# Annual Report

# 2023



**Comms Group Limited**
**Consolidated Financial Report**
**For the year ended 30 June 2023**

ACN 619 196 539

commsgroup
Global Cloud Communications

# Contents

Comms Group Limited
ACN 619 196 539

**Consolidated Financial Report – for the year ended 30 June 2023**

# Comms Group at-a-glance

A leading B2B provider of cloud-based communications and managed IT services

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

- Voice Services
- Data Services
- Unified Communications Solutions (UCaaS)[1]
- 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.

**Annual Revenue:** $24.2m
**Customers** 4,888
**ARPC[3]** $4,820
**Employees** 25

www.nexttelecom.com.au

**commsgroup global**

Specialist UCaaS[1] and CPaaS[2] provider to Wholesale, Enterprise and Global MNCs (>1,000 employees) with global network reach.

**Annual Revenue:** $12.1m
**Customers** 142
**ARPC[3]** $32,995
**Employees** 40

www.commsgroup.global

**onPlatinum** — a commsgroup business

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

**Annual Revenue:** $16.9m
**Customers** 495
**ARPC[3]** $80,252
**Employees** 57

www.onplatinum.com.au

**122 staff located across Sydney, Melbourne, Gold Coast, Singapore, Philippines and UK**

[1] Unified Communications as a Service (UCaaS): 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.

[2] CPaaS stands for Communications Platform as a Service. A CPaaS 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.

[3] Annual Revenue Per Customer

# Key timeline of events

2019

### April 2019
- Peter McGrath appointed as CEO & MD

2020

### August 2020
- Expands global MS Teams calling network to China, Philippines, Tokyo, the US and Europe
- 700% increase in underlying EBITDA to $2.5m for FY20

### November 2020
- Re-branding of parent company to **Comms Group Limited**

### December 2020
- Acquisition of leading SME telco provider Next Telecom increasing revenue to $30m+ annualised

2021

### April 2021
- Acquisition of Melbourne based telco infrastructure owner Binary Networks

### August 2021
- Acquisition of SME telco Switched On, building base in Melbourne, increasing annualised revenue to $36m+

### August 2021
- Branding change with Next Telecom serving domestic SME & Comms Group serving global, wholesale and Enterprise
- 28% increase in underlying EBITDA to $3.2m for FY21

### September 2021
- Partnership with Vodafone Fiji

2022

### February 2022
- Acquisition of leading ICT Services provider onPlatinum, increasing annualised revenue to $50m+
- Inaugural debt facility of $10m with CBA established

### March 2022
- Partnership with Vodafone Business

2023

### June 2023
- Vodafone agreement announcement to expand and extend supply agreement
- Strategic Review announcement

# 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

## 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

## Managed IT services

- 24x7 IT Managed services (highly structured and productised offering)
- Provision of ICT hardware
- Security services inc. Fortinet specialisation
- 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

## 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 offering

## Wholesale/Global

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

# Key business highlights



## Corporate & Strategic

- Key acquisitions over the last two years have increased the Group's critical mass in the domestic SME and Corporate customer segments, expanded our coverage into Queensland and Victorian markets and importantly added new product and service capability in the IT services area.
- Today we have in place three key operating divisions being SME Telco, ICT and our Global unified communications business, with their own management teams and resources
- The Group continues to optimise costs within the business with some further cost reductions implemented in the year and synergies being delivered throughout the year with the aim of generating better overall profit margins.

## Customers & Sales

- Continued strong level of new sales across all three business units in the financial year.
- The demand from customers for our services continues to grow as the acceptance of cloud based communications continues.
- In June 2023 Comms Group announced that it had signed a further supply agreement with Vodafone Business (the business division of Vodafone Group PLC) to expand the range of services provided. This was a significant development for the Group and whilst coming off a low but growing base, has led to meaningful and recurring revenues now flowing from this contract including terms for a minimum monthly level of additional revenues from October 2023.

## Financial

- Significant increase in Group operating revenue to $51.9m (prior year $41.0m) and Underlying EBITDA $4.8m (prior year $4.1m), after incurring significant start-up costs to establish the Vodafone Business contract.
- Net group assets $31.2m including cash at bank $1.9m.
- Underlying operating cash flows $4.6m before payments for tax, interest, rent, restructuring, acquisition and other one-off costs.
- Term loan repayments $0.8m.
- Payments for all prior acquisitions now made in full.

# Directors' Report



Your directors present their report on the consolidated entity consisting of Comms Group Limited (the "Company") and the entities it controlled (collectively "Comms Group" or the "Group") for the financial year ended 30 June 2023.

## Directors and company secretary

The following persons were directors of the Company during the financial year up to the date of this report:

| | |
|---|---|
| JA Mackay | Appointed 11 October 2017 |
| PJ McGrath | Appointed 11 October 2017 |
| BJ Jennings | Appointed 11 October 2017 |
| CE Bibby | Appointed 2 October 2019 |
| RM O'Hare | Appointed 1 February 2021 |

The company secretary is Andrew Metcalfe, (FGIA, GAICD, CPA). Andrew was appointed to the position of company secretary on 27 October 2017. Andrew is a Fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia) and a Member of the Australian Institute of Company Directors. Andrew operates through his specialist governance company, Accosec & Associates, providing company secretarial services and advises on corporate governance matters for a number of ASX listed, public and private companies and not for profit organisations. He manages the ASIC and ASX regulatory functions and governance platform of Comms Group in Australia.

## Principal activities

Comms Group is a telecommunications and IT services business, providing a comprehensive range of telco and IT managed services. Comms Group services clients in Australia and internationally including New Zealand and Singapore.

The principal continuing activities of Comms Group are the provision of a full range of IT (Information Technology) and telecommunications services from the Cloud including IT managed services, cloud hosting, cloud communications and UCaaS (unified communications) services to business customers in Australia and internationally.

For the financial year ended 30 June 2023 Comms Group derived revenue from the sale of the above-mentioned IT and telecommunications services. These revenues consist of recurring charges for access to facilities and capabilities as well as consumption charges for variable usage of those facilities. Revenue was also derived from the installation and sale of hardware, equipment and consulting services to support the primary products of the business.

There were no significant changes in the nature of the activities of Comms Group during the reporting period.

## Dividends

The Directors have resolved not to pay a final dividend for the year ending 30 June 2023.

## Review of operations

The year ended 30 June 2023 has seen significant developments for the Group, with further growth in both revenue and underlying EBITDA. Comms Group now has in place three key operating divisions being SME Telco, ICT and our Global unified communications business, with their own management teams and resources.

We continued to optimise costs within the business with some further cost reductions implemented and synergies being delivered throughout the year with the aim of generating better overall profit margins. We also had some good wins with key new customers added across the group.

Group operating revenues were up 27% to $51.9m, including a full year of revenues for acquisitions completed in the prior year. Underlying EBITDA was up 17% to $4.8m, continuing the trend of increased profit established in 2020.

Since completing the acquisitions of onGroup Holdings Pty Ltd (onPlatinum) and Switched On in the prior financial year and the establishment of separate divisions through which the Group now markets its products and services (SME Telco, ICT and Global), management have been able to pursue opportunities and offer products with a much greater focus on the end customer's needs. This has also provided Senior and Divisional Managers with a far greater capacity relative to prior years to focus on generating appropriate rates of return, on the investments made in these businesses.

The Group continued to deliver advanced Unified Communications solutions to businesses and enterprises during the year. In June 2023 the Group announced that it had signed a further supply agreement with Vodafone Business (the business division of Vodafone Group PLC) to expand the range of services provided. This was a significant development for the Group and whilst coming off a low but growing base, has led to meaningful and recurring revenues now flowing from this contract including terms for a minimum monthly level of additional revenues from October 2023.

The Group has continued to expand and enhance its leading Microsoft Teams global telephony platform into additional countries, particularly in the Asia Pacific region. Additional partners and wholesale customers are being added who are using our global network to provide key services to their own customers.

## Review of operations (continued)

The table below outlines the key services provided by each of the three key divisions:

| SME & Corporate Telco Business | Corporate ICT Business | Global UCaaS and CPaaS Business |
| --- | --- | --- |
| next. telecom – a commsgroup business | onPlatinum – a commsgroup business | commsgroup – Global Cloud Communications |
| Telco service provider to Australian SME & corporate mid-market sectors (<1,000 employees) with the latest products and award winning customer service. | Award-winning IT Managed Service Provider supporting corporate customers' ICT needs, focusing on innovation and developing long-term relationships. | Specialist UCaaS[1] and CPaaS[2] provider to Wholesale, Enterprise and Global MNCs (>1,000 employees) with global network reach. |

We would like to thank our dedicated staff across Australia, the Philippines, Singapore and the UK who have worked tirelessly over the last 12 months continuing to deliver excellent service to our valued customers.

We also thank our customers for their business and continued loyalty through the year and we look forward to supporting new customers in the year ahead.

[1] Unified Communications as a Service (UCaaS): 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.

[2] CPaaS stands for Communications Platform as a Service. A CPaaS 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.


commsgroup
Global Cloud Communications
United States
(West Coast)
United States
(East Coast)
United
Kingdom
Germany
UAE
South Korea
China
Japan
Hong Kong
Philippines
Singapore
Indonesia
Brazil
South Africa
Australia
Super POP
Minor POP
Minor POP - coming soon

## Group result

The Group result for the period of trading is comprised as follows:

| Reporting period | Statutory FY23 | Statutory FY22 |
|---|---|---|
| Trading entities | Full year results | Full Year results |
| Parent company | Full year results | Full year results |

Total revenue from ordinary activities for the year was $51.9m, representing an increase of $10.9m over the prior reporting period.

A reconciliation of Underlying EBITDA from operations to the reported profit before tax from operations in the consolidated statement of comprehensive income is tabled below:

| | 30 June 2023 $M | 30 June 2022 $M |
|---|---|---|
| Operating revenue | 51.9 | 41.0 |
| Reported profit/(loss) before tax | 0.5 | (0.8) |
| Add: net finance costs[1] | 1.0 | 0.5 |
| Add: depreciation and amortisation[1] | 3.1 | 2.4 |
| Less: Non operating income | (2.5) | - |
| **EBITDA** | **2.1** | **2.1** |
| Add: share based payments | 1.0 | 0.7 |
| Add: acquisition, restructuring, one-off and integration costs | 1.7 | 1.4 |
| **Underlying EBITDA** | **4.8** | **4.1** |

[1] Includes lease interest and depreciation as per AASB 16

The EBITDA from operations are non-IFRS measures that are presented to provide an understanding of the underlying performance of the Group's operations. In the opinion of the Directors, the Group's underlying EBITDA reflects the results generated from ongoing operating activities which excludes non-operating adjustments that are considered to be non-cash or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result. The non-IFRS financial information is unaudited. However, the numbers have been extracted from the financial statements which have been subject to review by the Company's auditor.

## Earnings per share

Earnings per share for the period is as follows:

| | 30 June 2023 | 30 June 2022 |
|---|---|---|
| Net profit / (loss) after tax ($m) | (0.58) | (0.68) |
| Earnings per share (cents) | (0.15) | (0.19) |
| Diluted earnings per share (cents) | (0.15) | (0.19) |
| | | |
| Net profit (loss) after tax (ex-depreciation and amortisation) ($m) | 2.5 | 1.7 |
| Earnings per share (cents) | 0.67 | 0.50 |
| Diluted earnings per share (cents) | 0.67 | 0.50 |

## Business restructuring and simplification

The Group has continued to restructure and simplify its businesses post acquisitions of prior years, rationalising and consolidating acquired management systems with those of the existing business.

## Operating segment

The Group has three operating segments under AASB 8 Operating Segments including Global (International, Wholesale and Enterprise), SME and ICT. Customers with similar and primarily telecommunication needs are allocated to either Global or SME based on their size and customers with primarily IT managed service needs are allocated to ICT (including those customers acquired as part of the onPlatinum acquisition). These customer bases are then managed by dedicated resources and each division has its own CEO, responsible for the delivery of service to all customers categorised to that division and financial performance of the division

For internal purposes, each division has its own monthly and annual budget, against which actual results are measured and reported through to the Board of Directors.

The Group's revenues from external customers are predominantly domiciled in Australia.

## Significant changes in the state of affairs

Further restructuring during the year continued to lower the Group's cost base. Opportunities remain to rationalise current supplier accounts and arrangements and other operating costs where appropriate, cross-sell existing product ranges and strengthen the Group's financial position to both fund future opportunities and provide greater means by which to compete in the market place.

## Events since the end of the financial year

There have been no significant matters or circumstances not otherwise dealt with in this report between the reporting date and the date the financial statements were approved for issue that will significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group or subsequent financial years.

## Likely developments and expected results of operations

Likely developments in the operations of the Group have been included in the Review of Operations section of this report. The Group is presently focused on additional restructuring that will enhance and consolidate existing management systems, leading to further cost efficiencies and gains beyond those generated in the year ended 30 June 2023.

## Environmental regulation

The Group's operations are not regulated by any significant environmental regulations under Australian law.

## Information on directors

The following information is current as at the date of this report.

### John Angus Mackay

**Independent Non-Executive Chair**

**Qualifications:**
BA (Admin/Economics), AM

**Experience and Expertise:**
John has over 15 years' experience as chair and director of major listed and unlisted companies across the communications, utilities, health, construction and education sectors.

