



GLOBAL UPDATE

2QFY23

MEGAPORT LIMITED | ACN 607 301 959 | ASX: MP1 | JANUARY 2023

COMPANY HIGHLIGHTS 2QFY23



Q2 HIGHLIGHTS

- | Strong EBITDA growth
- | Continued focus on operating efficiency
- | Building activity in Indirect Sales Channel
- | Staying ahead of Cloud & IT trends



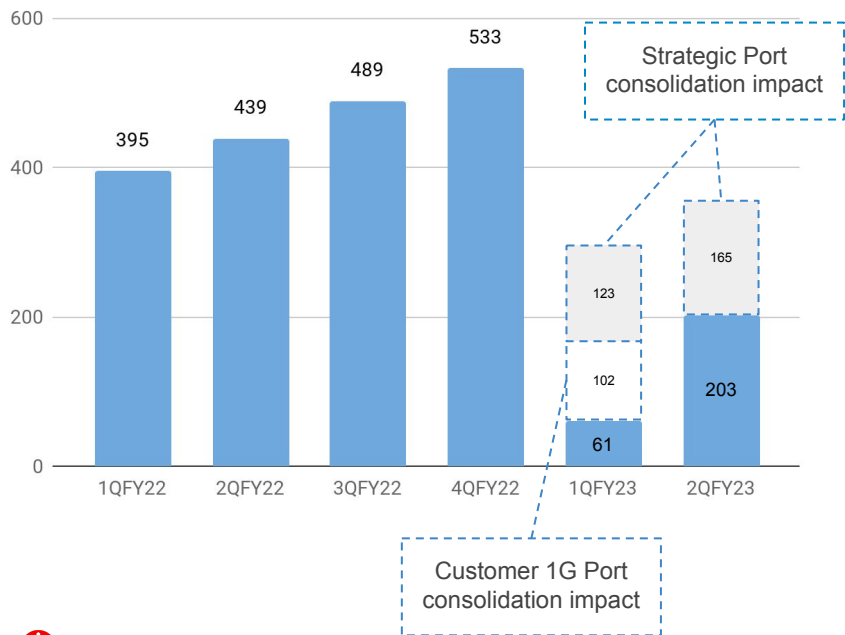
AWS Outposts  Qrypt

- | Interconnection fabric powering leading enablers

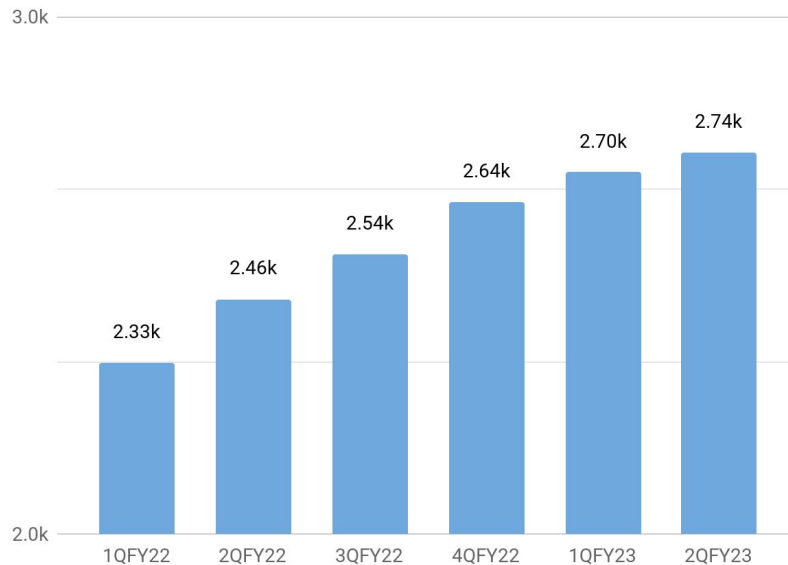


KEY PERFORMANCE INDICATORS

Net New Ports

