Megaport

Appendix 4E
Annual Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Appendix 4E

The following information sets out the requirements of the Appendix 4E of Megaport Limited ('the Company') and its controlled entities ('the Group') with the stipulated information either provided here or cross referenced to the Annual Report for the financial year ended 30 June 2024.

The information provided in the Appendix 4E is based on the 30 June 2024 Annual Report, which has been prepared in accordance with the Corporations Act 2001, and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

This Appendix 4E covers the reporting period from 1 July 2023 to 30 June 2024. The previous corresponding period is 1 July 2022 to 30 June 2023.

Results for Announcement to the Market

Summary of Financial Information

	1 July 2023 to 30 June 2024 $'000	1 July 2022 to 30 June 2023 $'000	Change $'000	Change %
Revenue from ordinary activities	195,271	153,083	42,188	28%
Profit/(loss) from ordinary activities after tax attributable to members	9,606	(9,774)	19,380	n.m
Net profit/(loss) for the year attributable to members	9,606	(9,774)	19,380	n.m

n.m. not meaningful

Dividends

No dividend has been proposed or declared for the year ended 30 June 2024.

Commentary on the Results for the Year

Refer to the ASX Announcement titled 'FY24 Full Year Investor Presentation' lodged with the ASX on 22 August 2024 and the Director's Report 'Review of Operations' section in the 30 June 2024 Annual Report for commentary on the results for the year and explanations to understand the Group's revenue and profit/(loss) from ordinary activities.

Consolidated Financial Statements

Refer to the Consolidated Financial Statements in the 30 June 2024 Annual Report for the following statements and the accompanying notes, including the specific disclosures:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows

Each statement includes references to notes disclosures that have been prepared in accordance with Megaport's Statement of Compliance (refer to Note 2 under Section 1 in the consolidated financial statements in the 30 June 2024 Annual Report).

Net Tangible Asset Backing

	30 June 2024 cents	30 June 2023 cents
Net tangible asset backing per ordinary share^	66.09	46.51

^Calculates as net assets less intangible assets divided by the number of ordinary shares on issue

The number of Megaport shares on issue at 30 June 2024 is 159,500,813 (2023: 158,593,166).

Details of entities where control has been gained or lost during the year

During the year, the Group liquidated 100% control of Eastern Voice Link EOOD (2023: No control has been gained or lost during the year).

Details of Associates and Joint Ventures

There are no associates or joint ventures of the Group.

Information about the audit

This final report is based on the attached Financial Report which has been audited by the Group's auditor, Deloitte Touche Tohmatsu. A copy of Deloitte's unqualified audit report can be found as part of the consolidated financial statements.

ANNUAL REPORT 2024

Megaport

Contents

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.

FY24 HIGHLIGHTS

REVENUE

$195.3M

$42.2M
+28%

GROSS PROFIT

$136.8M

$32.9M
+32%

EBITDA[1]

$57.1M

$36.9M
+182%

NET CASH FLOW[2]

$28.0M

$62.5M
N.M.

1. Earnings Before Interest Tax Depreciation and Amortisation 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. EBITDA excludes restructuring costs of $1.1M in FY24 (FY23: $4.9M), and prior to FY24 EBITDA was normalised (adjusted or reduced) for certain one-off accrual reversals and reclassifications within profit and loss.

2. Net Cash Flow represents the movement in Net Cash, which is cash at bank less debt including the vendor financing liability. FY24 Net Cash Flow of $28.0M includes a one-off net receipt of $5.5m relating to prior quarters, and follows a review of revenue share arrangements with a partner. Excluding the one-off receipt of $5.5M, Net Cash Flow for FY24 was $22.5M. YoY movement in Net Cash Flow is the difference between a net cash outflow of $34.5M in FY23 and a net cash inflow of $28.0M in FY24.

N.M. = not meaningful

Dear Shareholder,

I am honoured to present you with the Financial Year 2024 Annual Report for Megaport Limited.

Over ten years ago, Bevan Slattery founded Megaport with a handful of talented people and an unwavering vision: to transform cloud networking in a way the world had never seen before. The challenges of paving new ground and forging a new industry were numerous, but he never faltered. He continued to lead his growing team with ingenuity, resourcefulness, and infectious optimism.

Brick by brick under Bevan's guidance, Megaport has now become the world's leading Network as a Service (NaaS) provider, an ASX200 listed company, and a trailblazer that sets a global standard for others to follow.

In FY24, our success has been more apparent than ever. We saw a rapid growth in margins and profitability as a result of our successful go-to-market overhaul, which included sales and marketing realignments, strategic sales hires, extensive global ecosystem expansions, and the launch of a number of innovative new products to help customers scale their connections and leverage AI across their business.

Our Chief Executive Officer, Michael Reid, has had a transformative impact from the moment he arrived, building a strong affinity with the Megaport team thanks to his transparent and inclusive leadership style. He has reinvigorated the sales team, advocated for the Company at every opportunity, and championed a truly impressive financial turnaround.

There is no successor that could amount to Megaport's founding visionary, but as someone who has shared the Board table with Bevan for several years already, I wholeheartedly share his belief in Megaport's potential to continue revolutionising connectivity even further. I was humbled and honoured to take on the position as Chair of the Board on 30 June.

Bevan's legacy extends throughout the Company and will continue to have a powerful impact long after his departure.

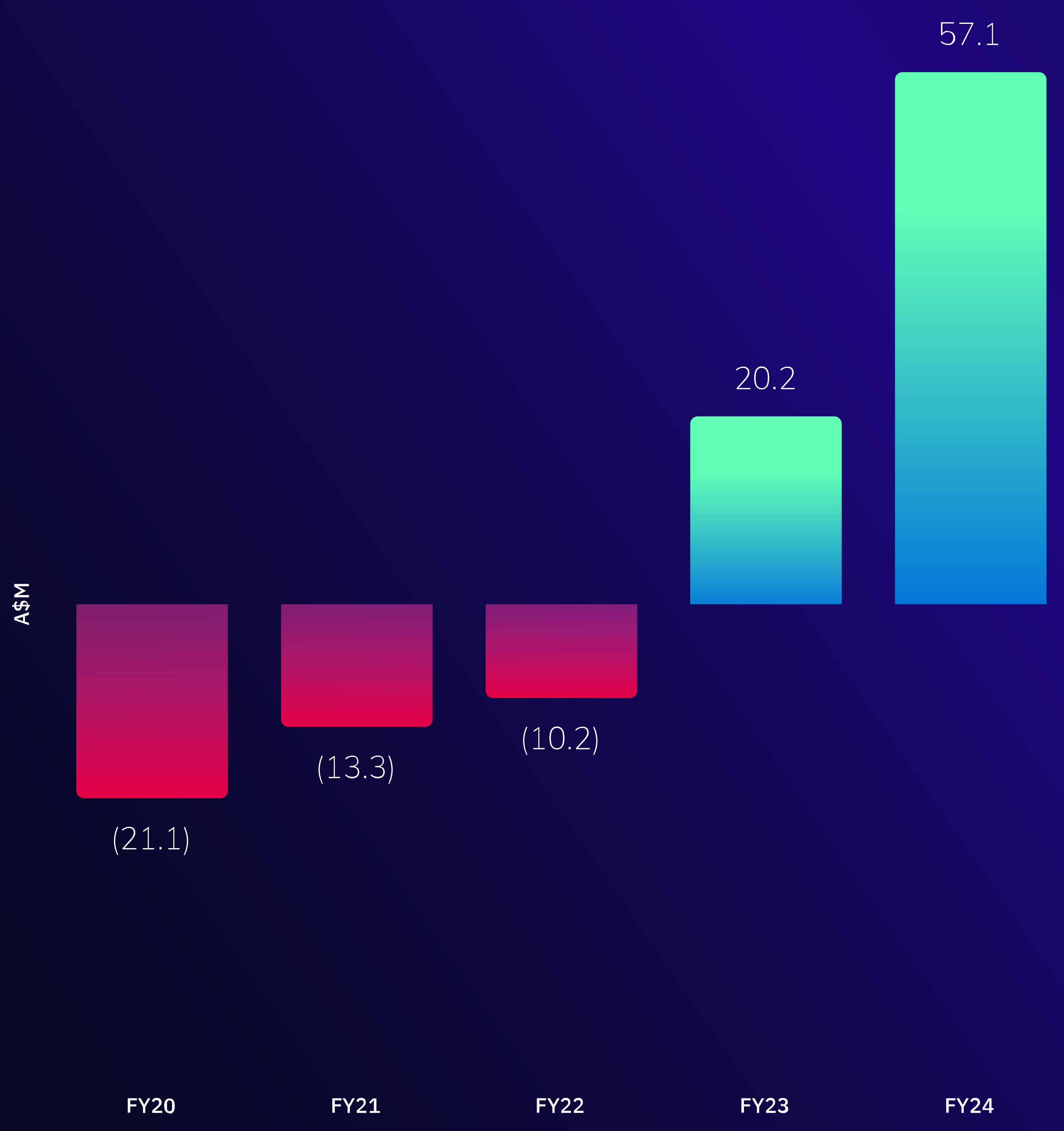
I'm sure Bevan joins me in thanking the Megaport team who worked tirelessly throughout FY24 to successfully launch all of these new products and global expansions, ultimately leading to an incredibly strong year for us. We remain the market leader in NaaS, proving time and again that we know how to adapt to changing markets and emerging technologies.

Thank you to our Board for your support and guidance as we enter a new era of leadership. And finally, thank you to our shareholders for continuing to believe in Bevan's and our vision as we continue to revolutionise global connectivity.

MELINDA SNOWDEN
NON-EXECUTIVE CHAIR – MEGAPORT LIMITED
22 AUGUST 2024

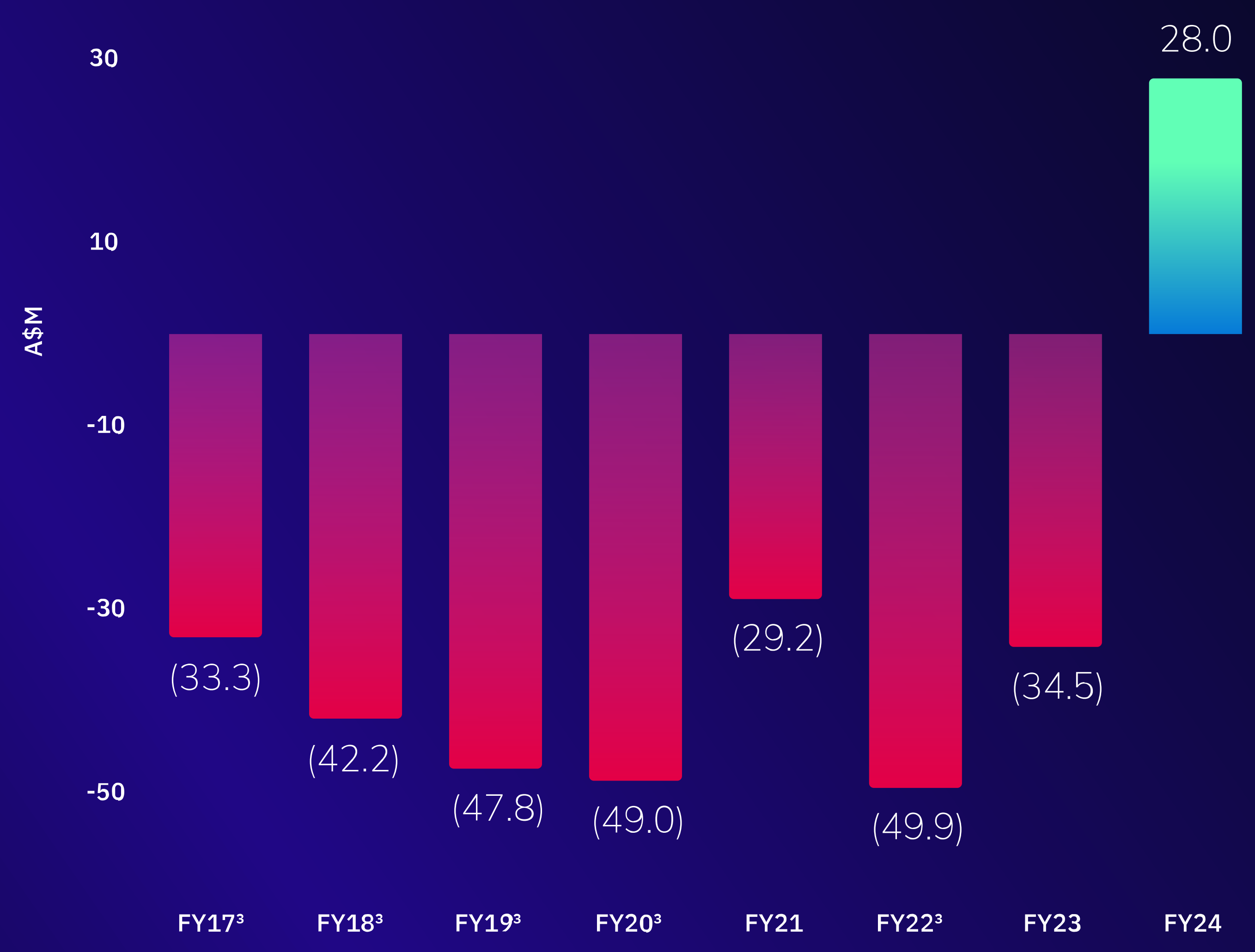
"I SHARE BEVAN'S UNWAVERING BELIEF IN MEGAPORT AS WE CONTINUE TO REVOLUTIONISE GLOBAL NETWORK CONNECTIVITY."

