



Global Update

Megaport reports strong growth in underlying Monthly Recurring Revenue from core business as momentum in the indirect sales channel accelerates. First channel deals through Cisco Global Price list and via Arrow Electronics booked in the quarter.

Brisbane, AUSTRALIA 21 April, 2022 Megaport Limited (**ASX:MP1**) today reports its quarterly Key Performance Indicators to 31 March 2022, and provides a global market update.

Executive Summary

In 3Q FY22, Megaport drove strong underlying Monthly Recurring Revenue (MRR) growth, up \$0.6M and 6% QoQ. Foreign exchange headwinds from a strengthening Australian dollar resulted in reported MRR growth of \$0.3M, 3%, to \$9.5M in March 2022. Total revenue for the quarter was \$27.9M, up 5% compared to 2Q FY22. Annualised recurring revenue at 31 March 2022 was \$114M.

During the quarter ended 31 March 2022, Megaport sold 1,577 new services, up 6% QoQ for total services of 25,936. Average number of services per port of 2.88 is a record high and indicates increasing usage of our network by customers driven by value added services from Megaport Cloud Router (MCR) and Megaport Virtual Edge (MVE) making it easier for customers to enable multi-cloud and cloud-to-cloud IT architectures on the Megaport platform.

The company sold 19 MVEs, increasing 48% QoQ for a total of 59 sold MVEs with initial sales through Cisco's Global Price List and the indirect sales channel closing in the quarter. On 31 March MVE hosted active SD-WAN services for all five Megaport SD-WAN technology partners.

Performance Highlights

3Q FY22 highlights:

- MRR for the month of March 2022 was \$9.5M, an increase of \$0.3M, or 3% QoQ.
- Revenue for the quarter was \$27.9M, an increase of \$1.4M or 5% QoQ.
- Customers at the end of the quarter were 2,541, an increase of 86, or 4% QoQ.
- Total Ports at the end of the quarter were 9,012, an increase of 489, or 6% QoQ.
- Total VXC's at the end of the quarter were 14,706, an increase of 993, or 7% QoQ.
- Total MCR's at the end of the quarter were 670, an increase of 67, or 11% QoQ.
- Total MVE's at the end of the quarter were 59, an increase of 19, or 48% QoQ.

- Total Services¹ at the end of the quarter were 25,936, an increase of 1,577, or 6% QoQ.
- Average Revenue per Port in March 2022 was \$1,049, a decrease of \$25, or 2.3% QoQ.
- At the end of March 2022, the Company's cash position was \$88.8M.

3Q FY22 saw continued growth in MRR, up \$299K and 3% QoQ, to \$9.5M in March 2022, a result heavily impacted by foreign exchange from the strengthening of the Australian dollar. Underlying MRR² grew \$585k for the quarter, an increase of 13% over the growth achieved in 2Q. Strong customer growth continued in the quarter with the Company exceeding 2,500 customers. Of contracts closed in the quarter, 46% were on terms of 12 months or greater, indicating continued reliance on Megaport's services as an integral part of IT architectures.

Megaport Cloud Router drove increased multicloud connectivity on Megaport's platform and grew with 67 MCRs sold in the quarter, an increase of 11% over 31 December. At quarter end, 14% of Megaport's customers had adopted MCR and 37% of customers connected to more than one cloud providers.

| 000s | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Reported MRR in AUD | 5,651 | 5,783 | 6,251 | 6,752 | 7,487 | 8,552 | 9,157 | 9,456 |
| Reported MRR growth in AUD | 235 | 132 | 468 | 501 | 735 | 1,065 | 605 | 299 |
| Reported QoQ growth in MRR | 4% | 2% | 8% | 8% | 11% | 14% | 7% | 3% |
| Estimated impact of FX movements | (424) | (155) | (139) | (130) | 68 | 243 | 87 | (286) |
| Underlying Growth in MRR³ | 659 | 286 | 606 | 631 | 667 | 822 | 518 | 585 |
| QoQ Growth in Underlying MRR | 12% | 5% | 10% | 10% | 10% | 11% | 6% | 6% |

Product Updates

On 14 April 2022, the Company launched its full suite of products and services in Mexico, the 2nd largest IT spending market in Latin America and the 25th country enabled on Megaport's global platform.

