data (internet), managed IT services, Infrastructure as a Service (managed private cloud services) and security services on long term contracts.

[1] Based on existing CCG guidance for FY25 for underlying EBITDA of $5m to $6m plus the expected $4m annualised EBITDA from TasmaNet.

[2] Field Solutions Holdings Limited (ASX:FSG) is an ASX-listed telco carrier and communications business that, along with its subsidiaries, was placed into Voluntary Administration on 19 February 2025. Concurrently, the secured creditor appointed McGrathNicol as Receivers and Managers to undertake a sale and recapitalisation process. Refer Background to Transaction is provided on page 7 of the Investor Presentation lodged with the ASX on 16 May 2025.

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- 600+ government & business customers with ~40% revenue derived from 10+ year relationship with the Tasmanian Government.
- Strong financial profile adding proforma annualised revenue of ~$19m (~95% recurring) and annualised EBITDA of ~$4m[3]
- $10m Purchase price made up of $8.5m upfront and $1.5m within 30 days of completion
    - Represents ~2.5x annualised EBITDA multiple and is immediately earnings accretive to Comms Group
- Acquisition (and related transaction costs) to be funded by:
    - $7.0m equity raising, via a placement and underwritten, non-renounceable entitlement offer; and
    - Committed $10.7m debt facility provided by Regal Funds Management with $4.0m to fund the acquisition and additional $6.7m to refinance the existing senior financier (if required)

Comms Group Limited (ASX:CCG) ("Comms Group") is pleased to announce it has signed a binding business sale agreement (BSA) to acquire the business and assets of TasmaNet along with select assets of the broader Field Solutions Holdings Group Ltd group of entities (**TasmaNet**). Concurrently, the Company is raising $7.0m via a placement and underwritten non-renounceable entitlement offer.

Peter McGrath, Comms Group CEO and Managing Director said: "This acquisition will be transformational for Comms Group and clearly aligns with our acquisition strategy for expanding our groups domestic service capabilities in addition to increasing our market share into the government and corporate mid-market sectors, adding to our geographical reach and materially improving our financial performance.

We welcome a highly talented TasmaNet team that together with our existing leadership has decades of experience delivering exceptional service to business and corporate customers delivering a range of telecommunications and managed IT services."

Mr McGrath added that, "Comms Group is delighted to welcome a number of leading institutional funds managers as shareholders following the placement."

The BSA is subject to limited conditions precedent relating to the receipt of third-party consents for the novation of key contracts. Completion is scheduled to occur before the end of May 2025.

[3] Revenue based on ave. of actuals over the past 9 months to Mar-25, annualised. COGS based on the average of 6 months to Dec-24, annualised. Employee costs based on current actuals for transitioning employees at Completion. Other Opex based on TasmaNet estimates and Comms Group diligence.

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STRATEGIC RATIONALE

TasmaNet presents a transformational opportunity for Comms Group to materially improve scale – both operationally and financially – underpinned by a long-standing track record of service excellence in the Tasmanian market.

Expands scale and existing service capability

- Expands scale in Comms Group's existing domestic managed IT and Private Cloud services creating greater opportunity to attract larger corporates.
- Adds significant last-mile data services offerings in Tasmania – opens opportunities to expand in mining and aquaculture.
- Provides further expansion across the eastern seaboard (metro & larger regional) beyond existing operations in VIC, NSW and QLD.
- Ability to leverage improved pricing and market capability from key suppliers due to economies of scale of which the benefits are not yet forecasted.

Leading market position in Tasmania with blue-chip customers

- A favoured local provider with deep local knowledge, relationships and contracts; high barriers to entry for new players given niche market.
- Immediate access to new market segments and regions in Tasmania where Comms Group has little current offering in the market.
- 29 cornerstone Tasmanian Government customers underpin deeply rooted market position (equating to approximately 40% of TasmaNet revenue).
- Over 500 corporate customers with 5+ years average tenure of Top 10 customers.

