



Global Update

Megaport reports record Monthly Recurring Revenue growth in 1Q FY22, with Annualised Revenue now exceeding \$100M. The Company announced support for Versa SASE on Megaport Virtual Edge, bolstering connectivity options for branch locations and remote users.

Brisbane, AUSTRALIA 21 October, 2021 Megaport Limited (**ASX:MP1**) today reports its quarterly Key Performance Indicators to 30 September 2021, and provides a global market update.

Executive Summary

In 1Q FY22, Megaport accelerated Monthly Recurring Revenue (MRR) growth, up \$1.1M and 14% QoQ, to \$8.6M in September 2021. Underlying MRR¹ grew \$822k for the quarter – a record high for the Company. Total revenue for the quarter was \$24.6M, up 8% compared to 4Q FY21.

During the first quarter, Megaport sold 1,459 new services, up 7% QoQ for total services of 23,171. The company sold 7 Megaport Virtual Edges (MVEs), increasing 33% QoQ for a total of 28 sold MVEs in advance of going live on Cisco's Global Price List (GPL). Megaport is now included on the Cisco GPL as of September 29, 2021. GPL inclusion is a key component of an ongoing partnership between Cisco and Megaport. Access to the Cisco GPL will make it easier for Cisco SD-WAN customers to adopt Megaport to enable Software Defined Cloud Interconnect (SDCI) for rapid cloud connectivity.

Performance Highlights

1Q FY22 highlights:

- MRR for the month of September 2021 was \$8.6M, an increase of \$1.1M, or 14% QoQ.
- Revenue for the quarter was \$24.6M, an increase of \$1.9M or 8% QoQ.
- Customers at the end of the quarter were 2,332, an increase of 47, or 2.1% QoQ.
- Total Ports at the end of the quarter were 8,084, an increase of 395, or 5.1% QoQ.
- Total VXC's at the end of the quarter were 13,036, an increase of 1,007, or 8.4% QoQ.
- Total MCRs at the end of the quarter were 543, an increase of 41, or 8.2% QoQ.
- Total MVEs at the end of the quarter were 28, an increase of 7, or 33.3% QoQ.
- Total Services² at the end of the quarter were 23,171, an increase of 1,459, or 6.7% QoQ.

¹ Underlying MRR is the QoQ growth in MRR excluding the estimated impact of FX movements.

² Total Services comprise Ports, Virtual Cross Connections (VXC's), Megaport Cloud Router (MCR), Megaport Virtual Edge (MVE) and Internet Exchange (IX).

- Average Revenue per Port in September 2021 was \$1,058, an increase of \$76, or 8% QoQ.
- At the end of September 2021, the Company's cash position was \$114M.

Long-term deal commitments reached a record in the quarter with 52% of net new Ports in the quarter being acquired with committed terms of between 12 and 36 months. This represents a growing trend of customers using Megaport to connect long-term IT solutions and taking advantage of the ability to rapidly connect those services.

1Q FY22 saw accelerated growth in Monthly Recurring Revenue (MRR), up \$1,065k and 14% QoQ, to \$8.6M in September 2021. Underlying MRR³ grew \$822k for the quarter – a record high for the Company. Total revenue for the quarter was \$24.6M, up 8% compared to 4Q FY21, and an increase of 42% over 1Q FY21.

The Company has sold 28 MVEs as of 30 September, supporting SD-WAN connectivity services for 16 customers utilising integrations with multiple Megaport SD-WAN partners as customers connect branch locations to the Megaport Software Defined Network for on-demand connectivity.

000s	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Reported MRR in AUD	4,551	5,416	5,651	5,783	6,251	6,752	7,487	8,552
Reported MRR growth in AUD	480	865	235	132	468	501	735	1,065
Reported QoQ growth in MRR	12%	19%	4%	2%	8%	8%	11%	14%
Estimated impact of FX movements	not material	348	(424)	(155)	(139)	(130)	68	243
Underlying Growth in MRR⁴	480	517	659	286	606	631	667	822
QoQ Growth in Underlying MRR	12%	11%	12%	5%	10%	10%	10%	11%

³ Underlying Growth in MRR is the QoQ growth in MRR excluding the estimated impact of FX movements.

