



FY21 H1 Results

Rene Sugo – Group CEO

Chris Last – Group CFO

Jon Cleaver – Wholesale CEO

Tuesday, 23rd February 2021



View the MNF Journey

Find out where it all began...

<https://mnfgroup.limited/who-we-are>



FY21 guidance reaffirmed

\$40-\$43M EBITDA



Record growth in phone numbers

5.1M numbers hosted on net, movements are an indicator of future recurring revenue



Strong recurring earnings

Global Wholesale demand is adding long-term revenue and margins



Singapore trial customers

Key pre-launch milestone achieved. Customers now completing technical trials ahead of global release

KEY PERFORMANCE METRICS

Record phone
number growth &
strong performance
across all metrics



EBITDA¹

↑ **\$19.6M**

Up 16% vs H1 FY20

UNDERLYING NPAT-A²

↑ **\$8.4M**

Up 30% vs H1 FY20

GROSS MARGIN

↑ **\$49.7M**

Up 10% vs H1 FY20

RECURRING GROSS MARGIN

↑ **\$33.4M**

Up 20% vs H1 FY20

NET RETENTION RATE TOP 10 CUSTOMERS³

↑ **115%**

PHONE NUMBERS

↑ **5.1M**

Up 24% vs H1 FY20

1. EBITDA excludes restructure costs, net interest, non-cash share plan costs, tax, depreciation and amortisation.

2. Underlying NPAT-A excludes amortisation of acquired customer contracts & acquired software and tax affected restructure costs only.

3. NRR (Net Retention Rate) is H1 FY21 revenue compared to H1 FY20 revenue of MNF Group's top 10 customers (excluding those that are minutes trading only). These customers combined represent approximately 19% of H1 FY21 revenue.

Financial Results

Rene Sugo – Group CEO

Chris Last – CFO

Financial summary H1 FY21

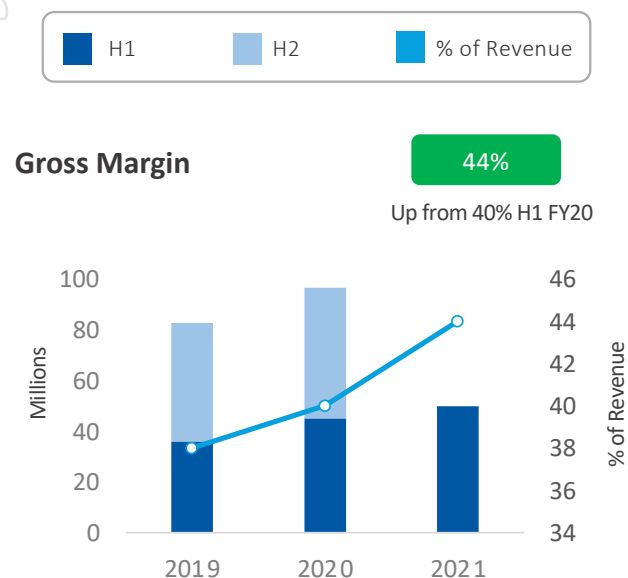
Reported Result	FY21 Guidance	H1 FY21 Actual	H1 FY20 Actual	Δ	Notes
Revenue		\$112.1m	\$112.0m	0%	1
Gross Margin		\$49.7m	\$45.0m	10%	
Gross Margin %		44%	40%	+4% pts	
EBITDA	\$40.0m – 43.0m	\$19.6m	\$16.9m	16%	2
NPAT		\$6.6m	\$3.7m	79%	
Underlying NPAT-A		\$8.4m	\$6.5m	30%	3
Earnings per share (cents)		7.83	4.83	62%	
Total dividend per share - fully franked (cents)		3.30	2.50	32%	

1. H1 revenue flat year on year due to usage declines in global roaming usage and audio conferencing usage as outlined in FY21 guidance. Underlying recurring revenues growing strongly - please see details in segment reports on slide 7.

