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FY21 Full Year Results Presentation

26 AUGUST 2021

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About Comms Group

Comms Group became the new name for the Group from Nov 2020.

A profitable telecoms business with an extensive product suite and global UCaaS* offerings.

Our Goal is to enhance business agility through innovative cloud communications solutions.

We service our customers via two key divisions:

- **Next Telecom** - SME/Corporate (up to 1,000 employees)
- **Comms Group** - Wholesale, Enterprise, Global (+1,000 employees).

Sydney Head Office with offices in Melbourne, Singapore and the Philippines.

Expanding via corporate, enterprise and wholesale channels, international expansion and further acquisitions.

** UCaaS (Unified Communications as a Service) – a communications delivery model based on the cloud, that allows companies to access key comms services including telephony (voice), video, messaging, chat, collaboration, document storage supporting teamwork, agility, mobility and work from anywhere.*



~ 6,500 customers today



~ 80 dedicated staff



Recent acquisitions include **Next Telecom**, **Binary Networks** and **Switched-On Australia (Aug 21)**



Leading **Global** Microsoft Teams calling provider.



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Financial Highlights

FY21 Key Results Summary

INCREASED SCALE AND CONTINUED PROFIT GROWTH



FY21 Revenue
Up 30%
to \$25.2m



FY21 EBITDA¹
Up 28%
to \$3.2m



FY 21 Gross Profit
Up 27%
to \$11.4m



Current Run Rate
(annualised) revenue²
Up 100% YoY
to \$36m - \$38m



Current Run Rate (annualised)
underlying EBITDA²
Up 100% YoY
to ~\$5m

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

² Run Rate Revenue and EBITDA is annualised Underlying Revenue & EBITDA including all acquisitions finalised during the year and the recent acquisition of Switched On