EBITDA[1]



1. Earnings Before Interest Tax Depreciation and Amortisation 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. EBITDA excludes restructuring costs of $1.1M in FY24 (FY23: $4.9M), and prior to FY24 EBITDA was normalised (adjusted or reduced) for certain one-off accrual reversals and reclassifications within profit and loss.

NET CASH FLOW[1,2]



1. Net Cash Flow represents movement in Net Cash, which is cash at bank less debt including the vendor financing liability.
2. FY24 Net Cash Flow of $28.0M includes a one-off net receipt of $5.5m relating to prior quarters, and follows a review of revenue share arrangements with a partner. Excluding the one-off receipt of $5.5M, Net Cash Flow for FY24 was $22.5M.
3. Net Cash Flow excludes proceeds from capital raisings of $42.4m in FY17, $77.0m in FY18, $64.1M in FY19 and $134.3M in FY20, and $10.4M (US$7.5M) cash purchase price for InnovoEdge in FY22.

Dear Shareholder,

More than a decade since its inception, Megaport remains the global pioneer in the Network as a Service (NaaS) space. Our solutions suite has further expanded and our global ecosystem has continued to grow in FY24, with 860+ enabled locations and 411+ service providers across 24 countries.

Cloud, AI, and the increasing need to move data at high speed across protected environments continues to propel our industry forward. 2024 saw an explosion in new data centre builds as the world grapples with the unprecedented demands of AI. Multicloud maintains its unstoppable growth as we see the four titans of cloud continue to expand, with more and more customers making decisions based on the applications between these global hyperscalers. We are also seeing niche players growing in popularity for specific use cases such as GPUaaS and storage-only services. Lastly, there are trends showing repatriation of compute and storage to traditional data centres as enterprises choose the right platform for each outcome. All these trends further propel the hybrid cloud story and the need for choice, flexibility, and rapid deployment: the fundamental value proposition Megaport was founded on.

2024 was a year of dramatic transformation at Megaport, across all vectors from C-suite, to go-to-market, product, engineering, and marketing, including a massive fiscal turnaround.

A strong focus on innovation and build has positioned us to address the needs of our customers and to expand on an untapped market for the foreseeable future. We are a growth company with tremendous opportunity to go after, and we will continue to drive profitable, efficient growth in our pursuit for every enterprise to join the network revolution.

We have made dramatic changes to the underlying competitiveness of the product and services to re-engage the product led growth Megaport has always benefited from.

Execution against strategy is the key to success. The product and engineering teams have delivered more product launches in the past year than the previous five years combined, and we are not slowing down. Megaport Reach brings the cloud to your data centre in less than 90 days; Global WAN streamlines the connection of physical and virtual Points of Presence; Data Centre Interconnect enables endpoint provisioning at protected mass speed and scale; and Megaport Internet offers a dedicated internet solution on Megaport's scalable network fabric.

We've completed Project Centurion, deploying a 400G backbone and 100G ports across North America. But our investment in our global network marches on as we continue to deploy more high-speed services to boost connectivity for customers. In addition, we've significantly expanded our ecosystem with new data centres, enabled countries, Internet Exchange (IX) peering locations, and Megaport Virtual Edge (MVE) providers. All of this was delivered with a massive overhaul of the underlying platform to deliver the Future Pricing strategy. Without doubt the largest product and pricing overhaul in Megaport history.

We also refreshed the cornerstone of the Megaport brand, our global website, to showcase the value we bring including a vastly improved user experience and updated product messaging that aligns with our shift to solution selling. Websites are the front door to any global business and are critical to fuel the global GTM.

The performance of the business represents the outstanding efforts from the team delivering growth with massive improvements in profitability. We smashed through $200 million in annual recurring revenue, and also achieved an incredible $57.1 million of EBITDA, a phenomenal increase of 182% year on year. The massive financial turnaround during FY24 has been nothing short of astounding, with Megaport posting its first ever year of profitability after tax including a free cash flow turnaround of $62.5M cash, landing us with our first ever net cash flow positive year of $28M.

The build out of new products allows us to dramatically increase the offerings to our customers. We saw this come to fruition with our largest ever ever deal—$4.2M TCV —on the back of our Global WAN launch, thanks to the efforts of our reinvigorated and expanded global sales team.

We also reconnected with customers and channel partners which was a personal highlight of my FY24. The Megaport World Tour in Q4 saw us visit over 50 cities to catch up with customers and ecosystem partners across every segment of the market. Hearing their feedback on our direction, I'm confident we're executing the right strategy to support their needs and continue to make a tremendous impact in our space.

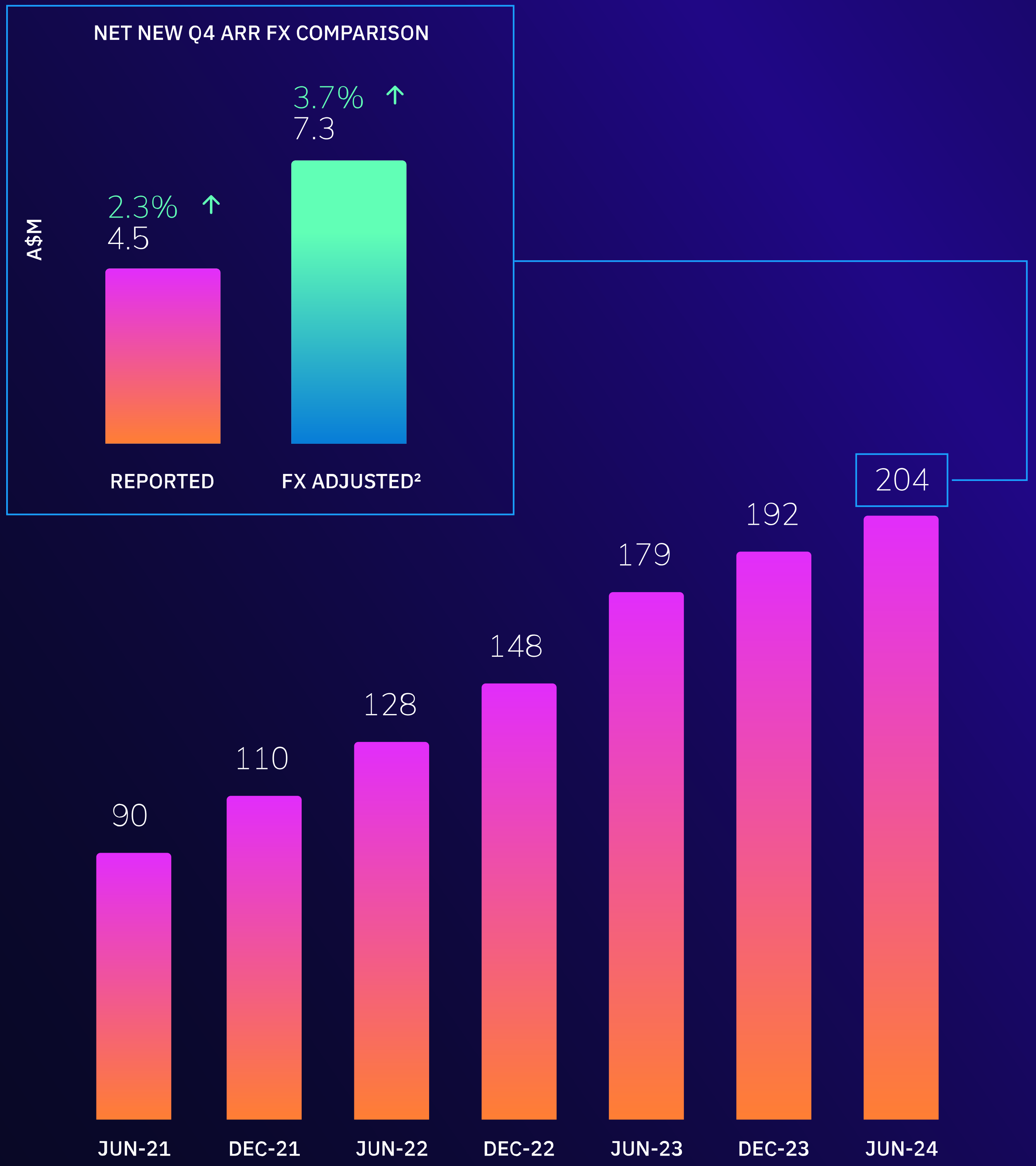
I can't thank the Megaport team enough for their passion and dedication to successfully executing our ambitious transformation and reinvigorated go-to-market strategy in FY24. On behalf of all of us, I also want to extend a thank you to you, our shareholders, for all of your support.

What an incredible opportunity we have before us. Game on.

MICHAEL REID
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER – MEGAPORT LIMITED
22 AUGUST 2024

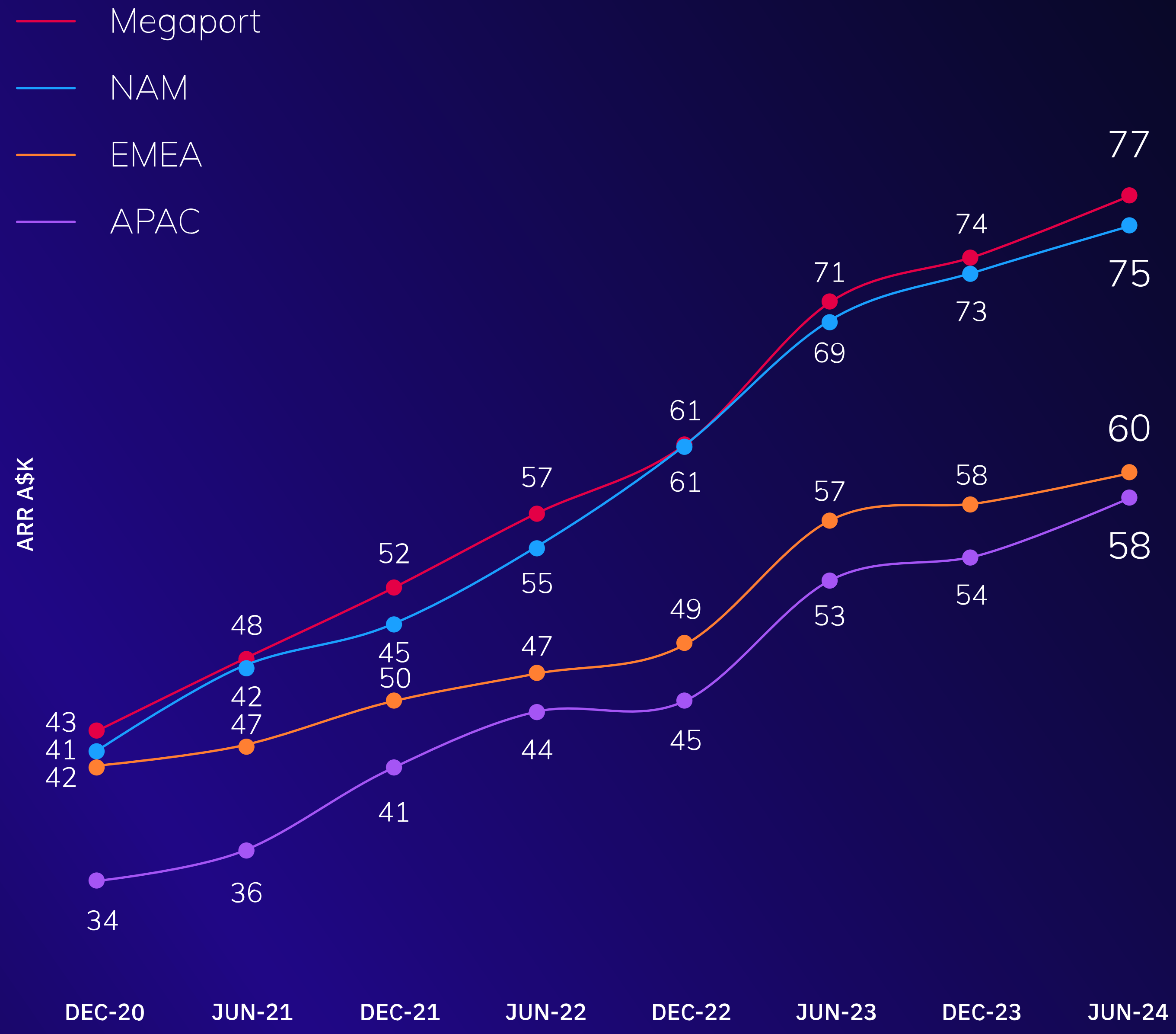
“MEGAPORT SMASHED THROUGH $200M IN ARR, A TREMENDOUS MILESTONE.”

ARR[1]



1. Annual Recurring Revenue (ARR) in A$ 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.
2. FX Adjusted shows net increase in ARR based on prior quarter's exchange rate. Excluding the impact of foreign exchange headwinds from a strengthening Australian dollar, underlying ARR grew 3.7% in 4Q FY24.

