



FY21 Results

Rene Sugo – Group CEO

Chris Last – Group CFO

Jon Cleaver – Wholesale CEO

John Boesen – CTO

August 24, 2021



View the MNF Journey

Find out where it all began...

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



Achieved top of guidance range

\$43.1m EBITDA



Record growth in phone numbers

5.8m phone numbers hosted on our network, movements are an indicator of future recurring revenue.



Strong growth in recurring revenue

Wholesale demand continues to drive strong recurring revenue growth and expanded margins.



Strategic goals delivered

Singapore network launched and non-core parts of Direct business sold.

KEY PERFORMANCE METRICS

Record phone
number growth &
strong performance
across all metrics



EBITDA¹

↑ **\$43.1m**

Up 13% vs FY20

UNDERLYING NPAT-A²

↑ **\$19.2m**

Up 16% vs FY20

GROSS MARGIN

↑ **\$102.2m**

Up 6% vs FY20

RECURRING GROSS MARGIN

↑ **\$68.1m**

Up 14% vs FY20

NET RETENTION RATE TOP 10 CUSTOMERS³

↑ **115%**

PHONE NUMBERS

↑ **5.8m**

Up 29% vs FY20

1. EBITDA excludes restructure costs, gain on sale of Direct Segment brands, net interest, non-cash share scheme costs, acquisition 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 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.

Financial Results

Rene Sugo – Group CEO

Chris Last – CFO

Financial summary FY21

Reported Result	FY21 Guidance	FY21 Actual	FY20 Actual	Δ	Notes
Revenue		\$218.7m	\$230.9m	-5%	1
Gross Margin		\$102.2m	\$96.4m	6%	
Gross Margin %		47%	42%	+5% pts	
EBITDA	\$40.0m – 43.0m	\$43.1m	\$38.2m	13%	2
NPAT		\$15.6m	\$11.95m	30%	
Underlying NPAT-A		\$19.2m	\$16.6m	16%	3
Earnings per share (cents)		18.43	14.88	24%	
Total dividend per share - fully franked (cents)		7.6	6.1	25%	

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

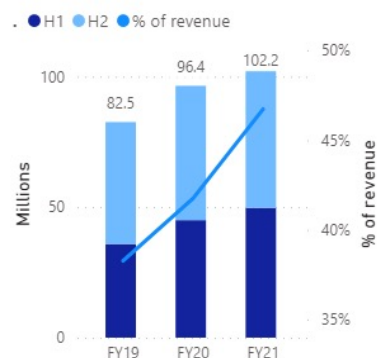
2. EBITDA excludes restructure costs, gain on sale of Direct Segment brands, net interest, non-cash share scheme costs, acquisition costs, tax, depreciation and amortisation.

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

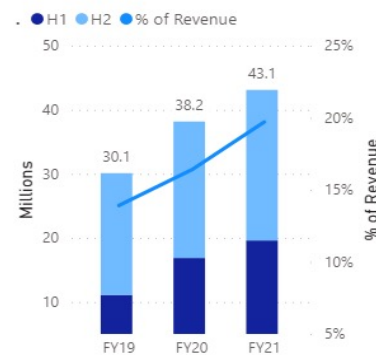
Record EBITDA, Gross Margin and Phone Numbers

- EBITDA, Gross Margin and NPAT continue to grow due to our high-quality product mix, delivering higher margin and more efficiencies in our cost base.
- Total revenue declined due to disposal of direct segment assets and usage declines in global roaming & audio conferencing as outlined in FY21 guidance.
- Underlying recurring revenues for retained businesses grew 16% YoY organically.

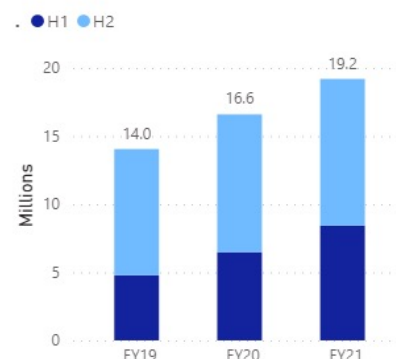
Total Margin ▲ 6%



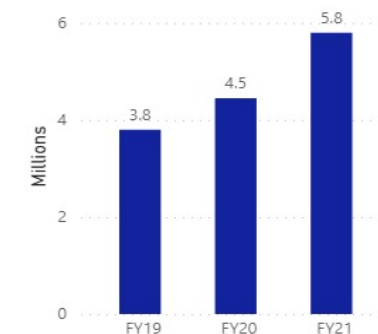
EBITDA ▲ 13%



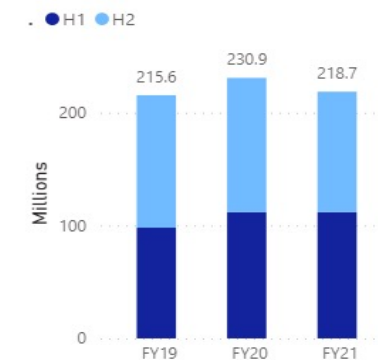
Underlying NPAT A ▲ 16%



Phone Numbers ▲ 29%



Total Revenue ▼ 5%



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

Wholesale demand drives recurring revenue growth

- Continue to add recurring revenue, largely from high quality and long-term Wholesale customers.
- Global Wholesale recurring revenue increased 20% from prior year, driven by strong demand for phone numbers from SaaS customers.