2. EBITDA excludes restructure costs, net interest, non-cash share plan costs, tax, depreciation and amortisation.

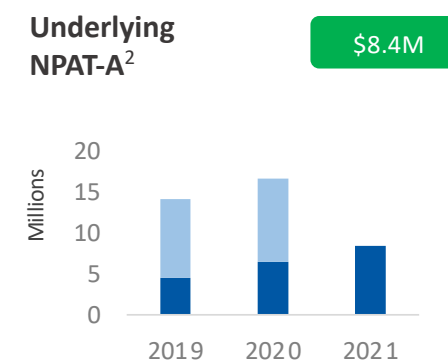
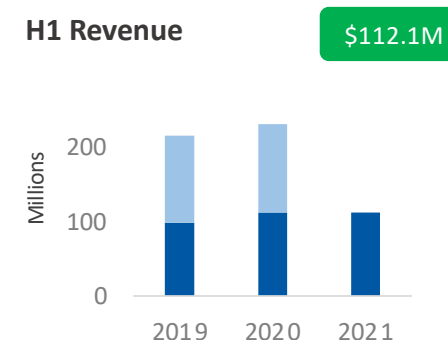
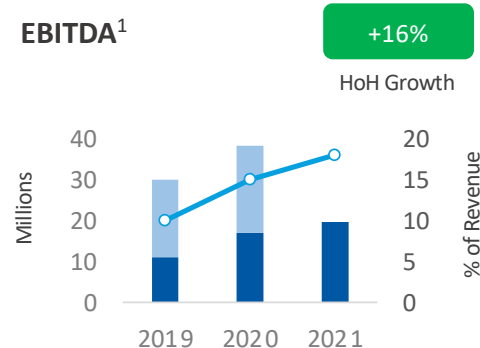
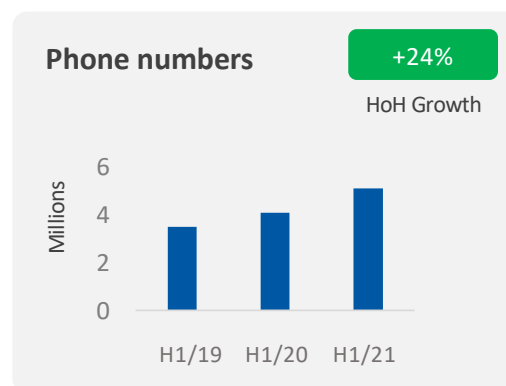
3. Underlying NPAT-A & EPS-A exclude amortisation of acquired customer contracts & acquired software and tax affected restructure costs only.

A record result across EBITDA, NPAT and GM



The addition of 1 Million phone numbers on PY is a new record. Numbers are an indicator of future recurring revenue.

Gross Margin % and EBITDA % continue to grow rapidly. Revenue holding firm.



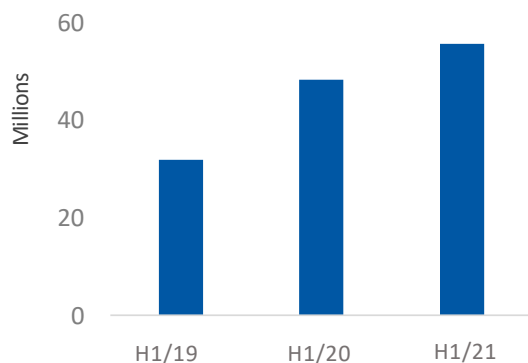
1. EBITDA excludes restructure costs, net interest, non-cash share plan costs, tax, depreciation and amortisation.
2. Underlying NPAT-A excludes, amortisation of acquired customer contracts & acquired software and tax affected restructure costs only

Focused on growing recurring revenue

Total Recurring Revenue

+15%

Recurring Revenue
HoH Growth



Global Wholesale recurring revenue grew to \$11.0M. An increase of 55% vs H1 FY20. December MRR of \$1.7M, up 44% on PY.

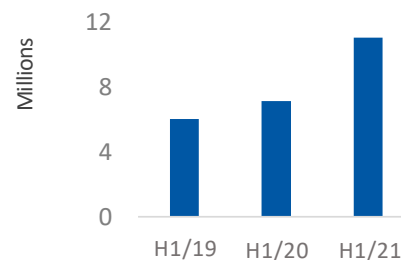
Domestic Wholesale grew to \$33.0M. December MRR of \$5.6M, up 11% on PY.

Direct business grew with E&G leading performance. December MRR of \$1.9m, up 7% on PY.

