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**Macquarie Telecom Group Limited**

**Appendix 4E**

**Preliminary final report  
Financial year ended 30 June 2022**

**1. Results for announcement to the market**

				<b>\$000</b>
<b>Revenue</b>	up	8.5%	to	309,310
<b>Profit after tax attributable to members</b>	down	32.6%	to	8,456
<b>Net profit for the period attributable to members</b>	down	32.6%	to	8,456
<b>Dividends (distributions)</b>	Amount per security		Franked amount per security	
Final dividend	Nil		Nil	
Interim dividend	Nil		Nil	
Record date for determining entitlements to the dividend	N/A			
Payment date	N/A			

## 2. Consolidated Statement of Comprehensive Income

	Notes	2022 \$000	2021 \$000
Revenue	6.1	309,310	285,083
Expenses	6.1	(287,581)	(264,122)
<b>Operating expenses</b>		<b>21,729</b>	20,961
Finance income		37	76
Finance costs		(8,514)	(3,498)
<b>Profit before income tax</b>		<b>13,252</b>	17,539
Income tax expense		(4,796)	(4,998)
<b>Profit after income tax for the year attributable to owners of the parent</b>		<b>8,456</b>	12,541
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss:			
Exchange difference on translation of foreign operations		25	(42)
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<b>8,481</b>	12,499
		<b>2022</b>	2021
		<b>Cents</b>	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the Group:</b>			
Basic earnings per share		39.3	58.6
Diluted earnings per share		39.1	58.1

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### 3. Consolidated Statement of Financial Position

	2022 \$000	2021 \$000
<b>Current assets</b>		
Cash and cash equivalents	2,954	19,806
Trade and other receivables	12,963	42,549
Accrued income	15,631	11,572
Prepayments	18,701	14,322
Other current assets	1,794	1,378
Current tax receivable	9,946	3,646
<b>Total current assets</b>	<b>61,989</b>	<b>93,273</b>
<b>Non-current assets</b>		
Property, plant and equipment	257,357	212,297
Intangible assets	24,563	29,271
Right-of-use assets	120,546	74,631
Deferred tax asset	-	2,743
Prepayments	6,074	8,444
Other non-current assets	2,045	1,368
<b>Total non-current assets</b>	<b>410,585</b>	<b>328,754</b>
<b>Total assets</b>	<b>472,574</b>	<b>422,027</b>
<b>Current liabilities</b>		
Trade and other payables	40,800	53,460
Provisions	7,176	6,891
Lease liabilities	5,160	4,775
Other current liabilities	8,445	8,338
<b>Total current liabilities</b>	<b>61,581</b>	<b>73,464</b>
<b>Non-current liabilities</b>		
Provisions	5,485	5,756
Lease liabilities	120,666	71,624
Borrowings	126,000	132,000
Deferred tax liability	11,199	-
Other non-current liabilities	1,961	2,803
<b>Total non-current liabilities</b>	<b>265,311</b>	<b>212,183</b>
<b>Total liabilities</b>	<b>326,892</b>	<b>285,647</b>
<b>Net assets</b>	<b>145,682</b>	<b>136,380</b>
<b>Equity</b>		
Contributed equity	45,159	44,612
Reserves	5,436	5,137
Retained earnings	95,087	86,631
<b>Total equity</b>	<b>145,682</b>	<b>136,380</b>

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#### 4. Consolidated Statement of Changes in Equity

	Contributed Equity \$000	Other Equity \$000	Reserves \$000	Retained Earnings \$000	Total \$000
<b>Balance at 1 July 2020</b>	43,933	-	4,118	74,090	122,141
Profit for the year	-	-	-	12,541	12,541
Other comprehensive income	-	-	(42)	-	(42)
<b>Total comprehensive income for the year</b>	-	-	(42)	12,541	12,499
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid	-	-	-	-	-
Issuance of shares into employee share trust	679	(679)	-	-	-
Share based payment	-	-	1,740	-	1,740
Issue of treasury shares to employees	-	679	(679)	-	-
Total	679	-	1,061	-	1,740
<b>As at 30 June 2021</b>	44,612	-	5,137	86,631	136,380
<b>Balance at 1 July 2021</b>	44,612	-	5,137	86,631	136,380
Profit for the year	-	-	-	8,456	8,456
Other comprehensive income	-	-	25	-	25
<b>Total comprehensive income for the year</b>	-	-	25	8,456	8,481
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid	-	-	-	-	-
Issuance of shares into employee share trust	547	(547)	-	-	-
Share based payment	-	-	821	-	821
Issue of treasury shares to employees	-	547	(547)	-	-
Total	547	-	274	-	821
<b>As at 30 June 2022</b>	45,159	-	5,436	95,087	145,682