Revenue Split – Recurring vs Variable

FY20

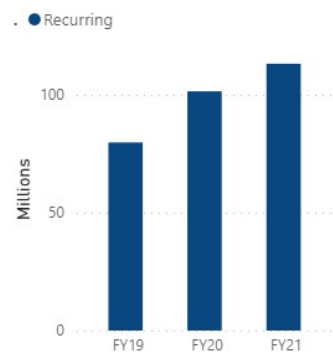
FY21

▲ 8 Pts



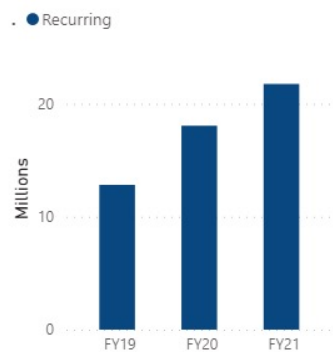
▲ 12%

Total Recurring Revenue



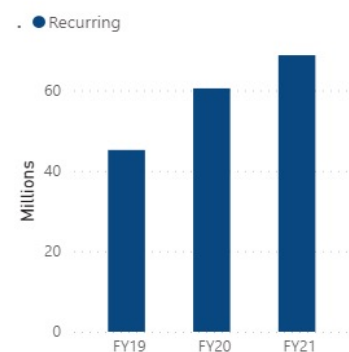
▲ 20%

Global Wholesale



▲ 14%

Domestic Wholesale



▼ 1%

Direct



Sustained demand drives expanded margins

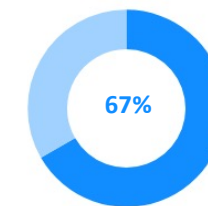
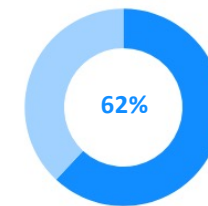
- Direct margins stunted by mid-year disposal of Pennytel. The retained Enterprise business grew 20% in recurring gross margin, now operating at 71% margin.
- Domestic Wholesale recurring gross margin increased by 10% YoY. This segment is now operating at 50% margin.
- Global Wholesale recurring gross margin increased by 36% YoY. This segment is now operating at 86% margin.

Margin Split – Recurring vs Variable

FY20

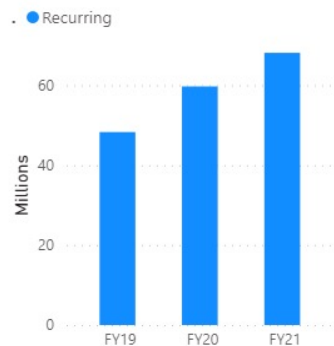
FY21

▲ 5 Pts



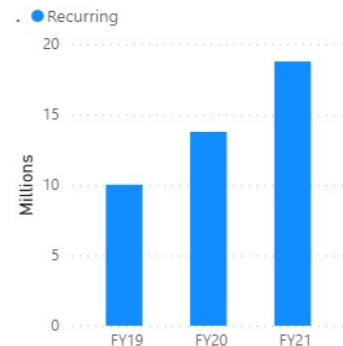
▲ 14%

Total Recurring Margin



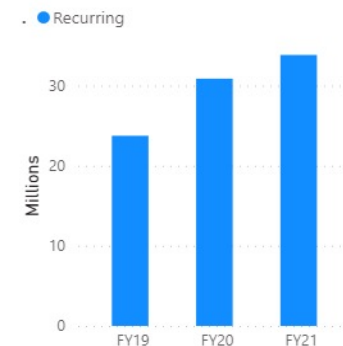
▲ 36%

Global Wholesale



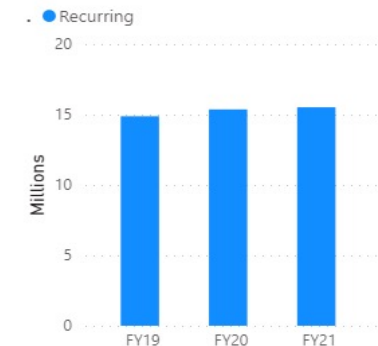
▲ 10%

Domestic Wholesale



▲ 3%

Direct



FY20 to FY21 EBITDA Waterfall

▲ 13%

EBITDA growth
FY21 vs FY20

EBITDA growth driven by higher recurring margin

Staff costs

Continue to invest in staff and talent acquisition to fuel product innovation.