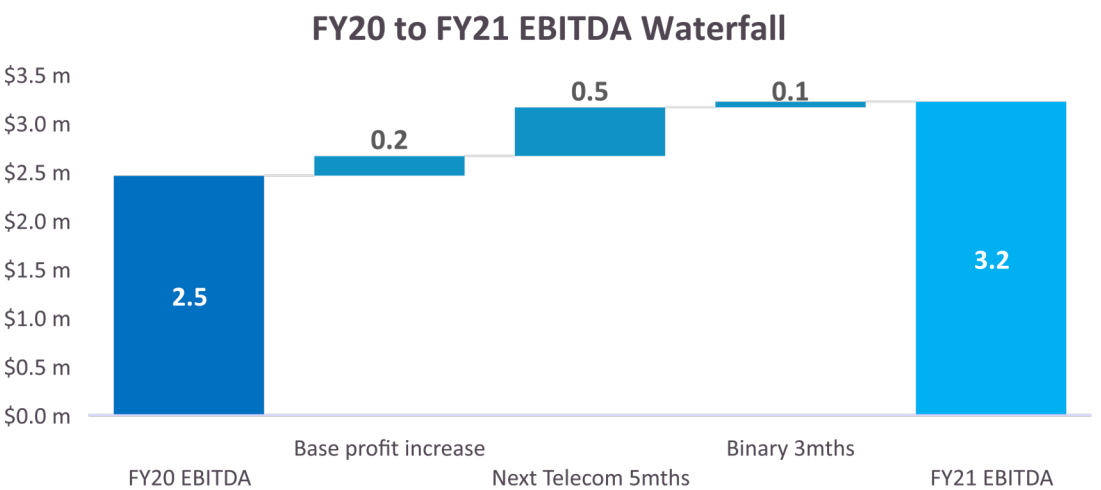
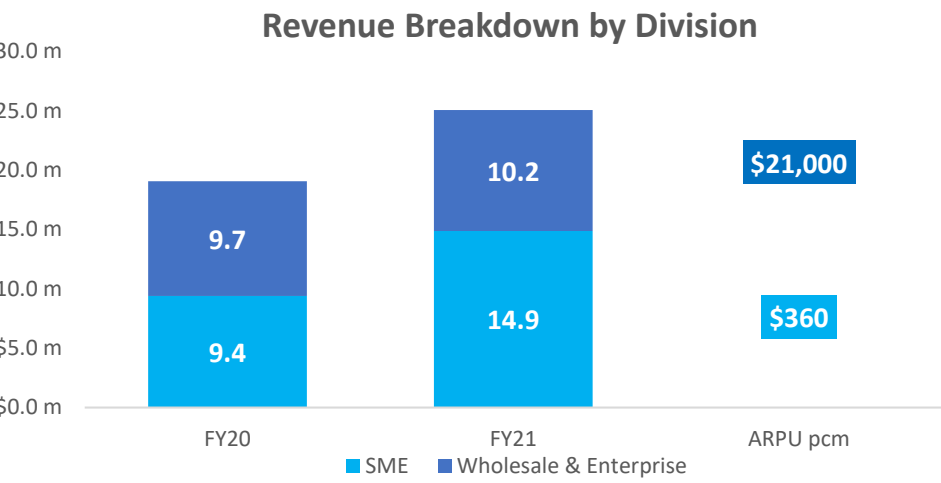
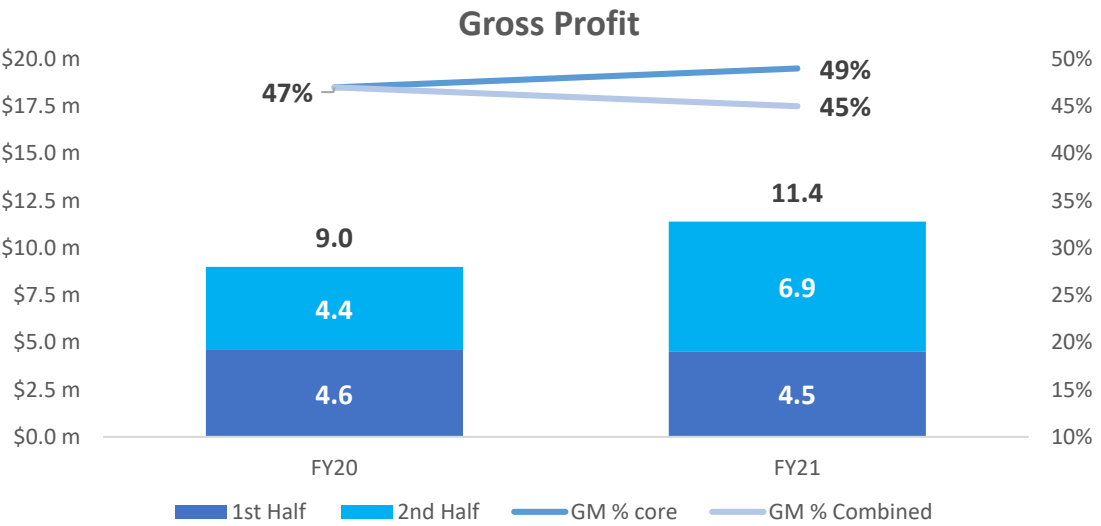
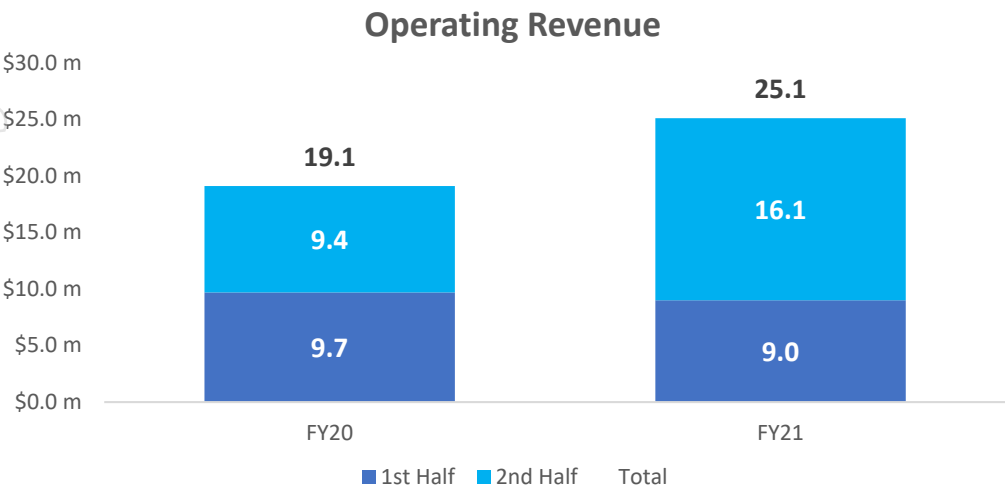
Financial Performance FY21

