

5 February 2019

(ASX: CCG)

Market Update - Unaudited
13 WEEKS TO 31 DECEMBER 2018

CommsChoice Group Limited (CommsChoice or the Company) provides an update with respect to December 2018 quarter trading performance to enable greater investor transparency around our business and its key value drivers

Financial (unaudited)

- Revenue for Q2 2019 was \$6.0 million made up of recurring revenue of \$4.5 million and upfront installation revenue of \$1.5 million
- New sales orders were strong during Q2 2019, with these orders expected to contribute \$1.0 million in additional annualised recurring revenue. A further \$1.8m in upfront installation revenue was booked with most billed in the quarter.
- As at the end December 2018, the company's balance sheet remains strong with \$1.3 million cash and no debt.

Operations

- New sales orders for Q2-2019 improved significantly on Q1-2019. This has supported the successful completion of the proof-of-concept for the previously announced award of a managed service contract (refer ASX announcement on 26 October 2018), and CommsChoice is now transitioning all 47 customer sites into the operational phase under that managed service contract.
- CommsChoice received a large order from an existing client in the quarter to expand and upgrade their existing SD-WAN network, validating our technology and strategy.
- The Company maintains a healthy opportunity pipeline with a number of prospective deals expected to sign during 2H 2019.
- CommsChoice achieved a significant milestone with the completion of our financial integration. The Company now has NetSuite deployed across the consolidated business and have established CommsChoice Operations Pty Ltd as the main trading entity. As previously announced to the market (at the Company's 2018 AGM), we expect to achieve this overall integration by the end of the FY19 financial year.
- The Company continues to build operational capability on the back of integrating five businesses into one and focus on developing our sales team and sales pipeline development.

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SUMMARY

CommsChoice Group CEO Ben Gilbert said; “We are pleased with the progress achieved by focusing on our key priorities as we continue our business integration and transformation. We remain energised by the number of pipeline opportunities we see to continue to grow our business”.

The December 2018 financial report and detailed commentary relating to the Company’s operations for the half year ended 31 December 2018 will be released to the ASX on 26 February 2019.

Glossary:

Installation revenue: Non-recurring revenue generated through hardware and set-up services for new clients or expansion of an existing client’s network.

Recurring revenue: Comprises both fixed access revenue and volume driven revenue.

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