Global Wholesale

+55%

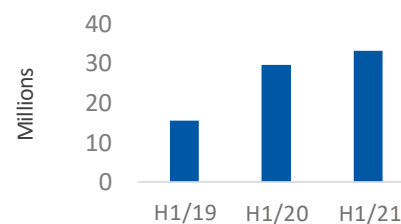
Recurring Revenue
HoH Growth



Domestic Wholesale

+12%

Recurring Revenue
HoH Growth

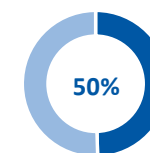
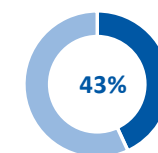


Growing share of
recurring revenue

+7 Pts

H1 FY20

H1 FY21

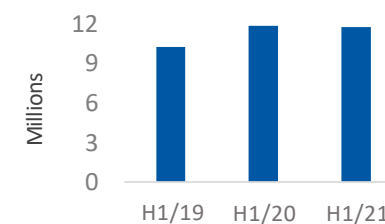


Recurring revenue Variable revenue

Direct

\$11.7M

Recurring Revenue
holding firm

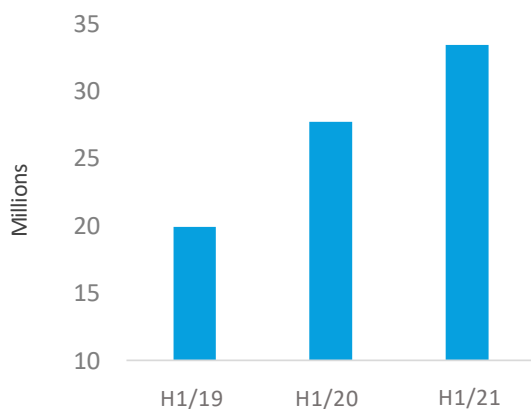


Recurring revenue drives Group margin growth

Total Recurring Margin

+20%

Recurring Margin
vs H1 FY20



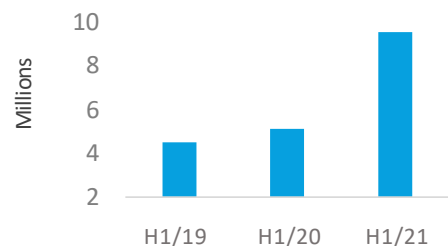
Record recurring margin in Global Wholesale, fueled by demand for enterprise UCaaS and collaboration.

Domestic Wholesale margin grew 5%. Direct margin held firm. Both are impacted by reduced demand from small businesses during COVID.

Global Wholesale

+87%

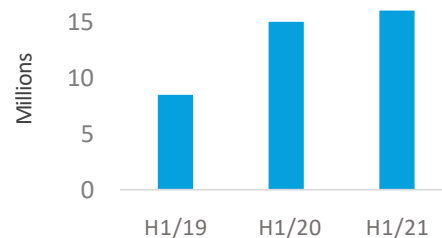
Recurring Margin
HoH Growth



Domestic Wholesale

+5%

Recurring Margin
HoH Growth

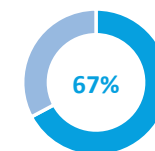
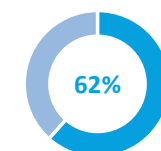


Growing share of
recurring margin

+5 pts

H1 FY20

H1 FY21



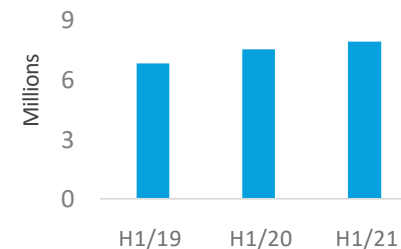
Recurring margin

Variable margin

Direct

\$7.9M

Recurring Margin
holding firm



EBITDA waterfall

+16%

EBITDA growth
H1 FY21 vs H1 FY20

Staff costs

Recruited 25 additional staff, largely to fill Software and Product Management roles