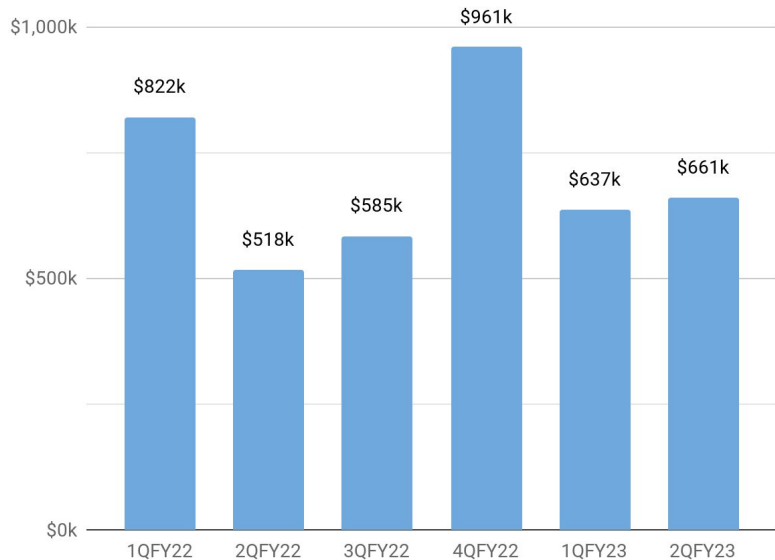


Total Customers

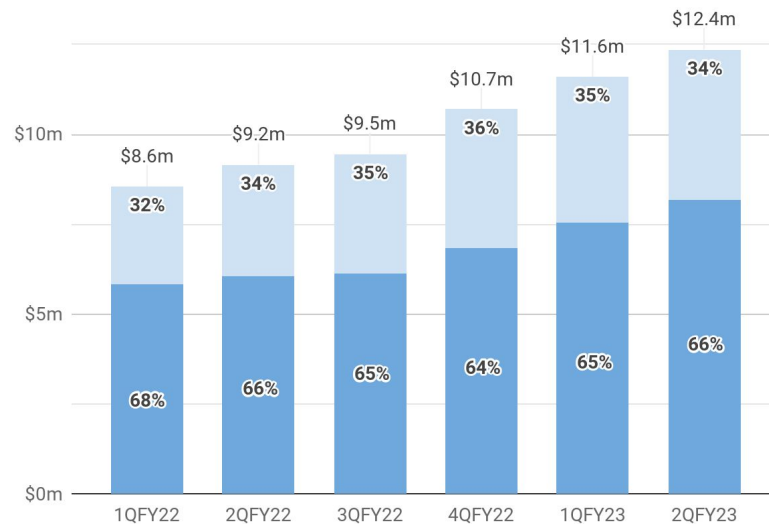


KEY PERFORMANCE INDICATORS

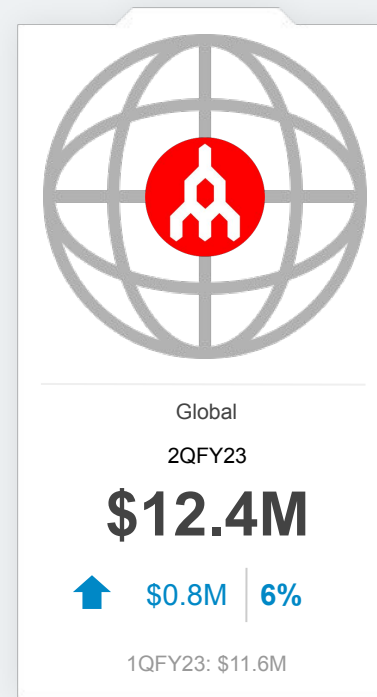
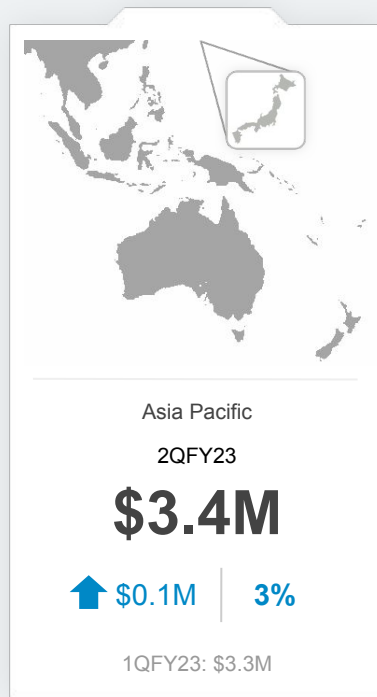
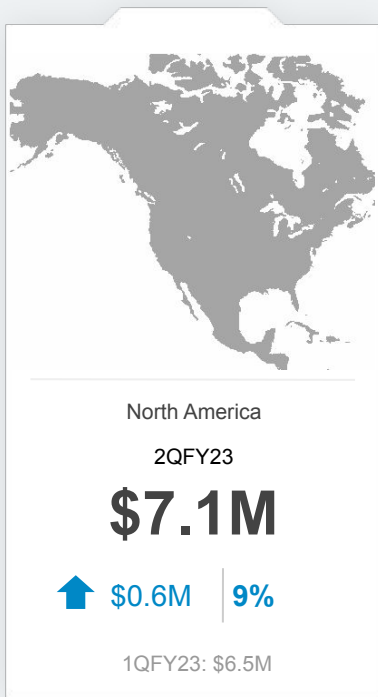
Underlying MRR Growth* (AUD)



MRR by Channel (AUD)

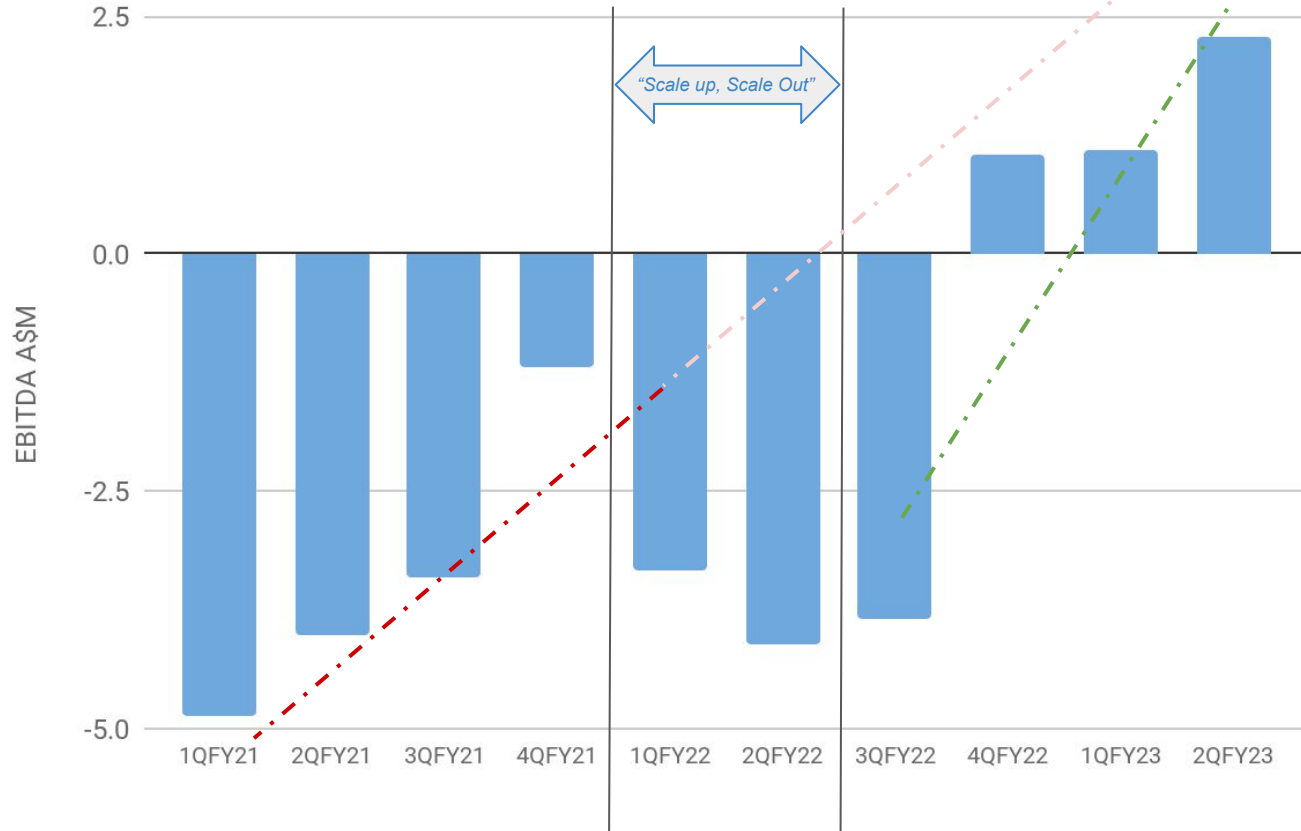


MONTHLY RECURRING REVENUE PERFORMANCE 2QFY23 (AUD)



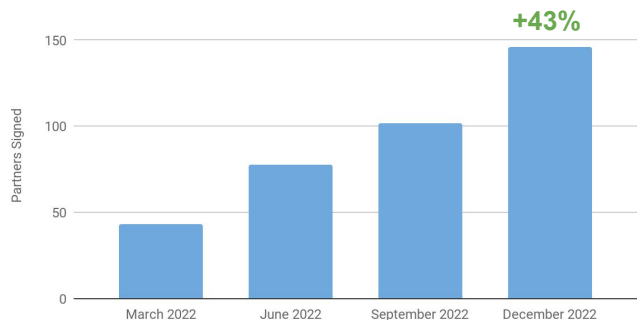
Note: Growth rates are calculated using the actual \$ values.

