

Comms Group

Half Year 2025 – Update

Coffee Microcaps Presentation

6 March 2025

commsgroup

Global Cloud Communications

COMMS GROUP LIMITED (ASX: CCG)

www.commsgroup.limited

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

Who are we?

- Comms Group Limited is a specialised cloud communications and managed IT services provider to businesses.
- Listed on the Australian Securities Exchange (ASX:CCG) in 2017.
- Headquartered in Sydney, Australia with operations in Melbourne, Gold Coast, Singapore, London, and the Philippines, including extensive coverage across the Asia-Pacific.
- We provide services to businesses, Enterprise and Government, as well as wholesale services to domestic and international telecommunications and IT services companies.
- We have a key focus on cash generation and generating strong shareholder returns.
- We have 3 key divisions:
 1. Cloud Communications & Collaboration – for Domestic SMEs and Corporates.
 2. Secure Modern Workplace Solutions – ICT Services for Domestic Corporates.
 3. Global Unified Communications services for Global Enterprises & Wholesale Voice Services – for Global Telcos and Large Application Service Providers.



commsgroup
Global Cloud Communications

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

About us

Cloud Communications & Collaboration

Cloud communications service provider to Australian SME's & corporates, with award-winning customer service

next:
tele.com
a commsgroup business

Secure Modern Workplace Solutions

Award-winning IT & Cloud Services Managed Service Provider, supporting corporate customers' ICT needs

onPlatinum
a commsgroup business

Global UCaaS & Wholesale

Specialist Unified Communications as a Service (UCaaS) for international business and Communications Platform as a Service (CPaaS) for wholesale customers with global network reach

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GLOBAL

Located across Sydney, Melbourne, Gold Coast, Singapore, Philippines, UK

Note: Refer glossary for definitions.

1H FY25 Key Highlights

- **Total revenue \$27.0m was slightly ahead** c.f. PCP with Global division revenue increasing in the period c.f. PCP.
- **Underlying EBITDA of \$2.4m**, impacted predominantly by additional costs to support key growth opportunities in the global business.
 - An investment in additional key staff predominantly for the Global business saw core business opex increase to \$10.7m, an increase of \$0.8m c.f. PCP.
- **Our strongest half on record with new business contracts signed** with a total of \$5.9m in new ARR¹. Revenue from the new business will start to flow in the 2nd half FY25.
- **Group Gross Margin increased to 48.3%** with continued strong focus on managing supplier costs which also saw Gross Profit increase
- **Continued strong cashflow position**, particularly when adjusted for a delayed debtor payment of ~\$0.6m which will be rectified in 2H FY25.
- **Recently completed key security certifications** – ISO27001:2022, SOC 2 and UK Cyber Essentials to unlock further opportunities with enterprise & Govt in UK, Europe and North America.
- **Interim dividend** of 0.125c (\$0.00125) per share (fully franked) has been declared.

¹ Annual recurring revenue.

² Strategic accounts use our services for their own customers and typically bill > \$100k pcm (or are expected to reach this figure over time).

³ As announced to the ASX 9 September 2024 and 25 November 2024.

Strong Momentum Continues in the Global Business

Our Global business provides:

- I. The latest generation Unified Communications as a Service (UCaaS) solutions for Multi-National Corporates (MNCs) covering 65+ countries

(Example products include Microsoft Teams & Cisco Webex PSTN calling)

- II. Wholesale Voice solutions for large carriers, Over-the-Top (OTT) providers, and Application Service Providers (ASPs)

(Example products include domestic voice calling solutions in the Philippines for large contact centre companies)



For Global, our current key focus is on the Asia-Pacific region and we are eager to take other products to market, including Secure Modern Workplace (IT) solutions



- Continued to expand our licence footprint in Asia Pacific and beyond.
- Progressing licences in 3 other key APAC countries
- Subsidiary established in the EU with 5-10 key EU countries identified for licence application



- **On 9 Sept 2024¹, we announced a significant contract win worth a minimum of A\$2.4m over 3 years.**
- **On 25 Nov 2024, we announced a significant further contract win worth \$1.5m to \$2m pa.**



- Significant increase in new business across many countries where we operate today vs 12 months ago.
- Solid momentum continuing into 2H FY25 with strong January new business and solid pipeline of key deals.



¹ ASX Announcement (9 Sept 2024) – “Comms Group secures A\$2.4M contract with leading global SaaS Provider”

² ASX Announcement (25 Nov 2024) – “CCG to provide key telecom services to global tech company”



Global Capability

Comms Group is one of the most comprehensively licensed carriers in the APAC region with a new focus on Europe due to customer demand.

We can deliver SIP domestic calling services in approx. 40 key markets globally with an extended reach of a further 25+ international toll-free capability.

