



Global Update

Megaport reports EBITDA profit for 4Q FY22 with record growth in Monthly Recurring Revenue from core business.

Brisbane, AUSTRALIA 20 July, 2022 Megaport Limited (**ASX:MP1**) today reports its quarterly Key Performance Indicators to 30 June 2022, and provides a global market update.

Executive Summary

In 4Q FY22, Megaport drove record Monthly Recurring Revenue (MRR) growth of 13% QoQ, up \$1.2M to \$10.7M in June 2022. Excluding the impact of foreign exchange tailwinds from a weakening Australian dollar, underlying MRR grew \$1.0M, 10%, to \$10.7M in June 2022.

Total revenue for the quarter was \$30.6M, up 10% compared to 3Q FY22. Annualised recurring revenue at 30 June 2022 was \$128M.

Megaport delivered EBITDA profit for 4Q FY22 as a whole, a first for the Company. During the quarter two new markets, Canada and Japan, became individually profitable ahead of schedule, contributing to the Group EBITDA performance.

During the quarter ended 30 June 2022, Megaport sold 1,447 new services, up 6% QoQ for total services of 27,383. Net new ports increased by 533, an increase of 6% to 9,545. Strong port sales combined with a 7% increase in average revenue per port to \$1,120 per month supported record MRR growth in the quarter.

Performance Highlights

4Q FY22 highlights:

- MRR for the month of June 2022 was \$10.7M, an increase of \$1.2M, or 13% QoQ.
- Revenue for the quarter was \$30.6M, an increase of \$2.7M or 10% QoQ.
- Customers at the end of the quarter were 2,643, an increase of 102, or 4% QoQ.
- Total Ports at the end of the quarter were 9,545, an increase of 533, or 6% QoQ.
- Total VXC's at the end of the quarter were 15,545, an increase of 839, or 6% QoQ.
- Total MCR's at the end of the quarter were 731, an increase of 61, or 9% QoQ.
- Total MVE's at the end of the quarter were 73, an increase of 14, or 24% QoQ.
- Total Services¹ at the end of the quarter were 27,383, an increase of 1,447, or 6% QoQ.
- Average Revenue per Port in June 2022 was \$1,120, an increase of \$71, or 6.8% QoQ.
- At the end of June 2022, the Company's cash position was \$82.5M.

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

4Q FY22 saw continued growth in MRR, up \$1.2M and 13% QoQ, to \$10.7M in June 2022, a result assisted by foreign exchange from the weakening of the Australian dollar. Underlying MRR² grew \$961k for the quarter, an increase of 64% over the underlying growth achieved in 3Q FY22. Strong customer acquisition continued in the quarter with the Company exceeding 2,600 total customers at quarter end.

MegaPort Cloud Router drove increased multicloud connectivity on MegaPort's platform and grew with 61 MCRs sold in the quarter, an increase of 9% over 30 June. At quarter end, 14% of MegaPort's customers had adopted MCR with 40% of customers connected to more than one cloud provider as multicloud IT environments become best practice.

000s	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Reported MRR in AUD	5,783	6,251	6,752	7,487	8,552	9,157	9,456	10,695
Reported MRR growth in AUD	132	468	501	735	1,065	605	299	1,239
Reported QoQ growth in MRR	2%	8%	8%	11%	14%	7%	3%	13%
Estimated impact of FX movements	(155)	(139)	(130)	68	243	87	(286)	278
Underlying Growth in MRR³	286	606	631	667	822	518	585	961
QoQ Growth in Underlying MRR	5%	10%	10%	10%	11%	6%	6%	10%

Business Update

Following the launch in Mexico on 14 April 2022, strong local interest has resulted in sales of core products ahead of plan through our partnership with KIO Networks with support from MegaPort's local team. Mexico is the second largest IT spending market in Latin America and cloud connectivity is becoming increasingly critical to enterprise as the leading cloud service providers establish dedicated, in-country cloud regions to address market demand.