ARR PER CUSTOMER[1,2]



1. ARR calculated on a constant currency basis, using June 2024 average AUDUSD = 0.664 and AUDEUR = 0.617
2. ARR per Customer at a Megaport level is higher than its constituent regions because a customer may have services in multiple regions

Directors' Report

The Directors present their report on the consolidated entity consisting of Megaport Limited (referred to as 'the Company') and the entities it controlled (referred to as 'the Group' or 'the consolidated entity' or 'Megaport') at the end of, or during the year ended, 30 June 2024.

Directors and Company Secretary

The following persons were directors of Megaport during the whole or part of the financial year and up to the date of this report:

- Melinda Snowden
- Michael Reid
- Glo Gordon
- Michael Klayko
- Lauren Williams (Appointed: 5 June 2024)
- Jay Adelson
- Bevan Slattery (Resigned: 30 June 2024)
- Naomi Seddon (Resigned: 30 June 2024)

Celia Pheasant was Company Secretary during the financial year.

Principal activities

During the year, the Group engaged in its principal activities, being:

- the provisioning of on-demand interconnection services;
- the provisioning of internet exchange services;
- the addition and integration of new service providers into the Ecosystem;
- the development of product features and API integration with key partners; and
- continuing to expand the geographic footprint of its Network and Marketplace.

Dividends

Dividends were neither paid nor declared during the year (2023: nil).

Review of operations

Group overview

Megaport's vision is to revolutionise global connectivity. The Group's mission is to be the global leading Network as a Service ('NaaS') provider and enable customers with an agile networking methodology through the Megaport Connected Edge Strategy.

Megaport's platform uses Software Defined Networking to enable customers to rapidly connect to 411 leading service providers in a flexible, on-demand, and cost-effective way. The first of its kind and the leader in the market, the Group's neutral platform has changed the way businesses consume connectivity services by creating a model that mirrors cloud-buying capabilities and is therefore more intuitive and customer-centric than the offerings from traditional telecommunications companies.

In order to align its services closely with cloud compute and storage consumption models, the Group provides a self-serve environment for interconnection. Megaport enables customers to rapidly and flexibly connect to its partner data centres, cloud service providers, network service providers, and managed service providers, collectively known as the Ecosystem.

Customers connect to the Ecosystem by acquiring 'Megaports' ('Ports') and building Virtual Cross Connects ('VXCs') to their chosen destinations or services across the Megaport Network. Connectivity services can be directly controlled by customers via mobile devices and desktop environments through Megaport's portal, and its open Application Programming Interface ('API').

Megaport Cloud Router ('MCR') enables customers to instantly provision and control virtual routers through Megaport's web-based portal. Enterprises and service providers can unlock powerful use cases such as cloud-to-cloud networking and deploy Virtual Points of Presence ('VPoPs') without the need to purchase or maintain physical routing equipment. MCR enables customers to rapidly deploy services, granularly control traffic, and reduce their costs of owning and maintaining on premises infrastructure. Leading cloud service providers advocate MCR as a reference service for enabling connectivity between their cloud solutions and third-party cloud platforms.

Megaport Virtual Edge ('MVE') takes our platform beyond data centres and helps enterprises accelerate their journey into Software-Defined approaches to Wide Area Networking ('SD-WAN') and Secure Access Service Edge ('SASE'). MVE enables customers to connect branch locations like office buildings, corporate campuses, and store fronts to the Megaport ecosystem of service providers. Since its launch in March 2021 Megaport has continued to accelerate the integration of MVE with many of the leading SD-WAN providers to deliver maximum flexibility for our customers.

Megaport utilises its ecosystem of services and service providers to offer a wide range of solutions to its customers. Megaport's Hybrid Cloud solution allows customers to provision their desired hybrid network architecture utilising secure, resilient, and scalable connectivity in just a few clicks. Megaport's Cross Cloud solution allows customers to efficiently connect between multiple cloud service providers which can be managed in the one portal. Megaport's Virtual PoP solution provides customers the ability to create a secure personalised network which can be extended closer to the edge in real time, without the need to deploy hardware.

MegaIX provides direct interconnection across a shared Layer 2 fabric for streamlined peering to both local and distant networks, while Data Center Interconnection allows customers to connect their organisation between key metro locations with simple, fast, and direct campus connections in real time.

Megaport's Global WAN as a Service solution offers customers a holistic approach to networking, combining three solutions: Hybrid Cloud Connectivity, Cross Cloud Connectivity, and Virtual PoPs across the globe, providing customers an agile, secure network that is ready to meet the high-speed demands of the digital and AI age.

Megaport generates its revenue from end-user customers and through or from external partner resellers. 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. Megaport is an ISO/IEC 27001-certified company.

Operating and financial review

Revenue-Generating Key Performance Indicators[1]

	Half-Yearly Performance				Yearly Performance		
	Dec-22	Jun-23	Dec-23	Jun-24	FY23	FY24	YoY % Change
Annual Recurring Revenue ('ARR') in millions[1]	$148.3	$178.6	$191.7	**$203.9**	$178.6	**$203.9**	**14%**
Customer Logos[2]	2,448	2,545	2,615	**2,637**	2,545	**2,637**	**4%**
Ports	7,975	8,294	8,602	**8,777**	8,294	**8,777**	**6%**
VXCs and IX	16,599	17,757	18,858	**19,874**	17,757	**19,874**	**12%**
MCR	712	792	865	**914**	792	**914**	**15%**
Megaport Virtual Edge ('MVE')	74	117	170	**251**	117	**251**	**115%**
Total Services[3]	25,360	26,960	28,495	**29,816**	26,960	**29,816**	**11%**
Revenue in millions	$70.7	$82.4	$95.1	**$100.2**	$153.1	**$195.3**	**28%**

1. Annual Recurring Revenue 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.
2. Customer Logos reflect a consolidation of revenue generating customer accounts, where those accounts are owned by the parent company.
3. Services comprise revenue-generating Ports, Virtual Cross Connections (VXCs), Internet Exchange (IX), Megaport Cloud Router (MCR), and Megaport Virtual Edge (MVE).

[1] Revenue-generating key performance metrics are those with billed revenue in the quarter. Megaport's historical Revenue-generating KPIs can be found on our website at https://www.megaport.com/investor/business-overview/#kpis

Financial Performance

The Group's revenue for the period was $195.3 million (2023: $153.1 million), an increase of $42.2 million or 28%. Revenue for North America grew by 30%, Asia Pacific by 21%, and Europe by 31%. Reported revenue by operating segment for FY24 and the year ended 30 June 2023 ('FY23') is set out below:

	FY24		FY23	
Operating segment	$M	%	$M	%
North America	110.8	56.7	85.4	55.8
Asia Pacific	52.6	26.9	43.4	28.3
Europe	31.9	16.3	24.3	15.9
Total	**195.3**	**100.0**	**153.1**	**100.0**

Gross profit was $136.8 million, up 32% compared to the corresponding previous year of $103.9 million. Reflecting both revenue growth as well as continued focus on operational efficiency. Gross margin for the year was 70% (2023: 68%).

EBITDA[2] for the year was $57.1 million (2023: $25.2 million).

The Group's net profit for the year amounted to $9.6 million (2023: loss of $9.8 million).

Financial Position

Megaport continues to maintain a strong financial position with net current assets of $59.4 million (2023: $27.0 million), cash and cash equivalents of $72.4 million (2023: $48.5 million), net cash[3] of $61.2 million (2023: $33.2 million) and total equity of $154.1 million (2023: $127.9 million).

Business Highlights

In June 2024, Megaport reached 2,637 customer logos across 868 Enabled Data Centres in 162 cities (2023: 151 cities) and generated ARR of $203.9 million. Of these Data Centres, 491 were located in in North America, 229 in Europe, and 148 located in Asia Pacific.

Total Services at 30 June 2024 was 29,816, up 11% compared to a year earlier.

Go-to-Market Transformation

Megaport invested in its go-to-market ('GTM') capability in FY24 to drive future top-line growth:

- Expanded the GTM team, including adding more than 38 new sales and marketing roles, with more than half quota-bearing sales roles.
- Reinvested in high-yield channel resources and routes-to-market including refreshing the partner program, and hosting a global partner roadshow.
- Rebuilt and reignited the Digital Marketing function, with a strong focus on reengineering the lead and customer data workflows in order to attract and convert more customers and prospects via modern digital marketing initiatives.
- Rebuilt Megaport's website and refreshed customer messaging - a critical first project for the newly rebuilt Digital Marketing department.
- Transformed the way Megaport engages with customers, including a pivot towards solution selling
- Launched the world's first AWS Direct Connect Network Service Offering on AWS Marketplace, allowing Amazon Web Services ('AWS') customers to streamline the purchase and management of private connectivity for AWS Direct Connect within their AWS Marketplace account.
- Announced a partnership with FibreConX. Australian CBD-based businesses can now connect directly to Megaport at speeds of up to 100G, with on-demand provisioning that equips customers with the connectivity they need in order to address their rapidly growing network requirements.
- Announced a partnership with Lufthansa Systems, an IT services provider to 350 airlines worldwide. Lufthansa Systems will use Megaport's SDN to securely and reliably connect its customers to its cloud-hosted applications.

[2] 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. EBITDA excludes restructuring costs of $1.1M in FY24 (FY23: $4.9M). Refer Note 7 to the Consolidated Financial Statements for the reconciliation from EBITDA to the net profit/(loss) for the year.

[3] Net cash comprises cash at bank less amounts owing under the vendor financing facility.

Product Development

Megaport prioritised a range of product innovations during the year:

- Launched Global WAN as a Service, offering customers a holistic approach to networking, combining three solutions: Hybrid Cloud Connectivity, Cross-Cloud Connectivity, and Virtual PoPs (Points of Presence) across the globe. This gives customers an agile, secure network that is ready to meet the high-speed demands of the digital and AI age.
- Delivered Project Centurion, providing customers the ability to upgrade to 100G ports, enhancing their cloud connection capacity tenfold and catering to the world's increasing AI connectivity needs.
- Announced the availability of VXCs up to 100G across most major locations globally.
- Launched the Megaport Enterprise Internet product, allowing customers to add enterprise internet to their networks in less than 60 seconds.
- Introduced Data Center Interconnect (DCI) services.

Other Significant Developments

During the year ended 30 June 2024:

- Launched Megaport Reach as a rapid, cost-effective way for data centre operators to deploy to new locations, allowing them to bring the cloud to their facilities in under 90 days. This edge deployment strategy is designed to be an attractive proposition to data centre operators looking to have quick and efficient cloud connectivity available to their customers.
- The backbone in North America was upgraded to 400G to provide 100G access across the wider network.
- Continued IX expansion throughout the US, having launched five new locations being Charlotte, New York, Atlanta, Miami and Denver.
- Revived the expansion of the network footprint to new cities while deepening our reach within existing metros.

Strategy and future performance

The Group will focus on its key strategic drivers, which are to:

- Build sales momentum by continuing to reinvest in the go-to-market functions to continue to drive forward sales productivity and expansion of sales capacity.
- Connect to new locations, partners, and enterprises across the globe.
- Leverage the high-speed global backbone for core connectivity use cases such as Long-Haul VXCs, Global WAN, and DCI.
- Expand the product set to include low-touch, incremental, high revenue products.
- Strengthen its position as the leading innovator in global Network as a Service.

Business Risks

The material business risks faced by the Group that could have an adverse impact on the operating and financial performance and prospects of Megaport include (not exhaustive or in order of materiality):

- *Information security incident:* Megaport is exposed to the risk of information security incident that could result in disruption of customer/network services, financial loss, breach of regulatory compliance or damage to brand and reputation. e.g. unauthorised access to Megaport's IT Assets, change affecting the accuracy and integrity of critical information, or disclosure of sensitive information. This could manifest in loss of control over the integrity or availability of Megaport's network service (product) or supporting infrastructure/systems, or inadvertent disclosure of sensitive or personally identifiable information.
- *Major network, hardware or software failure:* As a Network as a Service provider Megaport is reliant on infrastructure and technology, some of which is supplied by third parties, to provide its services. Megaport may be unable to deliver services as a result of numerous factors, including human error, power loss, improper maintenance by entities not related to Megaport, physical or electronic security breaches, fire, earthquake, hurricane, flood, pandemic and other natural disasters, water damage, intentional damage to the networks from vandalism, accidental damage to the networks from civil works, war, terrorism and related conflicts or similar events worldwide.

