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# Macquarie Telecom Group Limited

## Appendix 4E

### Preliminary final report Financial year ended 30 June 2021

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

				<b>\$000</b>
<b>Revenue</b>	up	7.1%	to	285,083
<b>Profit after tax attributable to members</b>	down	7.4%	to	12,541
<b>Net profit for the period attributable to members</b>	down	7.4%	to	12,541
<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	2021 \$000	2020 \$000
Revenue	6.1	285,083	266,206
Expenses	6.1	(264,122)	(242,360)
<b>Operating profit</b>		<b>20,961</b>	23,846
Finance income		76	148
Finance costs		(3,498)	(4,558)
<b>Profit before income tax</b>		<b>17,539</b>	19,436
Income tax expense		(4,998)	(5,894)
<b>Profit after income tax for the year attributable to owners of the parent</b>		<b>12,541</b>	13,542
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss:			
Exchange difference on translation of foreign operations		(42)	(41)
<b>Total comprehensive income for the year attributable to the owners of the parent</b>		<b>12,499</b>	13,501
		<b>2021 Cents</b>	<b>2020 Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Group:</b>			
Basic earnings per share		<b>58.6</b>	63.6
Diluted earnings per share		<b>58.1</b>	62.7

### 3. Consolidated Statement of Financial Position

	2021 \$000	2020 \$000
<b>Current assets</b>		
Cash and cash equivalents	19,806	37,894
Trade and other receivables	42,549	19,718
Accrued income	11,572	9,907
Prepayments	14,322	12,675
Other current assets	1,378	1,672
Current tax receivable	3,646	20
<b>Total current assets</b>	<b>93,273</b>	81,886
<b>Non-current assets</b>		
Property, plant and equipment	212,297	112,618
Intangible assets	29,271	28,363
Right-of-use assets	74,631	76,072
Deferred tax asset	2,743	10,644
Prepayments	8,444	13,104
Other non-current assets	1,368	1,587
<b>Total non-current assets</b>	<b>328,754</b>	242,388
<b>Total assets</b>	<b>422,027</b>	324,274
<b>Current liabilities</b>		
Trade and other payables	53,460	51,343
Provisions	6,891	5,194
Lease liabilities	4,775	5,053
Other current liabilities	8,338	6,158
<b>Total current liabilities</b>	<b>73,464</b>	67,748
<b>Non-current liabilities</b>		
Trade and other payables	-	3,182
Provisions	5,756	5,601
Lease Liabilities	71,624	70,722
Borrowings	132,000	48,000
Other non-current liabilities	2,803	6,880
<b>Total non-current liabilities</b>	<b>212,183</b>	134,385
<b>Total liabilities</b>	<b>285,647</b>	202,133
<b>Net assets</b>	<b>136,380</b>	122,141
<b>Equity</b>		
Contributed equity	44,612	43,933
Reserves	5,137	4,118
Retained earnings	86,631	74,090
<b>Total equity</b>	<b>136,380</b>	122,141

#### 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 2019</b>	43,707	(87)	2,543	60,548	106,711
Profit for the year	-	-	-	13,542	13,542
Other comprehensive income	-	-	(41)	-	(41)
<b>Total comprehensive income for the year</b>	-	-	(41)	13,542	13,501
<b>Transactions with owners in their capacity as owners:</b>					
Dividends provided for or paid	-	-	-	-	-
Issuance of shares into employee share trust	226	(226)	-	-	-
Share based payment	-	-	1,929	-	1,929
Issue of treasury share to employees	-	313	(313)	-	-
<b>Total</b>	226	87	1,616	-	1,929
<b>As at 30 June 2020</b>	43,933	-	4,118	74,090	122,141
<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 share to employees	-	679	(679)	-	-
<b>Total</b>	679	-	1,061	-	1,740
<b>As at 30 June 2021</b>	44,612	-	5,137	86,631	136,380

## 5. Consolidated Statement of Cash Flows

	Notes	2021 \$000	2020 \$000
<b>Cash flow from operating activities</b>			
Receipts from customers		305,970	281,114
Payments to suppliers and employees		(260,488)	(228,768)
Interest received		76	148
Income tax paid		(234)	(6,589)
<b>Net cash flows from operating activities</b>	6.2	<b>45,324</b>	45,905
<b>Cash flows from investing activities</b>			
Acquisition of non-financial assets:			
Property, Plant & Equipment		(123,336)	(48,335)
Intangibles		(15,745)	(15,806)
<b>Net cash flows used in investing activities</b>		<b>(139,081)</b>	(64,141)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		84,000	48,000
Principal elements of lease payments		(4,970)	(4,772)
Interest and other finance costs paid		(3,362)	(4,161)
<b>Net cash flows from financing activities</b>		<b>75,668</b>	39,067
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(18,089)</b>	20,831
Cash and cash equivalents at the beginning of the financial year		<b>37,894</b>	17,064
Effects of exchange rate changes on cash and cash equivalents		1	(1)
<b>Cash and cash equivalents at the end of the year</b>	6.2	<b>19,806</b>	37,894