The launch in Mexico contributed to 4 of the additional 16 data centres enabled by the MegaPort network. Now at scale, MegaPort's enabled data centre footprint, combined with the

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.

leading ecosystem of on-demand cloud onramp connectivity and leading IT service providers is a strategic differentiator. The combined opportunity for interconnection within the Megaport IT services ecosystem is the primary driving factor for revenue growth, as opposed to enabled data centre metrics alone.

Megaport's Chief Executive Officer, Vincent English, commented, "During the fourth quarter of fiscal year 2022 Megaport drove steady underlying revenue growth. Uptake of core products, as well as monthly recurring revenue growth, were strong in the quarter. This is driven by customers continuing to increase the number of service providers they securely connect through our platform as they undertake global digital transformation initiatives."

"Increased service uptake and strong new customer growth resulted in our delivering EBITDA profit in the quarter. The underlying Megaport network and business model has strong operating leverage to further increase profit and generate cash as revenue grows. Japan and Canada have reached profitability ahead of plan and early indications are that Mexico may outperform plan expectations."

"As a global business supporting customers in 25 countries, Megaport is exposed to currency fluctuations that may sometimes obscure overall revenue performance. However, with accelerating underlying revenue growth, the global nature of our business has proven to be a strategic differentiator as leading global companies rely on Megaport to connect to mission critical IT services."

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
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	QoQ % Change	
Enabled Data Centres	761	763	768	771	787	2%	3%
Installed Data Centres	405	406	411	409	423	3%	4%
Cloud On-Ramps	233	236	240	244	278	14%	19%
Customers	2,285	2,332	2,455	2,541	2,643	4%	16%
Ports	7,689	8,084	8,523	9,012	9,545	6%	24%
MCR	502	543	603	670	731	9%	46%
MVE	21	28	40	59	73	24%	248%
Total Services	21,712	23,171	24,359	25,936	27,383	6%	26%
Revenue (M)	\$22.70	\$24.59	\$26.57	\$27.95	\$30.63	10%	35%
MRR ⁶ - Total (M)	\$7.5	\$8.6	\$9.2	\$9.5	\$10.7	13%	43%
MRR - Direct (%)	68%	68%	66%	65%	64%	(1%)	(4%)
MRR - Indirect (%)	32%	32%	34%	35%	36%	1%	4%
% MRR from MVE	0.4%	0.8%	1.6%	2.4%	2.2%	(0.2%)	1.8%

Conclusions and Outlook

Vincent English said, "Closing fiscal year 2022 with a solid fourth quarter performance across all operating metrics provides excellent momentum going into fiscal year 2023. We have aligned our business to reduce cash burn and have a clear runway to profitability with a proven business plan. We have a strong cash position with more than \$80M available. With a record of successfully executing on our plans, we have a high degree of confidence in FY23 and will continue to stay out front as the leading global NaaS provider."

⁴ As at 30 June 2022.

⁵ Change in the yearly performance at 30 June 2022 to the prior corresponding period ended 30 June 2021.

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

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 2,600 customers in over 785 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	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
MRR in AUD	2,014	2,158	2,214	2,380	2,608	2,882	2,932	3,292
QoQ Growth in AUD	3%	7%	3%	7%	10%	11%	2%	12%

NAM

000s	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
MRR in USD	1,967	2,228	2,506	2,907	3,233	3,387	3,688	4,028
QoQ Growth in USD	11%	13%	12%	16%	11%	5%	9%	9%
USD/AUD cents ²	72.28	75.33	77.05	76.39	73.20	71.51	73.92	70.27
MRR in AUD	2,721	2,958	3,253	3,806	4,416	4,736	4,989	5,732
QoQ Growth in AUD	6%	9%	10%	17%	16%	7%	5%	15%

EU

000s	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
MRR in EUR	643	703	832	825	950	974	1,030	1,110
QoQ Growth in EUR	-6%	9%	18%	-1%	15%	3%	6%	8%
EUR/AUD cents ²	61.30	61.90	64.75	63.44	62.17	63.27	67.03	66.46
MRR in AUD	1,048	1,135	1,285	1,301	1,528	1,539	1,535	1,671
QoQ Growth in AUD	-6%	8%	13%	1%	17%	1%	0%	9%

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.