

FY22 Full Year Results Presentation

25 August 2022

COMMS GROUP LIMITED (ASX: CCG)

<https://commsgroup.limited>

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

Agenda

Company Overview	3
Financial Highlights	9
Business Update and Highlights	15
Strategy and Outlook	20
Glossary	24



Company Overview

Comms Group at-a-glance

A leading B2B provider of cloud communications and managed IT & cloud services to businesses



We enhance business agility through innovative cloud-based communications and IT solutions

Voice Services

Data Services

Unified Communications Solutions (UCaaS)

Managed IT & Cloud Services

We service our customers via three key business units

next.[®]
telecom
a commsgroup business

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

www.nexttelecom.com.au

commsgroup
Global Cloud Communications
Global

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

<https://commsgroup.global>

onPlatinum

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

<https://onplatinum.com.au>

- 140 staff located across Sydney, Melbourne, Gold Coast, Singapore, Philippines, UK
- Refer <https://commsgroup.limited/managementteam> for management team

Note: Refer glossary for definitions.

Key timeline of events



Our products and services

A highly focused B2B service provider with a full ICT product suite and leading position as a global unified communications provider



Voice services

- Replace legacy ISDN/PABX lines
- Move traditional “in-office” PABX to the cloud
- Advanced cloud business phone/hosted PBX (domestic)
- Global PBX for International offices
- Inbound 13/1300/1800 services
- 4G/5G Mobile & Mobile Broadband

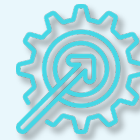
Wholesale/Global

- SIP Trunks
- SIP & MS Teams calling services wholesale
- Call Termination Services
- Global DIDs/Telephone numbers



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
- Multi-carrier diversity services
- Access to Cloud Services
- Firewall services



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



Managed IT services

- 24x7 IT Managed services
- Provision of ICT hardware
- Security services
- Cloud based services (Azure, VMWare)
- Own our own Cloud IaaS Virtual Server cluster (VMWare)
- Desktop as a service
- Backup as a service

Comms Group global network



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



Extensive international network with in-depth Asia Pacific coverage and carrier relationships.



Upgraded & expanded capacity of core Global voice network with 6 SuperPOP locations now in place – Sydney, Singapore, London, Frankfurt, US West & US East



Expanded network capability and capacity in key markets of Philippines, Hong Kong, Vietnam & Thailand



Enhanced capacity of our domestic data (Layer 2), internet (Layer 3, ISP) & cloud hosting platforms in FY22

Global Network

United States (West Coast)

United States (East Coast)

United Kingdom

Germany

South Korea

Japan

China

Hong Kong

Philippines

Singapore

Australia

Singapore

- Super Pop
- Voice Interconnect Node

Brisbane

- Domestic Data/ISP PoP
- Cloud IaaS Node

Sydney

- Super PoP
- Domestic Data/ISP PoP
- Voice Interconnect Node
- Cloud IaaS Node

Melbourne

- Domestic Data PoP
- Cloud IaaS Node

- 65** **Cloud Telephony with full PSTN replacement**
Comms Group delivers call origination and PSTN replacement in 65 countries with another 30+ via on-premises solutions / carrier partners.
- 6** **Voice SuperPOP Locations**
We operate six Voice SuperPOP locations in Sydney, Singapore, London, Frankfurt and United States (East & West Coast).
- 13** **Points of Presence / SBCs**
With 13 Points of Presence / SBCs globally, Comms Group Global has extensive network reach and a comprehensive range of voice solutions.
- 3** **Australian Data/ISP Network**
Comms Group owns and operates a national data network, delivering layer 2/3 internet access and interconnects with major carriers and content providers.
- 3** **Cloud IaaS Virtual Server cluster**

Microsoft Partner

Gold Communications

onPlatinum acquisition in Feb 22 - leading managed IT services provider



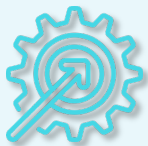
In Feb 22, we acquired a leading provider of ICT¹ services with a high-quality customer base



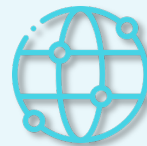
Extends Comms Group's product offering, broadening product set into the IT services market. Provides strong cross sell opportunity.



Added \$16m+ to total group revenue



Strengthens Comms Group's position in the corporate mid-market



Expands the Company's domestic footprint into QLD



Base EBITDA contributions of \$2m² (incl. synergies) and expected to grow overtime

¹ ICT refers to Information Technology (IT) services as well as Communications Services.