- *Competitive landscape and action of others:* Megaport operates in a competitive landscape alongside a range of other service providers with competing technologies, network reach and capabilities, product and service offerings, and geographic presence. Megaport has an early mover advantage as a disruptor of traditional connectivity in many of its deployed markets. However, Megaport may face increased competition from existing telcos and data centre operators ('DCOs'), and new entrants to the network-as-a-service and elastic interconnection markets who may have significant advantages including greater name recognition, longer operating history, existing market presence in similar or adjacent markets, lower operating costs, pre-existing relationships with current or potential customers, an ability to bundle with existing products and services, and greater financial, marketing and other resources. In an industry that is continually evolving, there is also a risk that Megaport's first mover advantage is eroded by the development of new technology, innovation or a connectivity solution that supersedes or disrupts Megaport's SDN solution, e.g. the development of a direct connectivity solution by the Cloud Service Providers that reduces demand for Megaport's services.
- *Regulatory compliance*: Megaport currently has legal entities registered in Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Ireland, Japan, Luxembourg, Netherlands, New Zealand, Mexico, Norway, Poland, Singapore, Spain, Sweden, Switzerland, United Kingdom, and USA and is required to comply with the laws governing telecommunications and related sectors in each jurisdiction in which it operates. This may require Megaport to hold certain licences or submit a notification to the relevant regulator, report annually and pay associated fees. Regulatory areas which are of particular significance to Megaport include laws governing telecommunications, information security, critical infrastructure, AI and machine learning, data protection and privacy, employment and labour, occupational health and safety, property and environmental, customs and international trade, competition and taxation. Failure to comply with global regulatory requirements could result in loss of license to operate, financial loss, personal liability for executives, reputational damage, loss of customers, and other sanctions that could materially adversely affect Megaport's future financial performance and position and require the business to incur additional compliance costs.
- *Tax investigation and/or adverse tax finding/assessment:* Megaport's growing global presence and the complex nature of the tax environments in which it operates could result in a tax investigation and/or adverse tax finding/assessment that could materially adversely affect Megaport's future financial performance and position.
- *Adverse foreign exchange rate movements:* Megaport's global operations, sales in an expanding list of countries and markets, purchases of network equipment from overseas suppliers, and provision of services in international jurisdictions means that it is exposed to potentially adverse movements in exchange rates. This means that movements in exchange rates, particularly the AUD/USD and AUD/EUR, may have an adverse impact on Megaport's financial performance and position.
- *Dependence on key personnel:* Megaport depends on the skills and experience of its staff and employees, particularly in certain key positions. With a relatively small number of geographically dispersed employees for a global company, it is essential that appropriately skilled staff be available in sufficient numbers to support the Group's business. Megaport requires staff to have a variety of skills and expertise, some of which may be considered niche specialities in which there are limited practitioners available for recruitment. While the Group has initiatives to mitigate this risk, particularly focusing roles in the most efficient geographical location possible, the loss of staff in key positions could have a negative impact on Megaport. The loss of key staff to a competitor may amplify this impact.
- *Counterparty obligations:* Megaport currently has operations in 24 countries. Megaport relies on third parties, such as customers, suppliers, landlords, contractors, financial institutions, intellectual property licensors, technology alliance partners, resellers (strategic partners), joint venture partners and other counterparties to operate its business. Whilst the Group seeks to deal with reputable and creditworthy counterparties where possible, this may fail to mitigate the risk of damage to Megaport's business, financial performance and position or reputation from its relationship with one or more of these counterparties.
- *Ability to attract and retain employees:* Megaport's business is dependent on attracting and retaining quality employees. Megaport's ability to meet its labour needs while controlling costs associated with hiring and training new employees is subject to external factors such as unemployment rates, market rates for talent, prevailing wage legislation and changing demographics in its operating markets as well as other factors such Megaport's brand and reputation as an 'employer of choice'. Changes that adversely impact Megaport's ability to attract and retain quality employees could materially adversely affect Megaport's future financial performance and position.
- *Continued access to funding and capital for strategic purposes:* Whilst Megaport's business is not capital intensive in nature, the continued growth of the Group relies on the development of new products, new locations, customer acquisition, retention investment, and ongoing maintenance of existing infrastructure and software platforms. Revenue and margins are now sufficient to fund this expenditure, however Megaport may need to consider access to capital to fund any future strategic initiatives.
- *Privacy breach:* Megaport operates across multiple jurisdictions, each with their own privacy and data protection requirements. Failure to comply with global privacy regulatory requirements could result in reputational damage, loss of customers and revenue, fines and legal costs, personal liability for executives, increased regulatory scrutiny, operational disruptions, and other sanctions that could materially adversely affect Megaport's future financial performance and position and require the business to incur additional compliance costs.

- *Protection of intellectual property*: Megaport's ability to leverage the value of Network as a Service and SDN technology depends on its ability to secure ownership of and protect its intellectual property ('IP') including any improvements to existing IP. The IP may not be capable of being legally protected or Megaport may incur substantial costs in asserting or defending its IP rights. Megaport's IP may also be lost, stolen or compromised as a result of an unauthorised electronic security breach.
- *Risk of Major Global Economic Downturn:* Megaport operates in 24 countries and is therefore exposed to the flow on effects of macroeconomic trends globally. As a result, there is a risk that a major global economic downturn could lead to slower sales of ports and services, pressure on pricing and/or potential increased customer churn resulting in a slowdown in revenue growth, failure to deliver on core metrics and downgrades to our earnings outlook. It could also heighten the risk of potential interruption to Data Centre access for service support and the risk that the equipment we need installed may be delayed.
- Loss of revenue due to churn related to lack of customer contracts Megaport's offers flexible connectivity arrangements to a number of customers without a requirement for customers to sign up to long-term (or medium-term) contracts, which could see customers decommission services in large numbers at short notice or disconnect altogether without penalty. This is a particular risk should Megaport suffer a material increase in network outages or impact to its reputation, raising doubt about its reliability as a service provider.
- *Reliance on renewal of key contracts*: There is a risk that Megaport is unable to negotiate, re-negotiate, or extend key contracts due to expire in the next 12 to 24 months. Megaport has some data centre operator co-location leases which are due for renewal in the next 12 months. This is normal industry practice as some contracts are less than 3 years and others are greater than 3 years. Each data centre operator has different terms and conditions in each jurisdiction, and almost all data centres operate a 'carrier neutral' policy.
- *Climate change*: Megaport considers the strategic and financial impacts of climate change. Whilst not considered an immediate material risk for Megaport with its current operations, our operations rely on third party suppliers such as DCOs, a high energy-dependant industry. Environment, social and governance policies are becoming increasingly important for investors, customers, regulators and other business stakeholders and may impact future business prospects. Megaport is also at the risk of increased operating costs as third parties in its supply chain pass on their costs for addressing environmental risks.
- *Reputational damage*: The reputation of Megaport could be adversely impacted by a number of factors including failure to provide customers with the quality of service they expect, significant network issues, a significant privacy breach or information security incident, disputes or litigation with third parties such as customers, employees or suppliers, or adverse media coverage. A significant decline in our reputation could have an adverse effect on Megaport (e.g. on the existing customer base and revenues, ability to sign up new customers, ability to secure reasonable credit terms, etc.) and its future financial performance and position.

Information Security and Privacy

Megaport is committed to safeguarding its information technology assets and personal data, having invested considerable time and resources addressing privacy and cyber security.

Megaport's Cyber Security Committee operates at an executive level, being accountable for key decisions and driving continuous improvements in these areas. Megaport has achieved ISO/IEC 27001 certification from the International Organization for Standardization ('ISO').

Megaport has qualified and experienced Cyber Security and Privacy Teams, dedicated to developing processes and procedures to ensure that Megaport's information and technology assets are kept private and secure.

The Governance, Risk and Compliance (GRC) Team is responsible for the following policies; Information Security, Privacy (including Personal Data Protection and associated processes, procedures and standards, and regularly reports to the Cyber Security Committee.

Megaport employees are trained in their responsibilities regarding Cyber Security, Privacy and Legal Compliance upon hire as well as undertaking compulsory annual refresher training.

Significant changes in the state of affairs

During the financial year, the Company issued 907,647 ordinary shares which is broken down as follows:

	No. of ordinary shares
Shares issued – Deferred shares settlement	12,054
Shares issued – Employee share options exercised	166,668
Shares issued – Restricted stock units settlement	728,925
Total issued during the year	**907,647**

Events since the end of the financial year

The Group is not aware of any other matters or circumstances that have arisen since the end of the year which have significantly affected or may significantly affect the Group's operations and results or state of affairs of the Group.

Likely developments and expected results of operations

The 2024 financial year saw solid revenue growth in Megaport services, which was aided by the addition of new customer logos and the full year impact of the Cloud VXC reprice that was implemented during the second half of the 2023 financial year. Future growth is expected with the continued investment in the Group's go-to-market capability.

Environmental, Social, and Governance ('ESG')

The Group's key area of environmental risk relates to its reliance on third-party data centres to provide its services. As suppliers globally invest in mitigating environmental risks, Megaport may experience increased operating costs as suppliers increase their prices to cover their costs of addressing these risks.

The International Sustainability Standards Board ('ISSB') issued its first two IFRS Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. In Australia on 23 October 2023, the AASB released Exposure Draft ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate related Financial Information (Climate ED). For further information and the expected impact on the Group, refer to Note 5 within the consolidated financial statements.

Megaport recognises the importance of an effective ESG strategy to the generation of sustainable, long-term value for shareholders. Megaport is committed to reducing its environmental impact. In FY24, steps have been taken to implement certain programs which are aimed at furthering the Group's goals relating to environmental priorities such as effective waste management. This includes programs in place with a key supplier, enables Megaport to recycle used equipment and obtain a Green Certificate which is counted towards the B Corp Certification. Megaport will continue to focus on advancing its ESG initiatives in FY25.

Megaport also values the diversity of its people. Management have and will continue to foster an environment that attracts, retains and supports employees from diverse backgrounds and cultures. To do this though, there is a need to listen to the people of Megaport and continue to improve and develop new ways of doing things. To support this, Megaport has developed a diversity, equity and inclusion working group which is made up of employees from its offices across the globe. The aim of this working group is to develop policy, strategy and ideas around furthering a more inclusive workplace for all. This includes within the areas of recruitment, the benefits and support that we are providing our people and how we manage our employees and the workplace so that everyone has the tools needed to perform to their full potential.

Megaport is working hard to increase female representation in its workforce as outlined in our Diversity Measurable Objectives. Megaport is proud of the fact that the board has 50% female representation and the Senior Executive team is currently 40% female, and recognises that there is still room for improvement.

The Workplace Gender Equality Agency commenced reporting on gender pay gaps in 2024. Megaport welcomes this step towards improving gender equality in Australian workplaces. The average gender pay gap across Megaport is 9.1%, which indicates that men earn more than women in our organisation on average.

Megaport does not pay staff differently based on their gender. The gender gap is caused by the Group having a lower proportion of females in the general workforce. Megaport has a workforce that is presently 70% male, 27% female and 3% not declared. The technology industry is still heavily male-dominated in some occupations, with female representation on average around 26% globally. Despite the percentage of women in our general workforce, the gender pay gap of 9.1% is significantly below the industry comparison of 23.5%.

Megaport's recruitment practices focus on worker attributes, skills, and experience, and recent experience is that more men than women are applying for work in the areas we're recruiting in. Megaport is committed to having an employee base that delivers high-quality services, not a workforce that is built on gender balance objectives. Megaport is actively working to attract and retain a more diverse workforce, including a greater percentage of women. Further details on the work in this space is outlined in our Gender Pay Gap Statement.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016 (Corporate Instrument). In accordance with the Corporations Instrument, amounts in the Directors' Report and the consolidated financial statements are rounded off to the nearest thousand dollars ($'000), unless otherwise indicated.

Information on Directors + Company Secretary

Melinda Snowden

Chair & Non-Executive Director

Melinda has over 29 years of experience in finance and has been a professional non executive director since 2010 in a broad range of industries. Melinda is currently a Non-Executive Director of ASX 200 company Temple & Webster, where she is the Chair of the Audit & Risk Committee.

Melinda has held previous non-executive director roles at Best & Less Group Holdings Ltd, Newmark Property REIT, WAM Leaders, MLC, Vita Group, Mercer Investments (Australia), Sandon Capital Investments, Our Ark Mutual and Kennards Self Storage. Prior to her non-executive career, Melinda held investment banking roles with Grant Samuel, Merrill Lynch, and Goldman Sachs and was a solicitor in the corporate division of Herbert Smith Freehills.

Melinda holds a Bachelor of Economics and Laws from the University of Sydney and is a graduate member of the Australian Institute of Company Directors.

Other current ASX directorships:

- Temple & Webster Limited (ASX: TPW)

Former ASX directorships in last 3 years:

- Newmark REIT Management Limited, the responsible entity of Newmark Property REIT (ASX:NPR) (resigned 27 March 2024)
- Best & Less Group Holdings (ASX: BST) (resigned 11 July 2023)
- WAM Leaders Limited (ASX: WLE) (resigned 1 June 2023)
- Sandon Capital Investments Limited (ASX: SNC) (resigned 2 March 2022)

Special responsibilities:

- Chair of the Board (appointed 30 June 2024)
- Chair of the Audit & Risk Committee (resigned 30 June 2024)
- Member of the Audit & Risk Committee (appointed 30 June 2024)
- Member of the Diversity & Inclusion Advisory Board (resigned 31 October 2023)

Interests in shares and options:

- 13,009 fully paid ordinary shares (held directly)
- 4,018 contractual rights to receive shares ('deferred shares')

Michael Reid

Chief Executive Officer & Executive Director

Michael Reid brings over 20 years of industry expertise and experience to Megaport. Michael joined Megaport in May 2023 from Cisco, where he led the pure SaaS Network Visibility Business, ThousandEyes, as Chief Revenue Officer. In this role, he transformed the go-to-market strategy, scaling the team from 150 to nearly 400, expanding into many new countries, and growing annual recurring revenue by 2.4 times, making it the largest Cloud, SaaS, and Internet Visibility platform in the world.

Previously, Michael spearheaded multiple acquisitions as Cisco's World-Wide Head of Sales based in California, USA. Prior to this, he led Cisco sales in Queensland, the Northern Territory and Papua New Guinea and, before that, led Cisco sales to Australia's largest financial services customers.

Michael is known for his passionate and transformative sales and global go-to-market leadership, focusing on culture, people and execution.

Michael holds a degree in Aerospace Engineering from Queensland University of Technology and was CEO Magazine Sales Executive of the Year 2019.