Cost-savings

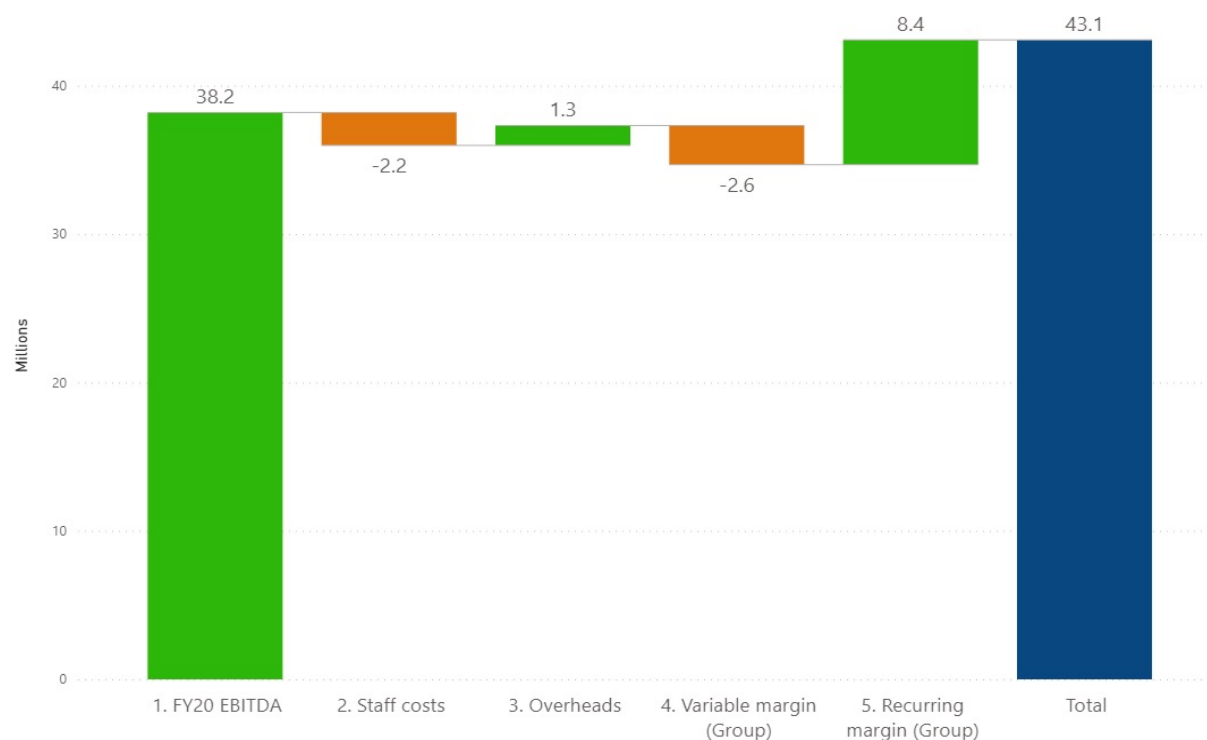
Overheads reduced through careful cost control and reduced corporate travel.

Variable margin

Profits from one-off charges or usage, decreasing due to disposals and reductions in global roaming & audio conferencing.

Recurring margin

Profits from plan renewals and monthly recurring charges.



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

Strong operating cash flow and no debt

Excellent cash conversion throughout FY21

Operating cash flow	FY20 \$M	FY21 \$M
Receipts from customers	235.1	225.2
Payments to suppliers & employees	(199.6)	(182.7)
Cash generated from operations	35.6	42.5
Net Interest	(2.7)	(1.9)
Income taxes paid	(4.1)	(5.7)
Net cash from operating activities	28.9	35.0
<i>EBITDA¹</i>	<i>38.2</i>	<i>43.1</i>
Cash conversion rate (CCR) %	93%	99%

Strong balance sheet

No debt and well positioned to support future acquisitions with \$22.7m cash and undrawn \$60M debt facility.

The business is sufficiently funded to execute current business objectives.

Net Cash	H1 FY20 \$M	H2 FY20 \$M	H1 FY21 \$M	H2 FY21 \$M
Debt	(30.0)	(30.0)	(30.0)	0.0
Cash	38.6	46.2	52.2	22.7
Net Cash	8.6	16.2	22.2	22.7

Cash held bolstered by a further \$20m received from Vonex on 9 August at Completion of the sale of parts of the MNF Direct Business.

The company has over \$100m of combined cash and undrawn debt readily available to invest for growth.