EBITDA JOURNEY (AUD)

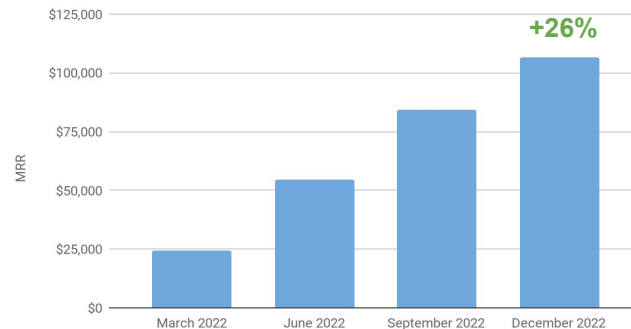


PARTNERVANTAGE CONTINUES TO GROW (AUD)

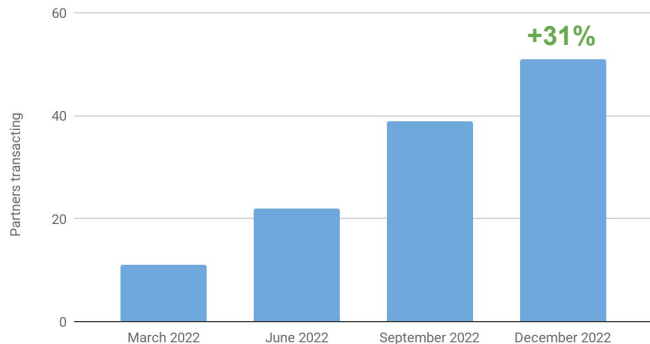
New Partners Signed



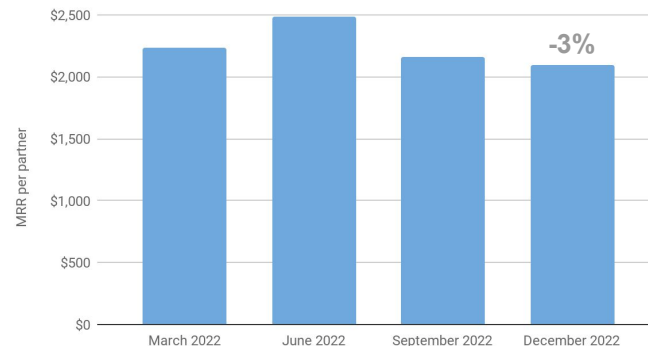
MRR



Partners transacting



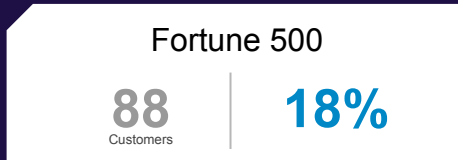
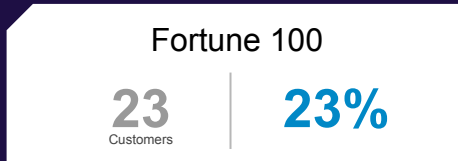
MRR per partner



LEADING COMPANIES TRUST MEGAPORT



GENERAL DYNAMICS



COMPANY
HIGHLIGHTS

FINANCIAL
PERFORMANCE

CAPEX AND
COST CONTROL

APPENDIX

FINANCIAL PERFORMANCE 2QFY23



UNAUDITED FINANCIAL RESULTS

Consolidated Profit & Loss	2QFY23 \$'M AUD	2QFY22 \$'M AUD	QoQ %	1HFY23 \$'M AUD	1HFY22 \$'M AUD	YoY %
Revenue	37.0	26.6	39%	70.7	51.2	38%
Direct network costs	(8.0)	(7.2)	(11%)	(16.2)	(14.8)	(9%)
Partner commissions	(4.2)	(2.9)	(45%)	(8.0)	(5.5)	(45%)
Profit after direct network costs and partner commissions	24.8	16.5	50%	46.5	30.9	50%
Employee expenses	(15.6)	(14.7)	(6%)	(30.5)	(28.4)	(7%)
Professional fees	(2.2)	(2.0)	(10%)	(3.8)	(3.2)	(19%)
Marketing expenses	(1.5)	(0.9)	(67%)	(2.7)	(1.1)	(145%)
Travel expenses	(0.9)	(0.3)	(200%)	(1.5)	(0.5)	(200%)
IT costs	(0.9)	(0.8)	(13%)	(1.8)	(1.6)	(13%)
Other operating expenses	(1.3)	(1.9)	32%	(2.8)	(3.4)	18%
Normalised EBITDA ¹	2.4	(4.1)	159%	3.4	(7.3)	147%
<i>Normalised EBITDA margin</i>	6%	(15%)	+21pp	5%	(14%)	+19pp

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2022

Revenue of \$37.0M up \$3.3M, 10% from 1QFY23 and 39% from 2QFY22.

Profit after direct costs and partner commissions of \$24.8M improved by \$3.1M over 1QFY23, and \$8.3M over 2QFY22, driven by continued cost control efforts and revenue growth. Gross margin of the quarter is 67%, up 2pp from Q1.

Normalised EBITDA¹ of \$2.4M, 6% of revenue (1QFY23: \$1.0M, 3% of revenue).

These results add to the continued strengthening of EBITDA¹ positive growth, resulting in \$3.4M for the FY23 YTD.