**Other current directorships:**
None

**Former directorships (last 3 years):**
None

**Special responsibilities:**
Member of the People and Culture Committee

Member of Audit, Risk and Compliance Committee

**Interest in shares at 30 June 2023:**
2,106,250

### Peter McGrath

**Executive Director and Chief Executive Officer**

**Qualifications:**
B.Eng, MBA

**Experience and Expertise:**
Peter's business career spans 30 years in telecommunications, ICT and corporate advisory, with over 20 years in senior leadership positions. Peter has been involved in leadership as CEO of a number of major Australian telecommunications firms and he also has extensive experience in equity capital markets and corporate finance.

**Other current directorships:**
DXN Limited (ASX: DXN)

**Former directorships (last 3 years):**
None

**Special responsibilities:**
Member of the Audit, Risk and Compliance Committee

**Interest in shares at 30 June 2023:**
21,156,067

### Benjamen Jennings

**Non-Executive Director**

**Qualifications:**
B.Bus, CA

**Experience and Expertise:**
Benjamen has spent almost 18 years as an accountant working in both commercial and public practice roles in both Australia and the United Kingdom.

Benjamen established middle market advisory firm Jennings Partners Chartered Accountants in early 2009 to provide commercial advisory, mergers and acquisition, income taxation, and Finance Director/ Chief Financial Officer services to SME businesses, venture capital and private equity groups.

**Other current directorships:**
None

**Former directorships (last 3 years):**
None

**Special responsibilities:**
Chair of the Audit, Risk and Compliance Committee

**Interest in shares at 30 June 2023:**
15,875,071

### Claire Bibby

**Non-Executive Independent Director**

**Qualifications:**
B.Comm, L.L.B. (Hons)

**Experience and Expertise:**
Claire is a highly experienced lawyer with over 30 years' experience as a lawyer, Executive and Non-Executive Director with ASX, multinational, private and NFP organisations and executive coach.

**Other current directorships:**
Non-Executive Director of AWN Holdings Limited, Clime Investment Management Limited (ASX:CIW), Magnis Energy Technologies Limited (ASX: MNS; OTCQX: MNSEF), Chancellor Institute, HNIC Pty Ltd and iM3NY LLC.

**Former directorships (last 3 years):**
None

**Special responsibilities:**
Chair of the People and Culture Committee

Member of the Audit, Risk and Compliance Committee

**Interest in shares at 30 June 2023:**
370,334

### Ryan O'Hare

**Non-Executive Director**

**Experience and Expertise:**
Ryan has founded a number of highly successful telecommunications and energy companies starting with CorpTEL Communications, which in 1998 became one of the largest privately owned telecommunication companies in Australia before its sale to AAPT, People Telecom in 2000 that is now part of the Vocus Group and Next Telecom, this is no now part of Comms Group. Ryan also founded & chairs one of Australia's largest diversified renewables and energy retailer Next Green Group.

**Other current directorships:**
None

**Former directorships (last 3 years):**
None

**Special responsibilities:**
Member of the Audit, Risk and Compliance Committee

**Interest in shares at 30 June 2023:**
46,138,573

## Board and Committee Meetings

During the financial year, the Directors held seven Board meetings, three Audit, Compliance and Risk Management Committee meetings and two People and Culture Committee meetings. Each Director's attendance at those meetings during the year were as follows:

| | Board | | Audit, Risk & Compliance Committee | | People & Culture Committee | |
|---|---|---|---|---|---|---|
| Directors | Eligible to attend | Attended | Eligible to attend | Attended | Eligible to attend | Attended |
| John Mackay | 7 | 7 | 3 | 3 | 2 | 2 |
| Peter McGrath | 7 | 7 | 3 | 3 | 2 | 2 |
| Benjamen Jennings | 7 | 7 | 3 | 3 | n/a | n/a |
| Claire Bibby | 7 | 7 | 3 | 3 | 2 | 2 |
| Ryan O'Hare | 7 | 7 | 3 | 3 | n/a | n/a |

## Insurance of officers and indemnities

During the year, the Company paid a premium of $150,937 to insure the directors, officers and company secretary of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## Remuneration Report (audited)

This Remuneration Report details remuneration information as it applies to Comms Group and its controlled entities for the year ended 30 June 2023 in accordance with the requirements of the Corporations Act 2001 (the Act) and has been audited as required by section 308 (3C) of the Act. The report details the remuneration arrangements for the Comms Group's key management personnel (KMP).

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report

(b) Principles used to determine nature and amount of remuneration

(c) Details of remuneration

(d) Share based compensation

(e) Service agreements

(f) Additional disclosures relating to KMP

### (a) Key management personnel covered in this report

**Non-executive and executive directors**
**(see page 11 for details about each director)**

| | |
|---|---|
| John Mackay | Non-Executive Chairman |
| Peter McGrath | Executive Director, Chief Executive Officer |
| Benjamen Jennings | Non-Executive Director |
| Claire Bibby | Non-Executive Director |
| Ryan O'Hare | Non-Executive Director |

**Other key management personnel**

| | |
|---|---|
| Matthew Beale | Chief Financial Officer |

### (b) Principles used to determine nature and amount of remuneration

**Remuneration policy**

The Board's objective is to ensure that Comms Group's remuneration supports achievement of the Company's strategy and drives performance and behaviours which are in the Company's best interests. Remuneration matters will be handled by the Nomination and Remuneration Committee, which is a sub-committee of the Board.

**People and Culture Committee**

The objective of the People and Culture Committee is to help the Board achieve its objective to ensure the Company:

- has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executives and the general external pay environment.

In carrying out its duties the People and Culture Committee will assess the appropriateness of the nature and amount of remuneration on an annual basis, by reference to relevant employment market conditions. The overall objective is to ensure maximum stakeholder benefits from the attraction and retention of a high quality executive team. The People and Culture Committee forms its own independent decisions on KMP remuneration.

The key principles which govern the Company's remuneration framework are to:

- Link executive rewards to the creation of shareholder value;
- Provide market competitive remuneration package, with appropriate balance of fixed and variable remuneration;
- Ensure variable portion of executive remuneration is dependent upon meeting pre-determined performance objectives;
- Allow for Board discretion to be applied, in order to ensure that remuneration outcomes are appropriate for the Company's circumstances; and
- Ensure that performance objectives for variable remuneration are aligned to the drivers of the Group's success and the achievement of overall business objectives.

Remuneration for key management personnel is linked to the performance of the Group. Directors and key management personnel are issued with share performance rights, which are directly linked partly to the performance of the Group in the form of share price targets and partly to the employees tenure and ongoing employment. The remaining short term incentives, in the form of cash bonuses, are paid at the discretion of the People and Culture Committee. The People and Culture Committee is of the view that the above arrangements will continue to improve shareholder wealth over the coming years.

### (c) Details of remuneration

**Remuneration of Key Management Personnel**

Each of the Non-Executive Directors has entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Directors.

Under the Company's Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a director. However, subject to the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed an aggregate maximum amount of $400,000 per annum or any other maximum amount determined by the Company in general meeting.

**Independent non-executive director remuneration currently consists of:**

- For the financial year ended 30 June 2023, to John Mackay for serving as chair a base fee of $81,777 per annum, to Benjamen Jennings for serving as a director a base fee of $45,413 per annum, to Claire Bibby for serving as a director a base fee of $45,413 per annum and to Ryan O'Hare for serving as a director a base fee of $45,413 per annum; and
- Statutory superannuation, equivalent to the Government Superannuation Guarantee amount.

**Executive remuneration currently consists of:**

- For the financial year ended 30 June 2023, to Peter McGrath for serving as Managing Director a base wage of $318,769 per annum and cash bonus of $103,056 and Matthew Beale for serving as Chief Financial officer a base wage of $229,909 per annum and cash bonus of $27,012; and
- Statutory superannuation, equivalent to the Government Superannuation Guarantee amount.

Details of remuneration of the KMPs of the Comms Group are set out in the following table. Cash salary and fees include annual leave entitlements.

| | | Short-term benefits | | Post-employment benefits | | Share-based payments | |
|---|---|---|---|---|---|---|---|
| | Year | Cash salary & fees | Cash bonus | Super-annuation | Termination payments | Equity-settled performance rights | Total |
| | | $ | $ | $ | $ | $ | $ |
| **Non-executive Directors** | | | | | | | |
| John Mackay | 2022 | 72,014 | - | 7,202 | - | 2,800 | 82,016 |
| | 2023 | 81,777 | - | 8,587 | - | 27,176 | 117,540 |
| Benjamen Jennings | 2022 | 33,347 | - | 3,335 | - | 1,867 | 38,549 |
| | 2023 | 45,413 | - | 4,768 | - | 22,317 | 72,498 |
| Claire Bibby | 2022 | 34,869 | - | 3,487 | - | 17,711 | 56,067 |
| | 2023 | 45,413 | - | 4,768 | - | 24,023 | 74,204 |
| Ryan O'Hare | 2022 | 34,869 | - | 3,487 | - | - | 38,356 |
| | 2023 | 45,413 | - | 4,768 | - | 20,930 | 71,111 |
| **Executive Director** | | | | | | | |
| Peter McGrath | 2022 | 293,048 | 113,249 | 23,568 | - | 104,933 | 534,798 |
| | 2023 | 318,769 | 103,056 | 27,240 | - | 264,859 | 713,924 |
| **Other KMP** | | | | | | | |
| Matthew Beale | 2022 | 201,163 | 27,273 | 21,551 | - | 49,858 | 299,845 |
| | 2023 | 229,909 | 27,012 | 24,428 | - | 59,816 | 341,165 |
| **Total 2022** | | **669,310** | **140,522** | **62,630** | **-** | **177,169** | **1,049,631** |
| **Total 2023** | | **766,694** | **130,068** | **74,559** | **-** | **419,121** | **1,390,442** |

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | Fixed remuneration | | At risk | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Non-executive Directors** | | | | |
| John Mackay | 77% | 97% | 23% | 3% |
| Benjamen Jennings | 69% | 95% | 31% | 5% |
| Claire Bibby | 68% | 68% | 32% | 32% |
| Ryan O'Hare | 71% | 100% | 29% | 0% |
| **Executive Director** | | | | |
| Peter McGrath | 48% | 59% | 52% | 41% |
| **Other KMP** | | | | |
| Matthew Beale | 75% | 74% | 25% | 26% |

Cash bonuses are discretionary and subject to the employee's contract. The bonus paid is dependent upon the employee's service and company performance, with the level of bonus approximately in line with that paid for the prior year, adjusted for relative changes in the level of financial performance and performance against budget. The amounts payable are approved by the Board of Directors prior to payment.

## Statutory performance indicators

The Board aim to align executive remuneration to the Group's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, that may also include reference to non-financial key performance indicators and events. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Operating revenue ($m) | 21.0 | 19.1 | 25.1 | 41.0 | 51.9 |
| Profit / (loss) before income tax ($m) | (20.7) | 1.3 | 0.7 | (0.8) | 0.5 |
| Underlying EBITDA ($m) | 0.3 | 2.5 | 3.2 | 4.1 | 4.8 |
| Basic earnings per share (cents) | (17.26) | 1.39 | 0.22 | (0.19) | (0.15) |
| Dividend payout ratio | - | - | - | - | - |
| Total KMP remuneration as a % of operating revenue | 3.9 | 4.3 | 3.7 | 2.6 | 2.7 |
| Total KMP cash bonus as a % of Underlying EBITDA | - | - | 4.1 | 3.4 | 2.7 |

It should be noted that during a period of significant growth particularly over the last 3 years, Profit /(Loss) before income tax includes incurring significant one-off acquisition and other costs that skews the underlying growth in the business.

## (d) Share based compensation.

**Long Term Incentive Scheme**

During the year a total of 12,100,000 performance rights were issued to Directors and Management under the Performance Rights Plan with 5,390,000 rights forfeited before the end of the year.

Performance Rights issued during the year and issued in all prior years are subject to new plan rules approved at The 2022 Annual General Meeting held on 22 November 2022, as follows;

- Total 60% subject to share price as follows: 30% are subject to vesting at either 12.5 or 15 cents per share, earliest of 18 months from grant date and 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date.
- Total 40% are based on continuous employment as follows: 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date.

Set out below are summaries of performance rights issued under the scheme to the end of the year, subject to new plan rules:

| Grant date | Expiry date | Balance at the start of the year | 60 % of total grants Vesting price: 50% 18mths / 50% 30 mths | 40 % of total grants Vesting based on tenure | Granted | Vested during the year | Exercised | Forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | | |
| 23/07/2019 | 22/07/2024 | 14,850,000 | $0.125 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 4,725,000 | 4,425,000 | - | 10,425,000 |
| 28/04/2020 | 27/04/2025 | 2,900,000 | $0.125 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 150,000 | 150,000 | 1,500,000 | 1,250,000 |
| 24/11/2020 | 23/11/2025 | 250,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 50,000 | 50,000 | - | 200,000 |
| 24/11/2020 | 23/11/2025 | 1,250,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 250,000 | 200,000 | - | 1,050,000 |
| 5/02/2021 | 4/02/2026 | 3,000,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 600,000 | - | - | 3,000,000 |
| 20/04/2021 | 19/04/2026 | 1,300,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 260,000 | - | - | 1,300,000 |
| 21/01/2022 | 20/01/2027 | 5,980,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | - | - | 840,000 | 5,140,000 |
| 24/02/2022 | 23/02/2027 | 2,000,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | - | - | - | 2,000,000 |
| 18/05/2022 | 17/05/2027 | 3,900,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | - | - | 1,750,000 | 2,150,000 |
| 22/07/2022 | 21/07/2027 | - | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 6,000,000 | - | - | 1,000,000 | 5,000,000 |
| 1/12/2022 | 30/11/2027 | - | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 6,100,000 | - | - | 300,000 | 5,800,000 |
| **TOTAL** | | **35,430,000** | | | **12,100,000** | **6,035,000** | **4,825,000** | **5,390,000** | **37,315,000** |

The conditions for vesting prior to new plan rules being approved at The 2022 Annual General Meeting held were as follows:

- The employee is continuously employed or continues to provide services to the Company up to the vesting period;
- The following applies to 50% of the total number of performance rights that may vest (tranche A):
  - Comms Group Share price hurdle of either 12.5, 15 or 20 cents (whichever is applicable to the employee) achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 18 months from grant date;
- The following applies to 50% of the total number of performance rights that may vest (tranche B):
  - Comms Group Share price hurdle of either 20, 25 or 30 cents (whichever is applicable to the employee) achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 30 months from grant date.