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

Strategy Update

Rene Sugo – Group CEO

John Boesen – CTO

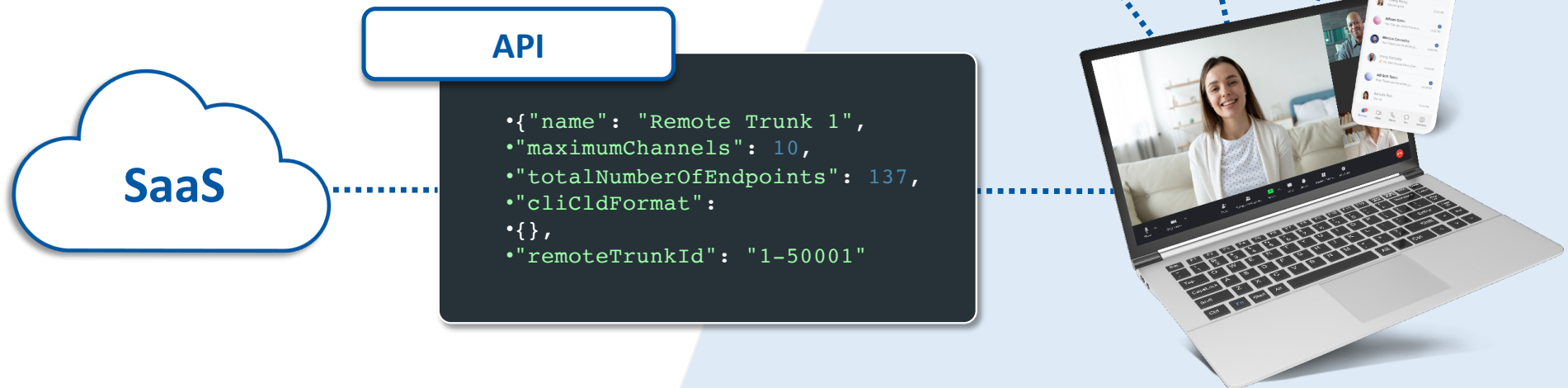
Jon Cleaver – CEO Wholesale

The ultimate opportunity

Disrupting the multi-billion dollar telecom industry

MNF is changing the way communication services are delivered.

Our SaaS platform is the best way for service providers to deploy and manage communications in the cloud.



Global tech megatrends fuel MNF opportunity

Future of
work

Software as
a Service

Emerging
Asia

The shift to cloud communications is happening... now!

Asia-Pacific is the next growth region for cloud communication providers. MNF is ahead of the trend, positioning to be the software backbone that powers cloud communication throughout our region.



The pandemic has accelerated adoption of cloud communications

By 2024

74%

of enterprise UC licenses will be cloud-based¹

By 2023

90%

of global enterprise will leverage CPaaS²

By 2022

ISDN

no longer supported in many parts of the world³

1. Gartner, UCaaS Magic Quadrant (2020); 2. Gartner, CPaaS Market Guide (2020); 3. Gartner, Market Guide for Global SIP Trunking Services (2020)

Achieved FY21 strategic priorities

We continue to execute our long-term strategic vision and build for global growth. Key FY21 milestones include:



Global growth

- ✓ Successfully launch Singapore coverage
- ✓ Simplify business ahead of global expansion – sale of the non-core parts of Direct business
- ✓ Investigate and shortlist additional Asia-Pacific countries suitable for expansion
- ✓ Build multi-regional deployment framework



Market share

- ✓ Expand and improve offerings – new features and product updates released throughout FY21
- ✓ Maintain differentiation – Launched new Symbio brand to support global expansion strategy



Trusted partner

- ✓ Develop API capabilities – new version of our API released, adding new features
- ✓ Automate processes – Delivered significant process improvements to Porting and Customer Experience



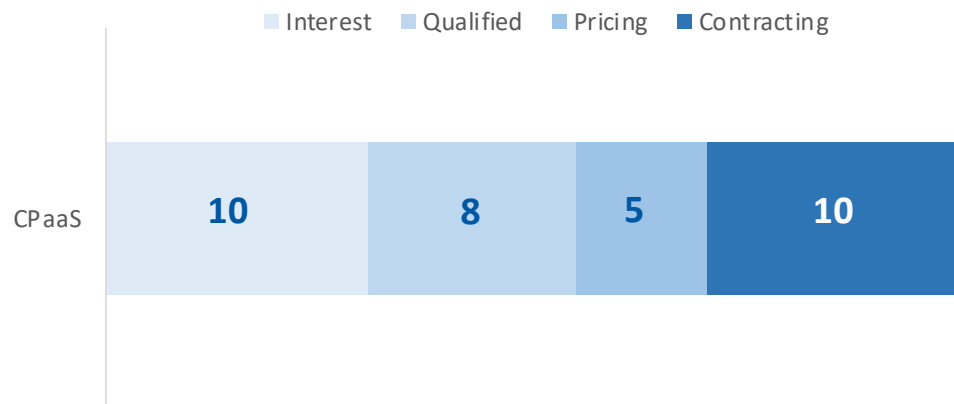
Software & APIs

- ✓ Win top SaaS and RSP vendors – Achieved 115% Net Retention Rate for our top 10 customers
- ✓ Enable customers to enter Singapore – Extensive customer validation during technical trials

Singapore update

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Prospects in sales pipeline



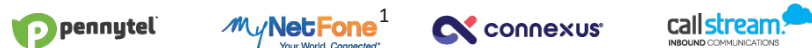
Strong interest following Singapore launch:

- Prospects are all large software and communication businesses, targeting Asia Pacific growth
- 88% of prospects are existing customers, 12% of prospects are new greenfield customers
- MNF has a differentiated offering in Singapore, capable of delivering high quality with cloud scalability
- Pipeline growth driven by Account Management and worldwide Business Development

Simplifying for Growth

Successful disposal of non-core brands, following a strategic review of the Direct business segment (announced February 2021)