⁴ Underlying Growth in MRR is the QoQ growth in MRR excluding the estimated impact of FX movements.

Product Updates

With the addition of Versa SASE, announced September 29, there are currently three major SD-WAN providers commercially available on the MVE platform which together address more than 50%⁵ of the SD-WAN infrastructure market share. A further two SD-WAN providers are technically integrated and will commercially launch in 2Q FY22 bringing our coverage of the SD-WAN infrastructure market share to more than 70%⁵. In the quarter, the MVE product went live on Cisco's Global Price List.

Demand for 100 Gbps customer access ports has steadily increased as customers utilise Megaport's carrier-grade backbone for critical connectivity services. In response, the Company is positioning additional port inventory to stay ahead of demand. Megaport accelerated deployment of 100 Gbps port speeds for direct customer consumption with availability in 81 sites across 25 of the major metros of our network in all three regions. In addition, to support the additional capacity demands expected on our network, Megaport has begun to deploy a new 400 Gbps backbone in the NAM region.

The Company announced the acquisition of InnovoEdge on August 10, 2021. Integration of InnovoEdge services with the Megaport platform is underway and will provide more orchestration and automation for greater end-to-end control of network and IT resources.

The company has continued to build multi-region capabilities in the channel to grow indirect sales opportunities throughout the quarter. Commercial arrangements and technical integration were completed in the quarter with the Company's first major Value Added Distributor (VAD), Arrow, and a second major partner to be completed in the coming weeks. Megaport PartnerVantage, announced on August 3, 2021, will launch in 2Q FY22 and provide a world-class channel programme that brings the power of Megaport's NaaS platform to a variety of segments within the channel to accelerate service adoption.

Megaport's Chief Executive Officer, Vincent English, commented, "With a record quarter of MRR growth and a continued increase in long-term commitments from our customers, we are seeing more substantial adoption of our platform. Ease-of-use and dependability continue to be driving factors for new service adoption as customers connect to more services and migrate more of their vital applications into public clouds. Our ecosystem of service providers and support for leading SD-WAN platforms on Megaport Virtual Edge provide our customers with more options to easily and securely connect between the services, locations, and users that are powering their businesses. The deployment of 400 Gbps capacity within our backbone will ensure we are able to satisfy the increasing customer requirements for on-demand cloud connectivity."

⁵ Per IDC report: Worldwide SD-WAN Infrastructure Market Shares, 2020: Growth Remains Strong as Market Evolutions Continue - May 2021

Key Performance Metrics

While continuing to grow the Company's ecosystem and product capabilities as the world's leading Network as a Service provider, Megaport drove consistent increases in all metrics across all regions in 1Q FY22.

Key metrics⁶:

	Quarterly Performance						YoY% Change ⁷
	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	QoQ % Change	
Enabled Data Centres	702	716	741	761	763	0.3%	8.7%
Installed Data Centres	385	386	390	405	406	0.3%	5.5%
Cloud On-Ramps	215	220	227	233	236	1.3%	9.8%
Customers	1,980	2,043	2,117	2,285	2,332	2.1%	17.8%
Ports	6,333	6,691	7,037	7,689	8,084	5.1%	27.7%
MCR	343	382	422	502	543	8.2%	58.3%
MVE	n/a	n/a	n/a	21	28	33.3%	n/a
Total Services	18,145	19,278	20,056	21,712	23,171	6.7%	27.7%
Revenue (M)	\$17.30	\$18.71	\$19.58	\$22.70	\$24.59	8.3%	42.1%
MRR ⁸ - Total (M)	\$5.8	\$6.3	\$6.8	\$7.5	\$8.6	14.2%	48.3%
MRR - Direct (%)	-	-	68%	68%	68%	-	-
MRR - Indirect (%)	-	-	32%	32%	32%	-	-

⁶ As at 30 September 2021.

⁷ Change in the yearly performance at 30 September 2021 to the prior corresponding period ended 30 September 2020.

⁸ Monthly Recurring Revenue is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.