Set out below are summaries of performance rights issued under the prior scheme rules to the end of the prior year:

| Grant date | Expiry date | Vesting price: 18mths / 30 mths | Balance at the start of the year | Granted | Exercised | Forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| 23/07/2019 | 22/07/2024 | $0.125 / $0.20 | 15,100,000 | - | - | (250,000) | 14,850,000 |
| 28/04/2020 | 27/04/2025 | $0.125 / $0.20 | 2,900,000 | - | - | - | 2,900,000 |
| 16/11/2020 | 15/11/2025 | $0.15 / $0.25 | 1,000,000 | - | - | (1,000,000) | - |
| 24/11/2020 | 23/11/2025 | $0.125 / $0.20 | 250,000 | - | - | - | 250,000 |
| 24/11/2020 | 23/11/2025 | $0.15 / $0.25 | 1,250,000 | - | - | - | 1,250,000 |
| 5/02/2021 | 4/02/2026 | $0.20 / $0.30 | 3,000,000 | - | - | - | 3,000,000 |
| 20/04/2021 | 19/04/2026 | $0.20 / $0.30 | 2,000,000 | - | - | (700,000) | 1,300,000 |
| 21/01/2022 | 20/01/2027 | $0.20 / $0.30 | - | 6,780,000 | - | (800,000) | 5,980,000 |
| 24/02/2022 | 23/02/2027 | $0.20 / $0.30 | - | 2,000,000 | - | - | 2,000,000 |
| 18/05/2022 | 17/05/2027 | $0.20 / $0.30 | - | 3,900,000 | - | - | 3,900,000 |
| | | | **25,500,000** | **12,680,000** | **-** | **(2,750,000)** | **35,430,000** |

The incremental Fair value as a result of approval of the new plan at The Annual General Meeting held on 22nd November 2022 is as follow:

| | Old plan rules | | New Plan Rules | | | | |
|---|---|---|---|---|---|---|---|
| | 100 % of total grants vesting on share price hurdle price: 60% 18months / 40% 30 months | | 60 % of total grants Vesting price: 50% 18months / 50% 30 months | | 40 % of total grants Vesting based on tenure: 50% 24 months/ 25% 36 months/ 25% 48 Months | | |
| Grant date | Grant date fair value of grants vesting in 18 months | Grant date fair value of grants vesting in 30 months | Incremental fair value of grants vesting in 18 months | Incremental fair value of grants vesting in 30 months | Incremental fair value of grants vesting in 24 months | Incremental fair value of grants vesting in 36 months | Incremental fair value of grants vesting in 48 months |
| 2022 | | | | | | | |
| 23/07/2019 | $0.024 | $0.016 | $0.000 | $0.000 | $0.018 | $0.034 | $0.034 |
| 28/04/2020 | $0.058 | $0.049 | $0.000 | $0.000 | $0.018 | $0.034 | $0.034 |
| 16/11/2020(1) | $0.074 | $0.054 | $0.000 | $0.000 | $0.000 | $0.000 | $0.000 |
| 24/11/2020 | $0.081 | $0.068 | $0.000 | $0.000 | $0.022 | $0.034 | $0.034 |
| 24/11/2020 | $0.081 | $0.068 | $0.000 | $0.000 | $0.022 | $0.034 | $0.034 |
| 5/02/2021 | $0.059 | $0.055 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 20/04/2021 | $0.049 | $0.038 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 21/01/2022 | $0.089 | $0.072 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 24/02/2022 | $0.072 | $0.057 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 18/05/2022 | $0.066 | $0.053 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 22/07/2022 | $0.065 | $0.061 | $0.000 | $0.000 | $0.022 | $0.034 | $0.034 |

The above incremental fair values will be recognised as an expense over the period from the modification date to the end of the vesting period. The expense of the original share performance rights will continue to be recognised as if the terms had not been modified.

The grant on 1st Dec 2022 was after the new plan rules were approved in The Annual General Meeting held on 22 November 2023.

(1) The grant on 16th November 2020 was forfeited before the new plan rules were approved.

The weighted average share price during the financial year was $0.073 (2022: $0.085).

The weighted average remaining contractual life through to the expiry date of share performance rights outstanding at the end of the financial year was 2.90 years (2022: 3.25 years).

For share performance rights granted during the current financial year, the valuation input models used to determine the fair value at the grant date are as follows:

| Grant date | Expiry date | Share price at grant date | 60 % of total grants Vesting price: 50% 18mths / 50% 30 mths | 40 % of total grants Vesting based on tenure | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date: 18 mths / 30 mths | Fair value at grant date: vesting based on Tenure |
|---|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | | |
| 22/07/2022 | 21/07/2027 | $0.084 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 62% | - | 4.00% | $0.065 / $0.061 | $0.074 |
| 1/12/2022 | 30/11/2027 | $0.074 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 62% | - | 4.00% | $0.05 / $0.044 | $0.074 |

The performance rights will vest provided the following conditions are met:

- The employee is continuously employed or continues to provide services to the Company up to the vesting period;
- The following applies to 30% of the total number of performance rights that may vest:
  - Comms Group Share price hurdle of either 12.5 or 15 cents achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 18 months from grant date.
- The following applies to 30% of the total number of performance rights that may vest:
  - Comms Group Share price hurdle of 20 cents achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 30 months from grant date.
- The following applies to 20% of the total number of performance rights that may vest:
  - 24 months from grant date based on continuous employment.
- The following applies to 10% of the total number of performance rights that may vest:
  - 36 months from grant date based on continuous employment.
- The following applies to 10% of the total number of performance rights that may vest:
  - 48 months from grant date based on continuous employment.

The exercise price is $nil and the expiry date is 5 years after the grant date of the performance rights.

**Issue of shares**
There was no issue of shares to directors or other KMP as part of compensation during the year.

**Issue of options**
There was no issue of options to directors or other KMP as part of compensation during the year.

## (e) Service agreements

**Director related entity remuneration**

Benjamen Jennings is a director of Outforce Pty Ltd, which provide business process outsourcing services to the Group. Total amounts paid by the Group for the year ended 30 June 2023 were $461,253 (2022: $456,060). There was $nil outstanding as a trade payable as at 30 June 2023.

Ryan O'Hare is a Director of Next Green Group Pty Ltd that owns Next Business Energy Pty Ltd who provides electricity to the Group. Total amounts paid by the Group for the year ended 30 June 2023 were $5,786 (2022: $5,177). There was $nil outstanding as a trade payable as at 30 June 2023.

All transactions with these entities have been made on an arms-length basis.

**Chief Executive Officer (CEO) and Managing Director employment contract**

Comms Group has entered into an executive contract with Peter McGrath to govern his employment with the Group as CEO which includes:

- No fixed term;
- Total compensation of $357,100 per annum (including superannuation entitlements);
- Maximum short term incentive of 35% of base salary plus superannuation entitlements primarily based on achievement of agreed KPIs if set by the by the People and Culture Committee and the Board, otherwise primarily based on the employees own performance and the financial performance of the Group relative to budget and the prior year;
- 9,000,000 performance rights under the performance Rights Plan, 30% are subject to vesting at 12.5 cents per share, earliest of 18 months from grant date, 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date and 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date;
- 4,000,000 performance rights under the performance Rights Plan, 30% are subject to vesting at 15 cents per share, earliest of 18 months from grant date, 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date and 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date;
- The right to terminate the CEO's employment is nine months' notice by the Group and six months' notice by the CEO. Either party may elect to terminate employment in case of change of control and termination payment in the event of change of control is nine months payment; and
- Non-compete restrictions on the employee for a period of up to six months post-employment.

**Chief Financial Officer (CFO) employment contract**

Comms Group has entered into an executive contract with Matthew Beale to govern his employment with the Group as Chief Financial Officer (CFO) which includes:

- Total compensation of $262,855 per annum (including superannuation entitlements);
- 500,000 performance rights under the performance Rights Plan, 30% are subject to vesting at 12.5 cents per share, earliest of 18 months from grant date, 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date and 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date;
- 1,000,000 performance rights under the performance Rights Plan, 30% are subject to vesting at 15 cents per share, earliest of 18 months from grant date, 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date and 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date;
- 250,000 performance rights under the performance Rights Plan, 30% are subject to vesting at 15 cents per share, earliest of 18 months from grant date, 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date and 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date;
- 1,000,000 performance rights under the performance Rights Plan, 30% are subject to vesting at 15 cents per share, earliest of 18 months from grant date, 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date and 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date;
- Maximum short term discretionary incentive of $30,000 per annum primarily based on the employee's own performance and the financial performance of the Group to budget and the prior year;
- The right to terminate the CFO's employment is four months' notice by the Group and three months' notice by the CFO. In the event termination occurs within twelve months of a change of control, then the Group gives six months' notice; and
- No non-compete restrictions post-employment.

## (f) Additional disclosures relating to KMP

**Shareholding**

Key Management Personnel equity disclosures relate only to equity instruments of the Company.

The number of shares held in the Company during the year by each director or KMP of the Group including their relevant interests, is set out below:

| Ordinary shares | Total shares held 30 June 2022 | Granted as compensation during the year | Exercise of grant of option/right | Other movements - purchases | Total shares held 30 June 2023 | Total shares at date of this report |
|---|---|---|---|---|---|---|
| John Mackay | 1,656,250 | - | 450,000 | - | 2,106,250 | 2,106,250 |
| Peter McGrath | 18,456,067 | - | 2,700,000 | - | 21,156,067 | 21,156,067 |
| Benjamen Jennings | 15,575,071 | - | 300,000 | - | 15,875,071 | 15,875,071 |
| Claire Bibby | 270,334 | - | 100,000 | - | 370,334 | 370,334 |
| Ryan O'Hare | 46,138,573 | - | - | - | 46,138,573 | 46,138,573 |
| Matthew Beale | 3,101,590 | - | 300,000 | - | 3,401,590 | 3,401,590 |
| **Total** | **85,197,885** | **-** | **3,850,000** | **-** | **89,047,885** | **89,047,885** |

**Shares issued on completion of business combinations**

There were no shares issued on completion of business acquisitions to directors or KMP during the year.

# End of Remuneration Report

**Shares under option**

There were no ordinary shares of Comms Group Limited under option at the date of this report.

**Shares under performance rights**

| Grant date | 60 % of total grants Vesting price: 50% 18mths / 50% 30 mths | 40 % of total grants Vesting based on tenure |
|---|---|---|
| 23/07/2019 | $0.125 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 1/05/2020 | $0.125 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 16/11/2020 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 Months |
| 24/11/2020 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 24/11/2020 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 5/02/2021 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 20/04/2021 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 21/01/2022 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 24/02/2022 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 18/05/2022 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 22/07/2022 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |
| 1/12/2022 | $0.15 / $0.20 | 20% 24 months / 10% 36 months / 10% 48 months |

Unissued ordinary shares of Comms Group Limited under performance rights at the date of this report are as follows:

5,165,000 were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of performance rights granted.

**Proceedings on behalf of the Company**

No person has applied for leave of a Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

**Non-audit services**

BDO Audit Pty Ltd is the Group's auditor in accordance with section 327 of the Corporations Act 2001.

The Board of Directors, in accordance with advice from the Audit, Compliance and Risk Management Committee are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in note 30 do not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed by the Audit, Compliance and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

**Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Corporate governance statement**

Comms Group Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Comms Group Limited has reviewed its corporate governance practices against the Corporate Governance Principles & Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2023 corporate governance statement reflects the corporate governance practices in place throughout the 2023 financial year. The 2023 corporate governance statement which is approved at the same time as the Annual Report can be viewed at **www.commsgroup.limited/corporate-governance**

This report is made in accordance with a resolution of directors. This report is made in accordance with a resolution of directors.

**John Mackay**
Director

Sydney
22 August 2023

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia



**DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF COMMS GROUP LIMITED**

As lead auditor of Comms Group Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Comms Group Limited and the entities it controlled during the period.