² Annualised EBITDA contribution.



Financial Highlights

FY22 Key Results Summary

Broader, more diversified business with continued revenue & EBITDA growth in FY22



FY22 Revenue
Up 64%
to \$41.3m



FY22 Underlying EBITDA^{1,2}
Up 28%
to \$4.1m



FY22 Gross Profit
Up 68%
to \$19.1m



FY23 revenue target
\$50m+



FY23 underlying EBITDA target
\$6m+

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

² Excluding start up costs associated with Vodafone contract win, FY22 underlying EBITDA was approx. \$4.8m (up 50% on pcp).

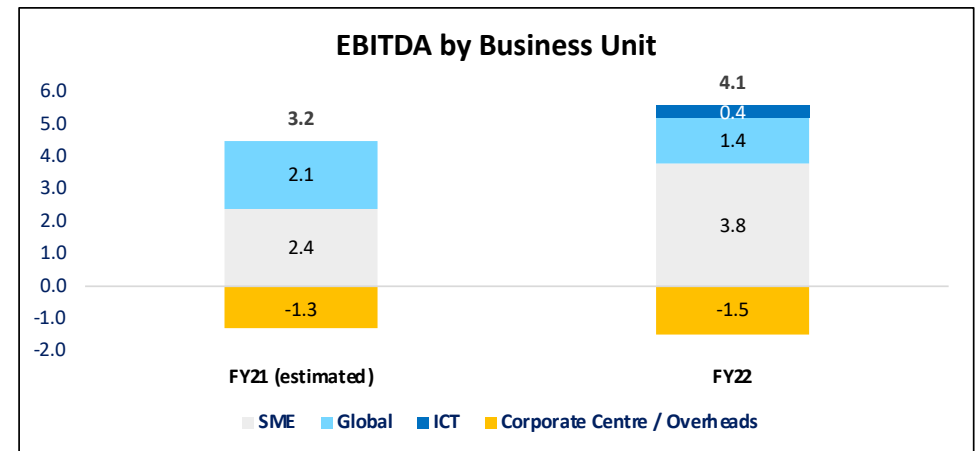
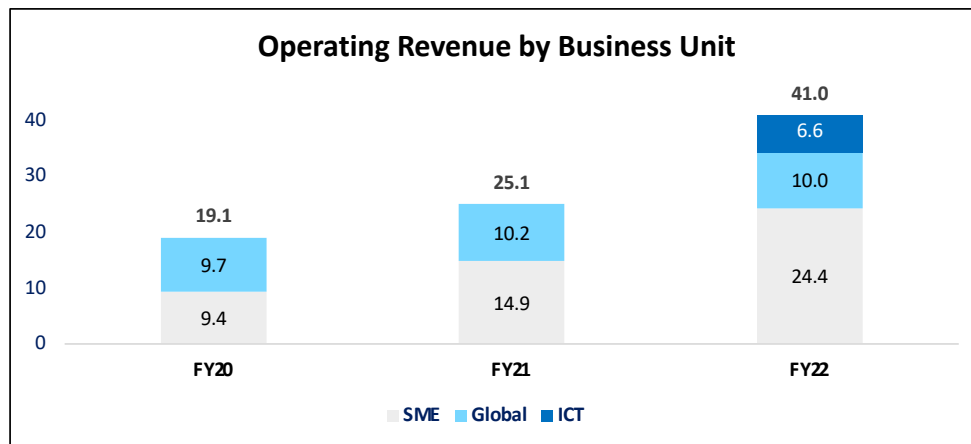
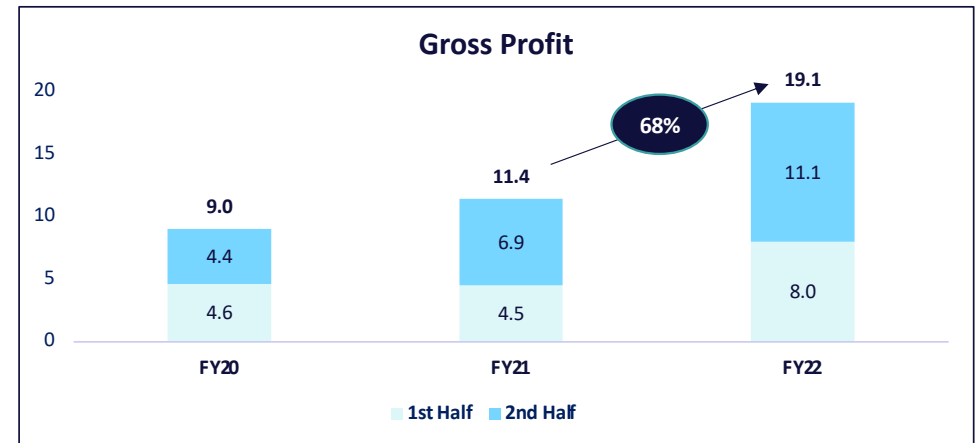
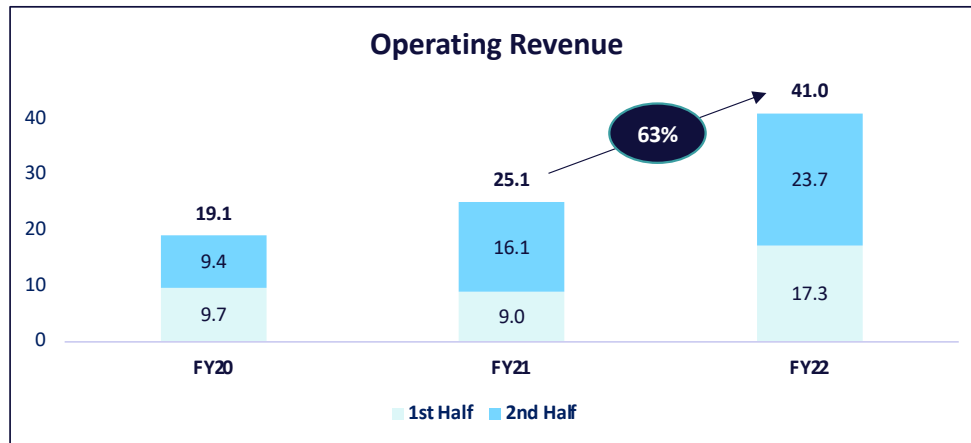
Financial Performance FY22

