



## ASX RELEASE

22 August 2023

### FY23 Full Year Results Announcement

***Megaport delivered a record performance in the year ended 30 June 2023, highlighted by revenue increasing 40% to \$153.1 million, our first ever positive Normalised EBITDA<sup>1</sup> delivering \$20.2M, and 11% growth in services to 30,516.***

**Brisbane, AUSTRALIA August 22, 2023** Megaport Limited (**ASX:MP1**) today reports its annual earnings to 30 June 2023, achieving transformational improvements in EBITDA and Net Cash Flow during the financial year.

Megaport delivered a record Normalised EBITDA<sup>1</sup> of \$20.2M in FY23, an improvement of \$30.4M from a Normalised EBITDA loss of \$10.2M in FY22. FY23 Reported EBITDA<sup>2</sup> is \$25.2M, up \$37.5M from a Reported EBITDA loss of \$12.3M in FY22. Both Normalised EBITDA and Reported EBITDA were within the upgraded guidance range<sup>3</sup>.

These improvements in EBITDA were the result of robust 40% top line revenue growth and a strong focus on cost control within the business. This improvement in operating and financial performance through the year saw Normalised EBITDA margins increase to 13% in FY23 and to 27% in 4Q FY23.

The Net Cash<sup>4</sup> outflow of \$35.4M for the FY23 full year was a \$15.4M improvement compared to FY22, and in the last quarter in FY23 Megaport delivered a positive Net Cash Flow<sup>4</sup> result for the first quarter in its history. Net Cash increased by \$2.3M in 4Q FY23 including payments of \$2.6M to impacted employees as part of the reduction in force. This was an improvement of \$10.8M compared to a Net Cash outflow of \$8.5M in 3Q FY23. The strong Net Cash Flow generated in 4Q FY23 saw repayments of \$2.4M made to the vendor financing facility.

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<sup>1</sup> Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA), which represents Reported EBITDA adjusted (reduced) for certain one-off accrual reversals.

<sup>2</sup> Reported EBITDA represents operating results excluding equity-settled employee and related costs, foreign exchange gains and losses, gains and losses on disposal of property, plant and equipment, and certain non-recurring non-operational expenses including the costs of one-time redundancy charges of approximately \$4.9M for FY23.

<sup>3</sup> On 11 July 2023, Megaport released an ASX announcement titled "[Upgrading EBITDA Guidance FY2023 and FY2024](#)" upgrading FY23 Normalised EBITDA guidance to be in the range of \$19M to \$21M and FY23 Reported EBITDA guidance to be in the range of \$24M to \$26M.

<sup>4</sup> Net Cash Flow is defined as the movement in Net Cash. Net Cash is cash at bank less debt including the vendor financing facility, and excludes the \$10.4M (US\$7.5M) cash purchase price for InnovoEdge in FY22.

Annual Recurring Revenue<sup>5</sup> (ARR) grew to \$178.6M in June 2023, up \$50.3M or 39% compared to June 2022.

## Performance Highlights

FY23 highlights:

- Revenue for the period was \$153.1M, an increase of 40% year-on-year (YoY).
- Customers increased by 213, or 8% YoY to a total of 2,856.
- Customer ports<sup>6</sup> increased by 699, or 8% in the fiscal year to 9,172.
- MCRs increased 117, or 16% in the fiscal year to 848.
- MVEs increased 86, or 118% in the fiscal year to 159.
- Total Services<sup>7</sup> increased by 3,133, or 11% in the fiscal year to 30,516.
- ARR per Service in June 2023 increased by \$1,166 or 25% YoY to \$5,853.
- Net loss for the full year was \$9.8M.
- At the end of June 2023, the Company's Net Cash<sup>4</sup> position was \$33.3M.

## Key Performance Metrics

While continuing to grow the Company's global footprint and position as the world's leading global Network as a Service provider, Megaport increased in all metrics across all regions in FY23.

Key metrics<sup>8</sup>:

	Quarterly Performance						Yearly Performance		
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	QoQ % Change	FY22	FY23	YoY % Change <sup>9</sup>
ARR (A\$M)	128.3	139.3	148.3	169.5	<b>178.6</b>	<b>5%</b>	128.3	<b>178.6</b>	<b>39%</b>
Customers	2,643	2,700	2,739	2,811	<b>2,856</b>	<b>2%</b>	2,643	<b>2,856</b>	<b>8%</b>
Customer Ports	8,473	8,573	8,902	9,025	<b>9,172</b>	<b>2%</b>	8,473	<b>9,172</b>	<b>8%</b>
MCR	731	772	768	802	<b>848</b>	<b>6%</b>	731	<b>848</b>	<b>16%</b>
MVE	73	95	94	119	<b>159</b>	<b>34%</b>	73	<b>159</b>	<b>118%</b>
Total Services	27,383	28,326	29,088	29,695	<b>30,516</b>	<b>3%</b>	27,383	<b>30,516</b>	<b>11%</b>

<sup>5</sup> Annual Recurring Revenue (ARR) is the recurring revenue expected over a 12 month period, calculated as Monthly Recurring Revenue for the last month of the period x 12, and excludes any non-recurring or one-off revenue.