We operate a global SBC network with Points of Presence (PoPs) in: United States (East & West Coast), Brazil, South Africa, United Kingdom, Germany, UAE, Singapore, Indonesia, Philippines, Hong Kong, China, Taiwan*, South Korea, Japan and Australia

We have completed Phase 1 roll-out of operator licenses across APAC including Australia, NZ, Singapore, Hong Kong, Indonesia, Japan, Malaysia, Philippines and Taiwan*.

We expect to add further countries in APAC in Phase 2 and EMEA in Phase 3.

*Taiwan in progress

1H FY25 Financial Highlights



Revenue

Up 0.3% on PCP
to \$27.0M



Gross Profit

Up 1.5% on PCP
to \$13.1M



Gross Margin %

Up from 47.7% PCP
to 48.3%



Underlying EBITDA¹

Down 19.5% on PCP
to \$2.4M



Operating Cashflow

Down 20% on PCP
to \$1.2M²

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

² Impacted by delayed debtor payment of ~\$0.6M which will be rectified in 2H FY25. Adjusting for this delay Operating Cashflow would be \$1.8m v PCP \$1.5M.

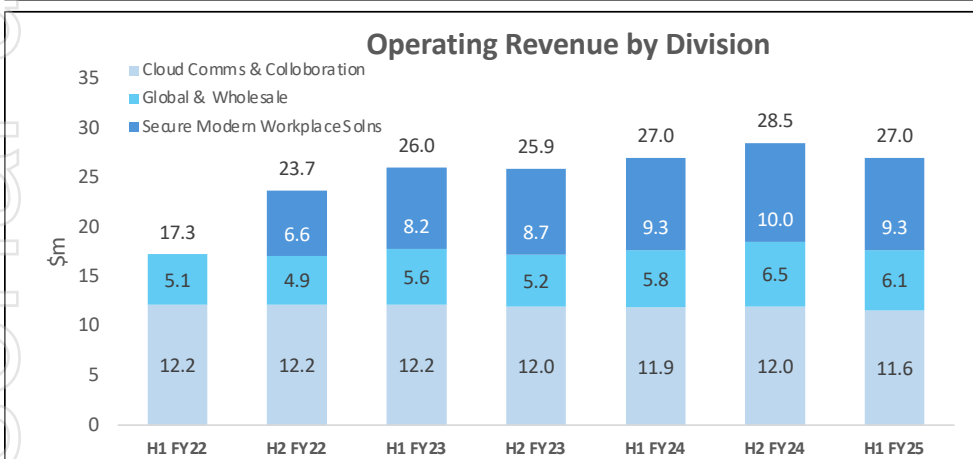
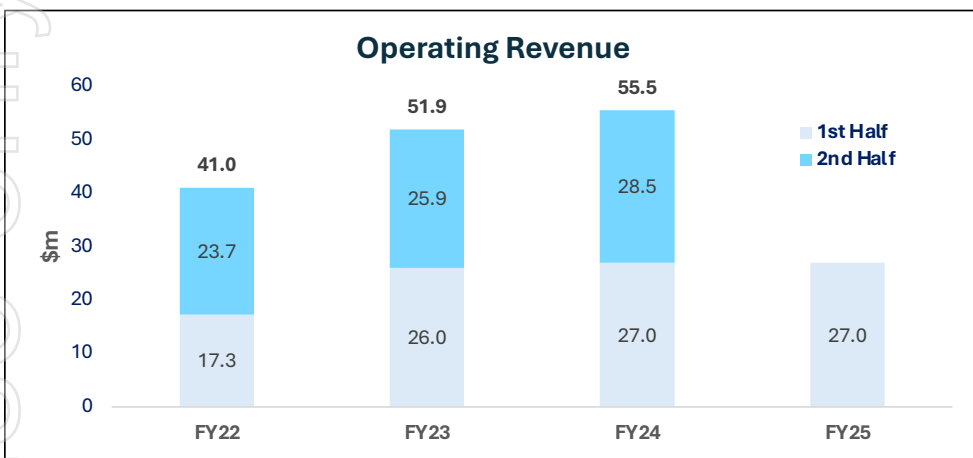
Financial Performance 1H FY25

- **Total revenue recorded a slight increase at \$27.05m**
- **Group gross margin** increased to over 48%.
- **Operating expenses** increased mainly in our Global business to support some key Global opportunities.
- **Underlying EBITDA of \$2.4m**, impacted predominantly by additional costs to support key growth opportunities in the global business.