Non-core brands disposed FY21



Core brands retained FY22

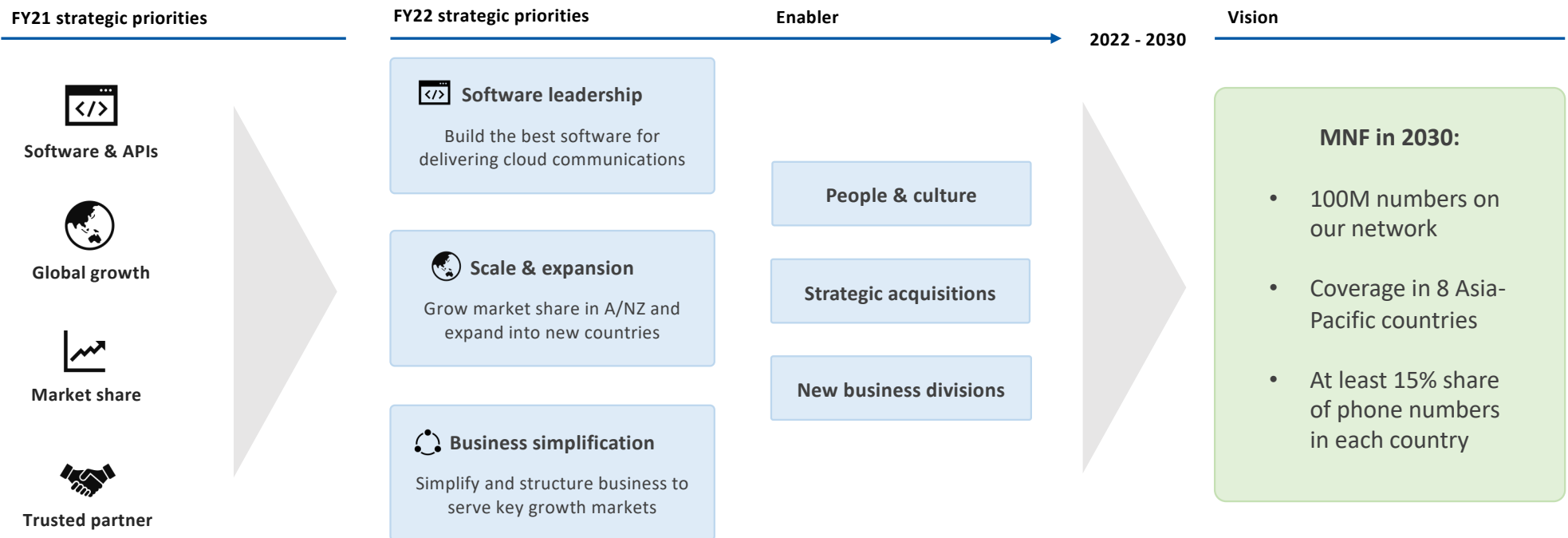


- Retail businesses converted into long-term, exclusive Wholesale customers
- Disposed approx. \$18.7m revenue & \$10.7m gross margin (on an annualized basis) and released **\$30m+** in capital for re-investment
- Planned strategic deployment of funds for accelerated growth, international expansion and acquisitions
- MNF business realigned: simpler, higher growth and able to scale internationally

1. The Small Business customer base under the MyNetFone brand was sold to Vonex in July 2021, however the MyNetFone brand remains with MNF Group.

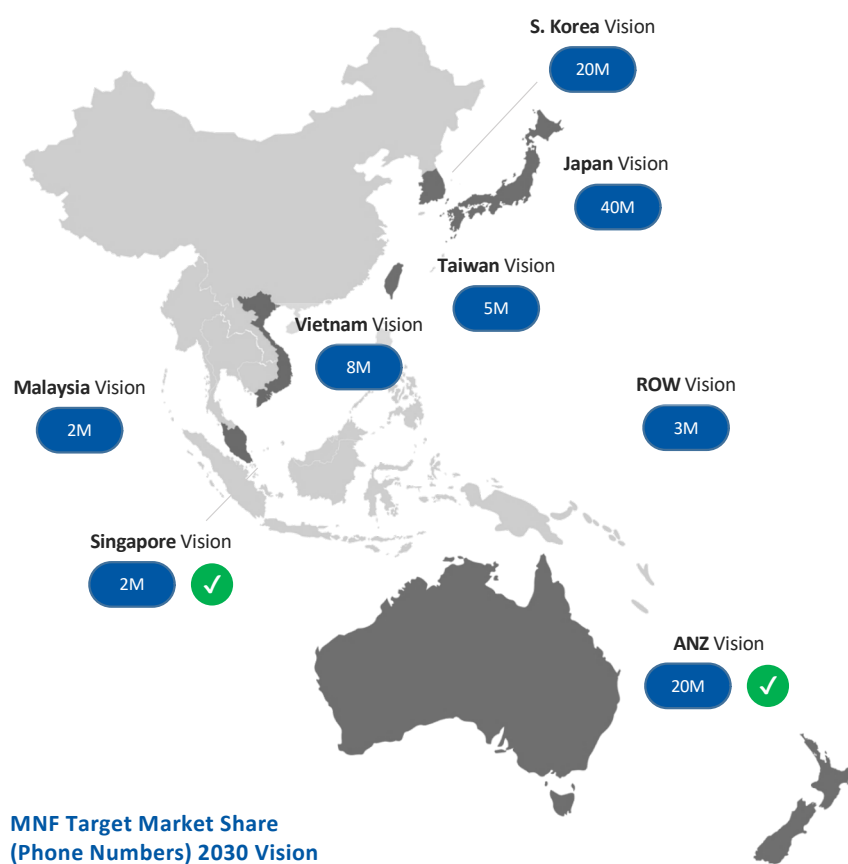
Vision and strategic investment areas

We are simplifying and re-aligning MNF to become a world-class software company. With our business transformation complete, and growth accelerating, we are investing to become a major global player in cloud communications.