Other revenue

Includes sale of Symmetry Networks in H1 FY20

Cost-savings

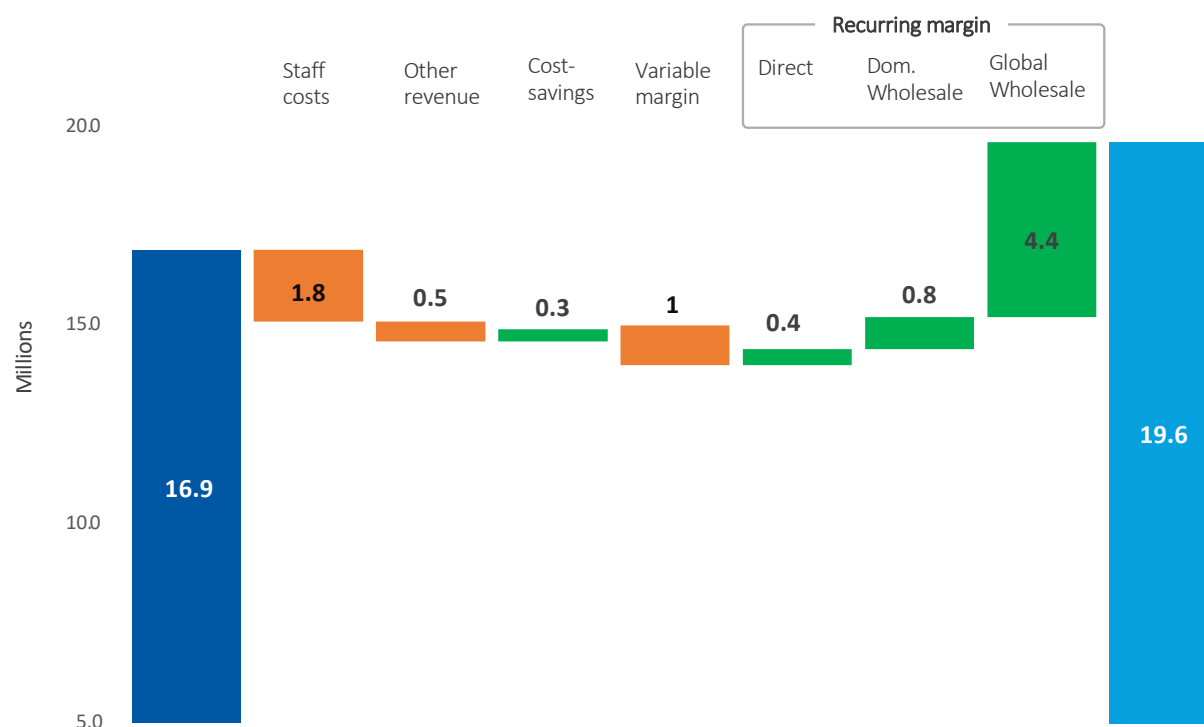
Reduced corporate travel, marketing events postponed, office expenses contained

Variable margin

Receipts from one-off charges or usage

Recurring margin

Receipts from plan renewals and monthly charges



1. EBITDA excludes restructure costs, net interest, non-cash share plan costs, tax, depreciation and amortisation.

Operating cash flow and Net Cash

Excellent cash conversion continued into H1 FY21

Operating cash flow	H1 FY20 \$M	H2 FY20 \$M	H1 FY21 \$M
Receipts from customers	115.6	119.5	116.6
Payments to suppliers & employees	(103.4)	(96.0)	(95.6)
Cash generated from operations	12.1	23.5	21.0
Net Interest	(1.6)	(1.1)	(1.0)
Income taxes paid	(1.9)	(2.2)	(2.9)
Net cash from operating activities	8.6	20.3	16.9
<i>EBITDA¹</i>	<i>16.9</i>	<i>21.3</i>	<i>19.6</i>
Cash conversion rate (CCR) %	72%	110%	107%

1. EBITDA excludes restructure costs, net interest, non-cash share plan costs, tax, depreciation and amortisation.

Strong balance sheet

The Group is well positioned to support future acquisitions with \$52m cash and \$30m undrawn debt. The business is sufficiently funded to execute current business objectives.

Net Debt	H1 FY20 \$M	H2 FY20 \$M	H1 FY21 \$M
Debt	(30.0)	(30.0)	(30.0)
Cash	38.6	46.2	52.2
Net Cash	8.6	16.2	22.2

Strategy Update

Rene Sugo – Group CEO

Jon Cleaver – Wholesale CEO

MNF Group strategic vision

Company purpose

Enabling our customers to innovate their voice communications

Values-led approach



Deliver excellence



Be brave



We care



Collaborate



Honest & fair

Strategic priorities



Market share

20% YoY organic growth in Australia, New Zealand and Asia-Pacific



Global growth

Expand our footprint across Asia-Pacific



Trusted partner

Build long-term strategic customer relationships



Software & APIs

Invest for resilience, scale and automation



Acquisitions

Organic growth supported by acquisition, where appropriate

Outcomes

Financial return

Achieve globally diversified, long-term high margins with > 80% recurring revenue

Asia-Pacific market leader

Become preferred provider of cloud servicing communications infrastructure, software and APIs