**Grant Saxon**
**Director**

**BDO Audit Pty Ltd**

22 August 2023

# Comms Group Ltd
# Consolidated Statement of Profit or Loss and Other Comprehensive Income



| | Notes | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| | | $ | $ |
| Revenue | 4 | 51,919,514 | 41,046,537 |
| Other income | 5 | 2,680,451 | 296,883 |
| | | **54,599,965** | **41,343,420** |
| | | | |
| Cost of sales | | (27,676,410) | (21,954,909) |
| Employee benefits expense | 5 | (16,024,794) | (11,765,196) |
| Administration expenses | 5 | (2,766,775) | (2,326,218) |
| Sales & marketing expenses | | (1,127,105) | (1,154,892) |
| Information technology expenses | | (1,316,004) | (1,163,987) |
| Professional fees | | (622,222) | (617,206) |
| Property expenses | | (460,187) | (256,184) |
| Other expenses | | - | (3,696) |
| Finance expenses | 5 | (1,025,591) | (483,555) |
| Depreciation & amortisation | 5 | (3,089,997) | (2,396,882) |
| | | | |
| **Profit / (loss) before income tax** | | **480,880** | **(779,305)** |
| | | | |
| Income tax (expense) / benefit | 6 | (1,058,610) | 101,925 |
| | | | |
| **(Loss) for the period** | | **(577,730)** | **(677,380)** |
| | | | |
| **Other comprehensive income** | | | |
| Foreign currency translation | | (119,896) | (27,064) |
| **Total comprehensive income attributable to shareholders** | | **(697,626)** | **(704,444)** |
| **Earnings per share for profit / (loss) from continuing operations attributable to the ordinary equity holders of the company:** | | | |
| | | **Cents** | **Cents** |
| Basic earnings per share | 23 | (0.15) | (0.19) |
| Diluted earnings per share | 23 | (0.15) | (0.19) |

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

# Comms Group Ltd
# Consolidated Statement of Financial Position

| | Notes | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| **Current assets** | | **$** | **$** |
| Cash and cash equivalents | | 1,928,582 | 2,938,051 |
| Trade and other receivables | 8 | 5,572,767 | 4,939,410 |
| Other current assets | 9 | 2,113,964 | 1,949,077 |
| **Total current assets** | | **9,615,313** | **9,826,538** |
| **Non-current Assets** | | | |
| Property, plant & equipment | 10 | 178,744 | 233,530 |
| Right of use assets | 11 | 2,293,993 | 3,194,120 |
| Goodwill | 12 | 21,723,405 | 20,622,808 |
| Intangible assets | 12 | 22,047,434 | 25,092,775 |
| Deferred tax assets | 13 | 1,811,979 | 2,478,455 |
| **Total non-current assets** | | **48,055,555** | **51,621,688** |
| **Total assets** | | **57,670,868** | **61,448,226** |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 6,136,886 | 5,189,265 |
| Deferred revenue | 17 | 688,094 | 774,719 |
| Provisions | 18 | 1,098,827 | 1,135,038 |
| Borrowings | 19 | 1,000,000 | 750,000 |
| Lease liabilities | 15 | 849,951 | 927,886 |
| Deferred consideration | 16 | - | 5,362,318 |
| Income tax payable | | 124,401 | 87,764 |
| **Total current liabilities** | | **9,898,159** | **14,226,990** |
| **Non-current liabilities** | | | |
| Provisions | 18 | 187,150 | 308,445 |
| Deferred tax liability | 20 | 6,868,762 | 7,015,468 |
| Borrowings | 19 | 7,627,911 | 7,368,802 |
| Lease liabilities | 15 | 1,850,228 | 2,525,064 |
| **Total non-current liabilities** | | **16,534,051** | **17,217,779** |
| **Total liabilities** | | **26,432,210** | **31,444,769** |
| **Net assets** | | **31,238,658** | **30,003,457** |
| **Equity** | | | |
| Share capital | 21 | 48,930,371 | 47,778,371 |
| Share based payment reserves | 22 | 1,569,927 | 981,088 |
| Foreign currency translation reserve | | (143,402) | (23,506) |
| Accumulated losses | | (19,118,238) | (18,732,496) |
| **Total Equity** | | **31,238,658** | **30,003,457** |

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

# Comms Group Ltd
# Consolidated Statement of Changes in Equity

| | Share capital | Share-based payments reserve | Foreign currency translation reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Balance at 1 July 2021** | **45,626,371** | **409,253** | **3,558** | **(18,057,406)** | **27,981,776** |
| Loss for the period to 30 June 2022 | - | - | - | (677,380) | (677,380) |
| Foreign currency translation | - | - | (27,064) | - | (27,064) |
| **Total comprehensive income for the period** | **-** | **-** | **(27,064)** | **(677,380)** | **(704,444)** |
| Transactions with owners in their capacity as owners: | | | | | |
| Deferred consideration | 152,000 | (152,000) | - | - | - |
| Shares issued to vendors (note 28) | 2,000,000 | - | - | 2,290 | 2,002,290 |
| Share based payments | - | 723,835 | - | - | 723,835 |
| **Balance at 30 June 2022** | **47,778,371** | **981,088** | **(23,506)** | **(18,732,496)** | **30,003,457** |
| **Balance at 1 July 2022** | **47,778,371** | **981,088** | **(23,506)** | **(18,732,496)** | **30,003,457** |
| Loss for the period to 30 June 2023 | - | - | - | (577,730) | (577,730) |
| Foreign currency translation | - | - | (119,896) | - | (119,896) |
| **Total comprehensive income for the period** | **-** | **-** | **(119,896)** | **(577,730)** | **(697,626)** |
| Transactions with owners in their capacity as owners: | | | | | |
| Deferred consideration | 152,000 | (152,000) | - | - | - |
| Shares issued to vendors (note 28) | 1,000,000 | - | - | - | 1,000,000 |
| Share based payments | - | 740,839 | - | 191,988 | 932,827 |
| **Balance at 30 June 2023** | **48,930,371** | **1,569,927** | **(143,402)** | **(19,118,238)** | **31,238,658** |

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

# Comms Group Ltd
# Consolidated Statement of Cash Flows

| | Notes | 30 June 2023 | 30 June 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | **$** | **$** |
| Receipts from customers (inclusive of GST) | | 56,295,301 | 46,296,741 |
| Payments to suppliers and employees (inclusive of GST) | | (53,516,112) | (44,152,328) |
| Interest received | | 1,056 | 823 |
| Interest paid | | (710,114) | (155,682) |
| Income tax paid | | (256,504) | - |
| **Net cash inflow from operating activities** | **7** | **1,813,627** | **1,989,554** |
| **Cash flows from investing activities** | | | |
| Payments for intangible assets | | (249,229) | (745,522) |
| Payments for property, plant & equipment | | (43,596) | (152,570) |
| Payments for purchase of businesses, net of cash acquired | 28 | (1,949,867) | (10,715,482) |
| Income tax paid | 28 | - | (177,311) |
| **Net cash outflow from investing activities** | | **(2,242,692)** | **(11,790,885)** |
| **Cash flows from financing activities** | | | |
| Lease payments | | (1,089,513) | (776,686) |
| Dividend paid | | - | (100,000) |
| Net proceeds from borrowings | | 509,109 | 8,118,802 |
| **Net cash inflow from financing activities** | | **(580,404)** | **7,242,116** |
| **Net (decrease) / increase in cash and cash equivalents** | | **(1,009,469)** | **(2,559,215)** |
| Cash and cash equivalents at the beginning of the period | | 2,938,051 | 5,497,266 |
| **Cash and cash equivalents at end of period** | | **1,928,582** | **2,938,051** |

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Comms Group Limited
# Notes to the Consolidated Financial Statements
# For the year ended 30 June 2023

# 1 Corporate Information

The consolidated financial statements and notes represent those of Comms Group Limited (the "Company") and its controlled entities (collectively, the "Group") for the year ended 30 June 2023. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Comms Group Limited is a company limited by shares, incorporated and domiciled in Australia. The Company was listed on the Australian Securities Exchange (ASX) on 21 December 2017 and is the ultimate parent entity in the Group.

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial report was authorised for issue by the Board of Directors on 22 August 2023.

# 2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements.

## (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Accounting Standards and Interpretations issued by the Australian Standards Board (AASB) and the Corporations Act 2001. Comms Group is a for-profit entity for the purpose of preparing the financial statements.

### (i) Compliance with IFRS

The Financial statements of Comms Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### (ii) Historical cost convention

The financial statements have been prepared under the historical cost convention unless otherwise indicated.

### (iii) New standards and interpretations adopted

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current period.

## (b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2023 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the "consolidated entity".

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is gained by the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changes where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

A list of controlled entities is contained in note 27 to the financial statements.

## (c) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## (d) Critical accounting estimates and judgements

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (i) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward looking information.

### (ii) Estimation of useful lives of assets

The Group reviews the estimated useful lives of property plant and equipment at the end of each financial year. The Group adjusts the remaining effective useful life of its assets to better reflect their actual usage and future economic benefit.

### (iii) Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2 (m). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### (iv) Recognition of deferred tax assets

The Group formed a tax consolidated group under Australian taxation law during the prior year. Historical losses accumulated by the operating subsidiaries in the group prior to and since acquisition by the Group have now been recognised in full as a deferred tax asset, in accordance with tax loss recoupment rules.

The Board has made a judgement to recognise a deferred tax asset in respect of current year tax losses and black hole expenditure.

### (v) Business combinations

As discussed in (c) above, business combinations are initially accounted for at fair value on acquisition. The assessment of fair value can be provisional depending upon the date of the acquisition and the reporting end date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

### (vi) Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### (vii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The fair value of share performance rights are determined by using the 30 day volume weighted average price (VWAP) as at grant date. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### (viii) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## (e) Revenue recognition

The Group recognises revenue as follows:

### (i) Revenue from customers

Revenue recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Contracts with customers can be summarised into the following distinct and separate transactions (there is no bundling of hardware, installation and monthly ongoing fees). The key driver for keeping these separate is efficiency of working capital; meaning it is advantageous to invoice separately upfront hardware and installation costs rather than finance them internally for later recovery from the monthly usage charges. By keeping the performance obligations separate it reduces the working capital drain on the business whilst making separation of transactions easier to identify for revenue recognition):

- Voice network income;
- Data network income; and
- Managed services income.

The total price that is contracted to be paid for the above transactions are allocated to the contract stages and recognised as follows:

- Services which include - hosted voice, data and enterprise networks, managed IT services and cloud based communication enablement services are recognised over time on a straight line basis, as the services are rendered; and
- Hardware sales are recognised at the point in time where delivery has been made and control has been transferred to the customer.

Voice, data and managed services can either be billed in arrears for the preceding month's services or billed in advance of the following month's usage. Amounts billed in advance are recognised as deferred revenue on the statement of financial position.

### (ii) Interest

Bank interest is recognised when received.

### (iii) Other income

Other income is recognised when it is received or when the right to receive payment is established.

## (f) Income tax

The Group formed a tax consolidated group under Australian taxation law in the prior year and income tax has been accounted for on that basis. The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (i) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

## (g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

## (h) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 15-30 days. They are presented as current assets.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

See note 8 for further information about the Group's accounting for trade receivables.

## (i) Deferred revenue

Deferred revenue represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

## (j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The depreciation rates used for each class of depreciable assets are follows:

| | Method | Rate |
|---|---|---|
| Computer equipment | Straight line | 25 - 33% |
| Leasehold improvements | Diminishing value | 13% |
| Furniture and fittings | Diminishing value | 15-40% |
| Motor vehicles | Straight line | 8% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2 (l)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

## (k) Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

## (l) Intangible assets

### (i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units (CGU) that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is measured as described in note 2 (c).

### (ii) Customer contracts and brand

Customer contracts and brand acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

### (iii) Internally generated software

All assets reported as internally generated software are held at cost less accumulated amortisation and impairment losses. Intangibles include costs in relation to the development of software systems and products where future benefits are expected to exceed these costs. Costs capitalised include external direct costs of materials and service and direct payroll and payroll-related costs of employees' time spent on the project during the development phase.

Software and product development costs are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Amortisation is calculated on a straight-line basis on all internally generated software products commencing from the time the asset is ready for use over the useful life of the asset not exceeding 5 years in any case.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated statement of comprehensive income in the expense category 'depreciation and amortisation'.

Intangible assets with a finite life are tested for impairment where an indicator of impairment exists and in the case of indefinite life intangibles annually, either individually at the CGU level or groups of CGU's. This requires an estimation of the recoverable amount of the CGU's to which the intangible with finite life is allocated. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss.

Comms Group Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2023

### (iv) Amortisation

Amortisation is calculated on a straight-line basis on all intangibles commencing from the time the asset is ready for use. The estimated useful life of intangibles is as follows:

- Customer contracts and brands 7-20 years
- Internally generated software 5 years

## (m) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## (n) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## (o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowing are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of t he liability for at least 12 months after the reporting period.

## (p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use for sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

## (q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Variable lease payments are only included in measuring the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Group recognised expenses for short term leases and low value leases on a straight line basis, in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

## (r) Provisions

Provisions for legal claims, service warranties and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## (s) Employee benefits

### (i) Short term employee benefits

Liabilities for employee benefits expected to be settled wholly within 12 months of reporting date are measured at the amounts expected to be paid when the liabilities are settled. These liabilities are presented as current employee benefit obligations in the balance sheet.

The Group has a short term benefit plan in place where the employee will be eligible to receive a short term incentive benefit of up to the Maximum Short Term Incentive amount in respect to the forecast period, and each year following the end of the Forecast Period, subject to the employees achievement of the KPI's as assessed by the Audit and Remuneration Committee of the Board.

### (ii) Other long-term employee benefits

Employee benefits not expected to be settled wholly within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### (iii) Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### (iv) Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

### (v) Employee performance rights

The fair value of rights granted is recognised as an employee benefit expense with the corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted including any market performance conditions (e.g. the entity's share price), including the impact of any service and non-market performance vesting performance conditions (e.g. sales growth targets), and including the impact of any non-vesting conditions.

## (t) Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## (u) Dividends

Dividends will be recognised when declared during the financial year and no longer at the discretion of the Company.