UNAUDITED FINANCIAL RESULTS

Consolidated Cash Flow	2QFY23 \$'M AUD	2QFY22 \$'M AUD	QoQ %	1H FY23 \$'M AUD	1HFY22 \$'M AUD	YoY %
Normalised EBITDA ¹	2.4	(4.1)	159%	3.4	(7.3)	147%
Working Capital	(2.2)	1.6	(238%)	(2.0)	(0.3)	(567%)
Cash flow from Operating Activities	0.2	(2.5)	108%	1.4	(7.6)	118%
Acquisition of subsidiary	-	-	-	-	(10.4)	100%
Capital expenditure, including IP	(4.6)	(7.3)	37%	(19.0)	(21.3)	11%
Cash flow used in Investing Activities	(4.6)	(7.3)	37%	(19.0)	(31.7)	40%
Cash flow from issue of equity	-	3.5	(100%)	-	5.2	(100%)
Cash flow from borrowings, (net)	(6.3)	(0.9)	(600%)	(2.8)	5.2	(154%)
Principal lease payments	(2.7)	(1.9)	(42%)	(5.2)	(3.3)	(58%)
Cash flow from Financing Activities	(9.0)	0.7	(1386%)	(8.0)	7.1	(213%)
Effect of FX movements	1.5	(0.5)	400%	0.6	0.5	20%
Total Net Cash Flow	(11.9)	(9.6)	(24%)	(25.0)	(31.7)	21%
Opening Cash Balance	69.4	114.2		82.5	136.3	
Closing Cash Balance ²	57.5	104.6		57.5	104.6	

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2022

Cash from operations was an inflow of \$0.2M, down from Q1 with lower receipts from customers.

Cash used in investing activities of \$4.6M was \$2.7M less than the same period in FY22, and down compared to 1QFY23 (\$14.4M) by \$9.8M.

Cash flow from borrowings reflects a vendor financing reclass from 1QFY23 of \$3.6M.

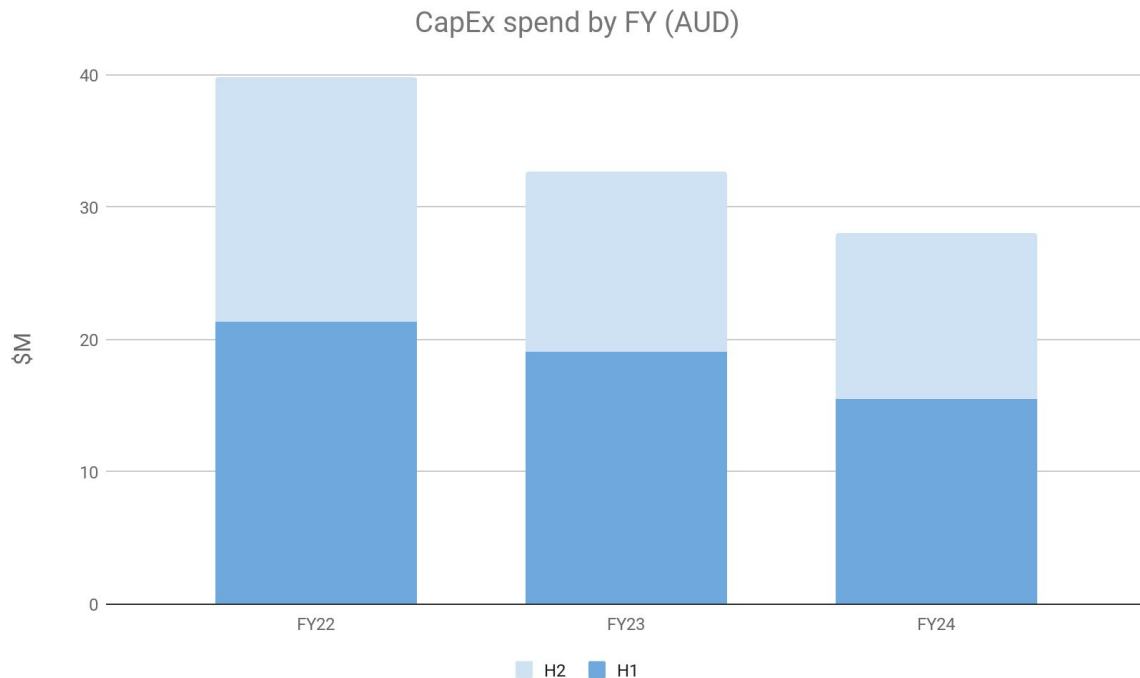
Total movement in cash balances for the quarter was \$11.9M, with the positive effect of FX movements reversing the impact recorded in Q1.

Cash on hand at 31 December was A\$57.5M

CAPEX AND COST CONTROL



CAPEX BY FINANCIAL YEAR (AUD)

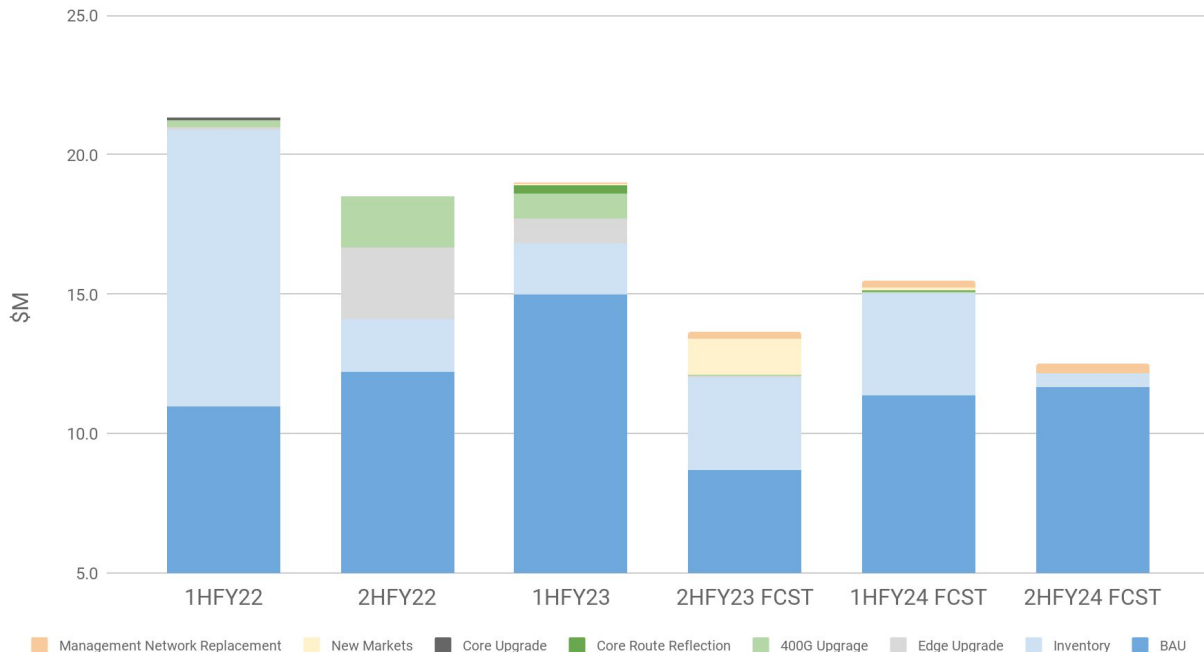


Annual CapEx: FY22 \$39M, FY23 \$33M (forecast), FY24 \$28M - \$30M (projected)

FY24 may change depending on global opportunity, impacts of FX or pausing of discretionary spend.