Acquisitions key to Asian expansion

Scale & expansion



Asia-Pacific region shortlist

We have shortlisted 5 countries as targets for expansion in FY22 and beyond. Expansion is key to reaching 100M numbers by 2030.

Strong cash position to support expansion

\$42.7M cash on hand + **\$60M** debt available for acquisitions.


Planned investment of up to **\$2.6M** in FY22 to support the launch of Singapore and accelerate regional expansion strategy.

Acquisition framework




Seeking strategic acquisitions in Asia-Pacific region. Key assessment factors include:

- Customer demand
- Market size & potential growth
- Ease of doing business & regulatory environment
- Competition & pricing potential

Business realigned for growth

 Business simplification

Going forward, we will segment our business into three SaaS divisions. Each division is aligned to a key target market, with a distinct geography and product set.

	CPaaS	TaaS	UCaaS
Target Market	Software companies & large telcos	Small telcos & Managed Service Providers (MSPs)	Enterprise & Government
Business Development	Worldwide	Australia, NZ & Asia Pacific	Australia, NZ & Asia Pacific
Products	<ul style="list-style-type: none"> Numbers & porting Call termination Messaging 	<ul style="list-style-type: none"> White label telecom Billing software Management software 	<ul style="list-style-type: none"> Microsoft Teams Cisco Webex Contact Centre
Primary Brand			

New pro-forma division revenue

Business simplification

Our retained business divisions are growing rapidly, with expanding margins and strong recurring revenue. The new divisional structure is based on market opportunities and allows direct comparison to global high growth business models.

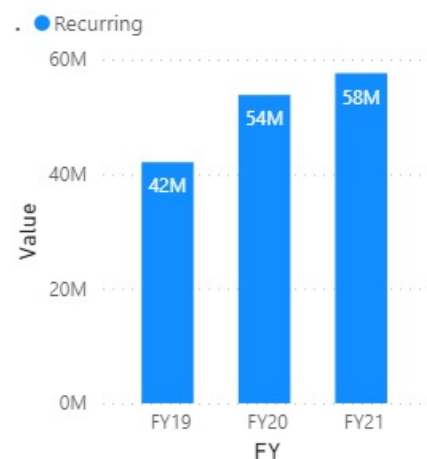
cPaaS

44% CAGR



TaaS

17% CAGR



uCaaS

15% CAGR



Revenue figures represent pro-forma unaudited management estimates for the retained businesses (excluding all disposals from prior years), and are to be used as a guide only. Intercompany revenues have been eliminated. Figures show customer originated revenues. TaaS FY19 has only 7 months of Telcoinabox acquisition contribution revenue.

CPaaS

Communication Platform as a Service

Our APIs simplify the integration of number ordering and porting capabilities into software. Enables local calling and messaging in Australia, New Zealand and Singapore.

Customers include



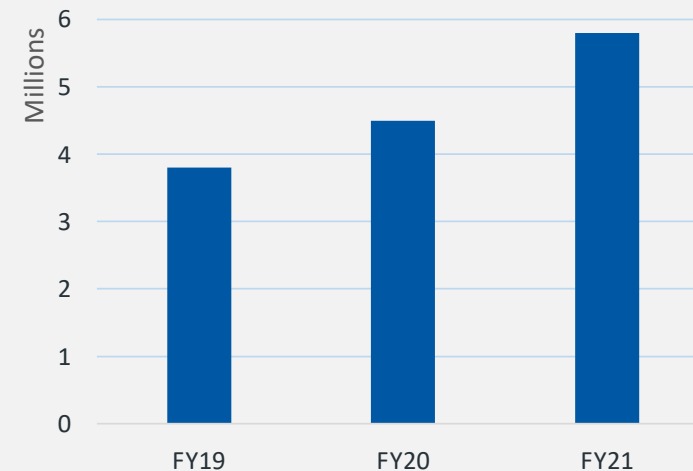
Strategic investment priorities:

- Form a new specialised business development team to uncover opportunities across Asia
- Deliver 24/7 global support, a key requirement of international customers
- Additional operational investment of up to **\$4.3m** in FY22 to support regional sales, marketing and operations investment to prepare for rapid regional expansion

Business simplification

▲ 24% CAGR

Phone Numbers



Total phone numbers includes landline and mobile numbers in Australia, New Zealand and Singapore

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TaaS

Telecom as a Service

Our digital business platform helps Australian telcos and MSPs launch their own voice, data and mobile products. Plus, add-on modules for billing, compliance and number management.