Strong financial profile

- Proforma FY25 forecast revenue of ~$19m, a 34% increase to the mid-point of forecast FY25 Comms Group standalone revenue guidance with 95%+ recurring revenue.
- 50%+ gross margins (accretive to CCG).
- Incremental annualised EBITDA of ~$4m, a 72% increase on mid-point of FY25 forecast Comms Group standalone EBITDA guidance.

OUTLOOK

The acquisition of TasmaNet further reinforces our focus on increasing market share and geographical presence across the corporate and mid-market sector. The addition of providing services to several Tasmanian government departments further expands Comms Group's reach, providing upside opportunities given the breadth of the combined service offering.

Over time, the Company is optimistic on the ability to leverage this diversified service offering potentially to other states and to win larger corporate customers nationally.

The Company reaffirms its FY25 standalone guidance for revenue of $55m - $57m and EBITDA of $5m - $6m.

Following the acquisition, we expect combined proforma annualised revenue of ~$75m and annualised underlying EBITDA of ~$9m to $10m for Comms Group.

The Company continues to evaluate potential strategic M&A opportunities, bolstered by the benefits of increased scale.

CAPITAL RAISING

Comms Group today announces an institutional placement and underwritten non-renounceable entitlement offer to raise a total of approximately $7.0m (**Equity Raising**). The proceeds of the Equity Raising will be used to fund the acquisition and associated costs of the transaction.

The Equity Raising will be conducted at an offer price of $0.050 per new share (**Offer Price**), which represents a:

- 16.7% discount to the last close price of $0.060;
- 20.2% discount to the 5-day trading VWAP of $0.063; and
- 19.7% discount to the 15-day trading VWAP of $0.062.

The Equity Raising will be conducted via:

- An institutional placement of approximately $4.8m (**Placement**);
- A non-renounceable entitlement offer of approximately $2.2m (**Entitlement Offer**) at a ratio of 1 new share for every 9 existing shares held at the record date for the issue, being Wednesday, 21 May 2025 (**Record Date**)

The Equity Raising will result in the issue of approximately 139.7 million new ordinary shares (**New Shares**), representing approximately 36% of Comms Group's existing securities on issue and approximately 26% of Comms Group's enlarged share capital following completion of the Equity Raising. The New Shares issued under the Equity Raising will rank equally with existing Comms Group's shares as at their date of issue.

The Entitlement Offer is non-renounceable, and rights (**Entitlements**) are not transferrable and will not be able to be traded on the ASX or privately. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer in full or part, will not receive any value in respect of those Entitlements not taken up.

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Institutional Placement

Comms Group has received firm commitments to raise approximately $4.8m under the Placement via the issue of approximately 96.4 million fully paid ordinary shares. All shares under the Placement will be issued at the same price as the New Shares issued under the Entitlement Offer (i.e. $0.05 per New Share). The Placement is within the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A. New Shares issued under the Placement will not be entitled to participate in the Entitlement Offer.

Entitlement Offer

In addition to the Placement, Comms Group proposes to undertake a fully underwritten non-renounceable entitlement offer to eligible shareholders, on the basis of one (1) new fully paid ordinary share for every nine (9) existing ordinary shares held, at the same Offer Price as the Placement. New Shares issued pursuant to the Entitlement Offer will rank equally with all shares on issue.

The Entitlement Offer will open at 10:00am (Sydney time) on Thursday, 22 May 2025 and close at 5:00pm (Sydney time) on Monday, 2 June 2025. Eligible shareholders will be those with registered addresses in Australia and New Zealand only on the Record Date of 7:00pm (Sydney time) on Wednesday, 21 May 2025.

Eligible shareholders can choose to take up all, part or none of their Entitlement. Eligible shareholders wishing to participate in the Entitlement Offer should carefully read the Offer Booklet and accompanying personalised Entitlement and Acceptance Form which are expected to be despatched on Thursday, 22 May 2025. Copies of the Offer Booklet will be available on the ASX website (www.asx.com.au) upon the Offer Booklet being despatched.

Debt Facility

Comms Group has signed a $10.7m senior debt facility agreement provided by Regal Funds Management, with $4.0m to fund the acquisition and an additional $6.7m to refinance the existing senior financier (if required).