MNF Group strategic priorities

Business priorities

FY21 Focus Areas



Market share

- Target 20% YoY growth in domestic markets
- Grow strategic customers and build direct channel partner business

- ✓ Expand and improve offerings in all markets
- ✓ Maintain differentiation with continuous improvement and adoption of new technologies



Global growth

- Generate revenue from Singapore network
- Expand the reach of our platform into new Asia-Pacific countries

- Successfully launch Singapore
- ✓ Investigate and roadmap additional countries
- Build rapid multi-regional deployment framework



Trusted partner

- Build on our brands through our network and software capabilities
- Deliver reliable and trusted network

- ✓ Continue to win and retain top vendors in UCaaS, CPaaS, CCaaS and RSP markets
- Take existing customers into Singapore market



Software & APIs

- Automate and scale core platforms to support long term growth
- Enhance digital layer to improve CX

- ✓ Automate processes to improve efficiency
- Accelerate API and digital development to enhance the customer experience and deepen engagement

Our opportunity

Global cloud communications boom

Cloud communications, a \$70Bn+ global market, is the new normal. But most telecom infrastructure cannot support it.

Unique differentiator

For our customers, delivering a communication service means piecing together a patchwork of software, networks and telecoms – worldwide. MNF bridges this gap, enabling our customers to move faster and win bigger.

Key capabilities:



Phone
Numbers



Carriage
Services



Telco Cloud
Services

Gartner – Forecast Analysis: Unified Communications, Worldwide (January 2019) ID: G00348983
IDC – Market Analysis Perspective: Worldwide Real-Time Communications (CPaaS), 2018 Doc # US44316218
Gartner – Forecast Analysis: Contact Centers, Worldwide (April 2019) ID: G00386360



Who we target

Wholesale is addressing a global market opportunity.

Our worldwide sales teams are serving four large, distinct customer groups.

MNF is powering the UCaaS market leaders of today, and tomorrow.

1 – Emerging SaaS



NEEDS:

Expanding into Asia-Pacific for the first time

SERVED BY:

Global Business Development Team

2 – Global leaders – E.g.



NEEDS:

Maximising product suite in Asia-Pacific

SERVED BY:

Specialist APAC Account Management Team

3 – Enterprise enablers – E.g.



NEEDS:

Pivoting business to service UCaaS demand

SERVED BY:

Global Account Management Team

4 – Domestic challengers – E.g.



NEEDS:

Differentiate / move fast with tailored solutions

SERVED BY:

Domestic Account Management Team

Singapore



Technical trials underway

Working with representative customers from each of our three global pipelines.

Global business development activities have not been slowed by COVID.

Pipeline of post-launch global opportunities from customers based in North America and Europe. Domestic pipeline building.



Customer onboarding begun

Now awaiting completion of customer trials and regulatory approval.

Global launch is expected Q4 FY21.

Significant opportunity for our customers

4500 US companies with an office in Singapore¹ **10.8%** ICT industry growth²

Market is ripe for disruption

97% Fixed voice market share held by 3 major networks³

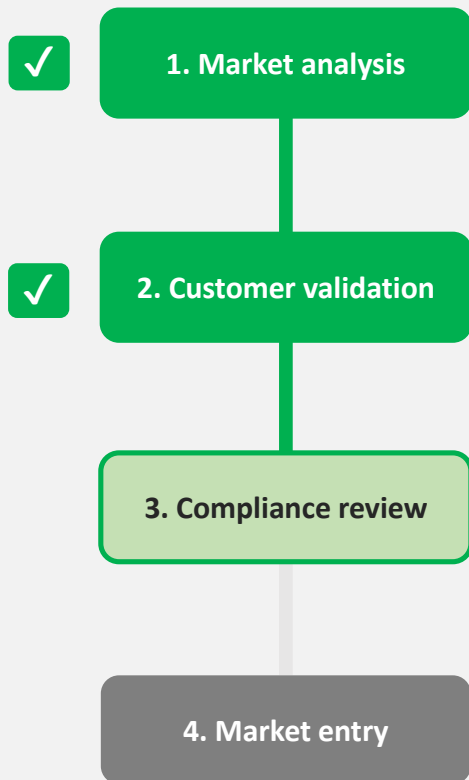


1. US International Trade Administration (September 2020) *Country Commercial Guide*
2. Singapore Government (SingStat) *ICT Industry Guide 2018*
3. MNF Group analysis based on data from Singapore Government (IMDA) *Telecom Service Jan-June 2019*