CAPEX BY HALF YEAR (AUD)

CapEx Spend FY22 - FY24 (AUD)



Annual CapEx: FY22 \$39M, FY23 \$33M (forecast), FY24 \$28M - \$30M (projected)

BAU includes normal expansion of footprint, densification of on-ramps within the network, ongoing capacity enhancement, and all IP development work.

OPERATING EFFICIENCY

Cost Out Program

- Major Cost Out program initiated in Q2
- \$8M- \$10M annual cost / cash savings identified across 7 workstreams
- Majority of savings related to consolidation of cloud on-ramps and network operations in part enabled by 100/400 Gbps upgrade investment
- Majority monthly cost reductions expected to be delivered by end of financial year.

Adjustment to Cloud VXC pricing

- Costs to interconnecting to legacy cloud on ramps have increased significantly over time
- Cloud VXC's to legacy onramps have required additional investment in co-location, metro connectivity, equipment, and Cross connects.
- Review lead to a price adjustment of Cloud VXC to bring it in line with MCR and MVE VXC
- Effective from May, expected to deliver additional net \$7M-\$10M on annualised revenue
- There are no further changes to pricing for remainder of the product portfolio.

Further Strategic Review

- Engage external consultants to review operational efficiency within the business
- Focus on improved automation and work with new CRO on go-to-market strategy
- Likely engagement March/April



THANK YOU

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MP1

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This presentation has been authorised by the Board of Megaport.

Megaport Limited ACN 607 301 959

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All references to “\$” are to Australian currency (AUD) unless otherwise noted.

For definitions refer to the [Glossary for Investors](https://www.megaport.com/investor/business-overview/) on the Megaport website at <https://www.megaport.com/investor/business-overview/>.

A summary of Megaport's 5 year Historical KPIs and metrics can be found on our website at <https://www.megaport.com/investor/business-overview/#kpis>.

Subscribe for ASX announcements at <https://www.megaport.com/investor/#investor-contact>.

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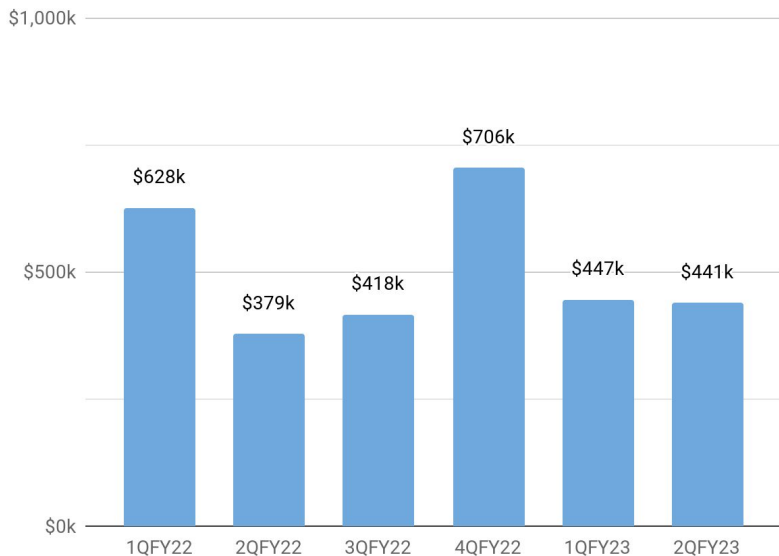
Helen Coghill
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APPENDIX 2QFY23 (USD)

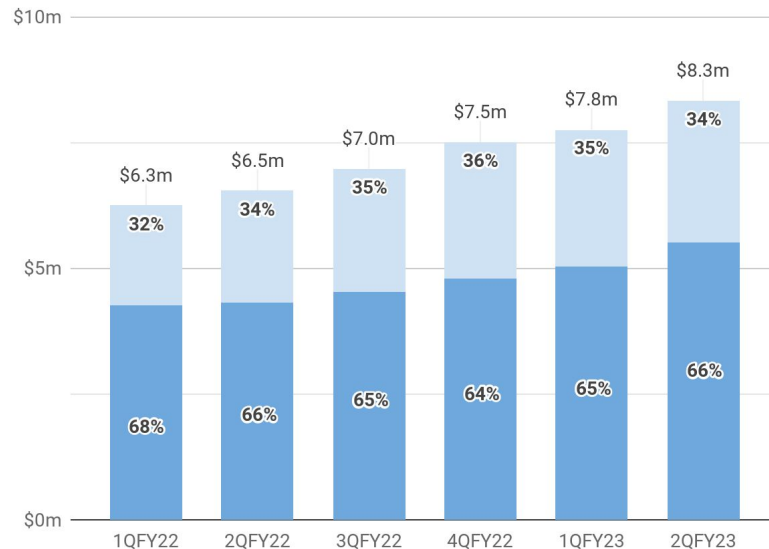


KEY PERFORMANCE INDICATORS (USD)

