

**ASX Announcement**  
**MNF Group Limited (ASX: MNF)**

**24 August 2021**

**MNF reports FY21 results at top-end of guidance**  
***Record phone number growth of 29%***  
***Recurring revenue up 12%***

MNF Group Limited (ASX: MNF) (the Company), a leading voice communications software provider, today announced its financial results for the full year ending 30 June 2021, with a strong performance across all metrics.

**Highlights:**

- Recurring revenue rose 12% to \$113.2 million, as a result of organic growth from long-term wholesale customers
- Recurring Gross Margin up 14% to \$68.1 million making up more than two thirds of the Gross Margin of \$102.2 million
- EBITDA<sup>1</sup> increased 13% to \$43.1 million (FY20: \$38.2 million), at the top end of market guidance
- Underlying NPAT-A<sup>2</sup> increased 16% to \$19.2 million (FY20: \$16.6 million)
- Earnings per share up 24% to 18.43 cents per share (FY20: 14.88 cents per share)
- Dividends increased by 25% to 7.6 cents per share (FY20: 6.1 cents per share)
- Strong balance sheet with over \$100 million made up of cash and undrawn debt

**Commenting on the results, MNF Group CEO, Mr René Sugo said:**

“After a strong start to the year, I am pleased to report we have ended the 2021 financial year at the top end of market guidance, achieving solid performance across all metrics, including record EBITDA of \$43.1 million and a 29% growth in phone numbers.

“We continued to grow recurring revenue in our business, resulting in a 12% increase on prior year, due to strong demand from long-term customers in our Global Wholesale

<sup>1</sup> EBITDA excludes restructure costs, gain on sale of Direct Segment brands, net interest, non-cash share scheme costs, acquisition costs, tax, depreciation and amortisation.

<sup>2</sup> Underlying NPAT-A and EPS-A exclude amortisation of acquired customer contracts & acquired software, tax affected gain on sale of Direct Segment brands and restructure costs.

business. Recurring margin now accounts for 67% of our total gross margin, reflecting the results of our sustained efforts to increase high-quality, recurring revenue. We are targeting 80% recurring revenue over the long-term.

“I’m particularly proud of the progress we have made against our strategy during the year, as we build MNF into a world-class software company. We completed the divestment of parts of our Direct business, aligning our business to wholesale revenue and the multi-billion-dollar opportunity we see ahead of us. To reflect the new, simplified business, we are restructuring our reporting lines to align with the opportunities in our target market. Going forward, the business will be structured into three software-as-a-service divisions: Communications Platform as a Service (CPaaS), Telecom as a Service (TaaS) and Unified Communications as a Service (UCaaS).

“We also made substantial progress on our long-term strategy to grow market share across the Asia-Pacific region. This year marked a significant milestone in our expansion, as we officially launched our Symbio CPaaS product suite in Singapore. We are now set to deliver next-generation communications and unlock the growth benefits of an entirely new unified communications capability in a sought-after market.

“We are a more streamlined, robust business with a strong focus on our people, culture and sustainability. Looking ahead, we are well placed to continue to execute our strategy and growth objectives, supported by a strong balance sheet, cash position and sustained demand from our customers.”

#### Operational Highlights:

- Record phone number growth, up 29% to 5.8 million (FY20: 4.5 million)
- Net Revenue Retention (NRR)<sup>3</sup> rate across top 10 customers was 115%
- Officially launched in Singapore, marking a significant milestone in MNF’s growth strategy to expand into Asia-Pacific
- Divestment of Direct business in line with MNF’s strategy to simplify the business and focus on recurring revenue
- Refreshed strategy including realignment of business to maximise opportunities driven by global megatrends of CPaaS and UCaaS

Phone numbers on network, the key performance indicator for future growth, reached 5.8 million as at 30 June 2021, growing by a record 29% on the prior year. The strong growth of phone numbers drove the Group’s total recurring revenue, which increased 12% to \$113.2

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

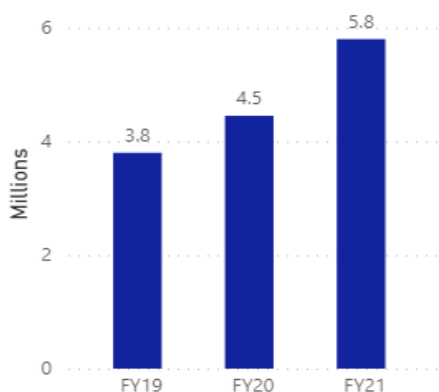
million on FY20, largely from long-term wholesale customers, and supported a 5% increase in recurring margin to 67% of total margin.

Despite the strong performance and continued demand for MNF's services, the ongoing COVID-19 pandemic and travel has had an impact on financial results. Overall revenue declined 5% during the period to \$218.7 million, as a result of lower global roaming and audio-conferencing usage.

Record EBITDA was also achieved in the period, up 13% to \$43.1 million (FY20: \$38.2 million), at the top end of market guidance of \$40.0 million - \$43.0 million. MNF's gross margin increased by 6% to \$102.2 million and underlying NPAT-A was up 16% to \$19.2 million, as MNF's high-quality product mix delivered higher margin and more efficiencies in the cost base.