\$M	1HFY24	1HFY25
Operating Revenue	26.96	27.05
Cost of Sales	(14.1)	(14.0)
Gross Profit	12.9	13.1
Gross Margin %	47.7%	48.3%
Operating expenses*	(9.9)	(10.7)
Underlying EBITDA	3.0	2.4
Non-recurring items & share incentive costs	(1.4)	(1.0)
Depreciation & amortisation	(1.5)	(1.4)
Net interest	(0.5)	(0.4)
Operating Profit before tax	(0.4)	(0.4)
Plus Other Non-operating Income	0.1	0.1
Profit before tax	(0.3)	(0.3)

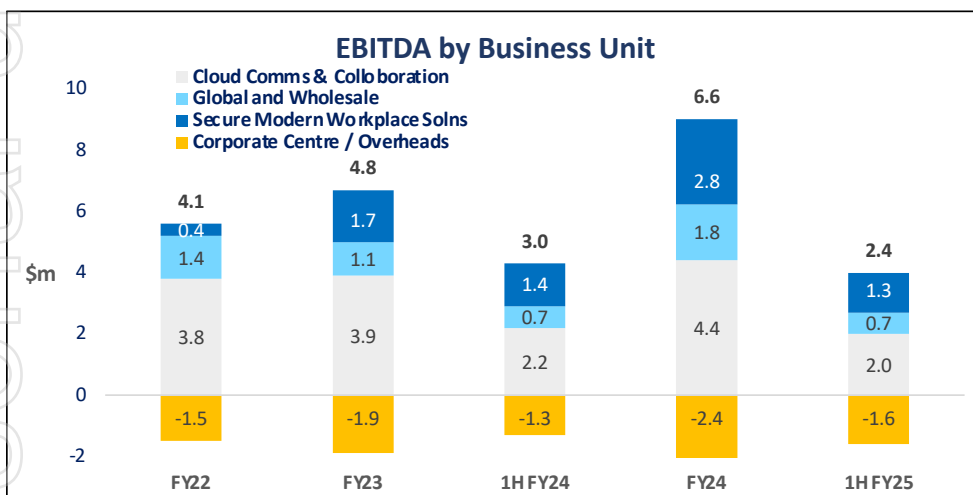
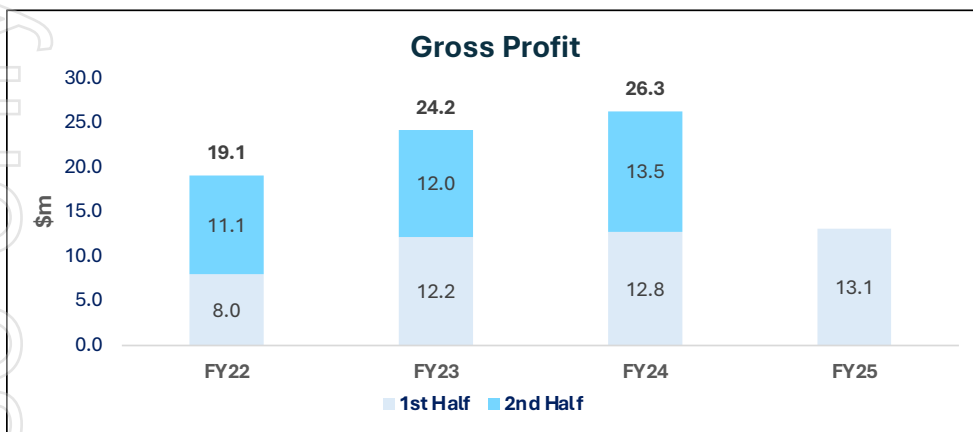
*Operating Expenses exclude restructuring, business acquisition, integration and other one-off costs and share based payments.

Financial Performance Over Time



- **Global & Wholesale** recorded an increase in line with expectations and prior year increases
- **Stable revenue position in our Secure Modern Workplace Solutions business** despite a key customer in-sourcing some managed services late in the prior financial year. New contract sales in Q4 FY24 have more than covered this reduction.
- We experienced a minor decline in the domestic Cloud Comms & Collaboration business revenues due to market pressures.
- **Some further cross-sell of secure modern workplace solutions** to existing telco customers.

Financial Performance Over Time (cont.)



- **Solid Gross Profit increase** in 1H FY25 c.f. PCP with **increase in Gross Margin to over 48%**.

- *Global's \$3.3m¹ vs \$3.0M PCP*
- *Secure Modern Workplace Solutions' \$4.8m vs \$4.5m PCP*
- *Cloud Comms & Collaboration's \$5.0m vs \$5.2m PCP*

- Increases in Opex of \$0.8M vs PCP predominantly to support the Global business opportunities impacted underlying EBITDA.
- Underlying EBITDA reduced to \$2.4M mainly as a result of the increase in Opex.