Megaport's partnership with Kio Networks supports the initial launch of two core metros, Mexico City and Queretaro, with support for on-demand connectivity to the leading cloud

¹ Total Services comprise Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), Megaport Virtual Edge (MVE) and Internet Exchange (IX).

² Underlying Growth in MRR is the QoQ growth in MRR excluding the estimated impact of FX movements.

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

service providers. Alejandro Rios Huerta, Chief Technology Officer of KIO Networks, commented, “KIO Networks is delighted to offer our customers a fast and easy way to connect on-demand to cloud services inside our data centres in Mexico. Megaport’s leading global Network as a Service platform gives our customers the network agility, flexibility, and scalability they need to optimize their hybrid cloud and/or multicloud strategies.”

The Company launched Megaport ONE in January 2022, a white-label, multi-tenant SaaS platform for data centre, managed service, and network service providers, to orchestrate, network, and enable connectivity and cloud services. Megaport ONE is the culmination of integrating services from the acquisition of InnovoEdge in August 2021. After completing the full integration of InnovoEdge services and the alignment of InnovoEdge’s talent base into Megaport’s innovation and product groups, the company also announced the appointment of Jim Brinksma as Chief Technology Officer on 9 March 2022. Mr. Brinksma was an InnovoEdge co-founder and CTO.

Megaport’s Chief Executive Officer, Vincent English, commented, “The momentum of our channel program, Megaport PartnerVantage, continues to accelerate since the launch of our partner portal in November, 2021. The team has been highly-focused on partner recruitment and enablement in the past two quarters. As our channel investments are yielding greater results, we are strengthening our pipeline and increasingly converting more deals from partners across the board. Additionally, our larger strategic partnerships with Arrow Electronics and Cisco contributed to deals in the third quarter. Operationalising these larger partnerships requires commercial, marketing, and development investments to bring our combined capabilities to market and we are very excited to see the impact with these initial deals.

“Megaport ONE, launched in January, compliments our channel strategy by allowing service providers to integrate their offerings into the Megaport platform and enabling Megaport connectivity services to offer their customers a holistic range of IT services deployed and connected in real-time. Businesses can take advantage of these integrated services to control connectivity, activate key IT services, and manage resources through a single pane of glass. Put simply, Megaport ONE lets business connect to the cloud – and through the cloud.”

Key Performance Metrics

Megaport continues to drive growth in customers and services across all regions as the world’s leading Network as a Service provider, through greater access for enterprises.

Key metrics⁴:

| | Quarterly Performance | | | | | | YoY% Change ⁵ |
|------------------------------|-----------------------|---------|---------|---------|--------|--------------|--------------------------|
| | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | QoQ % Change | |
| Enabled Data Centres | 741 | 761 | 763 | 768 | 771 | 0.4% | 4.1% |
| Installed Data Centres | 390 | 405 | 406 | 411 | 409 | -0.5% | 4.9% |
| Cloud On-Ramps | 227 | 233 | 236 | 240 | 244 | 1.7% | 7.5% |
| Customers | 2,117 | 2,285 | 2,332 | 2,455 | 2,541 | 3.5% | 20% |
| Ports | 7,037 | 7,689 | 8,084 | 8,523 | 9,012 | 5.7% | 28.1% |
| MCR | 422 | 502 | 543 | 603 | 670 | 11.1% | 58.8% |
| MVE | n/a | 21 | 28 | 40 | 59 | 47.5% | n/a |
| Total Services | 20,056 | 21,712 | 23,171 | 24,359 | 25,936 | 6.5% | 29.3% |
| Revenue (M) | \$19.58 | \$22.70 | \$24.59 | \$26.57 | \$27.9 | 5.1% | 42.8% |
| MRR ⁶ - Total (M) | \$6.8 | \$7.5 | \$8.6 | \$9.2 | \$9.5 | 3.3% | 39.7% |
| MRR - Direct (%) | 68% | 68% | 68% | 66% | 65% | - | - |
| MRR - Indirect (%) | 32% | 32% | 32% | 34% | 35% | - | - |
| % MRR from MVE | - | 0.4% | 0.8% | 1.6% | 2.4% | - | - |