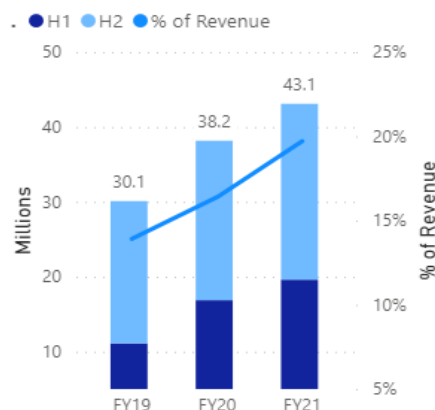
Phone Numbers

▲ 29%



EBITDA

▲ 13%



During the period, the company delivered a cash conversion of 99%, supported by a strong focus on cash collection. The balance sheet remains strong, with net cash of \$22.7 million as at 30 June 2021, providing the ability to leverage our streamlined and focused business to maximise growth opportunities provided by the rapid shift to cloud communication in the APAC region.

### Strategy Update:

#### *FY22 strategic priorities*

MNF has refreshed its strategy for FY22 to focus on three areas to build MNF into a world-class software company. The new strategy seeks to simplify the business, build best in-class software capability and network, and scale and expand throughout Asia-Pacific both organically and through acquisition, driving short term revenue and margin growth and medium term EBITDA. Enabled by the most experienced industry professionals, a strong culture and a genuine commitment to sustainability, MNF's refreshed strategy underpins its new strategic goal: to reach 100 million numbers on network by 2030.

### *Divestment of Direct business*

During the year, MNF decided to sell the non-core parts of the Direct business to Vonex. The divestment is in line with MNF's strategy to simplify the business and drive growth in its CPaaS and UCaaS voice services. Funds from the sale will be reinvested into growing the wholesale business and expansion offshore.

### *A new operating structure to execute global growth*

In FY22, MNF will realign its business structure to support global growth. Going forward, the business will be segmented and reported on in three software-as-a-service (SaaS) divisions: Communications Platform as a Service (CPaaS), Telecom as a Service (TaaS) and Unified Communications as a Service (UCaaS). Each division is aligned to a key target market, with a distinct product set and geography. This structure more clearly communicates MNF's value proposition to customers and can easily be scaled globally.

### *Singapore and expansion into APAC*

MNF successfully launched its CPaaS product suite in Singapore, following regulatory approval and successful completion of customer trials. The focus will now be on building sales pipeline in the region as well as additional features to extend total addressable market and replicating the technology stack to enter additional regions.

In line with the group's strategy to expand in South-East Asia, MNF appointed a General Manager for South East Asia, Mr See Kiat Yeo. Mr Yeo's deep experience in technology and business development across a number of different APAC regions will further support MNF's expansion into additional Asia-Pacific regions. Additional local and international business development staff have been recruited.

### *Acquisitions*

Acquisitions form part of MNF's expansion strategy both domestically and offshore. MNF applies disciplined criteria for assessing potential acquisitions, including strategic fit and earnings contribution. With a strong balance sheet and undrawn debt, MNF is well placed to take advantage of opportunities in the market.

### **Outlook:**

Commenting on the outlook, René Sugo said:

"Our business looks markedly different compared to 12 months ago. As we move into FY22, we will focus on further simplifying our business, building best in-class software capability and network and growing our business throughout Asia-Pacific.

"Our new strategy will support MNF to achieve its new 2030 vision, and sets a clear path for global expansion, with the goal to reach 100 million numbers on our network by 2030. This will be achieved by increasing our market share and expanding our presence across Asia-

Pacific. Singapore provides the stepping-stone into more opportunities in APAC. Now, supported by a strong balance sheet, we will further invest in our three business divisions, to capture further market share and expansion across the region.

“MNF continues to benefit from the increased utilisation of collaboration and communications software applications due to the COVID-19 pandemic. The business has had no immediate impact due to current lockdowns and July 2021 trading showed continued growth.”

**Results briefing:**

There will be a webinar and results presentation held on Tuesday 24 August at 9:00am AEDT. For registration and details, please visit <https://www.mnfgroup.limited/investors>. A recorded version of this webinar will be made available for later viewing at the same web address.

The announcement has been authorised for release by the Board.

**/ENDS**

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**About MNF Group Limited**

MNF Group Limited (ASX: MNF) is one of Asia-Pacific’s fastest growing technology companies. Listed on the ASX since 2006, it is now capitalised at around \$450m, and twice winner of the Forbes Asia-Pacific “Best under a Billion” award. Headquartered in Sydney, Australia, the company has over 500 people located across Asia-Pacific, Europe and North America. MNF develops and operates a global communications network and software suite enabling some of the world’s leading innovators to deliver new-generation communications solutions.

As the world moves to IP, MNF Group is building the brands, services, network and technology to lead the way. For further information about MNF Group Limited please visit: <http://mnfgroup.limited/>