## (v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

## (w) Earnings per share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year.

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# 3 Segment reporting

**Identification of reportable operating segments**

The Group has three operating segments under AASB 8 Operating Segments including Global, SME and ICT. These operating segments are based on the internal reports that are reviewed and used by the CEO and Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Other (non-operating) segments include the Head Office that accounts for the activities of the Board and other Group employees who provide services across the Group and other costs of being an ASX listed business.

On a monthly basis the CODM reviews each segments EBITDA that is prepared using the same accounting policies as those adopted in the financial statements.

| | Global | SME | ICT | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| Sales to external customers | 10,833,853 | 24,209,191 | 16,876,470 | 51,919,514 |
| Intersegment sales | 1,234,534 | - | - | 1,234,534 |
| Total segment sales revenue | 12,068,387 | 24,209,191 | 16,876,470 | 53,154,048 |
| Less: | | | | |
| Intersegment eliminations | | | | (1,234,534) |
| **Total revenue** | | | | **51,919,514** |
| **Underlying EBITDA – Segment** | **1,195,188** | **3,878,938** | **1,715,900** | **6,790,026** |
| Less corporate costs | | | | (1,948,499) |
| **Underlying EBITDA – Group** | | | | **4,841,527** |
| Plus: other income – non-operating | | | | 2,466,250 |
| Less: share based payments | | | | (932,827) |
| Less: acquisition, restructuring, one-off and restructuring costs | | | | (1,778,482) |
| EBITDA – Group | | | | 4,596,468 |
| Less: finance expenses | | | | (1,025,591) |
| Less: depreciation and amortisation | | | | (3,089,997) |
| Profit before tax – Group | | | | 480,880 |

**Intersegment transactions**

Intersegment transactions were made at market rates. Taking advantage of existing accounts and economies of scale, Global and SME purchase telecommunication services on behalf of each other. Intersegment transactions are eliminated on consolidation.

**Intersegment receivables and payables**

Intersegment receivables and payables are eliminated on consolidation.

**Major customers**

During the year ended 30 June 2023 no individual customer accounted for more than 10% of Group revenues.

The Group's revenues from external customers and non-current assets are predominantly domiciled in Australia.

# Comms Group Limited
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# For the year ended 30 June 2023

## 4 Revenue

### Disaggregation of revenue

The Group derives its revenue from the delivery of hosted voice, data and enterprise networks and cloud based communication enablement services that is recognised over the term of the contract. The table below provides a breakdown of revenue by major business line. As disclosed in note 3, the Group has three operating segments.

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| **Sales revenue** | $ | $ |
| Voice revenue | 20,232,979 | 19,279,568 |
| Data revenue | 13,225,462 | 11,997,342 |
| Managed service revenue | 18,461,073 | 9,769,627 |
| | **51,919,514** | **41,046,537** |

| **Sales revenue** | $ | $ |
|---|---|---|
| Global division | 10,833,853 | 9,994,369 |
| SME division | 24,209,191 | 24,399,232 |
| ICT division | 16,876,470 | 6,652,936 |
| | **51,919,514** | **41,046,537** |

The disaggregation of revenue from contracts with customers is as follows –

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| **Timing of revenue recognition** | $ | $ |
| Revenue recognised over time | 49,924,894 | 39,675,844 |
| Revenue recognised at a point in time | 1,994,620 | 1,370,693 |
| | **51,919,514** | **41,046,537** |
| | | |
| Revenue from customers | 47,549,577 | 35,328,797 |
| Revenue from wholesale | 4,369,937 | 5,717,740 |
| | **51,919,514** | **41,046,537** |

## 5 Individually significant profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

| | Notes | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|---|
| | | $ | $ |
| **Other income** | | | |
| Vendor loan write back | 28 | 2,464,618 | - |
| Other | | 215,833 | 296,883 |
| **Total other income** | | **2,680,451** | **296,833** |
| **Depreciation & amortisation** | | | |
| Depreciation expense | | 98,382 | 70,838 |
| Depreciation - right of use assets | | 991,289 | 763,766 |
| Amortisation - customer contracts | | 1,379,621 | 1,097,450 |
| Amortisation - brand | | 155,138 | 134,766 |
| Amortisation - software | | 342,482 | 261,189 |
| Amortisation - bundled equipment | | 123,085 | 68,873 |
| **Total depreciation & amortisation** | | **3,089,997** | **2,396,882** |
| **Interest Expense** | | | |
| Interest expense | | 876,237 | 362,916 |
| Interest on lease liability | | 149,354 | 120,639 |
| **Total interest expense** | | **1,025,591** | **483,555** |
| **Other costs** | | | |
| Share based payments | | 932,827 | 723,835 |
| Superannuation guarantee expense | | 1,218,446 | 888,749 |
| Acquisition costs | | 23,349 | 793,200 |
| Restructuring costs | | 871,088 | 38,127 |

## 6 Income tax expense

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| **Income tax expense / (benefit)** | | |
| Current tax | 124,401 | (42,270) |
| Deferred tax - origination and reversal of temporary differences | 26,806 | (59,655) |
| Change in tax rate - increase from 26% to 30% | 907,403 | - |
| **Total income tax expense / (benefit)** | **1,058,610** | **(101,925)** |

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| **Reconciliation of income tax expense / (benefit) and tax at the statutory rate** | | |
| Profit / (loss) before income tax | **480,880** | **(779,305)** |
| At the Group's statutory income tax rate of 30% (June 2022: 26%) | 144,264 | (194,826) |
| Tax effect amounts which are not deductible / (taxable) in calculating taxable income: | | |
| Non-deductible expenses | 313,350 | 152,556 |
| Non-assessable Income | (748,491) | - |
| Change in tax rate - increase from 26% to 30% | 907,403 | - |
| Deferred tax - origination and reversal of temporary differences | 442,084 | (59,655) |
| **Income tax expense / (benefit)** | **1,058,610** | **(101,925)** |

As the Group now generates turnover in excess of $50 million it is no longer consider a Base Rate entity for corporate tax purposes. For the prior year it was subject to a corporate tax rate of 26% that has now increased to 30%.

# 7 Reconciliation of profit / (loss) after income tax to net cash from operating activities

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| (Loss) for the period | (577,730) | (677,380) |
| | | |
| Adjustments for: | | |
| Share based payments | 932,827 | 723,835 |
| Depreciation and amortisation | 3,089,997 | 2,396,882 |
| Other income – vendor loan write back | (2,464,618) | - |
| | **980,476** | **2,443,337** |
| Change in assets and liabilities: | | |
| (Increase) / decrease in receivables | (701,086) | 804,566 |
| (Increase) / decrease in inventory | (86,730) | (312,880) |
| (Increase) / decrease in deferred tax | 519,770 | 232,142 |
| Increase / (decrease) in tax payables | (91,009) | (196,059) |
| Increase / (decrease) in payables | 624,625 | (19,444) |
| Increase / (decrease) in provisions | (157,506) | 47,149 |
| Increase / (decrease) in other working Capital | 725,087 | (1,009,257) |
| **Net cash inflow from operating activities** | **1,813,627** | **1,989,554** |

# 8 Trade and other receivables

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Trade receivables | 5,648,791 | 4,952,929 |
| Less: expected credit loss allowance | (148,674) | (156,675) |
| | **5,509,117** | **4,796,254** |
| | | |
| Other receivables | 72,650 | 143,156 |
| **Total trade and other receivables** | **5,572,767** | **4,939,410** |

### (i) Classification of trade and other receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally settled within 30 days and therefore are all classified as current.

### (ii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as the fair value.

The expected credit losses (ECL) model directs the approach to determine the allowance for ECL on trade receivables to the lifetime ECL as there is no financing component in the receivable, nor is it a lease receivable.

This requires an allowance matrix be established that takes into account historical observed default rates which is adjusted for forward looking estimates.

Default rates do not exist in a structured or repetitive form. The nature of the service provided reduces the risk of default as opposed to a dispute. This is because;

- Credit ratings being applied on all contract wins;
- The ability to stop or disrupt telecom services for non-payment. For small businesses their phone (and phone number) is a vital tool for business survival. For larger businesses the phone or cloud based network is key to how they provide services and operate; and
- Disrupting payment is preceded by unpaid bill notices, the last ones which set out that non-payment activity is registered with a credit rating agency.

Based on what has been observed, the following allowance matrix has been determined:

Not overdue: 1%, 1 to 30 days overdue: 3%, 31 days to 90 days overdue: 4% and more than 90 days overdue: 15%.

The ageing of the receivables and allowance for expected credit losses are as follows:

| | Expected credit loss rate | | Carrying amounts | | Allowance for expected credit losses | |
|---|---|---|---|---|---|---|
| | 2023 % | 2022 % | 2023 $ | 2022 $ | 2023 $ | 2022 $ |
| Not overdue | **1%** | **1%** | 3,504,344 | 3,542,161 | 19,729 | 20,175 |
| 0 to 1 months overdue | **3%** | **3%** | 1,104,051 | 381,763 | 28,153 | 12,036 |
| 1 to 3 months overdue | **4%** | **4%** | 461,981 | 264,594 | 16,400 | 11,735 |
| Over 3 months overdue | **15%** | **15%** | 578,415 | 764,411 | 84,392 | 112,729 |
| | | | **5,648,791** | **4,952,929** | **148,674** | **156,675** |

Through a greater focus on collections, agreed credit terms and an extension to terms for some customers the Group has been able to minimise any credit losses to date.

Movements in expected credit losses of receivables are as follows:

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Opening balance | 156,675 | 75,687 |
| Provision for expected credit losses recognised during the year | 124,657 | 151,664 |
| Receivables written off during the year as uncollectible | (132,658) | (70,676) |
| **Closing balance** | **148,674** | **156,675** |

## 9 Other current assets

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Prepayments | 840,225 | 956,323 |
| Accrued revenue | 140,194 | 95,192 |
| Security deposits | 700,200 | 550,947 |
| Inventory | 145,587 | 127,907 |
| Bundled equipment | 287,758 | 218,708 |
| | **2,113,964** | **1,949,077** |

## 10 Property, plant and equipment

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Computer Equipment | 288,406 | 247,956 |
| Less: Accumulated Depreciation | (224,016) | (163,272) |
| | 64,390 | 84,684 |
| Leasehold Improvements | 166,319 | 157,128 |
| Less: Accumulated Depreciation | (71,213) | (33,247) |
| | 95,106 | 123,881 |
| Office Furniture and Equipment | 131,053 | 127,907 |
| Less: Accumulated Depreciation | (116,636) | (111,912) |
| | 14,417 | 15,995 |
| Motor Vehicles | 33,117 | 33,117 |
| Less: Accumulated Depreciation | (28,286) | (24,147) |
| | 4,831 | 8,970 |
| **Total property, plant and equipment** | **178,744** | **233,530** |

| | Computer equipment | Leasehold improvements | Office furniture & equipment | Motor vehicles | Total |
|---|---|---|---|---|---|
| Consolidated | $ | $ | $ | $ | $ |
| Balance at 1 July 2021 | 24,984 | 14,590 | 49,445 | 13,109 | 102,128 |
| Additions - business combination | - | 49,208 | - | - | 49,208 |
| Additions | 102,630 | 72,651 | 5,216 | - | 180,498 |
| Disposals | (1,411) | - | (26,055) | - | (27,466) |
| Depreciation expense | (41,519) | (12,568) | (12,611) | (4,139) | (70,838) |
| **Balance at 30 June 2022** | **84,684** | **123,881** | **15,995** | **8,970** | **233,530** |

| | Computer equipment | Leasehold improvements | Office furniture & equipment | Motor vehicles | Total |
|---|---|---|---|---|---|
| Consolidated | $ | $ | $ | $ | $ |
| Balance at 1 July 2022 | 84,684 | 123,881 | 15,995 | 8,970 | 233,530 |
| Additions | 40,450 | - | 3,146 | - | 43,596 |
| Depreciation expense | (60,744) | (28,775) | (4,724) | (4,139) | (98,382) |
| **Balance at 30 June 2023** | **64,390** | **95,106** | **14,417** | **4,831** | **178,744** |

## 11 Right of use assets

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Land and buildings - right of use | 4,283,696 | 4,319,612 |
| Less: Accumulated depreciation | (1,989,703) | (1,206,088) |
| | 2,293,993 | 3,113,524 |
| | | |
| Plant and equipment - right of use | 30,917 | 188,294 |
| Less: Accumulated depreciation | (30,917) | (107,698) |
| | - | 80,596 |
| | | |
| | **2,293,993** | **3,194,120** |

The consolidated entity leases buildings for its offices under agreements of one, three and five years. The leases have various escalation clauses. If renewed, the terms of the leases are renegotiated.

The consolidated entity also leases equipment under agreements of between three to five years.

## 12 Intangibles

| Consolidated | Customer contracts [1] | Brand [1] | Goodwill [1] | Software | Internally generated software | Capital work in progress | Other | Total |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Cost | | | | | | | | |
| Balance at 30 June 2022 | 26,255,970 | 6,987,218 | 29,454,252 | 3,401,472 | 1,125,059 | 323,123 | 21,045 | 67,568,139 |
| Provisional value Adjustment - Business Combination | (619,677) | (797,652) | 1,100,597 | | - | - | | (316,732) |
| Additions during the period | - | - | - | 34,456 | - | 214,773 | - | 249,229 |
| Balance at 30 June 2023 | 25,636,293 | 6,189,566 | 30,554,849 | 3,435,928 | 1,125,059 | 537,896 | 21,045 | 67,500,636 |
| | | | | | | | | |
| Accumulated amortisation and Impairment | | | | | | | | |
| Balance at 1 July 2022 | (6,763,803) | (2,925,418) | (8,831,444) | (3,051,964) | (266,773) | - | (13,154) | (21,852,556) |
| Amortisation expense | (1,379,621) | (155,138) | - | (117,471) | (225,011) | - | - | (1,877,241) |
| **Balance at 30 June 2023** | **17,492,869** | **3,109,010** | **21,723,405** | **266,493** | **633,275** | **537,896** | **7,891** | **43,770,839** |

[1] Balance at 30 June 2022 incorporates provisional accounting for onPlatinum business combinations (refer note 28).