Digital platform trusted by over 500 customers

HUBiFY
UNIFYING PEOPLE AND TECHNOLOGY

NCTS
TELCO FOR BUSINESS

BOOMERANG
TECHNOLOGY

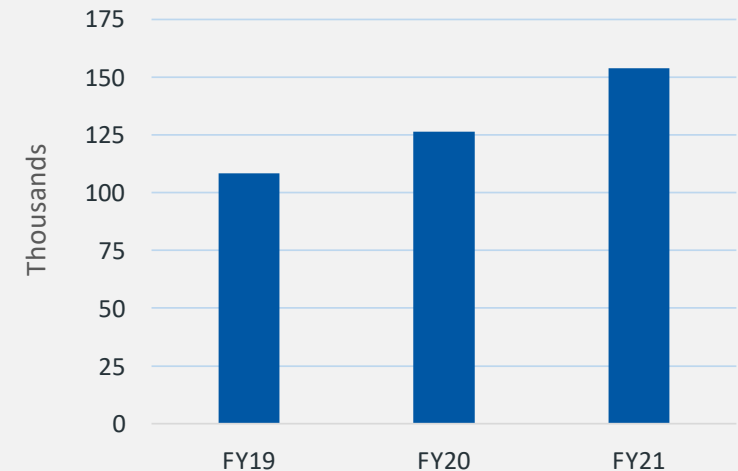
Strategic investment priorities:

- Launch new data and voice products
- Enhanced software UX, enabling customers to learn and get value from our platform faster
- Additional operational investment of up to **\$2m** in FY22 to support new expanded product portfolio and enhancing customer experience

Business simplification

▲ 19% CAGR

Services in Operation (SIOs)



Total TaaS SIO including Mobile, NBN and Voice

UCaaS

Unified Communication & Collaboration as a Service

Collaboration platforms are the new standard for enterprise and government communication. MNF is the fastest, easiest way to extend this capability to workers across APAC.

MNF embedded in market-leading products



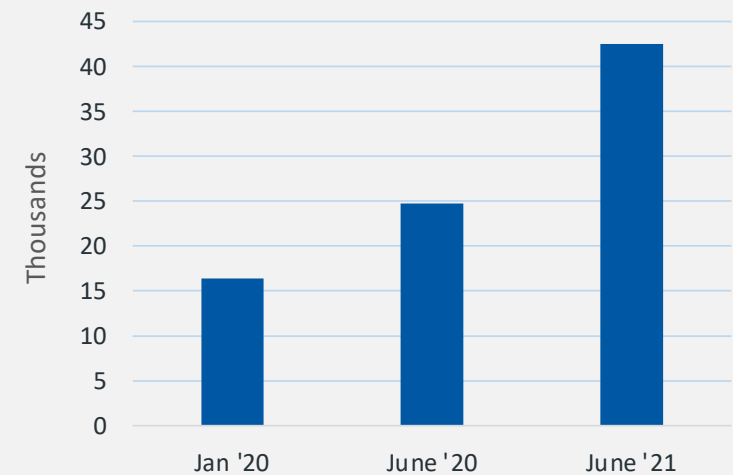
Strategic investment priorities:

- FY22 growth to be accelerated by launch in Singapore and increase in partner co-selling and marketing
- Significant growth potential in Government
- Additional operational investment of up to **\$2.2m** in FY22 to support increasing sales, marketing and operations in Australia and the whole APAC region

Business simplification

▲ 61% CAGR

Enterprise Seats



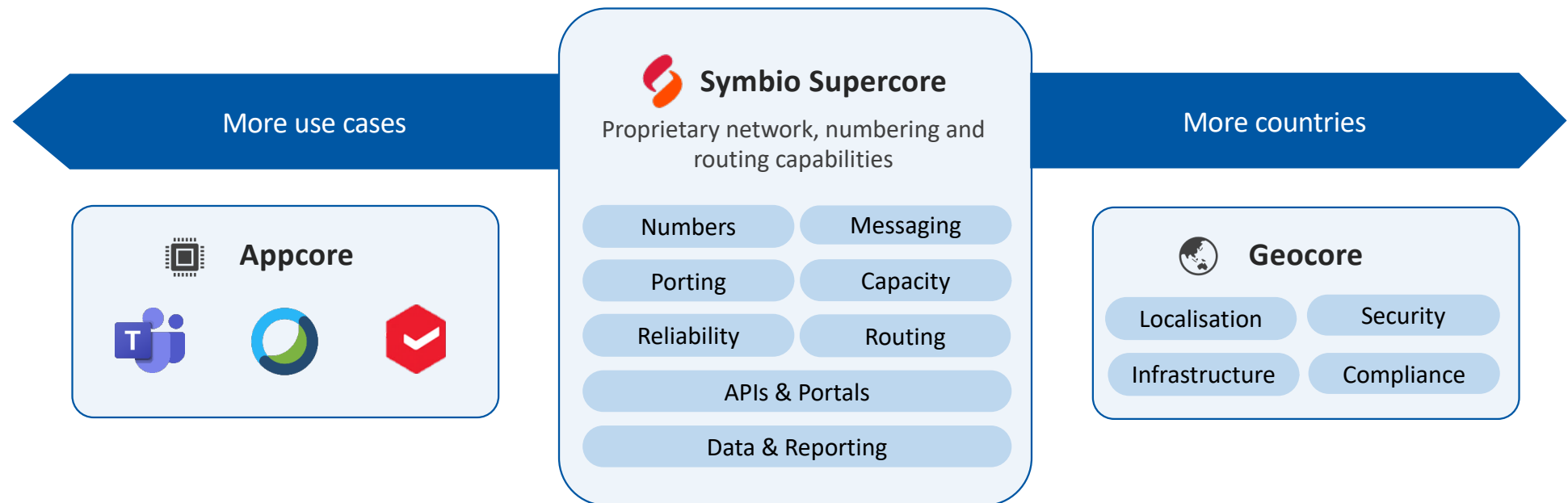
Total enterprise seats includes Microsoft Teams Direct Routing, Cisco Webex Calling, and Managed SIP Trunking services provided in Australia and New Zealand