Conclusions and Outlook

Vincent English said, “Channel and product innovation are core areas of Megaport’s growth strategy. Our early and ongoing investment in a network footprint that now connects more than 760 data centres positioned us to capture the first wave of Software Defined Cloud Interconnection as businesses began transitioning IT workloads to the cloud. Soon after, the launch of Megaport Cloud Router made cloud-to-cloud networking a reality, giving our customers the ability to deploy multicloud and hybrid cloud architectures that scale.

Now, with the availability of MVE – as well as our growing support for leading SD-WAN and SASE technologies – the Megaport Network as a Service platform can be accessed from more locations than ever. This provides our customers with secure, end-to-end connectivity, as SD-WAN adoption increases and businesses connect their branches, users, and services while transitioning from legacy telco networking.

We have developed our channel programme, PartnerVantage, to take advantage of the power and reach of the Megaport platform, which is built on continued product innovation. PartnerVantage bolsters our support for existing channels like data centres, networks, and managed service providers, and launches new features and capabilities to support additional channel segments, such as Value Added Distributors and Value Added Resellers. For the first time ever, VADs and VARs will have the ability to offer real-time connectivity that ties services and locations together as part of a holistic solution. The investments we are making in our channel programme and the new services we are driving through our product innovation will amplify our go-to-market capabilities and position us to capture greater market share as businesses increasingly adopt agile networking.”

Authorised by the Board.

Supporting Resources

- Visit Megaport: <https://megaport.com>
- Subscribe for ASX announcements [here](#)
- Follow Megaport on Twitter: [@megaportnetwork](#)
- Like Megaport on [Facebook](#)
- Follow Megaport on [LinkedIn](#)
- Learn more about [MCR](#) and [MVE](#)
- More information about Megaport [PartnerVantage](#)
- For definitions refer to the [Glossary for Investors](#) in our [Business Overview](#)

About Megaport

Megaport is the global leading provider of Elastic Interconnection services. Using Software Defined Networking (SDN), the Company's global platform enables customers to rapidly connect their network to other services across the Megaport Network. Services can be directly controlled by customers via mobile devices, their computer, or our open API. Megaport connects more than 2,300 customers in over 760 enabled data centres globally. Megaport is an Alibaba Cloud Technology Partner, AWS Technology Partner, AWS Networking Competency Partner, Cloudflare Network Interconnect Partner, Google Cloud Interconnect Partner, IBM Direct Link Cloud Exchange provider, Microsoft Azure Express Route Partner, Nutanix Direct Connect Partner, Oracle Cloud Partner, Rackspace RackConnect Partner, Salesforce Express Connect Partner, and SAP PartnerEdge Open Ecosystem Partner.

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Appendix: Megaport Regional Monthly Recurring Revenue¹ in Local Currency

APAC

000s	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
MRR in AUD	1,712	1,903	1,963	2,014	2,158	2,214	2,380	2,608
QoQ Growth in AUD	15%	11%	3%	3%	7%	3%	7%	10%

NAM

000s	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
MRR in USD	1,345	1,534	1,771	1,967	2,228	2,506	2,907	3,233
QoQ Growth in USD	13%	14%	15%	11%	13%	12%	16%	11%
USD/AUD cents ²	68.89	62.25	68.91	72.28	75.33	77.05	76.39	73.20
MRR in AUD	1,953	2,464	2,570	2,721	2,958	3,253	3,806	4,416
QoQ Growth in AUD	12%	26%	4%	6%	9%	10%	17%	16%

EU

000s	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
MRR in EUR	550	590	685	643	703	832	825	950
QoQ Growth in EUR	7%	7%	16%	-6%	9%	18%	-1%	15%
EUR/AUD cents ²	61.99	56.25	61.24	61.30	61.90	64.75	63.44	62.17
MRR in AUD	887	1,049	1,119	1,048	1,135	1,285	1,301	1,528
QoQ Growth in AUD	7%	18%	7%	-6%	8%	13%	1%	17%

Notes

1. Monthly Recurring Revenue (MRR) is the recurring revenue (excluding one-off and non-recurring revenue) for the last month of the quarter.
2. Exchange rates are the average rate for the last month of the quarter.