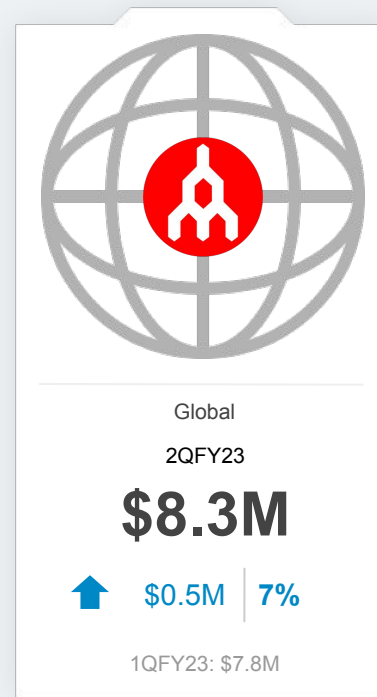
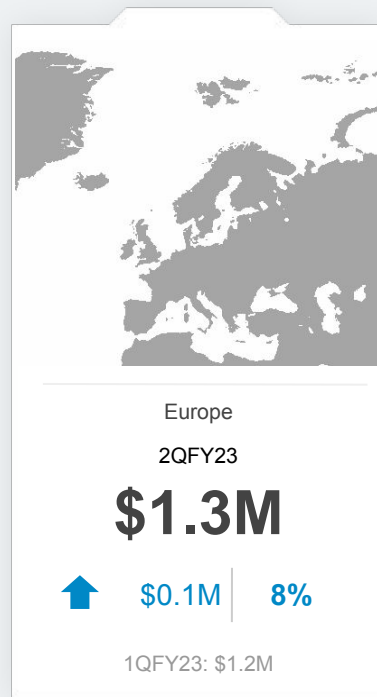
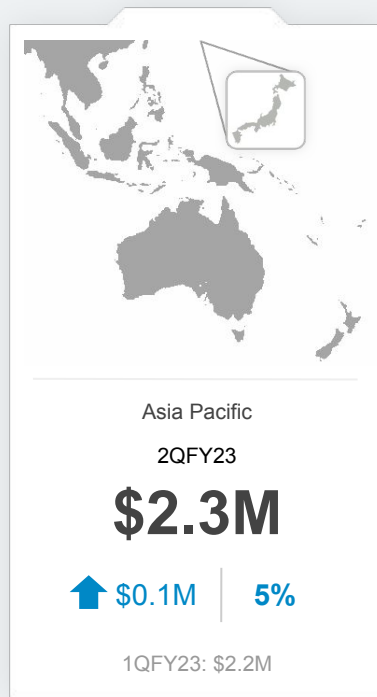
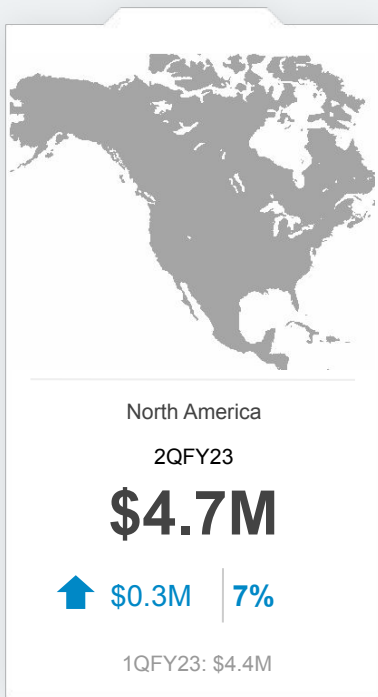
Underlying MRR Growth* (USD)



MRR by Channel (USD)

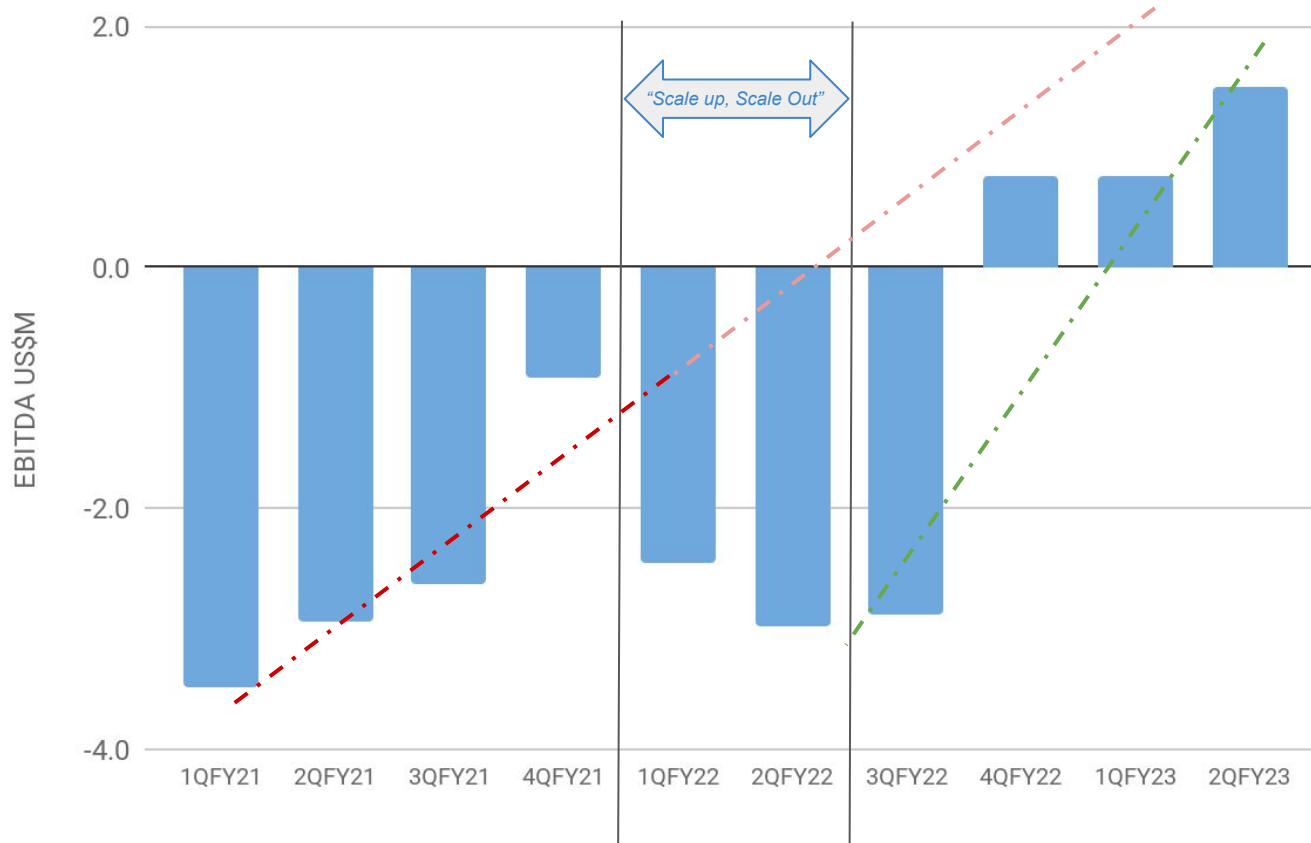


MONTHLY RECURRING REVENUE PERFORMANCE 2QFY23 (USD)



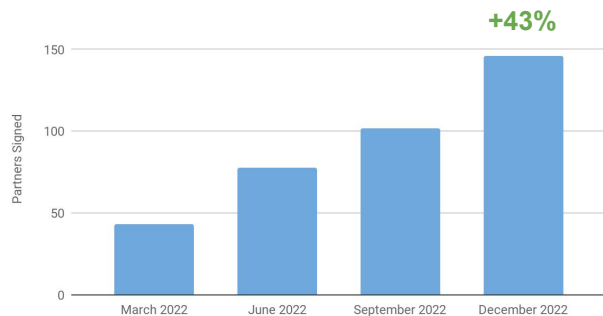
Note: Growth rates are calculated using the actual \$ values.