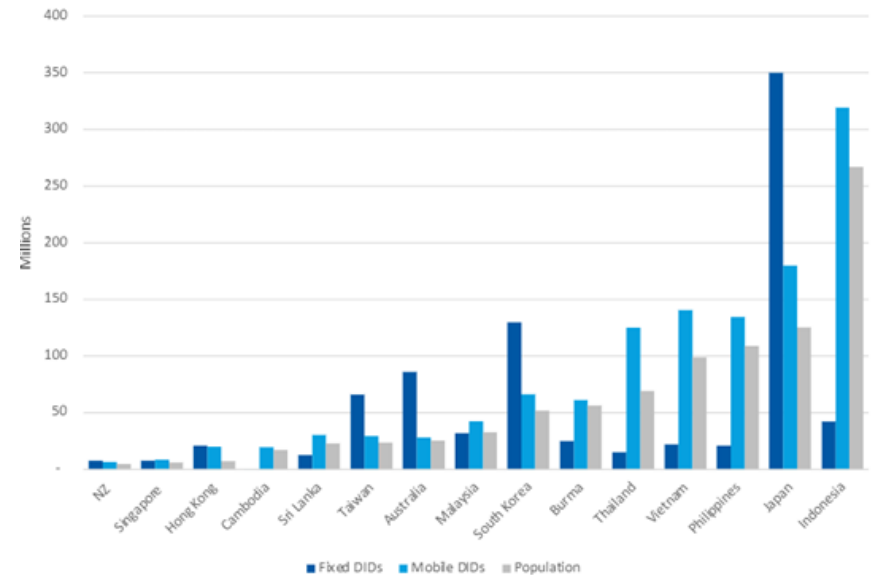
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Global expansion progress update



Key APAC markets



Wholesale update



Geographic expansion

Final stage of planning for SE Asia expansion - 6 countries shortlisted.



Continued shift to recurring revenue

Moving towards SaaS and products with long-term revenue streams.



Impact from COVID

UCaaS and collaboration demand is accelerating, fueled by Enterprise digital transformation.



Domestic Wholesale customers are impacted by reduced SMB confidence. Traffic from COVID hotlines will disappear.

Global Wholesale mobile roaming revenue is down (no travel) – strong upside post-COVID.



Direct update



Strategic review

Executive team have commenced a review of Direct business to determine best pathway for growth.



Sale of Pennytel

Pennytel business sold to a fast-growing Domestic Wholesale customer. Not material to revenue.

Sale to Wholesale customer means MNF will continue to benefit from Pennytel's future growth and evolution.



COVID impact

Reduced demand from SMB over the last 6 months, strong upside post-COVID.

Audio conferencing impacted as customers move to video conferencing.



Compelling investment case



Significant market opportunity

Cloud communications is a \$70B+ global market. MNF is the go-to cloud communications enabler in the APAC region.



Strong balance sheet & proven earnings growth

\$52M in cash + \$30M undrawn debt. Business shift to recurring revenue. EBITDA growth of 19% over 5 years.



Recurring revenue and recurring margin

Business model centered upon producing recurring revenue and recurring margin. Targeting >80% recurring revenue.



100% proprietary voice network

Use our own multi-regional IP voice network, providing unmatched control over quality and reliability.



Global expansion

Growing share in AU and NZ. Singapore trial underway, planned strategic expansion in South East Asia FY22.



Quality customers

Wholesale customers inc. Zoom, Twilio, Microsoft and RSPs. Direct customers inc. Australian Government and enterprise.



Founder led

Co-founders Rene Sugo and Andy Fung lead the company as Group CEO and Non-Executive Director respectively.



Endless use cases

Vast potential applications of MNF's software: UCaaS, CPaaS, CCaaS, conferencing, masked numbers *and more*.