Key terms are outlined in the Investor Presentation lodged with the ASX today.

Indicative Timetable

The timetable below is indicative and subject to change. The Company reserves the right to alter the dates at its discretion and without prior notice, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth). The quotation of New Shares is subject to confirmation from the ASX. All times below are based on Sydney time.

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Key Events	Key Dates
Trading halt	Wednesday 14 May 2025
Announcement of Acquisition, Entitlement Offer and Placement Trading Halt is lifted and normal trading resumes. Company issues Entitlement Offer Cleansing Notice and Appendix 3B	Friday 16 May 2025
'Ex' entitlement date	Tuesday 20 May 2025
Record date for the Entitlement Offer	7:00pm (AEST) Wednesday 21 May 2025
Settlement of the Placement Company issues Appendix 2A in connection with the Placement	Wednesday 21 May 2025
Allotment & normal trading of New Shares under the Placement Company issues Placement Cleansing Notice	Thursday 22 May 2025
Offer Booklet + Entitlement & Acceptance Form dispatched Entitlement Offer opens	Thursday 22 May 2025
Last day to extend Entitlement Offer closing date	Wednesday 28 May 20025
Entitlement Offer closes	5:00pm (AEST) Monday 2 June 2025
Shares quoted on a deferred settlement basis	Tuesday 3 June 2025
Announcement of the results of the Entitlement Offer	Thursday 5 June 2025
Entitlement Offer settlement date	Friday 6 June 2025
Allotment of New Shares under the Entitlement Offer Company issues Appendix 2A in connection with the Entitlement Offer	Tuesday 10 June 2025
Quotation of New Shares issued under the Entitlement Offer	Wednesday 11 June 2025

Additional details

Further details of the acquisition and Equity Raising are set out in Comms Group's Investor Presentation provided to ASX today (16 May 2025). The Investor Presentation contains important information including key risks of investing in Comms Group and foreign selling restrictions with respect to the Equity Raising.

Henslow Pty Ltd (Henslow) acted as M&A Advisor. Henslow and Taylor Collison Limited are acting as joint lead managers to the Equity Raising and underwriters to the Entitlement Offer. Thomson Geer acted as Comms Group's legal advisor for the acquisition and Equity Raising.

Authorised for release by the Board of Comms Group Limited.

-- ENDS --

FOR MORE INFORMATION

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Matthew Beale
Chief Financial Officer

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ABOUT COMMS GROUP

We enhance business agility through innovative cloud-based communications and secure modern workplace solutions.

Comms Group provides a full range of advanced communications, collaboration and IT solutions from the Cloud. We specialise in the delivery of secure modern workplace IT solutions, managed services, cloud hosting, cloud communications, CPaaS and UCaaS, delivering reliable and scalable technology solutions to empower businesses.

Cloud Communications and Collaboration (Next Telecom)
Cloud communications service provider to Australian SME & corporates with award-winning customer service. Key offerings include unified communications solutions, including Microsoft Teams Calling, value-added services, cloud business phone/hosted PBX, inbound/toll-free services, mobile services, and extensive connectivity solutions, including fibre and NBN broadband, SD-WAN and secure firewall services.

Secure Modern Workplace Solutions (onPlatinum)
Award-winning IT & Cloud Services Managed Service Provider supporting corporate customers' ICT needs. We assist mid-market businesses with tailored solutions for enhanced productivity, security, and efficiency. Our proactive IT support and flexible cloud solutions drive your business forward, while multi-layered protections keep your data and systems secure. We work closely with our customers to create a secure, modern workplace where their organisation can thrive.

Global UCaaS and Wholesale (Comms Group Global)
Specialist UCaaS for international business and CPaaS for wholesale customers with global network reach. With our cloud-based network and expertise in Microsoft Teams, Cisco Webex and SIP, we offer fully managed services and STN replacement services in over 65+ countries. We provide global MNCs with seamless international unified communications solutions over a reliable global network, along with the latest product solutions and high levels of technical knowledge and global 24x7 support.