**Determination of CGU's**

For the purposes of assessing the Group's intangible assets, management has identified three cash-generating units (CGUs) that make up the Group, including Global (International, Wholesale and Enterprise customers), SME (SME customers) and ICT (comprising the businesses of onPlatinum ICT Pty Ltd and Tango Technologies Pty Ltd acquired in February 2022). These three divisions generate cash flows that are largely independent of each other.

This determination is the same as at 30 June 2022.

Goodwill is allocated to the following cash generating units:

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Global | 4,785,047 | 4,785,047 |
| SME | 11,264,646 | 11,264,646 |
| ICT | 5,673,712 | 4,573,115 |
| | **21,723,405** | **20,622,808** |

The determination of the three CGU's (Global, SME and ICT) reflects how the Group manages its individual customers, by grouping them according to how they are categorized as either an SME, Global or ICT customer. Typically the same categorised customer will have similar product and service requirements, generating efficiencies for the Group and better level of service for the customer if delivered and managed within the same division.

The recoverable amounts of the CGU were determined based on a value-in-use calculation, reflecting management forecasts for the first year and longer range projections for years two to five. Cash flows beyond the five-year period are extrapolated using a suitable growth rate determined by management, not exceeding the anticipated long-term average growth rate for the business in which the CGU operates.

The budget and projections used represent management's current projected growth expectations. In determining such assumptions, factors such as competitive dynamics, market opportunities, synergies from acquired businesses (both realised and unrealised) and cost control were all contemplated.

The key assumptions management have used in forecasting cash flow projections over the five-year period are as set out below. During the period management have made short term growth projections and assumptions for value in use calculations, that reflect current economic conditions. Under these conditions, the recoverable amounts of the CGUs exceed their carrying amounts and no impairment has been recognized.

**Key assumptions used for value-in-use calculations**

When testing for impairment, the discounted future cash flows are assessed to determine the value-in-use of the CGU. The recoverable amount under the value-in-use method is then compared to the carrying value of the CGU to evaluate whether there is any impairment.

Management used the following key assumptions in determining the recoverable amounts of its intangible assets:

| | Global | SME | ICT |
|---|---|---|---|
| Revenue growth - year 1 | 10.0% | 5.0% | 5.0% |
| Revenue growth - years 2 to 5 | 10.0% | 5.0% | 5.0% |
| Gross Margin | 49.1% | 44.9% | 52.9% |
| Wage and Operating expenses growth | 3.0% to 5.0% | 3.0% to 5.0% | 3.0% to 5.0% |
| Weighted average cost of capital (WACC) | 13.0% | 16.0% | 8.3% |
| Terminal growth rate | 3.0% | 3.0% | 3.0% |
| Risk factor to free cashflows | 40.0% | 10.0% | 20.0% |
| Long term annual capital expenditure | $0.15m | $0.15m | $0.10m |

**Sensitivity analysis**

As disclosed in Note 2(m), management have made judgements and estimates in respect of impairment testing of goodwill and other indefinite life intangibles. Should these judgements and estimates not occur the carrying amounts may decrease.

The key sensitivities are as follows (all other assumptions remaining constant), movements of which may then require an impairment charge in the CGU.

| | Key sensitivity | | |
|---|---|---|---|
| **Cash Generating Unit** | **Revenue growth to decrease to below** | **Discount rate increase to more than** | **Risk factor on free cashflows to increase to more than** |
| Global | 4.0% | 20.9% | 70.4% |
| SME | 1.9% | 19.2% | 27.4% |
| ICT | 0.8% | 12.7% | 55.1% |

Management believes that other reasonable changes in the key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

## 13 Deferred tax assets

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| **Deferred tax asset comprises temporary differences attributable to:** | | |
| Temporary differences | 1,368,262 | 1,147,838 |
| Carried forward losses | 392,561 | 507,313 |
| Acquisitions during the year | - | 755,250 |
| Amounts recognised in equity for capital raising | 51,156 | 68,054 |
| **Deferred tax asset** | **1,811,979** | **2,478,455** |
| | | |
| **Movements in deferred assets:** | | |
| Opening balance | 2,478,455 | 1,996,794 |
| Debited/(credited) to: | | |
| - Relating to change in tax rate | 495,691 | - |
| - Relating to prior year losses brought on | ( 317,572) | (380,738) |
| - Relating to temporary differences | (833,530) | 755,250 |
| - Amounts recognised in equity for capital raising | (16,898) | 107,149 |
| - Acquisitions | 5,832 | - |
| **Closing balance** | **1,811,979** | **2,478,455** |

## 14 Trade and other payables

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Trade payables | 3,713,784 | 3,089,159 |
| Accrued expenses | 1,211,676 | 1,182,968 |
| Payroll liabilities | 572,452 | 623,848 |
| GST liabilities | 138,130 | 232,359 |
| Other payables | 500,844 | 60,931 |
| | **6,136,886** | **5,189,265** |

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 15 Lease liabilities

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| **Current** | 849,951 | 927,886 |
| **Non-current** | 1,850,228 | 2,525,064 |

Refer to note 25 for maturity information on lease liabilities.

## 16 Other liabilities

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Deferred consideration | – | 5,362,318 |

Deferred consideration as at 30 June 2022 represented further consideration estimated to be payable for Switched On (based on the business' revenue of the first twelve months from completion) and for onPlatinum (Deferred payment to be paid on 1 July 2022 and additional consideration based on the EBITDA of the December 2022 quarter). Deferred consideration of $487,000 for Switched On and $1,462,867 for onPlatinum were subsequently paid with no consideration payable or paid for onPlatinum based on the EBITDA of the December 2022 quarter.

## 17 Deferred revenue

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Deferred revenue | 688,094 | 774,719 |
| **Reconciliation** | | |
| Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: | | |
| | | |
| Opening balance | 774,719 | 1,003,348 |
| Payments received in advance | 688,394 | 684,430 |
| Transfer to revenue – included in opening balance | (775,019) | (913,059) |
| **Closing balance** | **688,094** | **774,719** |

## 18 Provisions

| | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|
| **Current liabilities** | | |
| Annual leave | 720,614 | 866,731 |
| Long service leave | 378,213 | 268,307 |
| | **1,098,827** | **1,135,038** |
| **Non-current liabilities** | | |
| Long service leave | **187,150** | **308,445** |

## 19 Borrowings

| | Consolidated 30 June 2023 $ | Consolidated 30 June 2022 $ |
|---|---|---|
| **Current liabilities** | | |
| Term loan | **1,000,000** | **750,000** |
| **Non-current liabilities** | | |
| Term loan | **7,627,911** | **7,368,802** |
| **Financing arrangements** | | |
| Unrestricted access was available at the reporting date to the following lines of credit: | | |
| **Total facilities** | | |
| Bank overdraft | 700,000 | 700,000 |
| Bank term loans | 9,250,000 | 10,000,000 |
| | **9,950,000** | **10,700,000** |
| **Used at the reporting date** | | |
| Bank overdraft | - | - |
| Bank term loans | 8,627,911 | 8,118,802 |
| | **8,627,911** | **8,118,802** |
| **Unused at the reporting date** | | |
| Bank overdraft | 700,000 | 700,000 |
| Bank loans | 622,089 | 1,881,198 |
| | **1,322,089** | **2,581,198** |

The Term Loan has a term of 3 years and repayments of $ $0.25m per quarter.

Security includes fixed and floating charges from Comms Group Limited and all subsidiaries and Guarantees from all Australian registered lending and non-lending Group entities.

## 20 Deferred tax liability

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| **Movements in deferred liabilities:** | | |
| Opening balance | 7,015,468 | 2,374,673 |
| **Debited / (credited) to:** | | |
| - relating to change in tax rate | 1,403,094 | - |
| - relating to temporary differences | (1,195,468) | (380,533) |
| - intangible assets acquired on acquisition | (354,333) | 5,021,328 |
| | **6,868,762** | **7,015,468** |

## 21 Share capital

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|---|---|
| | Shares | Shares | $ | $ |
| **Ordinary Shares - fully paid** | **381,478,877** | 361,320,543 | **48,930,371** | 47,778,371 |

**Movements in ordinary share capital**

| | Date | Shares | $ |
|---|---|---|---|
| Opening balance | 1 July 2021 | 340,329,715 | 45,626,371 |
| Issued to Vendor | 1 April 2022 | 2,000,000 | 152,000 |
| Acquisition of subsidiary | 10 February 2022 | 18,990,828[i] | 2,000,000 |
| **Balance 30 June 2022** | | **361,320,543** | **47,778,371** |
| | | | |
| Opening balance | 1 July 2022 | 361,320,543 | 47,778,371 |
| Acquisition of subsidiary - Tranche 2 | 1 July 2022 | 13,333,334 | 1,000,000 |
| Performance rights vesting | 13 March 2023 | 4,375,000 | - |
| Issued to Vendor | 1 April 2023 | 2,000,000 | 152,000 |
| Performance rights vesting | 20 April 2023 | 450,000 | - |
| **Balance 30 June 2023** | | **381,478,877** | **48,930,371** |

[i] Issue of shares on the acquisition of on Group Holdings Pty Ltd subject to voluntary escrow conditions: 9,495,414 shares escrowed for 12 months commencing from completion of acquisition (9 February 2023) and 9,495,414 shares escrowed for 18 months commencing from completion of acquisition (9 August 2023).

### (i) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

**Capital risk management**

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The capital risk management policy remains unchanged from the prior year.

## 22 Share based payments reserve

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Opening balance | 981,088 | 409,253 |
| Share based payment expense | 932,827 | 723,835 |
| Transfer to retained earnings | (191,988) | - |
| Issue of shares as deferred consideration | (152,000) | (152,000) |
| **Share based payments reserve** | **1,569,927** | **981,088** |

Share-based payment reserve is used to recognise deferred consideration for the acquisition of subsidiaries, and the value of equity benefits provided to employees, directors and other external parties as part of their remuneration.

## 23 Earnings per share

**Reconciliation of earnings used in calculating profit per share**

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| (Loss) attributable to the ordinary equity holders of the company | **(577,730)** | **(677,380)** |

| | | |
|---|---|---|
| Weighted average number of ordinary shares used as the denominator in calculating earnings per share | 376,559,767 | 348,107,019 |
| Performance rights on issue | 37,315,000 | 35,430,000 |
| Adjustment for performance rights that are not dilutive | (36,105,000) | (35,430,000) |
| Options on issue | - | 7,500,000 |
| Adjustment for options that are not dilutive | - | (7,500,000) |
| Weighted average number of ordinary shares used as the denominator in calculating earnings per share | **377,769,767** | **348,107,019** |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | (0.15) | (0.19) |
| Diluted earnings per share | (0.15) | (0.19) |

There is no dilution impact arising from outstanding deferred consideration shares, warrants, options and performance related shares.

# 24 Share based payments

**Long Term Incentive Scheme**

During the year a total of 12,100,000 performance rights were issued to Directors and Management under the Performance Rights Plan with 5,390,000 rights forfeited before the end of the year.

Performance Rights issued during the year and issued in all prior years are subject to new plan rules approved at The 2022 Annual General Meeting held on 22 November 2022, as follows;

- Total 60% subject to share price as follows: 30% are subject to vesting at either 12.5 or 15 cents per share, earliest of 18 months from grant date and 30% are subject to vesting at 20 cents per share, earliest 30 months from grant date.
- Total 40% are based on continuous employment as follows: 20% are subject to vesting 24 months from grant date, 10% are subject to vesting 36 months from the grant date and 10% are subject to vesting 48 months from the grant date.

Set out below are summaries of performance rights issued under the scheme to the end of the year, subject to new plan rules:

| Grant date | Expiry date | Balance at the start of the year | 60% of total grants Vesting price: 50% 18mths / 50% 30 mths | 40 % of total grants Vesting based on tenure | Granted | Vested during the year | Exercised | Forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | | |
| 23/07/2019 | 22/07/2024 | 14,850,000 | $0.125 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 4,725,000 | 4,425,000 | - | 10,425,000 |
| 28/04/2020 | 27/04/2025 | 2,900,000 | $0.125 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 150,000 | 150,000 | 1,500,000 | 1,250,000 |
| 24/11/2020 | 23/11/2025 | 250,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 50,000 | 50,000 | - | 200,000 |
| 24/11/2020 | 23/11/2025 | 1,250,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 250,000 | 200,000 | - | 1,050,000 |
| 5/02/2021 | 4/02/2026 | 3,000,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 600,000 | - | - | 3,000,000 |
| 20/04/2021 | 19/04/2026 | 1,300,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | 260,000 | - | - | 1,300,000 |
| 21/01/2022 | 20/01/2027 | 5,980,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | - | - | 840,000 | 5,140,000 |
| 24/02/2022 | 23/02/2027 | 2,000,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | - | - | - | 2,000,000 |
| 18/05/2022 | 17/05/2027 | 3,900,000 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | - | - | - | 1,750,000 | 2,150,000 |
| 22/07/2022 | 21/07/2027 | - | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 6,000,000 | - | - | 1,000,000 | 5,000,000 |
| 1/12/2022 | 30/11/2027 | - | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 6,100,000 | - | - | 300,000 | 5,800,000 |
| **TOTAL** | | **35,430,000** | | | **12,100,000** | **6,035,000** | **4,825,000** | **5,390,000** | **37,315,000** |

The conditions for vesting prior to new plan rules being approved at The 2022 Annual General Meeting held were as follows:

- The employee is continuously employed or continues to provide services to the Company up to the vesting period;
- The following applies to 50% of the total number of performance rights that may vest (tranche A):
  - Comms Group Share price hurdle of either 12.5, 15 or 20 cents (whichever is applicable to the employee) achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 18 months from grant date;
- The following applies to 50% of the total number of performance rights that may vest (tranche B):
  - Comms Group Share price hurdle of either 20, 25 or 30 cents (whichever is applicable to the employee) achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 30 months from grant date.