¹ A correction to \$3.3m as figure in 27 Feb 2025 presentation to ASX of \$3.1m was incorrect. The total Gross Profit of \$13.1m is correct and remains unchanged.

Cash Flow

\$M	1HFY24	1HFY25
Underlying operating cashflows	3.4	2.3
Less: payment of business acquisition, restructuring, integration & other one-off expenses	1.1	0.7
Less: income tax paid	0.2	0.1
Less: lease (inc rent) payments	0.6	0.3
Operating cashflow	1.5	1.2
Less: Capex	0.1	0.2
Free Cash Flow¹	1.4	1.1
Less: net Interest paid	0.4	0.4
Less: investing activities	-	-
Plus: proceeds from bank borrowings	-	-
Less: dividends paid	-	0.9
Less: term loan repayments	0.5	0.6
Cash Flow Movement	0.5	(0.9)
Opening cash	1.9	3.6
Closing cash	2.4	2.7

¹ **Free Cash Flow** is defined as Operating Cashflow (Net Cash from Operations less Interest on finance facility) less Capex

\$

Underlying cashflow from operations was lower than PCP mainly due to increased investment in key staff for Global and payment delays from a debtor worth ~\$0.6m.

Adjusting for the delayed payment from the key customer (which will be rectified in 2HFY25), operating cashflow would have been \$1.8m and free cashflow would have been \$1.7m.

Majority of business acquisition, integration and other one-off payments relate to Global licenses and business set-up, strategic review and further synergy realisation.

Balance Sheet

Solid balance sheet with net assets of \$30.8m.

Cash at bank of \$2.7m after payment of Dividend \$0.9m in Sept-24

Positive working capital excluding borrowings \$1.0m after dividend payment \$0.9m

Total Intangibles including Goodwill \$40.8m with significant margin between assessed and book values.

CBA term loan reduced to \$7.0m after loan repayments \$0.6m. Renewed for a further 2 years.



\$M	30 June 2024	31 Dec 2024
Cash	3.6	2.7
Working Capital (current assets less current liabilities but exc. borrowings)	2.2	1.0
Term Loan	7.6	7.0
Non-Current Assets	44.8	45.2
Non-Current Liabilities (exc. borrowings)	7.6	8.4
Net Assets	31.8	30.8

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Strategy & Outlook

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Strategy

To become a leading cloud communications, collaboration and secure modern workplace solutions provider across the Asia Pacific region

- A strong focus on the corporate mid-market sector domestically.
- Cross-sell of secure modern workplace solutions to our wider customer base of circa 5,000 customers.
- Expand our partner program, strategic alliances and channels to market in Australia and the Asia-Pacific region.
- Expand relationship with strategic accounts to include additional products and services and expand geographical reach. Plan to add additional strategic accounts over time.
- Leverage our significant Asia-Pacific footprint to provide unified communications, collaboration and secure modern workplace solutions to MNCs operating across the region.
- Digital transformation of the business to implement common Group-wide processes and systems with the goal of moving to a common platform and “One” business over time.
- Increasing operating and free cash flow generation and improving shareholder returns.
- Strategic growth opportunities to increase scale and add additional capabilities are being pursued.

Group Outlook



FY25 Revenue target
\$55m to \$57m



FY25 Underlying
EBITDA target
\$5m to \$6m



Expecting solid cashflow
position for the year



Business exploring
strategic growth
opportunities.



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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)	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.

Appendix – Our Products and services

Comms Group empowers businesses worldwide with a comprehensive, cutting-edge suite of communications and technology solutions across key market segments.



Cloud Communications and Collaboration

- Industry leader in Microsoft Teams Calling
- Full suite of Teams VAS inc. call recording, contact centre & analytics
- Modern cloud business phone/hosted Private Branch Exchange (PBX)
- Inbound 13/1300/1800 services
- 5G Mobile & Broadband
- Full range of broadband solutions including NBN (TC4 & EE), Fibre Ethernet, MPLS and Point-to-Point.
- Multi-Carrier diversity via our own national network plus Layer 3 offerings.
- SD-WAN and Secure Firewall Solutions



Secure Modern Workplace Solutions

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



Global UCaaS & Wholesale

- Global Microsoft Teams & Cisco Webex calling solutions to enterprise.
- Focus on Global MNC's to enable VAS solutions including Contact Centre, Call Recording, Call Analytics, SMS Messaging
- White-label UCaaS and CPaaS solutions to global carriers and contact centres with fast-enablement and managed services
- SIP Trunking and Call Termination Services (CTS) across APAC and Europe
- Global DIDs in more than 65+ countries with geographic and toll-free options.
- 24x7 Global NOC and support
- Extensive Global Network with APAC focus

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