- Gross Margins excluding acquired businesses continue to improve adding 2% to be 49% for the year
- Through tight credit control bad and doubtful debts have been kept to a minimum with little impact on collections
- Operating expenses excluding acquired businesses have reduced by circa \$0.1m
- Acquired businesses are largely trading within expectations

\$M	FY20	FY21
Operating Revenue	19.1	25.1
Cost of Sales	(10.1)	(13.8)
Gross Profit	9.0	11.4
Gross Margin (group)	47%	45%
Other income	0.2	0.1
Operating expenses	(6.7)	(8.3)
Underlying EBITDA	2.5	3.2

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

Financial Performance Over Time



Cash Flow

\$M	FY20	FY21
Underlying operating cashflows	3.2	1.9
Less: payment of restructuring costs	(1.4)	(0.3)
Less: payment of prior year corporate tax	(0.4)	-
Less: Payment of business acquisition and integration expenses	0.0	(0.7)
Net cash from operations	1.4	0.9
Plus: net proceeds from capital raisings	1.9	5.9
Less: repayment of borrowings	(0.4)	-
Less: rent (lease) payments	(0.4)	(0.4)
Less: investing activities	(0.5)	(3.3)
Net cash inflows	2.0	3.1
Opening cash	0.4	2.4
Closing cash	2.4	5.5



Underlying cashflow
from operations
\$1.9m



Net proceeds from
capital raisings in
December 2020
and January 2021
total \$5.9m



Other investing
activity includes
\$2.8m for the
purchase of Next
Telecom and Binary
Networks

Balance Sheet

**Strong
balance sheet, net
assets \$28.0m**

**Cash of
\$5.5m at 30 June
2021. Nil debt**

**Paid \$10.6m for Next
Telecom & Binary
Network Acquisitions**

**Increase in
Intangible assets
from \$12.0m to
\$23.6m**

**Carried forward tax
losses of \$3.4m
with a tax benefit
of \$0.9m**



\$M	30 June 2020	30 June 2021
Cash	2.4	5.5 ¹
Working Capital (current assets less current liabilities)	0.9	4.6
Non-Current Assets	15.1	27.3
Non-Current Liabilities	2.0	3.9
Net Assets	14.0	28.0

¹ The Company announced on 10 Aug 21 that it is acquiring Switched On Australia requiring initial payment of \$3.65m.

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Business Update



FY21 Business Highlights

Organic growth from global multi-national corporates (MNCs) for our key MS Teams calling offering + MS Teams comms value adds (e.g. PCI compliant call recording)

Continued focus on supplier cost management and opex management saw improvements in gross margin and EBITDA

Three key acquisitions in Next Telecom, Binary Networks and Switched On Australia (Aug 21), reinforcing our SME business and key Melbourne market

Melbourne now a significant base for the overall business with key management and sales resources engaged

Opened our Singapore office with carrier license obtained; targeting wholesale and MNCs in Asia Pacific region

Key work done on new systems, systems integration and extracting synergies from recent acquisitions. Good progress with synergies on acquired businesses

Awarded Microsoft Gold Communications Partner in the year



Key Acquisitions Last 12 Months



NEXT TELECOM

- A telco service provider servicing the SME and mid-sized corporate business markets in Australia
- Offers corporate data services (including corporate fibre and NBN products), cloud IP telephony, managed IT services, managed security offerings and other telecommunication services
- Market leading position with provision of fibre optic-based data services for corporate customers
- Completed 29 January 2021