Set out below are summaries of performance rights issued under the prior scheme rules to the end of the prior year:

| Grant date | Expiry date | Vesting price: 18mths / 30 mths | Balance at the start of the year | Granted | Exercised | Forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| | | | **2022** | | | | |
| 23/07/2019 | 22/07/2024 | $0.125 / $0.20 | 15,100,000 | - | - | (250,000) | 14,850,000 |
| 28/04/2020 | 27/04/2025 | $0.125 / $0.20 | 2,900,000 | - | - | - | 2,900,000 |
| 16/11/2020 | 15/11/2025 | $0.15 / $0.25 | 1,000,000 | - | - | (1,000,000) | - |
| 24/11/2020 | 23/11/2025 | $0.125 / $0.20 | 250,000 | - | - | - | 250,000 |
| 24/11/2020 | 23/11/2025 | $0.15 / $0.25 | 1,250,000 | - | - | - | 1,250,000 |
| 5/02/2021 | 4/02/2026 | $0.20 / $0.30 | 3,000,000 | - | - | - | 3,000,000 |
| 20/04/2021 | 19/04/2026 | $0.20 / $0.30 | 2,000,000 | - | - | (700,000) | 1,300,000 |
| 21/01/2022 | 20/01/2027 | $0.20 / $0.30 | - | 6,780,000 | - | (800,000) | 5,980,000 |
| 24/02/2022 | 23/02/2027 | $0.20 / $0.30 | - | 2,000,000 | - | - | 2,000,000 |
| 18/05/2022 | 17/05/2027 | $0.20 / $0.30 | - | 3,900,000 | - | - | 3,900,000 |
| | | | **25,500,000** | **12,680,000** | **-** | **(2,750,000)** | **35,430,000** |

The weighted average share price during the financial year was $0.073 (2022: $0.085).

The weighted average remaining contractual life through to the expiry date of share performance rights outstanding at the end of the financial year was 2.90 years (2022: 3.25 years).

# Comms Group Limited
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For share performance rights granted during the current financial year, the valuation input models used to determine the fair value at the grant date are as follows:

| Grant date | Expiry date | Share price at grant date | 60% of total grants Vesting price: 50% 18mths / 50% 30 mths | 40 % of total grants Vesting based on tenure | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date: 18 mths / 30 mths | Fair value at grant date: vesting based on Tenure |
|---|---|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | | | |
| 22/07/2022 | 21/07/2027 | $0.084 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 62% | - | 4.00% | $0.065 / $0.061 | $0.074 |
| 1/12/2022 | 30/11/2027 | $0.074 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 62% | - | 4.00% | $0.05 / $0.044 | $0.074 |

The incremental Fair value as a result of approval of the new plan at The Annual General Meeting held on 22nd November 2022 is as follow:

| | Old plan rules | | New Plan Rules | | | | |
|---|---|---|---|---|---|---|---|
| | 100 % of total grants vesting on share price hurdle price: 60% 18months / 40% 30 months | | 60 % of total grants Vesting price: 50% 18months / 50% 30 months | | 40 % of total grants Vesting based on tenure: 50% 24 months/ 25% 36 months/ 25% 48 Months | | |
| Grant date | Grant date fair value of grants vesting in 18 months | Grant date fair value of grants vesting in 30 months | Incremental fair value of grants vesting in 18 months | Incremental fair value of grants vesting in 30 months | Incremental fair value of grants vesting in 24 months | Incremental fair value of grants vesting in 36 months | Incremental fair value of grants vesting in 48 months |
| **2022** | | | | | | | |
| 23/07/2019 | $0.024 | $0.016 | $0.000 | $0.000 | $0.018 | $0.034 | $0.034 |
| 28/04/2020 | $0.058 | $0.049 | $0.000 | $0.000 | $0.018 | $0.034 | $0.034 |
| 16/11/2020(1) | $0.074 | $0.054 | $0.000 | $0.000 | $0.000 | $0.000 | $0.000 |
| 24/11/2020 | $0.081 | $0.068 | $0.000 | $0.000 | $0.022 | $0.034 | $0.034 |
| 24/11/2020 | $0.081 | $0.068 | $0.000 | $0.000 | $0.022 | $0.034 | $0.034 |
| 5/02/2021 | $0.059 | $0.055 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 20/04/2021 | $0.049 | $0.038 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 21/01/2022 | $0.089 | $0.072 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 24/02/2022 | $0.072 | $0.057 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 18/05/2022 | $0.066 | $0.053 | $0.008 | $0.010 | $0.030 | $0.045 | $0.045 |
| 22/07/2022 | $0.065 | $0.061 | $0.000 | $0.000 | $0.022 | $0.034 | $0.034 |

The above incremental fair values will be recognised as an expense over the period from the modification date to the end of the vesting period. The expense of the original share performance rights will continue to be recognised as if the terms had not been modified.

The grant on 1st Dec 2022 was after the new plan rules were approved in The Annual General Meeting held on 22 November 2023.

(1) The grant on 16th November 2020 was forfeited before the new plan rules were approved.

For share performance rights modified during the current financial year, the valuation input models used to determine the fair value before the modification and after the modification in the annual general meeting held on 22nd November 2022 are as follows:

| Modification date | Share price at that date | 60 % of total grants Vesting price: 50% 18mths / 50% 30 mths | 40 % of total grants Vesting based on tenure | Expected volatility | Dividend yield | Risk-free interest rate |
|---|---|---|---|---|---|---|
| 2023 | | | | | | |
| 21/11/2023 | $0.074 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 62% | - | 4.00% |
| 22/11/2023 | $0.074 | $0.15 / $0.20 | 20% 24mths / 10% 36 mths / 10% 48 Months | 62% | - | 4.00% |

The performance rights will vest provided the following conditions are met:

- The employee is continuously employed or continues to provide services to the Company up to the vesting period;
- The following applies to 30% of the total number of performance rights that may vest:
  - Comms Group Share price hurdle of either 12.5 or 15 cents achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 18 months from grant date.
- The following applies to 30% of the total number of performance rights that may vest:
  - Comms Group Share price hurdle of 20 cents achieved during the term. The share price hurdle must be reached on at least 20 consecutive trading days at any time during the term of the performance rights in order to satisfy this hurdle. The minimum vesting period is 30 months from grant date.
- The following applies to 20% of the total number of performance rights that may vest:
  - 24 months from grant date based on continuous employment.
- The following applies to 10% of the total number of performance rights that may vest:
  - 36 months from grant date based on continuous employment.
- The following applies to 10% of the total number of performance rights that may vest:
  - 48 months from grant date based on continuous employment.

The exercise price is $nil and the expiry date is 5 years after the grant date of the performance rights.

## 25 Financial risk management

The Group's financial instruments consist of cash at bank, trade and other receivables, and trade and other payables and a loan facility.

The main risks arising from the Groups financial instruments are interest rate risk, liquidity risk and credit risk. The Board has delegated the responsibility for assessing and monitoring financial risk to management. Management monitors these risks daily.

### (i) Interest rate risk

The Groups interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

### (ii) Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due. The Group regularly monitors current and expected cash requirements to ensure that it maintains sufficient reserves of cash and adequate funding from banks to meet its liquidity requirements in the short and longer term.

The Directors of the Company regularly review the Group's cash flow projections prepared by management.

| | Weighted average interest rate | 1 year or less | 1-5 years | Over 5 years | Total contractual flows | Carrying amount |
|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ |
| **Financial assets** | | | | | | |
| **As at 30 June 2022** | | | | | | |
| Trade and other receivables | - | 4,939,410 | - | - | - | 4,939,410 |
| Cash at bank | - | 2,938,051 | - | - | - | 2,938,051 |
| **Total financial assets** | **-** | **7,877,461** | **-** | **-** | **-** | **7,877,461** |
| **As at 30 June 2023** | | | | | | |
| Trade and other receivables | - | 5,572,767 | - | - | - | 5,572,767 |
| Cash at bank | - | 1,928,582 | - | - | - | 1,928,582 |
| **Total financial assets** | **-** | **7,501,349** | **-** | **-** | **-** | **7,501,349** |
| **Financial liabilities** | | | | | | |
| **As at 30 June 2022** | | | | | | |
| Trade and other payables | - | 5,189,265 | - | - | - | 5,189,265 |
| Borrowings | 5.9% | 750,000 | 7,368,802 | | | 8,118,802 |
| Lease liabilities | 5.0% | 927,886 | 2,525,064 | - | - | 3,452,950 |
| **Total financial liabilities** | **-** | **6,867,151** | **9,893,866** | **-** | **-** | **16,761,017** |
| **As at 30 June 2023** | | | | | | |
| Trade and other payables | - | 6,136,886 | - | - | - | 6,136,886 |
| Borrowings | 8.17% | 1,000,000 | 7,627,911 | - | - | 8,627,911 |
| Lease liabilities | 5.00% | 849,951 | 1,850,228 | - | - | 2,700,179 |
| **Total financial liabilities** | **-** | **7,986,837** | **9,478,139** | **-** | **-** | **17,464,976** |

**Bank overdraft and leasing facility**

The Group has a secured business overdraft facility with the Commonwealth Bank of Australia for up to $700,000 and approved Term Loan of up to $10,000,000. As at 30 June 2023 the overdraft was undrawn and the Term Loan was drawn to $8,627,911.

### (iii) Credit risk

The Group has no significant exposure to credit risk. For credit sales the Group only trades with recognised creditworthy third parties. It is the Group's policy that all customers who wish trade on credit terms are subject to credit verification procedures. Ageing analysis and ongoing credit evaluation are performed on the financial condition of the Group's customers and where appropriate, an allowance for expected credit losses is raised. In addition, receivable balances are monitored on an ongoing basis so that the Group's exposure to bad debts is not significant.

Credit terms for most customers are typically 15 to 30 days from month end. Customers are considered to be in default after 30 days with collection processes then taking place (subject to telecommunication industry regulations).

## 26 Commitments and contingencies

The Group has no contingent liabilities or capital commitments at 30 June 2023 (30 June 2022: nil).

## 27 Entities within the consolidated group

The following entities are included within the Consolidated Group:

| Entity Name | Country of incorporation | % Consolidated 2023 |
|---|---|---|
| Comms Group Limited (parent) | Australia | 100% |
| CommsChoice Pty Limited | Australia | 100% |
| Telegate Pty Ltd | Australia | 100% |
| Commschoice Operations Pty Ltd | Australia | 100% |
| Comms Group Services Pty Limited | Australia | 100% |
| TelAustralia Pty Ltd | Australia | 100% |
| Comms Group Operations Pty Ltd | Australia | 100% |
| Syntel Pty Ltd | Australia | 100% |
| Comms Group (International) Pte Ltd | Singapore | 100% |
| SingVoip Pte Ltd | Singapore | 100% |
| Next Telecom Pty Ltd | Australia | 100% |
| Binary Networks Pty Ltd | Australia | 100% |
| Binary Wholesale Pty Ltd | Australia | 100% |
| on Group Holdings Pty Ltd | Australia | 100% |
| onPlatinum ICT Pty Ltd | Australia | 100% |
| onPlatinum ICT Pte Ltd | Singapore | 100% |
| Tango Technology Pty Ltd | Australia | 100% |
| Comms Group International (UK) Ltd | United Kingdom | 100% |
| Comms Group Philippines Inc. | Philippines | 100% |

## 28 Business combinations

**Acquisition of onPlatinum**

On 3 February 2022 Comms Group entered into a binding share purchase agreement to acquire 100% of the shares of on Group Holdings Pty Ltd ("onPlatinum"). The acquisition was completed on 11 February 2022 at which time Comms Group took control of the acquired business per the terms of the share purchase agreement.

Total Purchase price was $14.26m and included an upfront cash payment of $8.0m and $2.0m of Comms Group scrip issued at $0.105 per share escrowed for 12 to 18 months from the date of completion, Deferred Consideration paid on 1 July of $1.0m in cash and $1.0m of Comms Group scrip issued at $0.105 per share and additional consideration by way of an earn out was to be paid, based on an annual EBITDA as measured by the audited EBIDTA of the December 2022 quarter in excess of annualised earnings of $2.0m. At the time of completion this deferred consideration was estimated at $2.28m, however EBITDA for the December 2022 quarter did not not reach the required level for further consideration and as such, the fair value of the recognised contingent consideration was assessed as $nil at 31 December 2022.