<sup>6</sup> Customer ports are total ports less cloud service provider (CSP) ports. Cloud ports or CSP ports are network interface points or physical connections between Megaport and a CSP on-ramp located inside a data centre.

<sup>7</sup> Total Services comprise Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX).

<sup>8</sup> As at 30 June 2023. A spreadsheet with historical KPIs and metrics can be found on our website at <https://www.megaport.com/investor/business-overview/#kpis>.

<sup>9</sup> Change in the yearly performance at 30 June 2023 to the prior corresponding period ended 30 June 2022.

MegaPort's Aggregate Customer Lifetime Value<sup>10</sup> increased to 30% during the year to \$1.1 billion, reflecting the 8% increase in customers and 20% increase in Customer Lifetime Value. On average customers stay with MegaPort for 9 years, and over this period they typically increase their number of services and their average spend, contributing to ARR growth year after year.

## Conclusions and Outlook

FY23 saw us celebrate record Annual Recurring Revenue of \$178.6M, up 39% YoY. Strong revenue growth coupled with improved operating efficiencies resulted in a tremendous turnaround in the Company's financial position. In Q4, we announced our first-ever quarter of positive Net Cash Flow and, more importantly, guided that FY24 will be Net Cash Flow positive, excluding any strategic investments.

Michael Reid said, "MegaPort delivered an incredible \$20.2M of Normalised EBITDA, our first ever positive year.

"The outstanding turnaround is attributed to continued improvement in operating and financial performance resulting in us upgrading earnings guidance in July 2023. This is a strong validation of our business model, and demonstrates our excellent operating leverage as the business continues to grow revenue.

"The Company expects FY24 EBITDA<sup>11</sup> growth to be between 152% and 182% year on year. This upgrades the previous EBITDA guidance to a range of \$51M to \$57M<sup>12,13</sup> and includes the planned incremental growth in sales headcount.

"Revenue in fiscal 2024 is expected to be in the range \$190M to \$195M<sup>11,12</sup>, an increase of 24% to 27% on fiscal 2023.

"MegaPort is in a strong financial position and expects to be Net Cash Flow positive<sup>12,14</sup> for the full year FY24 after the investment in sales roles and planned capital expenditure.

"In fiscal 2024, MegaPort will continue to innovate on our incredible platform bringing new services, features, and capabilities to our customers globally. With the recent launch of MegaPort Reach, we can now sustainably expand into new data centre locations connecting

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<sup>10</sup> Aggregate Customer Lifetime Value is calculated as Customer Lifetime Value multiplied by the closing customer count. Customer Lifetime Value (LTV) calculated as ARR / customer multiplied by Gross Margin % multiplied by the Average Customer Lifetime. Average Customer Lifetime calculated as 1 divided by customer churn (11% in FY23 and 10% in FY22). Customer churn is measured over a 12 month period, and calculated as the proportion of customers at the start of a period that leave during the period, expressed as a percentage.

<sup>11</sup> Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) represents operating results excluding equity-settled employee and related costs, foreign exchange gains and losses, gains and losses on disposal of property, plant and equipment, and certain non-recurring non-operational expenses.

<sup>12</sup> On 22 August 2023, MegaPort released an ASX announcement titled "Updated Guidance for FY24" upgrading EBITDA guidance for the year ended 30 June 2024 to be in the range of \$51M to \$57M.

<sup>13</sup> FY24 Guidance assumes a foreign exchange rate of AUD \$1.00 to USD \$0.67.

<sup>14</sup> Net cash is defined as cash less debt including the vendor financing liability. This FY24 guidance is after taking into account the planned incremental growth in sales headcount and planned capital expenditure, and excludes any future strategic initiatives the Company may decide to undertake.

their customers to over 1,000 clouds, service providers, and other data centres in less than 60 seconds.”

More information can be found in the FY23 Full Year Results Investor Presentation and Appendix 4E and FY23 Annual Report lodged with the ASX on 22 August 2023.

Authorised by the Board of Megaport Limited.

### Supporting Resources

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

### About Megaport

Megaport is a leading provider of Network as a Service (NaaS) solutions. The company’s global Software Defined Network (SDN) helps businesses rapidly connect their network to services via an easy-to-use portal or our open API. Megaport offers agile networking capabilities that reduce operating costs and increase speed to market compared to traditional networking solutions. Megaport partners with the world’s top cloud service providers, including AWS, Microsoft Azure, and Google Cloud, as well as the largest data centre operators, systems integrators, and managed service providers in the world. Megaport is an ISO/IEC 27001-certified company.

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