BINARY NETWORKS

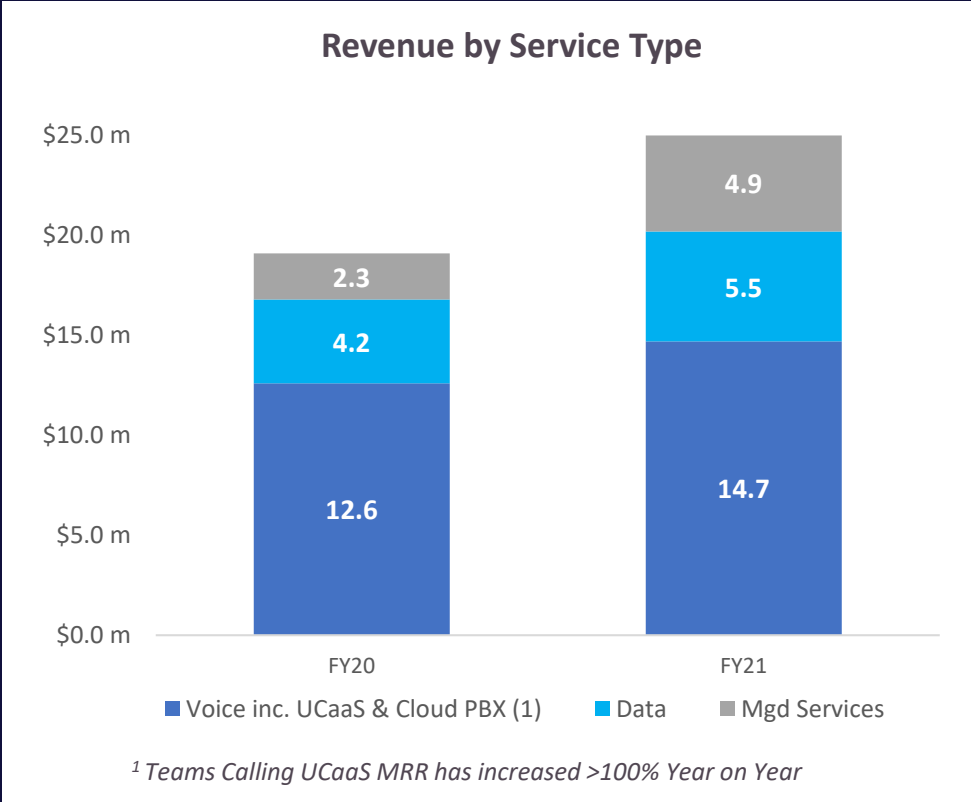
- Service provider to SME/Corporate based in Melbourne Australia.
- Delivers Layer-2 data network to the group, with key PoPs in Sydney, Melbourne and Brisbane. Advanced on-line ordering.
- NBN Broadband, Fibre Broadband (Ethernet), Dark Fibre, Co-Location and Virtual Cloud Hosting to SME/Corporate across Australia. Extensive Layer 3 (internet) peering network.
- Designed to strengthen our position in the Melbourne marketplace and national data market
- Completed 1 April 2021



SWITCHED ON AUSTRALIA

- Switched On Australia is a Melbourne based telco service provider focused on the SME market.
- Switched On's services include voice & data solutions, mobile services, business phone system installation and maintenance and managed IT support services.
- Acquisition will further strengthen our position in the Melbourne marketplace.
- Expected to complete end of August 2021

FY21 Key Services Revenue Breakdown



FY21 Key New Clients and Clients with Expanded Offerings

fleet*care*

ONE
OCEAN NETWORK EXPRESS



westfund
Health Insurance



CYARA



EBSCO



rhipe



NT
NOVOTECH
The Asia Pacific CRO

TOLL



SHIMANO

Comms Group Global Network

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CommsChoice is a leader in Microsoft Teams calling for global businesses.



Extensive international network with the most extensive Asia Pacific coverage.



Recently completed expansions into **China, Japan, Philippines, HK and Indonesia.**