The Company has funded the upfront and deferred cash consideration from proceeds of the Borrowings made in February 2022 and July 2022.

onPlatinum contributed $16.88m to Group revenue and $0.43m to Group net profit before tax for the twelve months ended 30 June2023.

Acquisition accounting for the consideration and the assets and liabilities acquired has been finalised at 30 June 2023, with the resulting changes in the value of the intangible assets acquired disclosed in Note 12.

These values are set out below.

| | **Total** <br> **$** |
|---|---|
| Cash and cash equivalents | 432,776 |
| Trade receivables | 1,498,868 |
| Other assets | 285,944 |
| Intangible assets customer contracts and other | 9,749,548 |
| Intangible assets brands | 1,397,173 |
| Property, plant & equipment | 49,670 |
| Right of use asset | 2,271,209 |
| Deferred tax assets | 758,943 |
| Other long-term assets | 273,810 |
| | |
| **Liabilities** | |
| Trade and other payables | (1,511,509) |
| Employee provisions | (730,881) |
| Lease liabilities | (2,335,889) |
| Other liabilities | (33,750) |
| Income tax payable | (169,988) |
| Deferred tax liability on customer contracts, brands and other | (3,331,987) |
| | |
| Net asset acquired | 8,603,938 |
| Goodwill | 5,653,607 |
| **Acquisition-date fair value of the total consideration** | **14,257,544** |
| | |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration | 14,257,544 |
| Less: shares issued as consideration | (2,000,000) |
| Less: deferred consideration | (4,678,393) |
| Less: cash and cash equivalents | (432,776) |
| **Net cash used** | **7,146,375** |

# Comms Group Limited
# Notes to the Consolidated Financial Statements
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## 29 Events after reporting date

There have been no significant matters or circumstances not otherwise dealt with in this report between the reporting date and the date the financial statements were approved for issue that will significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group or subsequent financial years.

## 30 Auditor's remuneration

The auditor of Comms Group is BDO Audit Pty Ltd.

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Remuneration of auditor BDO and related entities | | |
| Audit and review of financial statements | 193,036 | 171,378 |
| Non-audit fees: Taxation services | 24,000 | 18,000 |
| Non-audit fees: Financial due diligence | – | 152,000 |
| | **217,036** | **341,378** |

## 31 Related party transactions

**Parent entity**

Comms Group Limited is the parent entity.

**Subsidiaries**

Interests in subsidiaries are set out in note 27.

**Key management personnel**

Disclosures relating to key management personnel are set out in the remuneration report included in the directors' report.

**Compensation**

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits | 896,762 | 809,832 |
| Post-employment benefits | 74,559 | 62,630 |
| Share-based payments | 419,125 | 177,169 |
| **Total key management personnel remuneration** | **1,390,446** | **1,049,631** |

**Transactions with related parties**

Benjamen Jennings is a director of Outforce Pty Ltd, which provide business process outsourcing services to the Group. Total amounts paid by the Group for the year ended 30 June 2023 were $461,253 (2022: $456,060). For the period to 30 June 2023 Outforce Pty Ltd acquired telecommunication services from the Group of $22,170 and Jennings Partners Chartered Accountants, for which Benjamen Jennings is a principal, acquired telecommunication services from the Group of $13,770.

Ryan O'Hare is a Director of Next Green Group Pty Ltd that owns Next Business Energy Pty Ltd who provides electricity to the Group. Total amounts paid by the Group for the year ended 30 June 2023 were $5,786 (2022: $5,177).

For the period to 30 June 2023 Next Green Group Pty Ltd paid rent to the Group of $15,000 and acquired telecommunication services from the Group of $60,924.

**Receivable from and payable to related parties**

As at 30 June 2023 Jennings Partners Chartered Accountants owes $1,154 for communication services provided to that date.

As at 30 June 2023 Outforce Pty Ltd, owes $6,600 for telecommunication service provided to that date and is owed $nil for providing business process outsourcing services to that date.

As at 30 June 2023 Next Green Group Pty Ltd owes $6,878 for telecommunication services provided to that date and is owed $nil for electricity supplied to that date.

**Loans to/from related parties**

None.

**Deferred consideration available with related parties**

None.

## 32 Parent entity information

Set out below is the supplementary information about the parent entity.

| | Consolidated 30 June 2023 | Consolidated 30 June 2022 |
|---|---|---|
| | $ | $ |
| Statement of profit or loss and other comprehensive income | | |
| Total comprehensive loss for the year | (3,050,993) | (3,040,983) |
| | | |
| Statement of financial position | | |
| Current assets | 6,026,297 | 5,285,155 |
| **Total assets** | **38,413,960** | **38,547,018** |
| Current liabilities | 8,218,211 | 7,276,722 |
| **Total liabilities** | **16,436,768** | **5,314,821** |
| Net assets | 21,977,192 | 23,165,386 |
| Equity | | |
| Issued capital | 48,930,371 | 47,778,371 |
| Share based payment reserve | 1,569,927 | 981,088 |
| Accumulated losses | (28,523,106) | (25,594,073) |
| **Total equity** | **21,977,192** | **23,165,386** |

**Guarantees entered into by the parent entity**
An interlocking guarantee has been has been provided by the parent for the subsidiaries, as part of the security provided to the Commonwealth Bank of Australia for the Term Loan and other facilities it has provided the Group.

**Contingent liabilities entered into by the parent entity**
The parent entity had no contingent liabilities as at 30 June 2023.

**Capital commitments – property plant and equipment**
The parent entity had no capital commitments for plant and equipment as at 30 June 2023.

# Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes, as set out on pages 24 to 61, are in accordance with the Corporations Act 2001 and:
   (a) comply with the Australian Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements;
   (b) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements: and
   (c) give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

**John Mackay**
Director

Sydney
22 August 2023

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia



**INDEPENDENT AUDITOR'S REPORT**

To the members of Comms Group Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Comms Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| ***Key audit matter*** | ***How the matter was addressed in our audit*** |
| --- | --- |
| ***Impairment of Intangible Assets***<br><br>The Group recognises a material balance of goodwill and other intangible assets as a result of historical business combinations, as detailed in Note 12 to the financial statements.<br><br>This matter is considered significant to our audit given the material nature of these intangible assets to the Group.<br><br>The assessment of impairment for intangible assets within each identified CGU involves critical accounting estimates and judgements, specifically in relation to forecast revenue and cash flows, which is affected by future market and economic conditions.<br><br>As a result of their impairment testing, management concluded that no impairment charge was required of the goodwill and other intangible assets as at 30 June 2023.<br><br>As a focus of our audit work, we assessed the value-in-use calculations prepared by management, ensuring that the carrying value of these assets at 30 June 2023 was not in excess of its recoverable amount. | Our audit procedures to address this key audit matter included, but were not limited to;<br><br>• Evaluating the discounted cash flow ('DCF') models prepared by management to determine the value-in-use of the CGUs. This included challenging and substantiating the key assumptions made by management, such as forecast revenue growth, operating costs and discount rates;<br><br>• Consulting with BDO valuation experts in order to assess the reasonableness of the discount rates management has applied;<br><br>• Performing sensitivity analysis on the DCF model in order to assess the impact of changes to the key assumptions in the model on the value in use of the CGUs; and<br><br>• Ensuring disclosure in the financial statements is adequate and meets the requirements of Australian Accounting Standards. |

| ***Key audit matter*** | ***How the matter was addressed in our audit*** |
| --- | --- |
| ***Revenue recognition***<br><br>Revenue recognition has been a key focus of our audit, due primarily to the material nature of the balance as disclosed at Note 4 to the financial statements and the importance of the revenue balance to the users of the financial statements.<br><br>Further, the complexity of the Group's billing systems and the presence of manual journal entries to recognise amounts from these billing systems in | Our audit procedures to address this key audit matter included, but were not limited to<br><br>• Performing a reconciliation of the billing system to the general ledger, investigating significant reconciling items or manual adjustments;<br><br>• Substantively testing a sample of individual revenue items recognised during the period to |

| | |
|---|---|
| the financial statements has resulted in an increased amount of auditor focus in gaining assurance on revenue recognition for the year-ended 30 June 2023. | supporting documentation, including evidence of service delivery and payment;<br>• Performing substantive analytical procedures in relation to the Group's key sources of revenue, assessing revenue and gross margins against our expectations; and<br>• Ensuring revenue recognition policies are adequate and meet the requirements of AASB 15 *Revenue from Contracts with Customers*. |

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 21 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Comms Group Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

BDO

Grant Saxon
Director

Sydney, 22 August 2023

# Comms Group Limited
# ASX Additional Information
# 30 June 2023

## ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is listed below.

The information is current as at 8 August 2023.

### Distribution of shareholders

**Securities**

Fully paid ordinary shares

Analysis of numbers of equity holders by size holding:

| | Total holders | Number of shares | Percentage |
|---|---|---|---|
| 1 to 1,000 | 20 | 2,232 | 0.000 |
| 1,001 to 5,000 | 29 | 116,090 | 0.030 |
| 5,001 to 10,000 | 65 | 506,391 | 0.130 |
| 10,001 to 100,000 | 266 | 11,356,864 | 2.970 |
| 100,001 and over | 230 | 369,837,300 | 96.860 |
| | **610** | **381,818,877** | **100.000** |

# Comms Group Limited
# ASX Additional Information
# 30 June 2023



**Equity Security Holders**

Twenty largest quoted equity security holders

| | Number held | Percentage of total shares issued |
|---|---|---|
| NASHAR PTY LIMITED (Ryan O'Hare) | 41,459,300 | 10.858% |
| ROBBIE BENNETTS ENTERPRISES PTY LTD | 21,805,257 | 5.711% |
| GJFE INVESTMENTS PTY LTD | 16,943,407 | 4.438% |
| BELL POTTER NOMINEES LTD | 16,207,545 | 4.245% |
| MR PETER MCGRATH & MRS JANICE MCGRATH | 16,108,867 | 4.219% |
| AKAT INVESTMENTS PTY LIMITED | 15,757,858 | 4.127% |
| MR MARK LAWRENCE MANION | 15,668,161 | 4.104% |
| TORRI PTY LIMITED | 15,610,000 | 4.088% |
| JENNINGS GROUP INVESTMENTS PTY LTD | 10,062,289 | 2.635% |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 9,973,799 | 2.612% |
| GMNM CONSULTING PTY LTD | 9,377,864 | 2.456% |
| OVERSCO PTY LTD | 8,085,370 | 2.118% |
| BOVIDAE CAPITAL PTY LTD | 7,282,264 | 1.907% |
| MR MATTHEW WILLIAM BURGE | 6,714,068 | 1.758% |
| BASEJUMP PTY LTD | 6,610,573 | 1.731% |
| VIE DE L'EAU PTY LTD | 6,013,138 | 1.575% |
| BOVIDAE SF PTY LTD | 5,363,066 | 1.405% |
| JAPEM PTY LTD | 5,047,200 | 1.322% |
| TTOR PTY LTD | 4,614,624 | 1.209% |
| MR MICHAEL DIAMOND | 4,000,000 | 1.048% |
| **Total securities of top 20 holdings** | **242,704,650** | **63.565%** |

**Substantial shareholders**

| | Number held | Percentage of total shares issued |
|---|---|---|
| NASHAR PTY LTD (Ryan O'Hare) | 46,138,573 | 12.08% |
| ROBBIE BENNETTS ENTERPRISES PTY LTD | 22,098,993 | 5.79% |
| MR PETER MCGRATH | 21,156,067 | 5.55% |
| MR GRANT ELLISON | 20,679,419 | 5.42% |

**Marketable parcel of ordinary shares**

There were 65 shareholders holding less than a marketable parcel of 209,886 ordinary shares.

# Comms Group Limited
# ASX Additional Information
# 30 June 2023

**Unquoted equity securities**

| | Number on issue | Number of holders |
|---|---|---|
| Performance rights | 37,175,000 | 30 |

**Voting rights**

The voting rights attached to ordinary shares are set out below:

**Ordinary shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Performance rights**

No voting rights.

# Corporate Directory

| | |
|---|---|
| **Directors** | John Mackay – Independent Non-Executive Chair<br>Peter McGrath – Executive Director and Chief Executive Officer<br>Benjamen Jennings – Non-Executive Director<br>Claire Bibby – Non-Executive Director<br>Ryan O'Hare – Non-executive Director |
| **Secretary** | Andrew Metcalfe |
| **Notice of Annual General Meeting** | The Annual General Meeting of Comms Group Limited<br>**will be held at** BDO Meeting Room, 1 Margaret Street Sydney NSW 2000<br>**time** 11.30 am<br>**date** 21 November 2023 |
| **Registered Office** | Level 3, 45 Clarence Street<br>Sydney NSW 2000 |
| **Principal place of business** | Level 3, 45 Clarence Street<br>Sydney NSW 2000 |
| **Share register** | Boardroom Pty Limited<br>Level 12, 225 George Street<br>Sydney NSW 2000 |
| **Auditor** | BDO Audit Pty Ltd<br>Level 11, 1 Margret Street<br>Sydney NSW 2000 |
| **Solicitors** | Thompson Geer<br>Level 23, Rialto South Tower, 525 Collins Street<br>Melbourne VIC 3000 |
| **Bankers** | Commonwealth Bank of Australia |
| **Stock exchange listing** | Comms Group Limited shares are listed on the Australian Securities Exchange (ASX code: CCG) |
| **Website** | www.commsgroup.limited |

investors@commsgroup.limited
www.commsgroup.limited

commsgroup
Global Cloud Communications