Other current ASX directorships:
None

Former ASX directorships in last 3 years:
None

Special responsibilities:
None

Interests in shares and options:
- 460,160 performance restricted stock units issued as short term incentives (held directly)
- 517,680 performance restricted stock units issued as long term incentives (held directly)

Glo Gordon

Non-Executive Director

Glo Gordon has more than 20 years of experience as a senior global executive in business operations strategy and sales at large technology companies including Cisco, Oracle, SAP, and Xerox. She is currently CEO and board member of MATRIXX, a leading 5G digital commerce company in Silicon Valley.

In 2014, Glo became the Chief Revenue Officer, responsible for Sales, Marketing and Customer Success for Jasper, a Silicon Valley IOT startup which was acquired in 2016 by Cisco for $1.4B. At Cisco, as Vice President and General Manager, IoT, Sales and Marketing, Glo held P&L responsibility for growth and margin for Cisco's Strategic IoT business unit. Prior to Jasper, Glo was with Oracle for 10 years and her last role was Group Vice President, Worldwide BSS/OSS applications sales, contributing double digit growth in recurring revenue for Oracle's Communications Business Unit for Telcos and Enterprise.

More recently, Glo was Chief Revenue Officer at Uptake, an emerging leader in artificial intelligence, machine learning, and predictive analytics.

Other current ASX directorships:
None

Former ASX directorships in last 3 years:
None

Special responsibilities:
- Chair of the Audit & Risk Committee (appointed 30 June 2024)
- Member of the Audit & Risk Committee (until 30 June 2024)
- Member of the Remuneration & Nomination Committee
- Member of the Diversity & Inclusion Advisory Board (resigned 31 October 2023)

Interests in shares and options:
- 2,009 fully paid ordinary shares (held directly)
- 4,018 contractual rights to receive shares ('deferred shares')

Michael Klayko

Non-Executive Director

Michael Klayko has over 40 years of experience in the data storage, computer, technology and telecommunications industries. During his tenure as CEO of Brocade, he grew company revenue to over US$2.2 billion. Additionally, he has held leadership and Executive positions at leading technology companies including Rhapsody Networks, McDATA Corporation, EMC Corporation, Hewlett Packard, and IBM.

Michael brings a comprehensive understanding of the technology and network solutions industry coupled with extensive experience as a director of other publicly listed technology companies. He is an Operating Executive at Marlin Equity Partners, a global investment firm. Currently Michael serves as the Chairman of Star Compliance and is a board member of Process Unity and CE Broker.

Other current ASX directorships:
None

Former ASX directorships in last 3 years:
None

Special responsibilities:
- Member of the Innovation Committee (resigned 31 October 2023)
- Member of the Audit & Risk Committee

Interests in shares and options:
- 2,009 fully paid ordinary shares (held directly)
- 4,018 contractual rights to receive shares ('deferred shares')

Lauren Williams

Non-Executive Director (appointed 5 June 2024)

Lauren has over 20 years of experience as a growth technology leader with a proven track record in building high growth businesses and technology transformation across various industries.

Lauren has been a professional Non-Executive Director since 2020 and has served on growth technology businesses including Altium, an ASX100 a global software business based in USA where she was Chair of the People & Remuneration Committee.

Prior to her board career, Lauren was the CEO of Carsguide/Autotrader, Australia's second-largest digital automotive marketplace and media company, where she led significant growth and transformational change, culminating in the company's acquisition by a US-based global software firm. Her prior roles include senior positions at BBC Studios (London/Sydney), Nine Entertainment, and Fairfax Digital. Lauren began her career as an investment banking analyst at Citi's global technology group in Silicon Valley followed by several years in management consulting.

Lauren holds a Bachelor of Arts in Economics (Honours) from Harvard University and is a graduate member of the Australian Institute of Company Directors. She won the prestigious AFR BOSS award for Young Executive of the Year in 2014.

Other current ASX directorships:

None

Former ASX directorships in last 3 years:

- Altium Limited (ASX: ALU) (resigned 1 August 2024)
- Atomos Limited (ASX: AMS) (resigned 30 September 2022)

Special responsibilities:

- Chair of the Remuneration & Nomination Committee (appointed 5 June 2024)

Interests in shares and options:

- 2,546 fully paid ordinary shares (held indirectly)

Jay Adelson

Non-Executive Director

Jay Adelson has over 30 years of experience in technology and internet businesses globally. Jay co-founded Equinix (NASDAQ: EQIX) in 1998, and was responsible for the original and sustaining business model that grew it into one of the largest data centre companies in the world.

Jay also was instrumental in the establishment and operation of the original Palo Alto Internet Exchange for Digital Equipment Corporation in 1996.

In 2005, he founded the first internet television network, Revision3, which was acquired by Discovery Communications in 2012.

As CEO of Digg, Jay launched and grew the internet media company to tens of millions of users, and billions of impressions, a month. Jay has also founded and served as CEO for other successful companies across the technology and internet infrastructure spaces.

Special responsibilities:

- Chair of the Innovation Committee (resigned 31 October 2023)
- Member of the Remuneration & Nomination Committee

Interests in shares and options:

- 20,009 fully paid ordinary shares (held directly)
- 4,018 contractual rights to receive shares ('deferred shares')

Bevan Slattery

Chairman & Non-Executive Director (resigned 30 June 2024)

Bevan Slattery has been successfully building IT and telecommunications businesses in Australia for nearly 20 years. Bevan's entrepreneurial success is highlighted in having listed five companies on the ASX including PIPE Networks (ASX: PWK), NEXTDC (ASX: NXT), Megaport (ASX: MP1) and Superloop (ASX: SLC).

Now the founder and Chief Executive Officer of Soda, Bevan is driving Australian innovation and prosperity through digital infrastructure, environmental sustainability and investment in Australian grown businesses.

Bevan has received many industry awards including the EY Champion of Entrepreneurs Award in 2016, the National Charles Todd Medal, and the Pearcey Foundations Benson Award, and he was inducted into the Commsday Hall of Fame in 2017.

Other current ASX directorships:

None

Former ASX directorships in last 3 years:

- Superloop Limited (ASX:SLC) (resigned 28 October 2021)

Special responsibilities:

- Chairman (resigned 30 June 2024)
- Member of the Innovation Committee (resigned 31 October 2023)

Interests in shares and options:

- 5,006,283* fully paid ordinary shares (held directly)

*As at 30 June 2024, being the date of Mr Slattery's resignation. Includes 2,000,000 shares beneficially held by Bevan Slattery that have been pledged as security under a structured option and loan facility

Naomi Seddon

Non-Executive Director & Lead Independent Director (resigned 30 June 2024)

Naomi Seddon is an Australian, US and NZ qualified lawyer and is a partner with the global law firm, Littler Mendelson.

With a focus on providing international legal solutions to companies, Naomi has extensive experience assisting companies to enter and grow in new markets including advising on global migration, local employment, data protection and privacy, pay equity and equal employment opportunity issues.

In 2016 Naomi was named one of the top 500 attorneys in the United States for legal advice by Legal 500.

Naomi is also an author and presenter on workplace equity, diversity and inclusion. In addition to her professional legal work, Naomi is a non-executive director of Transmax Pty Ltd, Endometriosis Australia and United Stages.

Other current ASX directorships:

None

Former ASX directorships in last 3 years:

None

Special responsibilities:

- Lead Independent Director (resigned 30 June 2024)
- Chair of the Remuneration & Nomination Committee (resigned 5 June 2024)
- Chair of the Diversity & Inclusion Advisory Board (resigned 31 October 2023)

Interests in shares and options:

- 26,009* fully paid ordinary shares (held directly)

*As at 30 June 2024, being the date of Ms Seddon's resignation.

Celia Pheasant

Company Secretary

Celia Pheasant is an experienced in-house information and communications technology lawyer with more than 25 years of legal experience. Celia is responsible for the corporate governance of Megaport's subsidiaries in over 25 countries globally. Celia is also General Counsel for Soda, a leading hub for innovation, incubation and investment in Australian digital infrastructure and technology businesses.

Celia commenced her career as a solicitor in the telecommunications division at Herbert Smith Freehills before continuing with in-house counsel roles with Hutchison Whampoa and AAPT.

Celia holds a Bachelor of Laws and Bachelor of Arts (Jurisprudence) from the University of Adelaide and a Master of Law and Management from the University of New South Wales.

Meetings of Directors

The number of meetings of the Company's board of directors and each board committee held during the year ended 30 June 2024, and the numbers of meetings attended by each director were:

	Directors' meeting		Meetings of Committees			
			Audit & Risk		Remuneration & Nomination	
	A	B	A	B	A	B
Melinda Snowden	8	9	6	6	*	*
Michael Reid	9	9	*	*	*	*
Glo Gordon	7	9	5	6	5	5
Michael Klayko	9	9	6	6	*	*
Lauren Williams	1	1	*	*	1	1
Jay Adelson	8	9	*	*	5	5
Bevan Slattery	9	9	*	*	*	*
Naomi Seddon	8	9	*	*	5	5

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the period
* = Not a member of the relevant committee

Indemnification and Insurance of Directors and Officers

The Group has entered into standard deeds of indemnity and insurance with each of the Directors. Pursuant to those deeds, the Group has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain Directors and Officers insurance cover in favour of the Director for seven years after the Director has ceased to be a Director. During the financial year, the Group paid a premium for such insurance coverage. The contract of insurance prohibits disclosure of the nature of the liability or of the amount of the premium.

The Group has further undertaken with each Director to maintain a complete set of the Group's board papers and to make them available to the Director for seven years after the Director has ceased to be a Director.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Group may decide to employ the auditor on assignments in addition to its statutory audit duties, where the auditor's expertise and experience with the Company and/or the Group are important.

There were no non-audit services provided by the Group's auditor, Deloitte Touche Tohmatsu during the current financial year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out after the Directors' Report.

Audit Partner Rotation

Mr Richard Wanstall played a significant role in relation to the audit of the financial report of Megaport for five successive years as at the financial year ended 30 June 2023.In accordance with section 324DAA of the Corporations Act 2001, and the recommendation of the Audit and Risk Committee, the Board approved Mr Wanstall to continue as lead audit partner for an additional one successive financial year, being the financial year ending 30 June 2024. In its recommendation to the Board of Directors, the Audit and Risk Committee considered the transition period related to changes to key management personnel during FY23 including the Chief Executive Officer and the Chief Financial Officer, and the benefit of retaining knowledge to maintain audit quality during this period. In granting the approval, the Board noted that the Audit and Risk Committee was satisfied that the approval:

- Is consistent with maintaining the quality of the audit provided to the Group; and
- Would not give rise to a conflict of interest situation (as defined in section 324CD of the Corporations Act 2001)

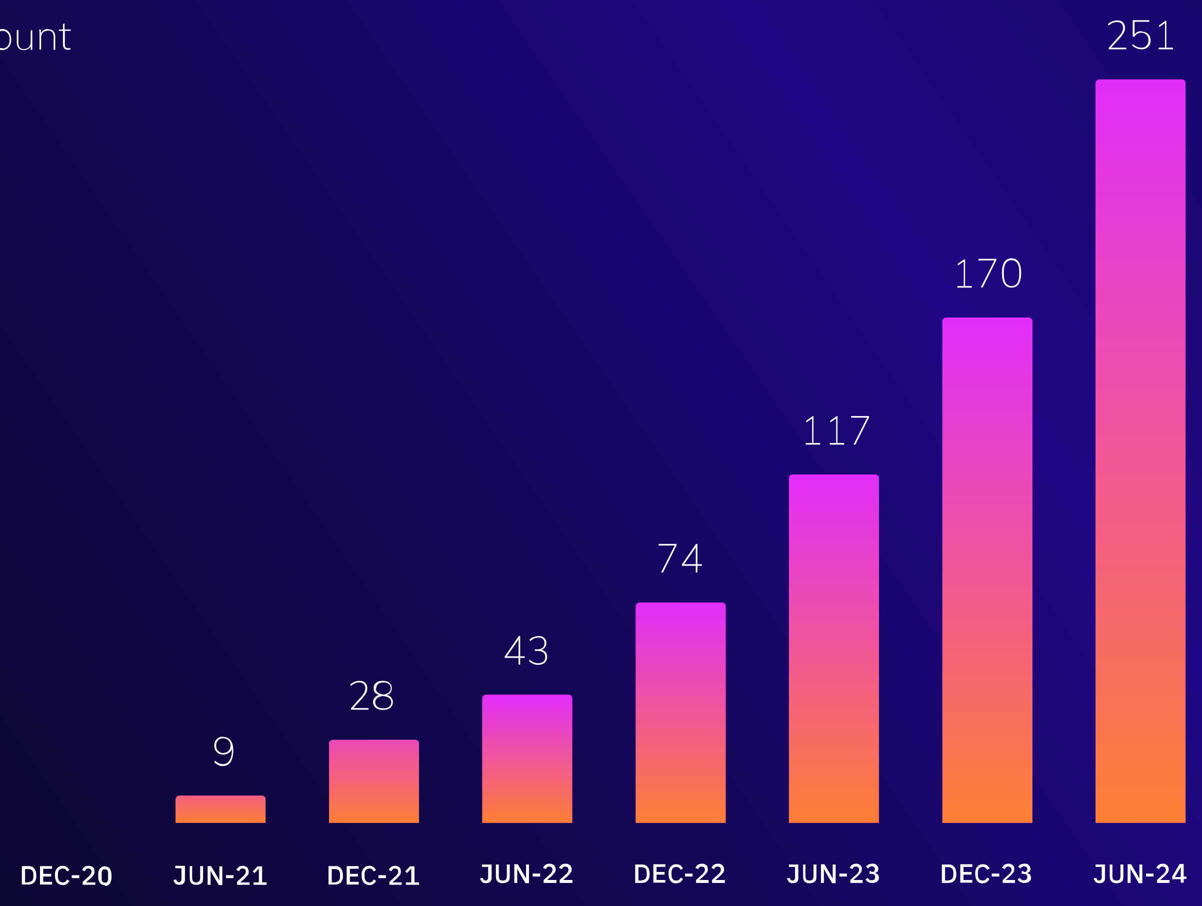
Corporate Governance Statement

Megaport Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Megaport Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (Fourth Edition) published by the ASX Corporate Governance Council.