The first and only provider of Microsoft Teams calling in **China.**

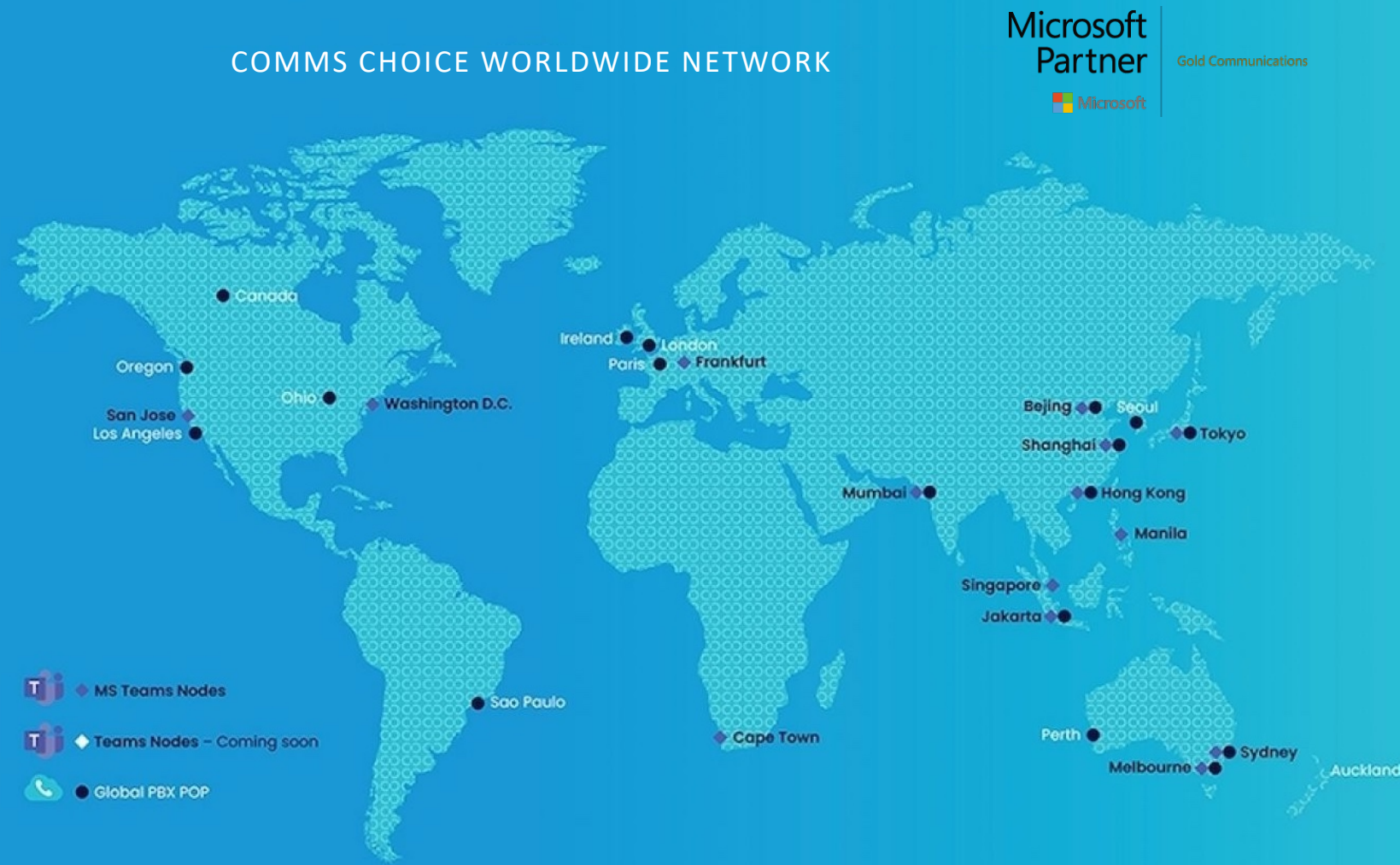


Continuing to expand into under served markets - currently expanding into **India, South Africa and Vietnam.** And other Asian countries shortly.