EBITDA JOURNEY (USD)

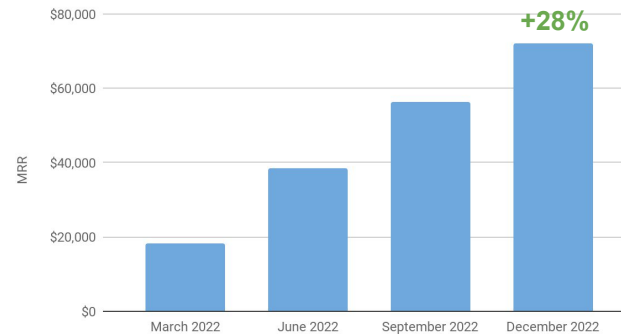


PARTNERVANTAGE CONTINUES TO GROW (USD)

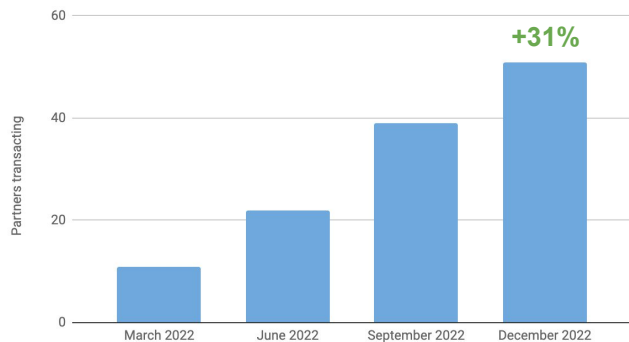
New Partners Signed



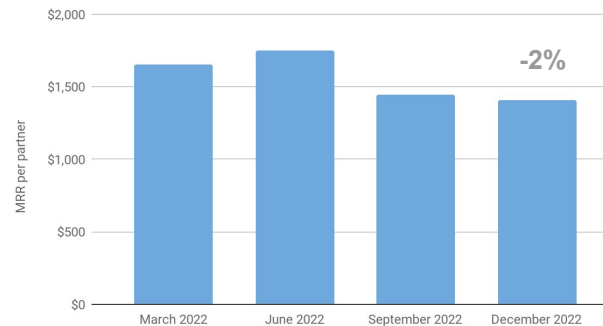
MRR



Partners transacting



MRR per partner



UNAUDITED FINANCIAL RESULTS

Consolidated Profit & Loss	2QFY23 \$'M USD	2QFY22 \$'M USD	QoQ %	1HFY23 \$'M USD	1HFY22 \$'M USD	YoY %
Revenue	24.4	19.3	26%	47.4	37.4	27%
Direct network costs	(5.3)	(5.3)	-%	(10.9)	(10.8)	(1%)
Partner commissions	(2.8)	(2.1)	(33%)	(5.4)	(4.0)	(35%)
Profit after direct network costs and partner commissions	16.3	11.9	37%	31.1	22.6	38%
Employee expenses	(10.3)	(10.7)	4%	(20.5)	(20.7)	1%
Professional fees	(1.5)	(1.5)	-%	(2.5)	(2.3)	(9%)
Marketing expenses	(1.0)	(0.6)	(67%)	(1.8)	(0.8)	(125%)
Travel expenses	(0.6)	(0.2)	(200%)	(1.0)	(0.4)	(150%)
IT costs	(0.5)	(0.6)	17%	(1.1)	(1.2)	8%
Other operating expenses	(0.9)	(1.3)	31%	(1.9)	(2.5)	24%
Normalised EBITDA ¹	1.5	(3.0)	150%	2.3	(5.3)	143%
<i>Normalised EBITDA margin</i>	6%	(16%)	+22pp	5%	(14%)	+19pp

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2022

Revenue of \$24.4M up \$1.4M, 6% from 1QFY23 and 26% from 2QFY22.

Profit after direct costs and partner commissions of \$16.3M improved by \$1.5M to 1QFY23, and \$4.4M to 2QFY22, driven by continued cost control efforts and revenue growth. Gross margin of the quarter is 67%, up 2pp from Q1.

Normalised EBITDA¹ of \$1.5M, 6% of revenue (1QFY23: \$0.7M, 3% of revenue).

These results add to the continued strengthening of EBITDA¹ positive growth, resulting in \$2.3M for the FY23 YTD.

UNAUDITED FINANCIAL RESULTS

Consolidated Cash Flow	2QFY23 \$'M USD	2QFY22 \$'M USD	QoQ %	1HFY23 \$'M USD	1HFY22 \$'M USD	YoY %
Normalised EBITDA ¹	1.5	(3.0)	150%	2.3	(5.3)	143%
Working Capital	(3.1)	1.0	(410%)	(1.4)	(0.6)	(133%)
Cash flow from Operating Activities	(1.6)	(2.0)	20%	0.9	(5.9)	115%
Acquisition of subsidiary	-	-	-%	-	(7.5)	100%
Capital expenditure, including IP	(4.2)	(5.1)	18%	(12.8)	(15.4)	17%
Cash flow used in Investing Activities	(4.2)	(5.1)	18%	(12.8)	(22.9)	44%
Cash flow from issue of equity	-	2.5	(100%)	-	3.8	(100%)
Cash flow from borrowings, (net)	(4.3)	(0.8)	(438%)	(1.9)	3.7	(151%)
Principal lease payments	(1.8)	(1.4)	(29%)	(3.5)	(2.5)	(40%)
Cash flow from Financing Activities	(6.1)	0.3	(2,133%)	(5.4)	5.0	(208%)
Effect of FX movements	6.2	0.4	1,450%	(0.4)	(2.5)	84%
Total Net Cash Flow	(5.7)	(6.4)	11%	(17.7)	(26.3)	33%
Opening Cash Balance	44.9	82.4		56.9	102.3	
Closing Cash Balance ²	39.2	76.0		39.2	76.0	

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2022

Cash from operations was an outflow of \$1.6M, a decrease in comparison to the same period previous year. Cash flow from operations was an inflow of \$0.9M year to date.