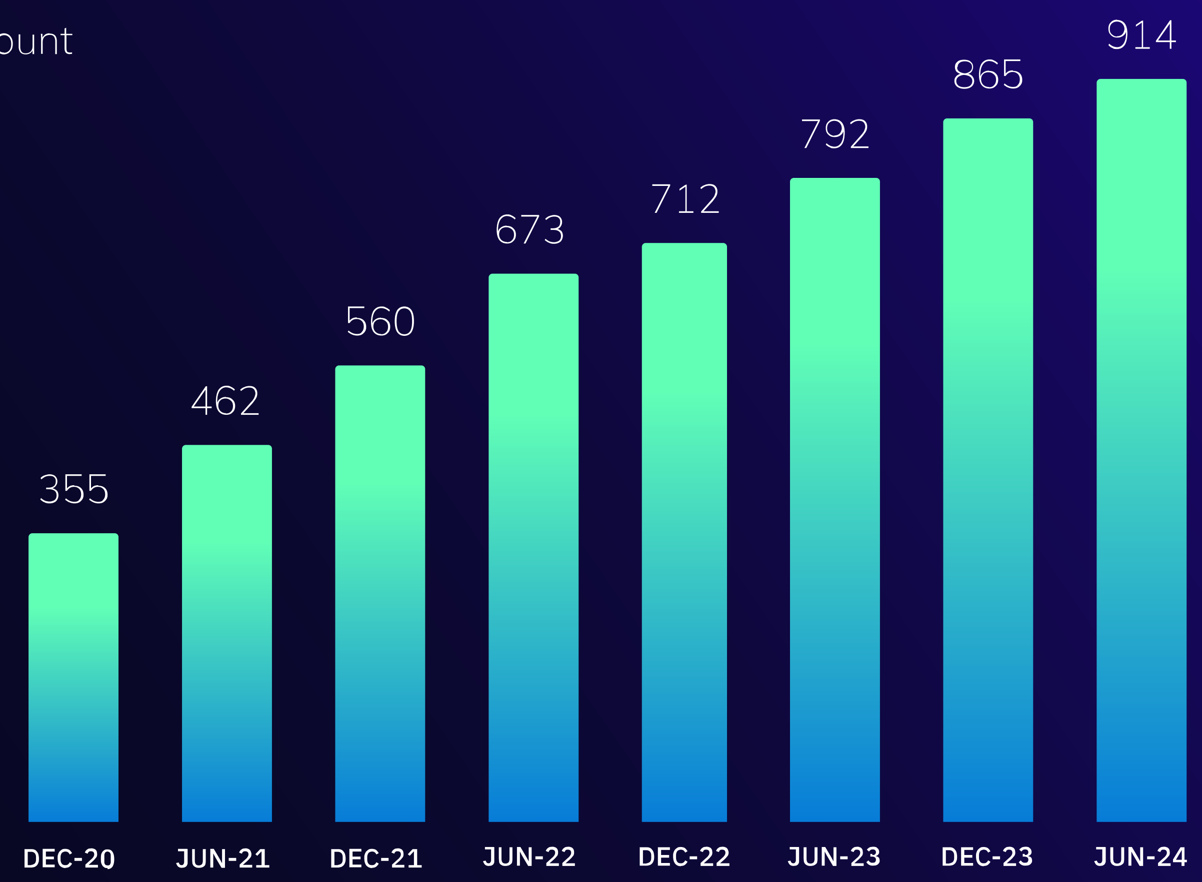
A description of the Group's current corporate governance practices is set out in the Group's Investor Centre, which can be viewed at https://www.megaport.com/investor/.

Megaport Cloud Router + Megaport Virtual Edge

MVE Count



MCR Count



JUN-24 AVERAGE SERVICES PER CUSTOMER LOGO[1]

9.6
JUN-23: 9.3
PORT ONLY CUSTOMER

17.4
JUN-23: 16.3
MCR CUSTOMER

25.1
JUN-23: 23.1
MVE CUSTOMER

JUN-24 AVERAGE ARR PER CUSTOMER LOGO[1,2]

$67K
JUN-23: $61K
PORT ONLY CUSTOMER

$120K
JUN-23: $109K
MCR CUSTOMER

$190K
JUN-23: $216K
MVE CUSTOMER

1. All metrics are revenue-generating and measured at period end.
2. Represents June 24 ARR divided by relevant customer logo count at 30 June 2024.

Letter from the Chair of the Remuneration & Nomination Committee

Dear Shareholders,

On behalf of the Remuneration & Nomination Committee (the 'Committee'), I am pleased to present Megaport's Remuneration Report for 2024.

Megaport was founded on the principles of transparency, neutrality, flexibility, immediacy, and transformation, crucial for the way in which we revolutionise global connectivity and cloud adoption. Megaport's success in breaking down barriers, offering agile, reliable, and trusted resources to connect the world has been achieved by the exceptional commitment and calibre of our people.

This year the business has delivered a strong financial turnaround with double-digit revenue and EBITDA growth and exceptional cash generation whilst continuing the Company's expansion into international markets. With over 280 employees located in 15 countries around the world, these results are a testament to our talented team of Megaporters and the quality of our Executive leadership. Along with a complete rebuild of our global go-to-market engine, we have focused on leveraging Megaport's core expertise and product market fit, and have showcased the business's ability to successfully scale globally, and profitably.

Executive KMP Changes

In 2023, we refreshed our leadership team with new appointments to the CEO and CFO roles. Michael Reid was appointed as CEO in May 2023, and Leticia Dorman was appointed as CFO in October 2023, having performed the role on an interim basis since March 2023. Their strong leadership skills and ability to drive positive cultural change has been clear during their first full financial year in their new roles. As we look to maintain a stable leadership team going into FY25, we believe that we are well positioned to continue executing on our growth strategy in the coming year.

FY24 Executive Remuneration Outcomes

At the 2023 AGM, shareholders approved an FY24 long term incentive ('LTI') grant for the CEO (tested at the end of FY26), as well as three years' of short-term incentive ('STI') grants upfront (tested at the end of FY24, FY25 and FY26). The approval of three years' of STI grants was a one-off approach agreed to as part of the CEO's employment terms upon appointment. Once the final STI tranche is tested at the end of FY26, we will offer annual STI participation at the start of each financial year.

The STI plan for FY24 was structured with the following performance targets: 25% allocated to revenue growth, 25% allocated to EBITDA target, 25% allocated to relative total shareholder return ('rTSR'), 25% allocated to customer growth (CEO only) and 25% allocated to net cash growth (CFO only).

Megaport delivered strong revenue growth for shareholders of 28%, resulting in a 100% achievement against the weighting allocated to this performance measure. Megaport delivered EBITDA growth of 127%, demonstrating its strength in generating earnings and cash from its operations, and resulting in a 100% achievement against this metric. The business achieved a rTSR ranking in the 68th percentile, resulting in an 87% achievement against this performance measure. Megaport also added 437 gross customers, resulting in a 100% achievement against this metric, and net cash grew by $28.0M in FY24 to $61.2M, evidencing strong cost controls and resulting in a 100% achievement against the weighting for this measure.

A total STI outcome of 96.75% was achieved for both the CEO and CFO.

No LTI awards were due for testing and no legacy awards vested for KMP.

2023 AGM 'First Strike'

At the 2023 AGM, Megaport received a 'first strike' against the adoption of its 2023 Remuneration Report, with one proxy advisor recommending a vote 'against'. The Board has since sought feedback from shareholders and their representatives with the primary concerns raised relating to the CEO's remuneration arrangements and disclosure of our STI and LTI performance targets.

The Board has taken steps to address a number of the concerns to ensure our remuneration framework remains fit for purpose, aligning with Megaport's broader strategic objectives and continuing to remunerate our executives in a competitive and equitable manner. Our detailed response to the concerns raised at the 2023 AGM and our changes for FY25 are outlined in Section 1 below.

Board Renewal

As part of our Board renewal process, a number of planned changes were made to our Directors with Bevan Slattery and Naomi Seddon stepping down from the Board, as Chair and Chair of the Remuneration & Nomination Committee, respectively. We have appointed long-standing Director Melinda Snowden as Chair of the Board, and I am honoured to take on the role of Chair of the Remuneration & Nomination Committee. With Ms Snowden's appointment as Chair, we have commenced a global search for a new Non-Executive Director to be appointed as Chair of the Audit & Risk Committee, with Director Glo Gordon appointed in the interim.

On behalf of the Board, I sincerely thank Bevan and Naomi for their commitment to the success of Megaport and its shareholders over many years.

Company Culture

This year has seen the business embark on a period of significant transformation. The successes we've seen have been achieved by the exceptional talent the Company has throughout all levels of the business, and the strong leadership of our Executive team.

The Company's culture continues to evolve as part of a constant global focus. The Board was delighted to see employee engagement being measured and a continued focus on creating a strong Company culture. It was pleasing to see that as a result of that focus, we achieved an employee engagement score of 71%, which is aligned with the Information Technology & Services benchmark.

We've met or exceeded our diversity targets for female representation on our Board and Executive team, having appointed a female Chair as well as achieving female representation of 60% across our Non-Executive Directors. The Workplace Gender Equality Agency commenced reporting on gender pay gaps in 2024 and Megaport welcomes this step towards improving gender equality in Australian workplaces. The average gender pay gap at Megaport is 9.1%, across a workforce that is presently 70% male, 27% female, and 3% not declared. The technology industry is still heavily male-dominated in some occupations, with female representation averaging around 26% globally. Despite the percentage of women in our general workforce, our gender pay gap of 9.1% is significantly better than the industry comparison of 23.5%.

Committee Priorities for FY25

The Remuneration & Nomination Committee will continue to closely monitor the effectiveness of the Executive KMP remuneration framework in the global context in which we operate. Our focus remains on continuing to engage, motivate, and retain Executives in a highly competitive global talent market, whilst aligning with shareholder interests.

I would like to thank our CEO Michael Reid, the Executive team and our Megaport employees for their hard work throughout the last year which has driven Megaport forward and has positioned the Group well for future growth.

LAUREN WILIAMS
CHAIR OF THE REMUNERATION & NOMINATION COMMITTEE

Remuneration Report

The Remuneration Report forms part of the Directors' Report and outlines information about the remuneration framework and outcomes of Megaport's Key Management Personnel ('KMP') during the year ended 30 June 2024 ('FY24').

This Report has been prepared in accordance with Section 300A of the *Corporations Act 2001* ('Corporations Act').

Contents

1. Response to the 'first strike' at the 2023 AGM

1.1 Response to external stakeholder concerns raised

At Megaport's 2023 AGM, 26.76% of votes cast were against the adoption of the 2023 Remuneration Report, constituting a 'first strike' under the Corporations Act. In response to the first strike, the Board has listened to and considered feedback from shareholders and proxy advisors, noting that the main concerns raised were with regard to the CEO's remuneration structure and our disclosure of STI and LTI performance targets.

Our responses to the key concerns raised are set out below, with further detail on the changes to the CEO's FY25 LTI structure detailed in section 1.2.

Concern	Response
Bundling of three years of STI awards of the CEO	In line with the employment terms agreed with our CEO who commenced in May 2023, the Board had agreed to key terms for Mr Reid's participation in the following incentive plans: • An FY24 LTI grant (delivered 100% in equity); and • Three years' of STI grants (delivered 100% in equity) upfront, assessed in FY24, FY25 and FY26, with no further STI grants until FY27. The approval of three years' of STI grants upfront was a one-off approach agreed to as part of the CEO's employment terms upon appointment. Once the final tranche is tested at the end of FY26, the Board intends to offer annual STI participation at the start of each financial year. This upfront grant was necessary to attract an individual of Mr Reid's calibre to lead Megaport, and recognises his significant skills and experience in global enterprise software and SaaS, particularly in the North American market. The North American market already represents Megaport's largest revenue contribution by region, and is our biggest strategic opportunity for future revenue growth. Mr Reid's exceptional knowledge of and vast experience in this key market was a major contributing component of his appointment as CEO.