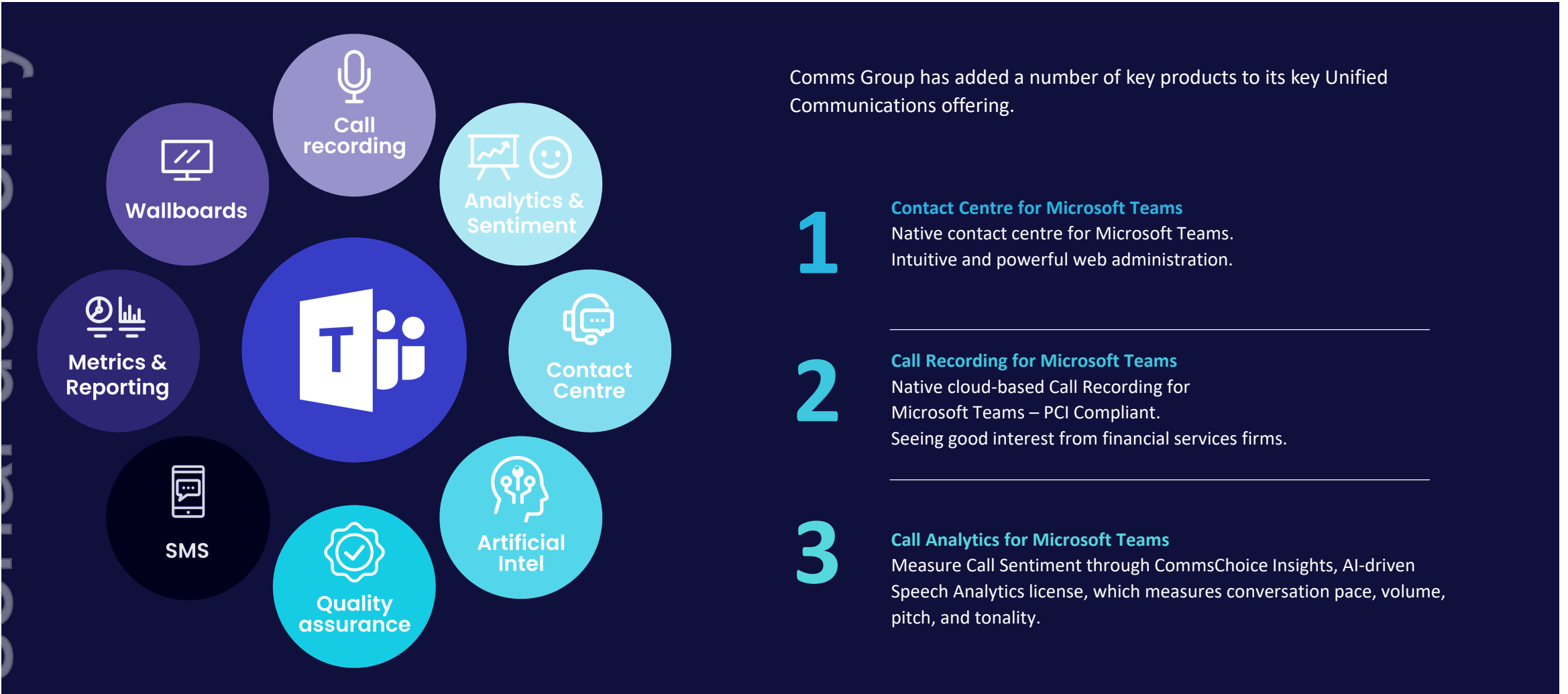
Singapore sales office established in 2021

COMMS CHOICE WORLDWIDE NETWORK



CommsChoice Core UCaaS Enhancements

LAST 12 MONTHS



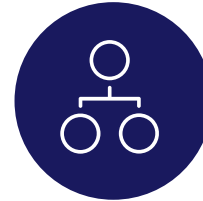
Strategy and Outlook



Group Strategic Positioning for Organic Growth



COMMS GROUP IS POSITIONING ITSELF FOR SUSTAINED ORGANIC GROWTH VIA 3 KEY BUSINESS STRATEGIES:



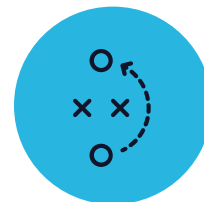
CORPORATE MID MARKET & ENTERPRISE SECTORS

- Expansion targeting businesses with 50 to 1,000+ seats via additional products & services and via key acquisitions to add capabilities and build scale.
- Key Melbourne market capabilities reinforced in FY21
- Increased focus on selling to larger SME customers.



EXPANSION INTO ASIA/ROW

- Building strong momentum in this space today via our leading UCaaS position with Microsoft Teams calling
- Focused on key alliances/partners (wholesale), Asia Pacific presence and servicing MNCs, particularly from Australia and Asia
- Potential to expand into other key continents over time (USA, Europe, Africa, South America)