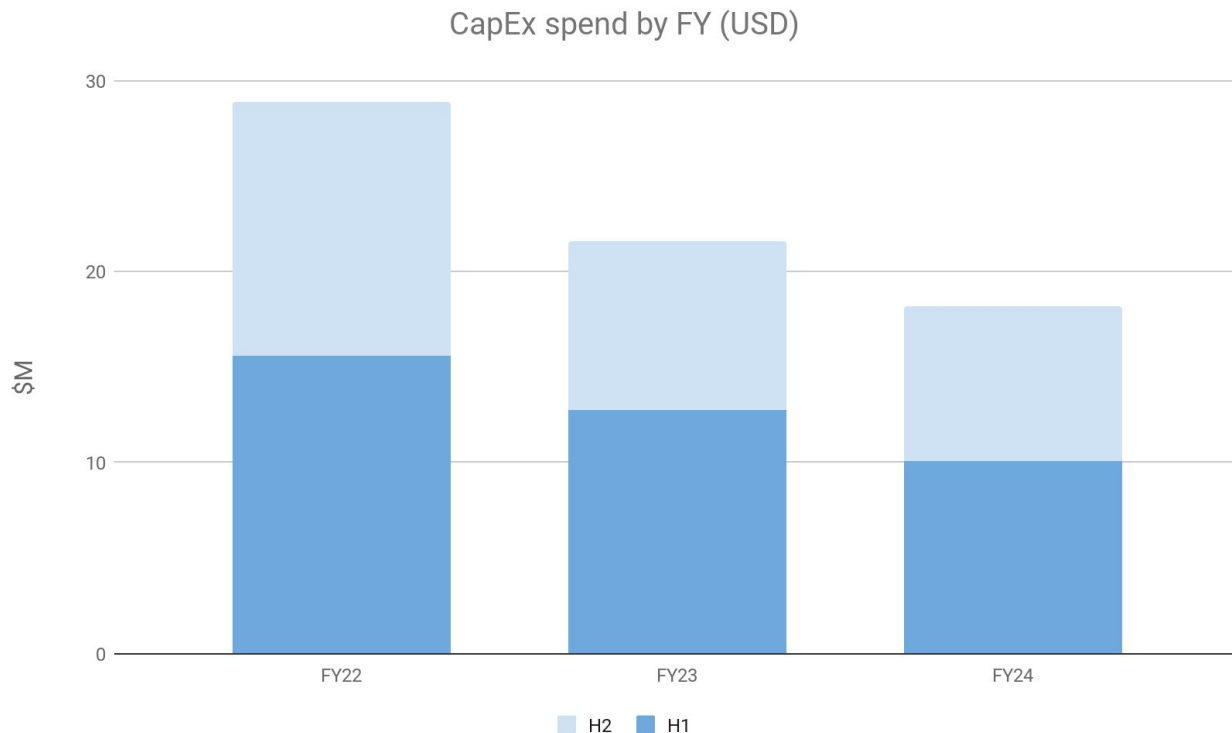
Cash used in investing activities of \$4.2M was \$0.8M less than the same period in FY22, and down compared to 1QFY23 (\$8.6M) by \$4.4M.

Cash flow from borrowings reflects a vendor financing reclass from 1QFY23 of \$2.3M.

Total cash movement for the quarter was \$5.7M, with the positive effect of FX movements reversing the impact recorded in Q1.

Cash on hand at 31 December was US\$39.2M (A\$57.5M)

CAPEX BY FINANCIAL YEAR (USD)

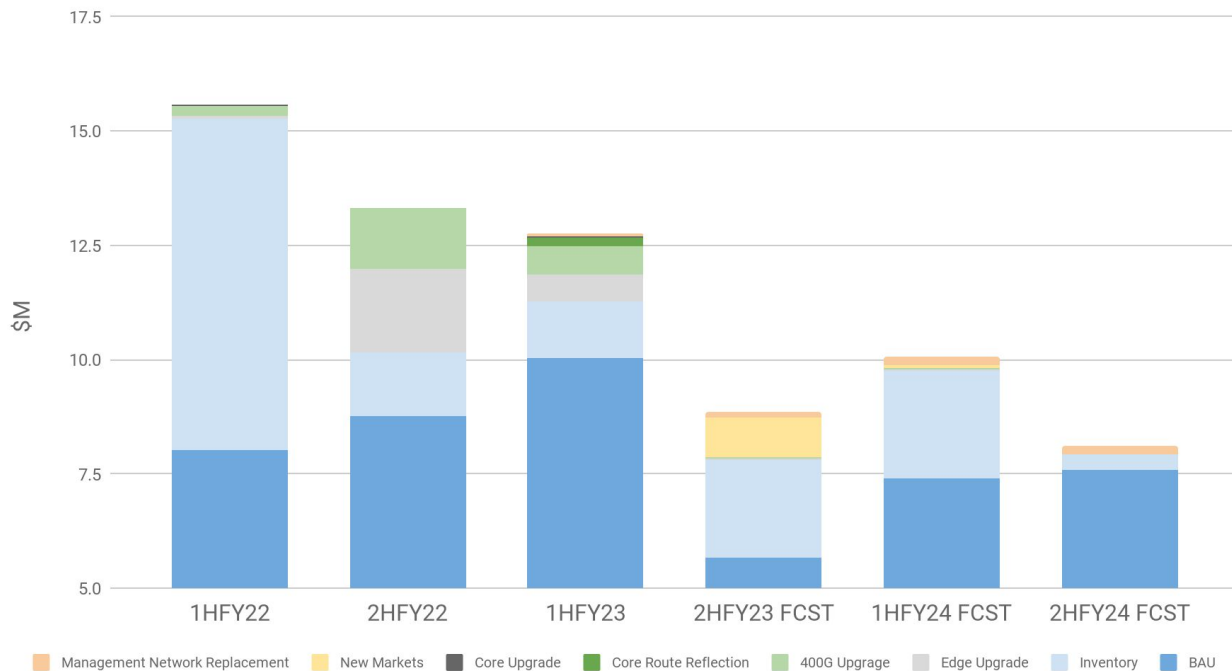


Annual CapEx: FY22 \$28M, FY23 \$22M (forecast), FY24 \$18M - \$20M (projected)

FY24 may change depending on global opportunity, impacts of FX or pausing of discretionary spend.

CAPEX BY HALF YEAR (USD)

CapEx Spend FY22 - FY24 (USD)



Annual CapEx: FY22 \$28M, FY23 \$22M (forecast), FY24 \$18M - \$20M (projected)

BAU includes normal expansion of footprint, densification of on-ramps within the network, ongoing capacity enhancement, and all IP development work.