- Increase in operating revenues includes a full year's operations of prior year acquisitions and acquisition of Switched On (Sep 21) and onPlatinum (Feb22). Annualised operating revenues now in excess of \$50m.
- Gross margin increase from 45% to 47% a product of the acquisition of higher margin businesses during the year but more significantly, the realisation of synergies in excess of those budgeted (timing and quantity).
- Increase in operating expenses to \$15.1m also due to the inclusion of prior year acquisitions for a full year and those made during the year. Whilst pressure is on employee costs in particular, through tight control operating costs have largely been kept within budget.

\$M	FY21	FY22
Operating Revenue	25.1	41.0
Cost of Sales	(13.8)	(21.9)
Gross Profit	11.4	19.1
Gross Margin (group)	45%	47%
Other income	0.1	0.1
Operating expenses	(8.3)	(15.1)
Underlying EBITDA	3.2	4.1

*Operating Expenses exclude restructuring, business acquisition and integration costs and share based payments.

Financial Performance Over Time



Cash Flow

\$M	FY21	FY22
Underlying operating cashflows	1.9	3.4
Less: Payment of business acquisition, restructuring and integration expenses	(1.0)	(1.4)
Net cash from operations	0.9	2.0
Plus: net proceeds from capital raisings	5.9	-
Plus: proceeds from bank borrowings	-	8.1
Less: rent (lease) payments	(0.4)	(0.8)
Less: net investing activities	(3.3)	(11.9)
Net cash inflows	3.1	(2.6)
Opening cash	2.4	5.5
Closing cash	5.5	2.9



Underlying cashflow from operations \$3.4m after an investment in net working capital of \$1.1m.



Net investing payments of \$11.9m include \$10.7m for the acquisition of Switched On and onPlatinum.



Investing activities have been funded by a new CBA loan \$8.1m and \$3.8m cash on hand (including from that generated during the year).

Balance Sheet

Balance sheet continues to strengthen, net asset increasing to \$30.0m.

Cash at bank \$2.9m at 30 June 2022. Undrawn overdraft \$0.7m.

Paid \$18.6m for Switched On and onPlatinum.

CBA term loan facility limit \$10.0m, drawn to \$8.1m at 30 June 2022. Preliminary covenant testing indicates significant margin to minimum requirements.