Conclusions and Outlook

Vincent English said, “Coming into the close of Fiscal Year 2022, we will remain focused on our channel and innovation strategies. Our commercial team will continue to recruit and onboard partners within our PartnerVantage program to sell our Network as a Service offering as part of holistic IT solutions including bundles with cloud service offers. With our recent agreement with Arrow Electronics beginning to produce deals, we are also focusing on operationalising our most recent partnership with TD Synnex, announced in January.

“By empowering Value Add Distributors, Agents, Systems Integrators, and Technology Providers with our on-demand services, we will continue to expand our market reach and make it easier for more businesses to deploy services at the speed of now.

“Our entry into Mexico, driven by demand from local partners and the leading cloud providers, is an excellent opportunity to address the need for cloud connectivity in the second largest Latin American market for IT spend. Our partnership with KIO Networks gives us an edge

⁴ As at 31 March 2022.

⁵ Change in the yearly performance at 31 March 2022 to the prior corresponding period ended 31 March 2021.

⁶ Monthly Recurring Revenue is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.

in-market and our recent hires within Mexico are well-positioned to capture the opportunity to enable secure, multicloud connectivity as adoption of public and hybrid cloud architectures continue to grow.

“The Megaport team is energized and focused on delivering a solid fourth quarter performance and setting our business up for great momentum heading into Fiscal year 2023.”

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 2,500 customers in over 770 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, OVHcloud 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 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| MRR in AUD | 1,963 | 2,014 | 2,158 | 2,214 | 2,380 | 2,608 | 2,882 | 2,932 |
| QoQ Growth in AUD | 3% | 3% | 7% | 3% | 7% | 10% | 11% | 2% |

NAM

| 000s | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 |
|----------------------------|------------|------------|------------|------------|------------|------------|-----------|-----------|
| MRR in USD | 1,771 | 1,967 | 2,228 | 2,506 | 2,907 | 3,233 | 3,387 | 3,688 |
| QoQ Growth in USD | 15% | 11% | 13% | 12% | 16% | 11% | 5% | 9% |
| USD/AUD cents ² | 68.91 | 72.28 | 75.33 | 77.05 | 76.39 | 73.20 | 71.51 | 73.92 |
| MRR in AUD | 2,570 | 2,721 | 2,958 | 3,253 | 3,806 | 4,416 | 4,736 | 4,989 |
| QoQ Growth in AUD | 4% | 6% | 9% | 10% | 17% | 16% | 7% | 5% |

EU

| 000s | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 |
|----------------------------|------------|------------|-----------|------------|------------|------------|-----------|-----------|
| MRR in EUR | 685 | 643 | 703 | 832 | 825 | 950 | 974 | 1,030 |
| QoQ Growth in EUR | 16% | -6% | 9% | 18% | -1% | 15% | 3% | 6% |
| EUR/AUD cents ² | 61.24 | 61.30 | 61.90 | 64.75 | 63.44 | 62.17 | 63.27 | 67.03 |
| MRR in AUD | 1,119 | 1,048 | 1,135 | 1,285 | 1,301 | 1,528 | 1,539 | 1,535 |
| QoQ Growth in AUD | 7% | -6% | 8% | 13% | 1% | 17% | 1% | 0% |

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.