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Hyper-scaling our platforms

Investment in ‘**Appcore**’ and ‘**Geocore**’ will accelerate our geographic expansion and embed our capabilities deeper in market-leading applications. Planned capitalized investment of up to \$16M in FY22.



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Summary and Outlook

Rene Sugo – Group CEO

Outlook



MNF well positioned to maximise opportunities provided by global megatrends in Asia-Pacific region



Refreshed strategy lays clear path for global expansion



2030 vision: 100 million numbers on our network



Strong balance sheet and cash position provides ability to invest to maximise growth opportunities: organic and through acquisitions



No immediate impact to business due to lockdowns, July 2022 trading was positive and showed growth

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

\$22.7M in cash and zero debt. Structural shift towards recurring revenue. EBITDA growth of 20% 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 Australia, New Zealand and Singapore. Planned strategic expansion in South East Asia commencing FY22.



Quality customers

MNF is a long-term strategic provider to some of the world's largest software companies, enterprise and government.



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: collaboration, conferencing, contact center, CX, masked numbers *and more*.

Thank you

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Appendix

FY revenue & margin data

	FY 20 (\$M)			FY 21(\$M)			Growth trend	
	Revenue	Margin	Margin %	Revenue	Margin	Margin %	Revenue Growth	Margin Growth
Domestic Wholesale								
Variable	29.2	10.3	35%	25.2	12.1	48%	-14%	17%
Recurring	60.5	30.9	51%	68.8	33.8	49%	14%	10%
Total	89.7	41.2	46%	94.0	45.9	49%	5%	11%
Global Wholesale								
Variable	89.2	18.7	21%	73.3	17.3	24%	-18%	-7%
Recurring	18.1	13.8	76%	21.8	18.8	86%	20%	36%
Total	107.4	32.5	30%	95.1	36.1	38%	-11%	11%
Direct								
Variable	11.0	7.7	70%	6.9	4.6	67%	-37%	-40%
Recurring	22.9	15.1	66%	22.7	15.5	68%	-1%	3%
Total	33.9	22.8	67%	29.6	20.2	68%	-13%	-12%
Group Total								
Variable	129.4	36.7	28%	105.5	34.1	32%	-18%	-7%
Recurring	101.5	59.7	59%	113.2	68.1	60%	12%	14%
Total	230.9	96.4	42%	218.7	102.2	47%	-5%	6%

Cash utilisation

Cash Utilisation	FY20 \$M	FY21 \$M
Statutory operating cash flow	28.9	35.0
Expenditure on fixed assets & software development	(15.7)	(13.9)
Free cash flow	13.2	21.1
Dividend payments	(5.0)	(5.8)
Increase in equity	50.6	0.7
Business acquisitions	-	(5.6)
Net debt movement	(25.6)	(30.0)
Other	(2.6)	(3.9)
Net movement in cash	30.6	(23.5)
Opening cash balance	15.5	46.2
Closing cash balance	46.2	22.7

Balance sheet – Key metrics

	Dec 19 (\$M)	Jun 20 (\$M)	Dec 20(\$M)	Jun 21(\$M)
Cash	38.6	46.2	52.2	22.7
Other current assets	41.5	43.9	39.4	40.3
Current liabilities	(33.6)	(41.2)	(37.5)	(37.2)
Net current assets	46.5	48.9	54.2	25.8
Working capital	51.5	56.5	62.0	35.1
Debt (current)	-	-	-	-
Debt (non-current)	(30.0)	(30.0)	(30.0)	0.0
Total Debt	(30.0)	(30.0)	(30.0)	0.0
Net Debt	(8.6)	(16.2)	(22.2)	(22.7)
Net Assets/Total Equity	134.5	139.0	142.3	150.1
Intangible assets	91.7	93.1	94.0	100.0
Net Tangible assets	42.8	45.8	48.3	50.1

Glossary

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

CCaaS - Software that enables customer service through an in-house or outsourced contact centre, 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.

ISDN - A legacy communications network commonly used to connect enterprise offices to the public telephone network (see PSTN).

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.

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

Variable Revenue – Revenue that is billed when a user makes a phone call, typically low margin and less predictable.

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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