Carried forward tax losses of \$2.0m with a tax benefit of \$0.5m



\$M	30 June 2021	30 June 2022
Cash	5.5	2.9
Working Capital (current assets less current liabilities)	4.6	1.0
Non-Current Assets	27.3	51.6
Non-Current Liabilities	3.9	17.2
Net Assets	28.0	30.0

*Working capital excludes \$5.4m deferred consideration for acquired businesses.



Business Update & Highlights

FY22 Overall Business Highlights

Key acquisitions & greater scale

- Two key acquisitions completed in FY22 – Switched On and key ICT provider onPlatinum.
- Business is now over \$50m annualised revenue with significant scale and diversification and extensive product and service offering.

3 key business units established

- In FY22, structured business into three key divisions each with their own CEO:
 - **Next Telecom** - Domestic SME/Corporate mid-market Telco.
 - **OnPlatinum** - Domestic Corporate Managed ICT service provider.
 - **Comms Group Global** - UCaaS / CPaaS to Wholesale/Enterprise in the global telco marketplace

Strong synergies from acquisitions

- Finalised FY22 with key synergy projects completed in Q4, delivering \$0.8m in annualised synergies from recent acquisitions including Next Telecom and Binary.
- Further potential synergies have been identified across the Group which could provide up to \$1m in annual cost savings, realisable over the next 12 months.

Key agreement with Vodafone

- A key global agreement to provide key unified comms & related services to Vodafone Business
- Significant work undertaken since contract award to be ready for launch Q1 FY23.
- Providing advanced orchestration & automation capabilities to automate many processes
- Positive partnership emerging with some good deals underway

Strong new sales results

- Strong result in FY22 with new sales contracts signed
 - Total of \$235k MRR of new sales contracts closed in 1H22
 - Total of \$418k MRR of new sales contracts closed in 2H22

FY22 Business Highlights (cont.)

**SME
Business
Unit**

next.[®]
telecom
a commsgroup business

- A leading domestic SME/Corporate mid-market Telco incorporating all of our SME businesses (including Comms Choice SME, Binary, Switched On)
- Key operations NSW, Vic & Qld and looking to expand into other states where opportunities available.
- Major focus in FY22 on branding & website update and optimizing sales organisation.
- Strong direct and indirect sales force via extensive partner network.
- Continued success in FY22 with lead products of fibre connectivity, hosted voice, MS Teams calling + value add services inc. call centre, call reporting & analytics.
- Increased growth with SD-WAN and security offerings
- Great progress on delivering synergies in FY22 as outlined
- Consistently closing new sales around \$20k to \$30k pcm MRR.
- Targeting revenue growth in FY23 and annual EBITDA of \$4m+ in FY23.

FY22 Business Highlights (cont.)

**ICT
Business
Unit**

onPlatinum

- A leading IT Managed Service Provider supporting corporate customers' ICT needs, with key offices in the Gold Coast Qld and Sydney
- Currently working through an earn-out based on quarter ending Dec-22
- Customers typically contracted for a range of managed IT services over 36+ mth periods.
- Seeing strong interest in onPlatinum's full range managed IT service offerings by mid market corporate customers.
- Provider of key cloud-based services including onPlatinum's own managed IaaS virtual server cluster (VMWare)
- Strong pipeline of new sales and expect to continue to grow revenue and EBITDA over time.
- Closing new sales around the \$20k to \$40k pcm MRR level (and higher).
- Targeting revenue growth in FY23 and annual EBITDA of \$2m+ in FY23.

FY22 Business Highlights (cont.)

Global Business Unit

commsgroup
Global Cloud Communications
Global

- Global UCaaS and CPaaS business established as a separate division in FY22.
- Major work underway to add core UCaaS service ordering and management platform for customers, inc. MS Teams Operator Connect and other UCaaS products.
- Strong focus in FY22 expanding reach and capacity of core network plus addition of carrier partners and licences - to continue into FY23.
- Increasing awareness with other global wholesale prospects has resulted in some recent strong wins in the CPaaS area. Expect to see growth in this area over time.
- Currently working on a number of key deals with global wholesale customers in both UCaaS and CPaaS areas.
- Closing new sales around the \$20k to \$40k pcm MRR level (and higher).
- Targeting moderate revenue growth FY23 and annual EBITDA of \$1m+ in FY23. Some additional costs added in short term to support anticipated growth.
- Stronger growth expected in FY24 and beyond as existing contracts grow.