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## 5. Consolidated Statement of Cash Flows

	Notes	2022 \$000	2021 \$000
<b>Cash flow from operating activities</b>			
Receipts from customers		333,982	305,970
Payments to suppliers and employees		(239,092)	(260,488)
Interest received		37	76
Income tax received / (paid)		3,061	(234)
<b>Net cash flows from operating activities</b>	6.2	<b>97,988</b>	45,324
<b>Cash flows from investing activities</b>			
Acquisition of non-current assets;			
Property, Plant & Equipment		(81,606)	(123,336)
Intangibles		(13,796)	(15,745)
<b>Net cash flows used in investing activities</b>		<b>(95,402)</b>	(139,081)
<b>Cash flows from financing activities</b>			
(Repayment) / Proceeds from borrowings		(6,000)	84,000
Principal elements of lease payments		(4,331)	(4,970)
Interest and other finance costs paid		(9,108)	(3,362)
<b>Net cash flows from financing activities</b>		<b>(19,439)</b>	75,668
<b>Net decrease in cash and cash equivalents</b>		<b>(16,853)</b>	(18,089)
Cash and cash equivalents at the beginning of the financial year		19,806	37,894
Effects of exchange rate changes on cash and cash equivalents		1	1
<b>Cash and cash equivalents at the end of the year</b>		<b>2,954</b>	19,806

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## 6. Notes to the consolidated financial statements

### 6.1 Revenue and expenses

	2022 \$000	2021 \$000
Revenue from contracts with customers	309,148	284,489
Other revenue	162	594
<b>Total revenue and other revenue</b>	<b>309,310</b>	<b>285,083</b>
Amortisation of non-financial assets		
Intangibles	18,497	14,338
Depreciation of non-financial assets		
Property, plant and equipment	40,361	31,415
Right-of-use Asset – Plant and Equipment	388	364
Right-of-use Asset - Buildings	7,387	6,672
<b>Total depreciation and amortisation expense</b>	<b>66,633</b>	<b>52,789</b>
Bad and doubtful debts expensed	249	349
Low Value assets lease payments	1,121	1,478
Employment costs	89,802	84,905
Supplier costs for network and service delivery	91,847	93,330
Marketing	1,830	1,659
Other people costs	7,042	4,450
Repairs & maintenance	5,733	4,708
Other expenses	23,324	20,454
<b>Total expenses</b>	<b>220,948</b>	<b>211,333</b>
	<b>287,581</b>	<b>264,122</b>

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## 6. Notes to the consolidated financial statements

### 6.2 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the financial statements is as follows.

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Cash at bank	2,954	19,806

#### Reconciliation of profit after income tax expense to net cash inflow from operating activities

	<b>2022</b>	2021
	<b>\$000</b>	\$000
Profit after income tax expense	8,456	12,541
Amortisation of non-financial assets	18,497	14,338
Depreciation of non-financial assets	40,361	31,415
Depreciation of right-of-use asset	7,775	7,036
Share based payment	606	671
Finance costs	8,514	3,498

#### Change in operating assets and liabilities

Decrease/(increase) in trade and receivables	29,586	(22,831)
(Increase) in accrued income	(4,059)	(1,665)
(Increase)/decrease in prepayments	(2,009)	2,998
Decrease in net deferred tax assets	13,942	7,901
(Increase)/decrease in other receivables	(1,093)	513
(Decrease) in trade and other payables	(15,568)	(14,301)
(Increase) in current tax receivables	(6,300)	(3,626)
Increase in provisions	15	466
(Decrease)/Increase in other liabilities	(735)	6,370
<b>Net cash inflow from operating activities</b>	<b>97,988</b>	<b>45,324</b>

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**7. Net Tangible Assets<sup>1</sup>**

	<b>2022</b>	2021
Net tangible asset backing per ordinary security (\$)	<b>5.62</b>	4.98

<sup>1</sup> Net tangible assets include the net impact of the right of use assets and the corresponding lease liabilities accounted for under the requirements of AASB 16 Leases.