NICHE MARKETS AND NETWORK CAPABILITIES

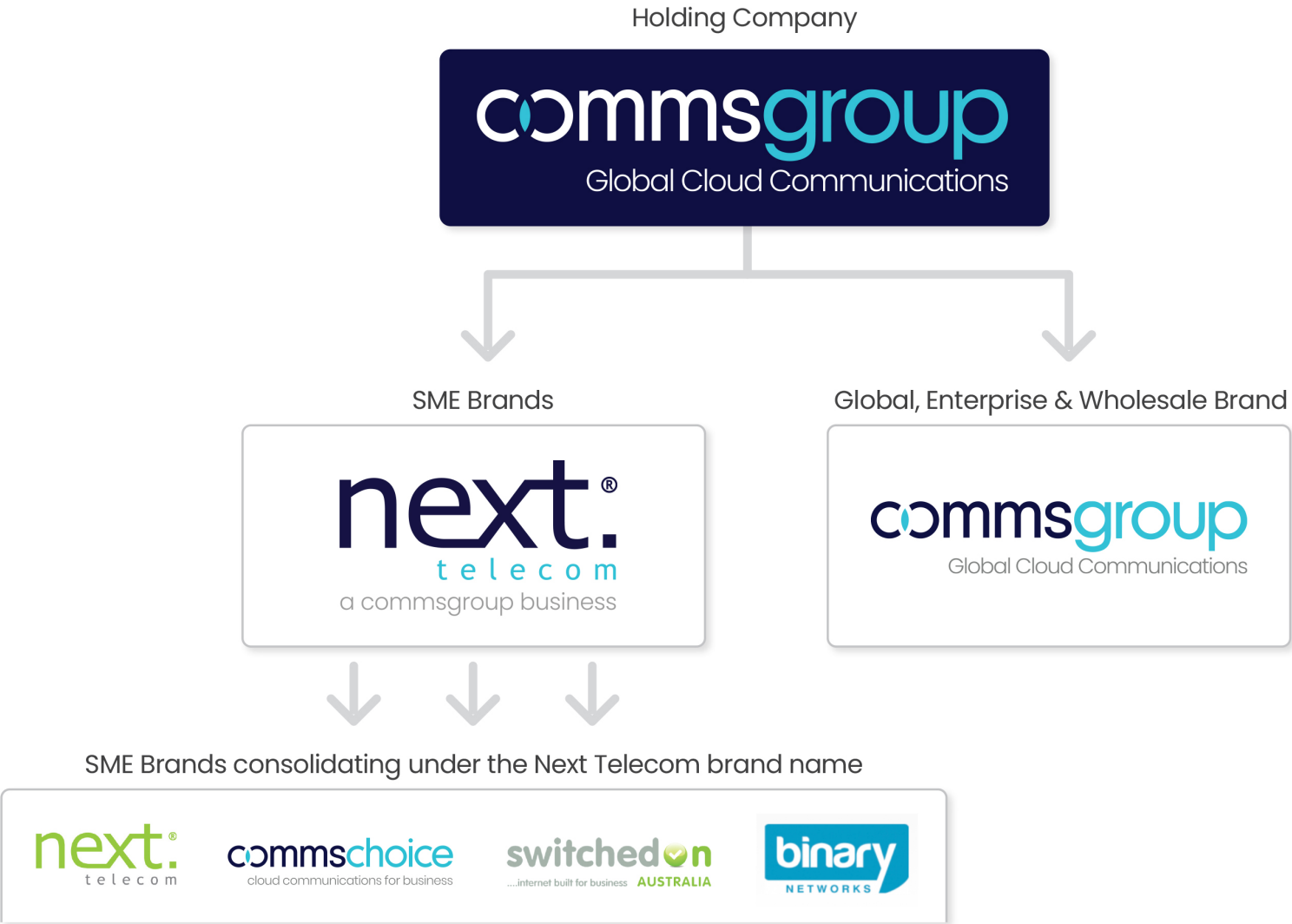
- Including expansion into other parts of Australia
- Niche strategies adding key products, systems and network capabilities – via key acquisitions and enhancing Comms Group's capabilities

4 Pillar Growth Strategy

Comms Group has a longer-term roadmap to grow to scale through the following 4 growth pillars:

DOMESTIC GROWTH	WHOLESALE PARTNERS	OVERSEAS GROWTH	STRATEGIC ACQUISITIONS
<div>SME & <u>Corporate</u></div> <div><u>Enterprise</u></div> <div>Niche markets (inc. regional)</div>	<div>Contact <u>centre</u></div> <div>IT <u>Providers</u></div> <div>Global & Regional Telcos</div>	<div>Enterprise <u>MNCs</u></div> <div>Australian <u>HO</u> MNCs</div> <div>Asia Pacific core focus + ROW</div>	<div><u>SME</u></div> <div><u>Corporate</u></div> <div>Infrastructure telcos</div>
Cloud business phone, MS Teams calling, SD-WAN offerings, security solutions, fibre & NBN access services	SIP services, CTS and cloud business phone & MS Teams calling. Contact centre enablement	Global PBX, MS Teams calling & SD-WAN offerings to multi-site global customers	SME and Corporate service providers, data & Managed IT competencies, national network providers

Go to Market Branding from September 2021



Outlook



The Company is pleased with the ongoing transformation of the business commenced in 2019 and the results obtained in FY21



Expect continued growth in wholesale & enterprise areas. Consolidation in our SME/Corporate businesses to better support growth



Following acquisition of Switched-On, expect run rate (annualised) underlying EBITDA of circa \$5m



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.”

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