Strategy & Outlook

Comms Group strategic imperatives

S
T
R
A
T
E
G
Y



Extend our services in the corporate mid-market sector with a full ICT service offering



Become a key UCaaS and CPaaS provider throughout APAC region and globally to wholesale & enterprise sectors



Grow to scale organically and via acquisitions to over \$100m revenue with commensurate increase in profitability



Expand domestically to become a national provider

P
R
O
G
R
E
S
S

- onPlatinum acquisition FY22
- Extensive telco & IT managed services offerings today
- Looking at further expansion opportunities in key IT & telco services areas

- Key Vodafone Business win FY22
- Major global network upgrade FY22
- Expanding carrier agreements/licences
- Key customer facing systems being added
- Adding key resources, inc. SE-Asia resources

- Over \$50m annualised revenue today
- Targeting solid organic growth
- Continuing to explore strategic growth opportunities

- Keen to pursue expansion opportunities Brisbane, Sydney, Melbourne & Perth

Outlook



FY23 Revenue is expected to be
\$50m+



Expect growth across all 3 business units in the Group in FY23



FY23 Underlying EBITDA is expected to be
\$6m+



We expect to also continue to grow via strategic acquisitions as appropriate M&A opportunities arise.

“We are singularly focussed on continuing our growth journey and enhancing business agility through innovative cloud communications solutions for targeted businesses globally.”

Disclaimer

The material in this presentation is a summary of Comms Group Ltd's (CCG) activities and results, and is current at the date of preparation, 25 August 2022. Further details are provided in the Company's full and half year accounts and results announcements released to the ASX.

No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation ("forward-looking statements"). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of CCG and its Directors) which may cause the actual results or performance of CCG to be materially different from any future results or performance expressed or implied by such forward-looking statements.

Undue reliance should not be placed on forward-looking statements and except as required by law or regulation, CCG assumes no obligation to update these forward-looking statements. To the maximum extent permitted by law, CCG and its related corporations, Directors, officers, employees and agents disclaim any obligations or undertaking to release any updates or revisions to the information in this presentation to reflect any change in expectation or assumptions and disclaim all responsibility and liability for these forward-looking statements (including without limitation, liability for fault or negligence.)

This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Due care and consideration should be undertaken when considering and analysing CCG's financial performance. All references to dollars are to Australian Dollars unless otherwise stated.

To the maximum extent permitted by law, neither CCG nor its related corporations, Directors, officers, employees or agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

Certain financial data included in this presentation may be "non-IFRS financial information" under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. [The non-IFRS financial information in this presentation may include underlying profit after tax]. CCG believes this non-IFRS financial information, where included, provides useful information to users in measuring the financial performance and conditions of CCG. The non-IFRS financial information measures do not have standardised meanings prescribed by International Financial Reporting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be considered as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Undue reliance should not be placed on any non-IFRS financial information.

This presentation is not and should not be considered as an offer or an invitation to acquire shares in CCG or any other financial product and does not and will not form any part of any contract for the acquisition of shares.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of CCG is available on our website www.commsgroup.limited

Glossary

Term	Definition
Cloud Communications	The provision of key communications services from cloud servers based in data centres with services delivered 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. We operate 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 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 most in the SME and corporate mid-market. We operate a domestic Layer 2 (data) and Layer 3 (internet) network with Points of Presence (PoPs) in Syd, Melb & Brisb and aggregate 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 networks using lower-cost & commercially available Internet access & replace older 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 typically up to 500 employees.
UCaaS	Unified communications as a service is a 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. We are a leading provider of MS Teams calling with a global network and service offering.

DO THE RIGHT THING. EXPERTS. DEPENDABLE.
PASSIONATE. STRAIGHT TALKING. DO THE
THING. EXPERTS. DEPENDABLE. PASSIONATE
RAIGHT TALKING. DO THE RIGHT THING.
PERTS. **DEPENDABLE.** PASSIONATE STRA
LTKING. DO THE RIGHT THING. EXPERTS. I
PENDABLE. PASSIONATE. STRAIGHT TAL
DO THE RIGHT THING. EXPERTS. DEPENDAB
SSIONATE. STRAIGHT TALKING. DO THE
HING. EXPERTS. DEPENDABLE. PASSIONATE