## 6. Notes to the consolidated financial statements

### 6.1 Revenue and expenses

	2021	2020
	\$000	\$000
Revenue from contracts with customers	284,489	265,524
Other revenue	594	682
<b>Total revenue and other revenue</b>	<b>285,083</b>	<b>266,206</b>
	2021	2020
	\$000	\$000
Amortisation of non-financial assets		
Intangibles	14,338	10,795
Depreciation of non-financial assets		
Property, plant and equipment	31,415	23,897
Right-of-use Asset – Plant and Equipment	364	83
Right-of-use Asset – Buildings	6,672	6,606
<b>Total depreciation and amortisation expense</b>	<b>52,789</b>	<b>41,381</b>
Bad and doubtful debts expensed	349	110
Low-value assets lease payments	1,478	1,900
Employment costs	84,905	82,082
Supplier costs for network and service delivery	93,330	85,819
Marketing	1,659	1,869
Other people costs	4,450	4,869
Repairs and Maintenance	4,708	4,302
Other expenses	20,454	20,028
	<b>211,333</b>	<b>200,979</b>
<b>Total expenses</b>	<b>264,122</b>	<b>242,360</b>

## 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;

	2021 \$000	2020 \$000
Cash at bank	19,806	37,894

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

	2021 \$000	2020 \$000
Profit after income tax expense	12,541	13,542
Amortisation of non-financial assets	14,338	10,795
Depreciation of non-financial assets	31,415	23,897
Depreciation of right-of-use asset	7,036	6,689
Share based payment	671	468
Finance costs	3,498	4,558

#### Change in operating assets and liabilities

(Increase)/decrease in trade and other receivables <sup>1</sup>	(22,831)	1,387
(Increase) in accrued income	(1,665)	(1,100)
Decrease/(increase) in prepayments	2,998	(13,290)
Decrease/(increase) in net deferred tax assets	7,901	(788)
Decrease/(increase) in other assets	513	(10,218)
(Decrease)/increase in trade and other payables	(14,301)	13,407
(Increase)/decrease in current tax receivables	(3,626)	216
Increase in provisions	466	616
Increase/(decrease) in other liabilities	6,370	(4,274)
Net cash inflow from operating activities	<b>45,324</b>	45,905

<sup>1</sup> Increase in trade and other receivables include \$17,898,000 (2020: \$10,710,000) (including GST) which is due from an external party resulting from the completion of a data centre in the Macquarie Park campus.

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

	2021	2020
Net tangible asset backing per ordinary security (\$)	<b>4.98</b>	4.39

<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:

	2021	2020
Basic earnings per share (cents)	<b>58.6</b>	63.6
Diluted earnings per share (cents)	<b>58.1</b>	62.7

## 9. Ratios

	2021	2020
Consolidated profit before tax as a percentage of revenue	<b>6.2%</b>	7.3%
Consolidated net profit after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	<b>9.2%</b>	11.1%



## 10. Segment reporting

The consolidated entity now operates in three primary operating segments providing services to corporate and government customers from 1 July 2020. The consolidated entity previously operated in two primary segments; Telecom and Hosting. Prior period comparative information has been restated accordingly.

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	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>								
External revenue	134,474	139,037	130,109	106,905	19,906	19,582	284,489	265,524
Inter-segment revenue	-	-	1,434	1,411	18,810	15,626	20,244	17,037
Other income	594	589	-	75	-	18	594	682
<b>Total segment revenue and other income</b>	<b>135,068</b>	<b>139,626</b>	<b>131,543</b>	<b>108,391</b>	<b>38,716</b>	<b>35,226</b>	<b>305,327</b>	<b>283,243</b>
Inter-segment elimination	-	-	(1,434)	(1,411)	(18,810)	(15,626)	(20,244)	(17,037)
<b>Total consolidated revenue and other income</b>	<b>135,068</b>	<b>139,626</b>	<b>130,109</b>	<b>106,980</b>	<b>19,906</b>	<b>19,600</b>	<b>285,083</b>	<b>266,206</b>
<b>Results</b>								
EBITDA	18,462	19,074	36,388	29,297	18,900	16,856	73,750	65,227
Depreciation and amortisation	(18,401)	(15,337)	(15,039)	(11,802)	(19,349)	(14,242)	(52,789)	(41,381)
Segment results before interest and tax	61	3,737	21,349	17,495	(449)	2,614	20,961	23,846
Finance income							76	148
Finance costs							(3,498)	(4,558)
<b>Consolidated entity profit from ordinary activities before income tax expense</b>							<b>17,539</b>	<b>19,436</b>
Income tax expense							(4,998)	(5,894)
<b>Net Profit</b>							<b>12,541</b>	<b>13,542</b>
<b>Acquisition of non-financial assets</b>								
Allocated acquisitions	14,765	22,776	18,308	33,112	109,831	16,413	142,904	72,301
Unallocated acquisitions	-	-	-	-	-	-	3,436	3,232
<b>Total acquisition of non-financial assets</b>	<b>14,765</b>	<b>22,776</b>	<b>18,308</b>	<b>33,112</b>	<b>109,831</b>	<b>16,413</b>	<b>146,340</b>	<b>75,533</b>

### Additional commentary

Further commentary on the results for the period is contained in the press release dated 25 August 2021 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.
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Date and Time	26 November 2021 @ 9.00am
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### 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 2021