Concern	Response
Duplication of performance measures in the CEO's STI and LTI	The STI and LTI performance measures were selected to align executives with Megaport's strategic priorities – to focus on growing revenue in a profitable manner, with the aim of delivering statutory profits in the long term. While the STI assesses annual performance and the LTI assesses long-term performance, we acknowledge that concerns were raised that having the same measures in both plans may appear to reward participants for the same performance. We also acknowledge the concerns raised with including rTSR as a performance measure in the STI, and accept that it is a more appropriate measure of company performance over the medium to long term, and therefore better suited as an LTI performance measure. To address these concerns: • At the 2024 AGM, we intend to seek shareholder approval to remove rTSR as a performance metric from the FY25 and FY26 STI. The revenue growth measure will increase to a 50% weighting and all other measures will remain unchanged from the FY24 STI. • We have revised our LTI plan measures for FY25 to remove duplication with the STI measures. Our FY25 LTI plan will be assessed against annual recurring revenue (ARR) CAGR (50%), EBITDA per share (25%) and rTSR (25%). See See section 1.2 for more detail.
Adjustments to EBITDA making it unsuitable for the LTI	EBITDA is the key financial metric used at Megaport to assess operating profitability, and is used in combination with the movement in Net Cash Flow to assess the ability of the business to generate earnings and cash from its operations. For reporting purposes, EBITDA is measured excluding equity settled employee costs as these are non-cash items, consistent with the treatment of these costs by most US tech companies. However, in response to shareholder feedback, when measuring EBITDA for the purposes of determining outcomes under the FY25 LTI plan, Megaport intends to include the quantum of equity-settled employee and related costs, and take into account any material changes in accounting policy, asset useful lives, application of accounting standards and/or operating decisions that move costs "below the EBITDA line" or that otherwise impact underlying earnings. In addition, based on the Board's review of the FY25 LTI plan and the feedback received, we will replace EBITDA with EBITDA per share as the earnings measure in the FY25 LTI, in order to take into account shareholder dilution (including that arising from newly issued employee equity awards). The EBITDA hurdles are also intended to be for the current business i.e. we will consider adjustments for any acquisitions, disposals or mergers, significant capital investments, share issuance or other arrangements that are subject to AASB 16 Leases that significantly changes the reported EBITDA.
High CEO remuneration	Some concerns were raised that the quantum of Mr Reid's package was high relative to Megaport's market capitalisation around the time of the 2023 AGM. Megaport primarily benchmarks CEO remuneration against US-based global technology companies (where remuneration levels are significantly higher than Australia due to significantly higher variable remuneration levels). The risk of our CEO being poached by a North American software business is our highest succession planning risk. Our CEO was recruited from North America, where the talent pool for global enterprise software sales leadership skills is strongest, and despite his relocation to Australia, he spends a significant portion of his time in the North America, working to build our business in our fastest growing market. We also benchmark against Australian technology companies in the S&P/ASX200 All Technology Index ('XTX Index') so that we understand how our remuneration practices may be perceived in the Australian market. While Mr Reid's total maximum compensation is between the median and the 75th percentile of comparable ASX-listed technology companies, it is significantly below the compensation practices of US-based global technology companies. Considering US and Australian benchmarks, his total remuneration is modest, his STI opportunity is low and over 75% of his total package is 'at-risk' and delivered in equity. This materially impacts the competitiveness of his overall compensation package, particularly against US technology peers.

Concern	Response
Lack of disclosure of targets in the STI and LTI plans	We have disclosed the performance hurdles for the rTSR measure in sections 4.4 and 4.5. We have disclosed our FY24 STI targets (at threshold and maximum) and outcomes achieved in section 4.4, to enhance our disclosure this year. To preserve commercial sensitivities, we will disclose the targets for the remaining performance measures for our FY25 STI and LTI grants and their outcomes retrospectively at the end of the performance period.
No STI deferral	From FY24, the Company's STI plan for our CEO and CFO was delivered wholly in equity and we will maintain this approach in FY25. Fixed remuneration is the only cash element of their annual package. As a trade-off, the Board has decided not to introduce STI deferral at this time.
No Minimum Shareholding Requirements for Directors or Executives	From FY25, Megaport will introduce a minimum shareholding policy for Non-Executive Directors and Executive KMP which aims to further align their interests with shareholders. Under the policy Non-Executive Directors and Executive KMP are encouraged to progressively acquire and hold shares within five years of their appointment, with a value equal to: • 100% of base fees for Non-Executive Directors; and • 100% of fixed remuneration for the Executive KMP. Further detail on our new minimum shareholding policy can be found in section 5.2.

1.2 FY25 LTI plan changes

In FY24, the Board undertook a review of the LTI plan in light of the feedback received at the 2023 AGM and in external stakeholder engagement meetings. The changes proposed for the FY25 LTI for Executive KMP are outlined below, with more detail to be provided under the CEO's LTI resolution in the 2024 Notice of Meeting.

Change	FY24 Approach	FY25 Approach
Change of LTI measures	The measures (and respective weightings) were: • Revenue growth (25%); • EBITDA (25%); • rTSR (25%); • Customer growth (25%) (CEO only); and • Net cash growth (25%) (CFO only).	The FY25 LTI measures have been selected to align with Megaport's long-term corporate goals, and the measures (and respective weightings) proposed are: • ARR CAGR (50%) – As a SaaS business with strong operating leverage, driving growth in recurring revenue is a primary objective of management. This measure carries the highest weighting as driving growth in recurring revenue is a primary objective of management; • EBITDA per share (25%) – This aims to focus management on profitable growth while taking into account the impact of future equity issues. EBITDA will include equity settled employee costs, and take into account any material changes to our accounting policies. We considered several other earnings metrics (e.g. earnings per share (EPS), EBITDA less capex or Free Cash Flow) as alternatives to EBITDA, and concluded that none of these measures are likely to more effectively incentivize management to target profitable growth and/or are difficult to implement and measure transparently. EPS (a measure often used for more mature businesses) is difficult to utilise as Megaport is still a relatively young company without a track record of delivering profits, and Megaport only eliminated its cash burn a little over 12 months ago, rendering Free Cash Flow difficult to use as a reliable measure; and • rTSR (25%) – This aims to create alignment between management decision-making and shareholder interests. The Board believes that these measures appropriately counterbalance shareholder returns, driving revenue growth and growing profitability. Targets for the internal financial measures will be disclosed retrospectively in the FY27 Remuneration Report due to commercial sensitivities.

2. Introduction to Key Management Personnel

In this report, KMP are those personnel who had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Our KMP for FY24 are outlined below.

Name	Position	Term as KMP
Non-Executive Directors		
Bevan Slattery	Chair	Full year (until 30 June 2024)
Melinda Snowden	Non-Executive Director	Full year (Chair from 30 June 2024)
Jay Adelson	Non-Executive Director	Full year
Naomi Seddon	Non-Executive Director	Full year (until 30 June 2024)
Michael Klayko	Non-Executive Director	Full year
Glo Gordon	Non-Executive Director	Full year
Lauren Williams	Non-Executive Director	Part year (from 5 June 2024)
Executive KMP		
Michael Reid	Chief Executive Officer ('CEO')	Full year
Leticia Dorman	Chief Financial Officer ('CFO')	Part year (from 3 October 2023)
Former KMP		
Jeff Tworek	Chief Revenue Officer ('CRO')	Part year (until 24 October 2023)

3. Executive KMP Remuneration Framework

3.1 Remuneration strategy and structure

The Company's remuneration framework is based on the following principles:

ALIGNMENT TO PERFORMANCE

Providing competitive remuneration which rewards executives for delivering on our financial targets.

MARKET COMPETITIVE

Being competitive in the locations we hire for talent, primarily Australia and North America.

SIMPLE AND TRANSPARENT

Consideration of Australian stakeholder expectations and market practice.

SHAREHOLDER ALIGNMENT

Creating shareholder alignment by providing a significant portion of remuneration via equity.

The following table sets out a summary of our executive remuneration framework and links to the Company's strategic objectives:

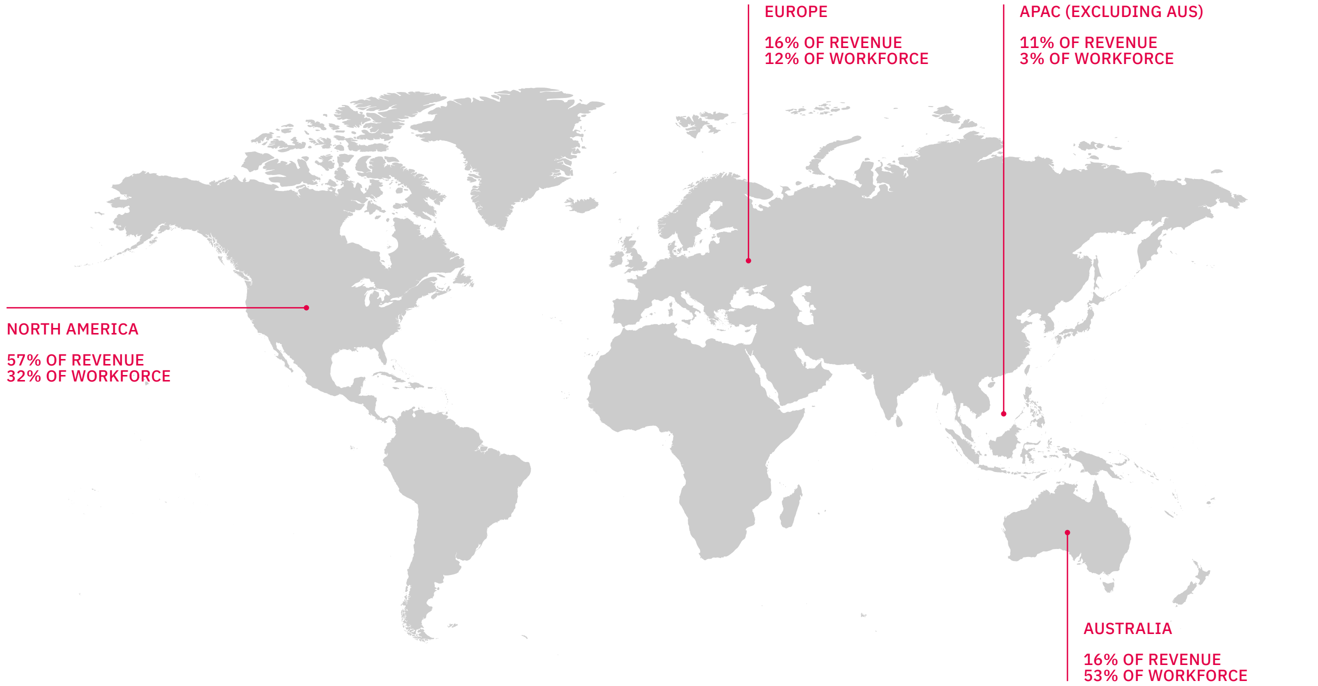
	Fixed remuneration	STI	LTI
Purpose	To attract, retain and motivate high calibre talent	To reward executives for the achievement of annual performance measures	To ensure executives are focused on long term shareholder wealth creation
Award vehicle	Base salary and superannuation	Performance Restricted Stock Units ('PRSUs')	PRSUs
Performance period	Reviewed annually in line with market, role and responsibilities	One year	Three years
Performance metrics	None	Vesting based on achievement of financial and non-financial measures	Vesting in respect of the FY24 LTI based on achievement of a combination of revenue, EBITDA, customer growth, net cash and rTSR measures
Link to strategic objective	Provides market competitive salary to attract and retain a high calibre of executive talent Provides recognition for day to day, operational activities in the role	Rewards executives for achieving goals which contribute to the achievement of growing profitably As the STI is delivered in equity, it builds executives' shareholdings to ensure alignment with shareholders and to preserve cash for the Company's future growth.	Rewards executives for the achievement of long-term financial goals and delivery of shareholder returns. Delivery in equity creates alignment between executives and shareholder interests.
Changes in FY25	No change to CEO fixed remuneration. CFO Leticia Dorman's fixed remuneration will increase by 5.5% to align her role with market benchmarks and to recognise her strong performance.	rTSR will be removed as a performance metric	Vesting in respect of the FY25 LTI based on achievement of ARR CAGR, EBITDA per share and rTSR targets

Details on the above components are set out in section 4 below.

3.2 Approach to setting remuneration

The remuneration framework for Executive KMP is designed to attract and retain high performing individuals, align reward to Megaport's business objectives and create long term shareholder value.

Megaport is a global business, with 84% of revenue generated outside of Australia and 57% in the US. Moreover, over 60% of revenue growth over the last three years has been in North America.



As we compete for talent internationally, our remuneration framework needs to be cognisant of Australian and North American remuneration practices and ASX benchmarks alone do not provide an appropriate comparison.

This is particularly pertinent for the current CEO, where Megaport specifically sought a senior executive with global enterprise software sales leadership skills and experience, a rare skill set to find in Australia. The market for this skill set is strongest and deepest in the US, and we were delighted that Mr Reid agreed to relocate from the US to join us as CEO. Mr Reid left a Senior Executive sales position at Cisco in San Francisco, where as Chief Revenue Officer of the ThousandEyes business he was responsible for leading the go-to-market organisation. ThousandEyes is a rapidly-growing global SaaS business with annual revenue of over US$200 million.

In order to secure Mr Reid as CEO, Megaport offered a remuneration package that sought to reflect his global skills and experience, the demands of the role and responsibilities he was assuming, his senior sales leadership expertise within our largest market, North America, and with consideration of the required relocation of his family to Australia from Silicon Valley. Despite his move to Australia, Mr Reid spends a significant amount of his time in North America, building our business in its fastest growing market.