Thank you

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Appendix

Revenue & margin data

	H1 FY 20			H1 FY 21			Growth trend	
	Revenue	Margin	Margin %	Revenue	Margin	Margin %	Revenue Growth	Margin Growth
Domestic Wholesale								
Variable	\$15.0	\$5.1	34%	\$12.9	\$5.4	42%	-14%	6%
Recurring	\$29.5	\$15.2	51%	\$33.0	\$16.0	48%	12%	5%
Total	\$44.5	\$20.3	46%	\$45.9	\$21.4	47%	3%	5%
Global Wholesale								
Variable	\$43.6	\$8.7	20%	\$39.0	\$7.9	20%	-11%	-10%
Recurring	\$7.1	\$5.1	72%	\$11.0	\$9.5	87%	55%	87%
Total	\$50.7	\$13.8	27%	\$50.0	\$17.4	35%	-1%	27%
Direct								
Variable	\$5.0	\$3.4	67%	\$4.5	\$2.9	65%	-10%	-13%
Recurring	\$11.8	\$7.5	64%	\$11.7	\$7.9	68%	-1%	5%
Total	\$16.8	\$10.9	65%	\$16.2	\$10.8	67%	-3%	0%
Group Total								
Variable	\$63.6	\$17.2	27%	\$56.4	\$16.2	29%	-11%	-6%
Recurring	\$48.4	\$27.8	57%	\$55.7	\$33.4	60%	15%	20%
Total	\$112.0	\$45.0	40%	\$112.1	\$49.6	44%	0%	10%

Cash utilisation

Cash Utilisation	H1 FY20 \$M	H2 FY20 \$M	H1 FY21 \$M
Statutory operating cash flow	8.6	20.3	16.9
Expenditure on fixed assets & software development	(6.1)	(9.6)	(6.2)
Free cash flow	2.5	10.7	10.7
Dividend payments	(2.9)	(2.1)	(3.0)
Increase in equity	50.4	0.2	0.7
Business acquisitions	-	-	-
Net debt movement	(25.6)	-	-
Other	(1.3)	(1.2)	(2.4)
Net movement in cash	23.1	7.6	6.0
Opening cash balance	15.5	38.6	46.2
Closing cash balance	38.6	46.2	52.2

Balance sheet - key metrics

	Dec 19 (\$M)	Jun 20 (\$M)	Dec 20(\$M)
Cash	38.6	46.2	52.2
Other current assets	41.5	43.9	39.4
Current liabilities	(33.6)	(41.2)	(37.5)
Net current assets	46.5	48.9	54.2
Working capital	51.5	56.5	62.0
Debt (current)	-	-	-
Debt (non-current)	(30.0)	(30.0)	(30.0)
Total Debt	(30.0)	(30.0)	(30.0)
Net Debt	(8.6)	(16.2)	(22.2)
Net Assets/Total Equity	134.5	139.0	142.3
Intangible assets	91.7	93.1	94.0
Net Tangible Assets	42.8	45.8	48.3

Business segments

Wholesale

Provides voice and communications products including numbers, voice carriage and cloud services to telcos and communication disruptors, powering UCaaS, CPaaS and RSPs.

Global Wholesale (GWS)

CUSTOMERS INCLUDE:

zoom

Microsoft

twilio

Google

Ring Central

Domestic Wholesale (DWS)

CUSTOMERS INCLUDE:

vodafone

Aussie Broadband

carsales

Southern Phone

2

Direct

Sells mobile, conferencing and collaboration services directly to residential, small business, enterprise and Government customers in Australia.

Direct

CUSTOMERS INCLUDE:

State & Federal Government

SBS

Westpac

UNIVERSAL
UNIVERSAL MUSIC GROUP

WARNER MUSIC GROUP

Business model

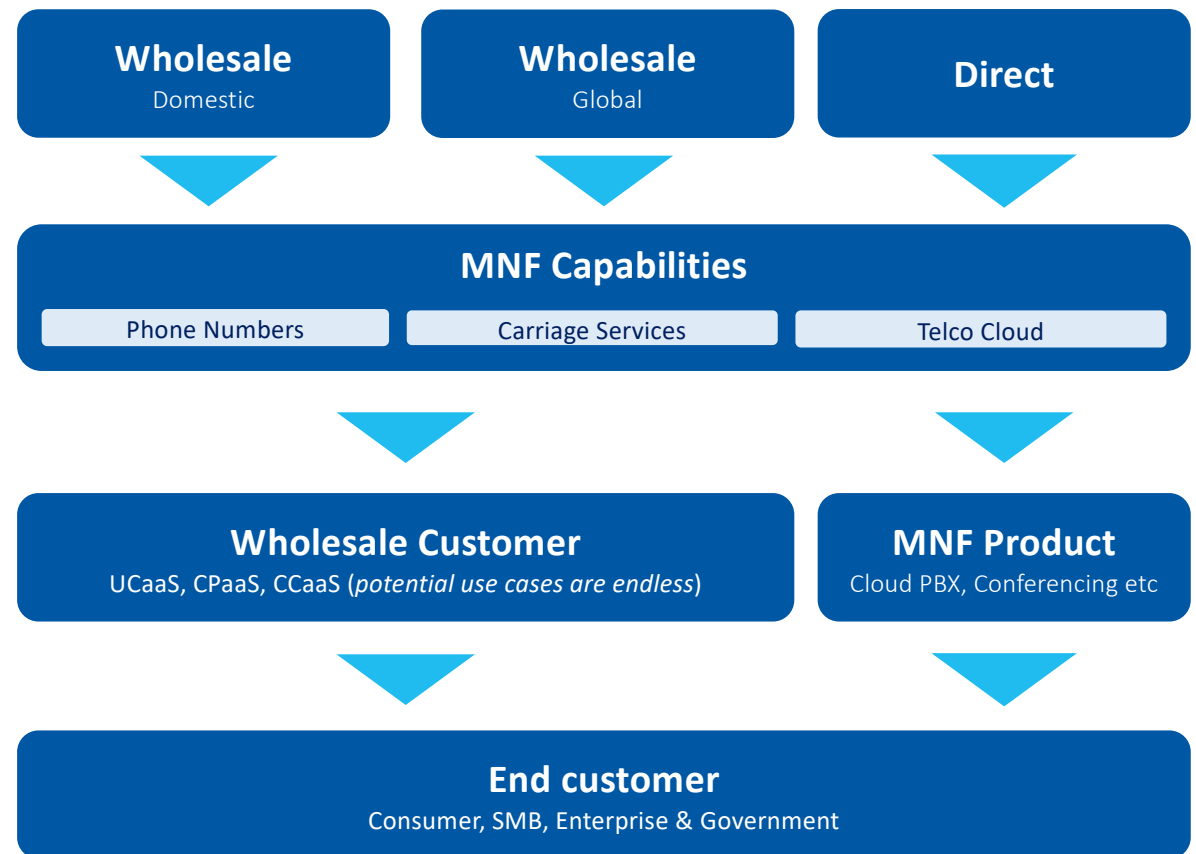
Recurring Revenue

Long-term recurring revenue is generated from our suite of Wholesale capabilities, particularly hosting of numbers on our network and providing channels for voice carriage.

It also consists of subscriptions from Direct customers.

Variable Revenue

Once-off revenue is generated from service usage, sales of hardware and equipment and consulting services provided in support of our other products.



CAPABILITIES

Phone Numbers

MNF numbers enable worldwide calling, conferencing and messaging through software and apps

MNF killer features

- Communicate via any device, anywhere in the world
- APIS for porting phone numbers into the cloud
- Ensuring compliance with local regulations

USE CASE EXAMPLES

Global Wholesale



Enabling **ride share** and **meal delivery** users to communicate safely with drivers

Domestic Wholesale



Enabling **Vodafone** customers to keep their home phone when moving to NBN

Direct



Enabling Government & Enterprise to use **Microsoft Teams** as a phone system

Glossary

API – A set of coding standards for developers wishing to connect different bits of software.

Copper access network – Telephone wires, cables and physical equipment connecting subscribers to a local exchange.

CCaaS - Software that enables customer service through an in-house or outsourced contact centre, delivered as-a-service via the cloud.

Cloud PBX – A business phone service, typically connecting multiple business users, delivered as-a-service via the cloud.

CPaaS – A framework for developers to add telecom capabilities to their software, without needing to build backend infrastructure.

MVNO – A way to provide mobile services without need to build an independent mobile network.

Porting – The process of transferring a phone number from one telecom carrier to another.

PSTN – The global network of phone users, encompassing every phone number in the world.

Recurring Revenue – Revenue that is billed every month regardless of user activity, typically high margin and stable.

SLA – The agreed standard of service reliability between a customer and a service provider.

SIP Trunk – A way for voice and video calls to travel over VoIP networks. It is the digital equivalent of a phone line.

SMB – Small and Medium sized businesses.

Termination – The process of routing a phone call, from one telecom provider to another, until it reaches the recipient.

Transaction Revenue – Revenue that is billed when a user makes a phone call, typically low margin and variable.

UCaaS – Software that enables users to call, conference and message from a single interface, delivered as-a-service via the cloud.

Virtual Number – A phone number that is operated on a VoIP network without needing an underlying phone line service.

VoIP – A way of turning phone calls into data that can be transmitted over the internet and routed to any recipient.

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