**8. Earnings per share**

Earnings per share for profit attributable to the equity holders of the Company:

	<b>2022</b>	2021
Basic earnings per share (cents)	<b>39.3</b>	58.6
Diluted earnings per share (cents)	<b>39.1</b>	58.1

**9. Ratios**

	<b>2022</b>	2021
Consolidated profit before tax as a percentage of revenue	<b>4.3%</b>	6.2%
Consolidated net profit after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	<b>5.8%</b>	9.2%

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## 10. Segment reporting

The consolidated entity operates in three primary operating segments providing services to corporate and government customers from 1 July 2021.

The Telecom segment relates to the provision of voice and mobiles telecommunications services and the provision of services utilising the Group's data network. The Cloud Services & Government segment relates to the provision of services utilising the Group's data centre facilities to provide cybersecurity, public and private cloud and storage to corporate and government customers. The Data Centres segment relates to the provision of services utilising the Group's data centre facilities to wholesale customers. All activities are principally conducted in Australia.

	Telecom		Cloud Services & Government		Data Centres		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>								
External revenue	127,159	134,474	155,468	130,109	26,521	19,906	309,148	284,489
Inter-segment revenue	-	-	1,741	1,434	22,945	18,810	24,686	20,244
Other income	162	594	-	-	-	-	162	594
<b>Total segment revenue</b>	<b>127,321</b>	<b>135,068</b>	<b>157,209</b>	<b>131,543</b>	<b>49,466</b>	<b>38,716</b>	<b>333,996</b>	<b>305,327</b>
Inter-segment elimination	-	-	(1,741)	(1,434)	(22,945)	(18,810)	(24,686)	(20,244)
<b>Total consolidated revenue and other income</b>	<b>127,321</b>	<b>135,068</b>	<b>155,468</b>	<b>130,109</b>	<b>26,521</b>	<b>19,906</b>	<b>309,310</b>	<b>285,083</b>
<b>Results</b>								
EBITDA	18,933	18,462	42,297	36,388	27,132	18,900	88,362	73,750
Depreciation and amortisation	(20,733)	(18,401)	(25,624)	(15,039)	(20,276)	(19,349)	(66,633)	(52,789)
Segment results before interest and tax	<b>(1,800)</b>	61	<b>16,673</b>	21,349	<b>6,856</b>	(449)	<b>21,729</b>	20,961
Finance income							37	76
Finance costs							(8,514)	(3,498)
<b>Consolidated entity profit from ordinary activities before income tax</b>							<b>13,252</b>	17,539
Income tax expense							(4,796)	(4,998)
<b>Net Profit</b>							<b>8,456</b>	12,541
	Telecom		Cloud Services & Government		Data Centres		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Acquisition of non-financial assets</b>								
Allocated acquisitions	8,926	14,765	19,026	18,308	64,117	109,831	92,069	142,904
Unallocated acquisitions		-		-		-	7,102	3,436
<b>Total acquisition of non-financial assets</b>	<b>8,926</b>	<b>14,765</b>	<b>19,026</b>	<b>18,308</b>	<b>64,117</b>	<b>109,831</b>	<b>99,171</b>	<b>146,340</b>

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### Additional commentary

Further commentary on the results for the period is contained in the press release dated 25 August 2022 accompanying this statement.

### Annual General Meeting

The Annual General Meeting will be held as follows:

Location	Hybrid or Virtual Meeting format to be determined closer to the time. Remote participation options will be detailed in the Notice of Annual General Meeting.
Date and Time	22 November 2022 @ 9.00am

### Compliance statement

Basis of preparation of the Preliminary Final Report:

1. This report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E and Australian Accounting Standards. The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with the prior year.
2. This report is based on financial statements that have been audited and an unqualified opinion has been issued.

Signed

  
David Tudehope  
Director

Date: 25 August 2022