The remuneration of Executive KMP is set on appointment and reviewed annually. The fixed and at-risk components for each role are determined by considering factors such as experience, competence and performance in the role, as well as competitive market pressures. The total remuneration for Executive KMP is benchmarked annually, to ensure we remain competitive in the various markets we compete in for talent.

Megaport benchmarks Executive KMP remuneration against relevant peers, with focus on Australian technology companies in the XTX Index and global technology companies, including a number of companies listed on Nasdaq. The companies in the CEO compensation peer group for FY24 were determined using the following criteria:

- Location - public technology companies with global operations, including those headquartered in Australia and the US;
- Expansion - companies that are scaling globally and/or regionally to rapidly establish a presence in multiple new markets and add customers to drive revenue growth;
- Industry sector - companies in the technology and software / SaaS sectors, including those with 'as-a-service' enterprise applications;
- Size - listed companies with ARR and/or a market capitalisation similar to Megaport; and
- Growth - companies with revenue growth greater than 10% p.a.

Megaport benchmarks primarily against US-based global technology companies to ensure our remuneration practices are competitive with North America (where remuneration levels are significantly higher than Australia). However, we also benchmark against companies in the XTX Index to understand how our remuneration practices may be perceived in the ASX-listed market.

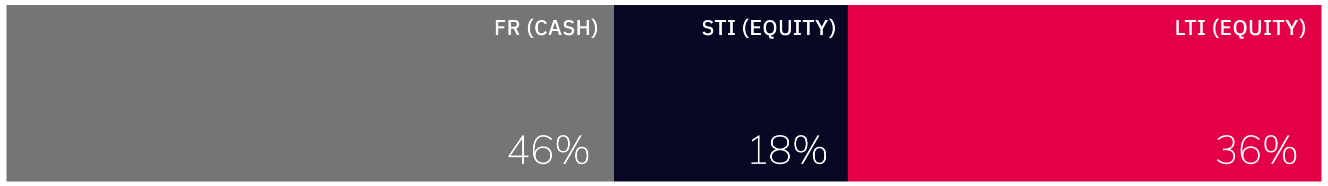
The conclusion from our benchmarking review was that our total maximum CEO compensation is between the median and the 75th percentile of comparable ASX-listed technology companies included in the XTX Index, and significantly below the compensation practices of US-based global technology companies. With Australian and US benchmarks considered, his total remuneration is modest, his STI opportunity is low and over 75% of his remuneration is 'at risk' and delivered in equity. This materially impacts the competitiveness of his overall compensation package, particularly against US technology benchmarks. The Board intends to engage with shareholders during FY25 to review the CEO's remuneration, to ensure it is competitive in the North American market, whilst taking into account Australian market practice.

3.3 Remuneration Mix

The maximum remuneration mix between variable and fixed remuneration for each KMP is set out below. 77% of the CEO's remuneration is 'at-risk' and delivered in equity, and 54% of the CFO's remuneration is 'at risk' and delivered in equity.

CEO MAXIMUM PAY MIX

CFO MAXIMUM PAY MIX



3.4 Timeline of delivery of FY24 Remuneration

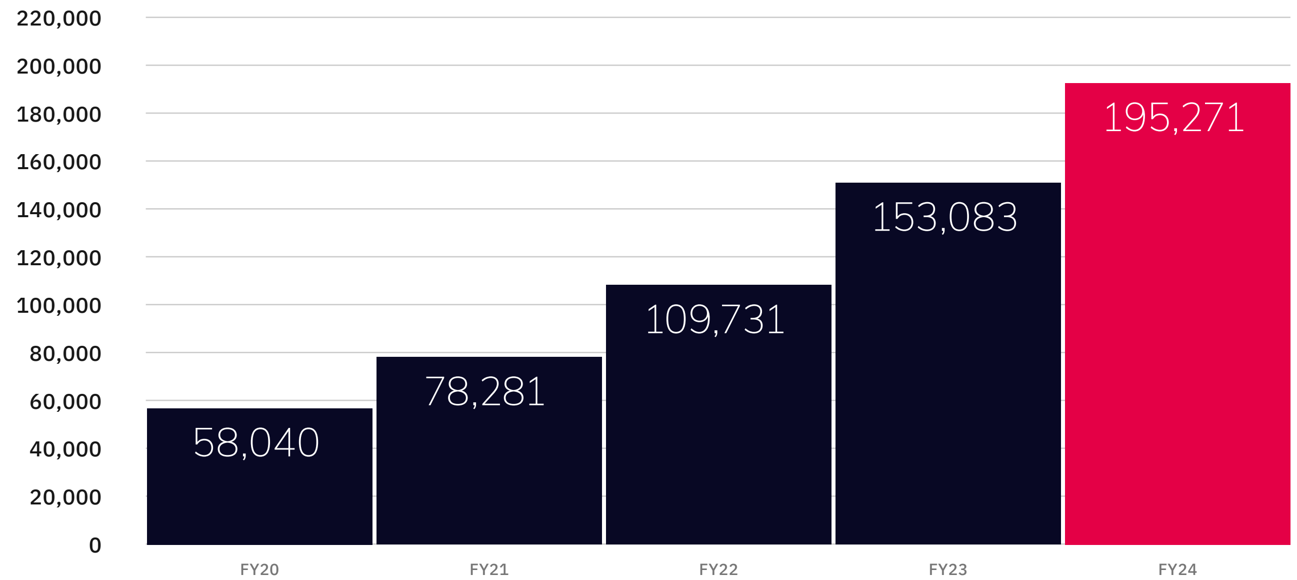
4. Company Performance and FY24 Remuneration Outcomes

One of the key principles of Megaport's remuneration frameworks is rewarding KMP for performance. This section sets out a summary of the Company's 5-year financial performance and how this links to KMP remuneration over this period.

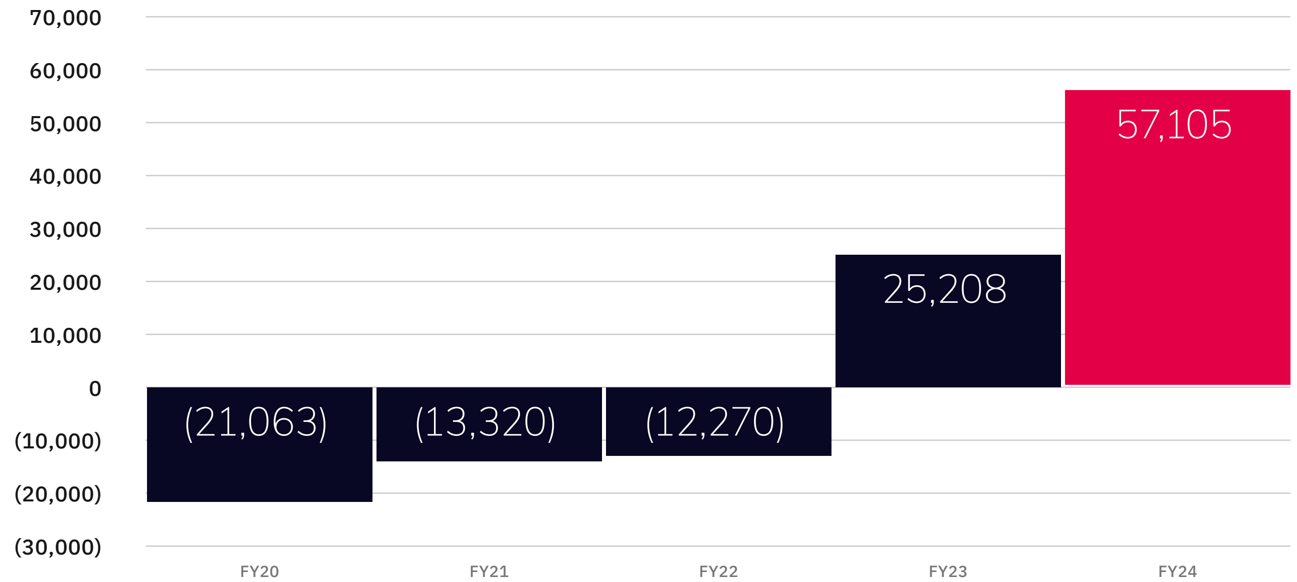
4.1 5-year Financial Performance

The table below summarises Megaport's financial performance over the previous five financial years.

REVENUE ($'000)



EBITDA[1] ($'000)



1. 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. EBITDA excludes restructuring costs of $1.1M in FY24 (FY23: $4.9M).

Measure	FY24	FY23	FY22	FY21	FY20
Net profit (loss) after tax ($'000)	9,606	(9,774)	(48,495)	(55,000)	(48,711)
Share price at start of year	$7.22	$5.45	$18.43	$12.08	$6.53
Share price at end of year	$11.22	$7.22	$5.45	$18.43	$12.08
Basic/diluted earnings/(loss) per share ($)	0.06	(0.06)	(0.31)	(0.35)	(0.34)
Net cash flow ($'000)	27,950	(34,613)	(60,314)	(29,236)	85,312

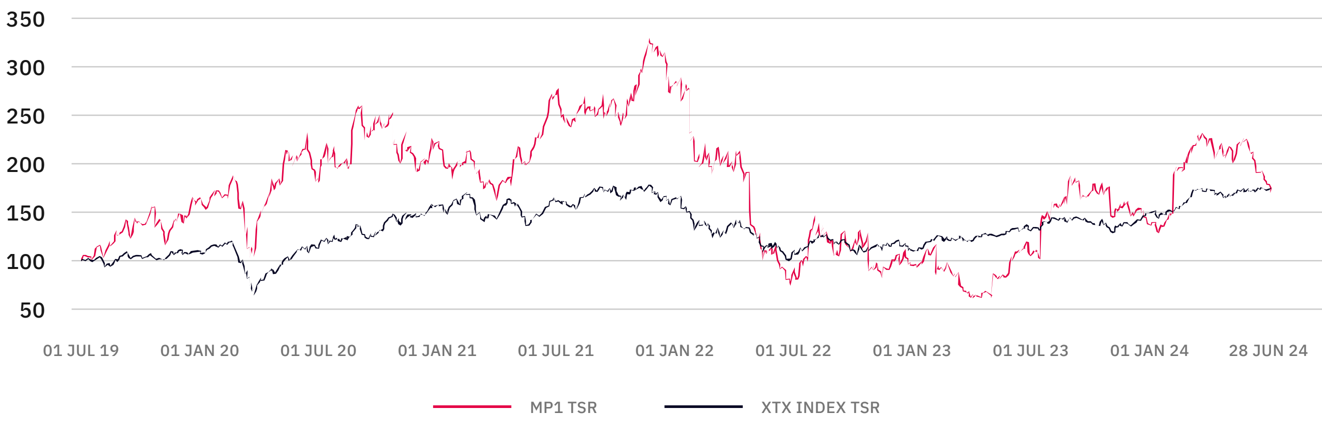
No dividends have been paid by the Company over the previous five financial years.

Megaport TSR Performance

Over the past 5 years, Megaport has delivered a TSR of 72%, similar to the S&P/ASX All Technology Index (XTX).

All figures below have been rebased to 100.

5 YEAR TSR – MEGAPORT VS ALL TECHNOLOGY INDEX ($'000)

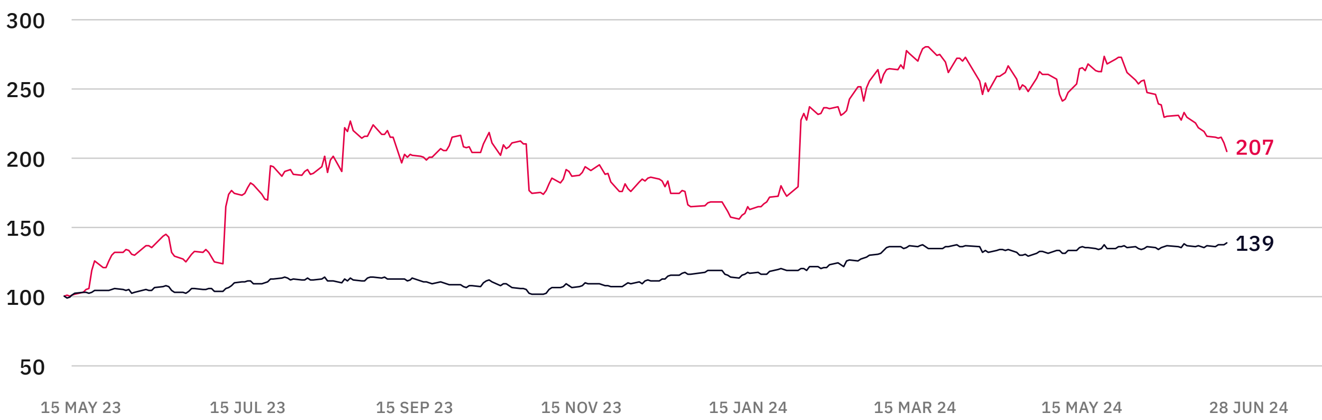


Source: LSEG Data & Analytics (MP1 TSR), and S&P/ASX All Technology Index (XTX Index TSR).

With the successful implementation of transformation improvements following the commencement of Mr Reid as CEO in May 2023, this has enabled us to deliver profitable, efficient growth, evidenced with Megaport's TSR of over 100%, outperforming the XTX's return of 39%.

All figures below have been rebased to 100.

TSR SINCE APPOINTMENT OF NEW CEO



Source: LSEG Data & Analytics (MP1 TSR), and S&P/ASX All Technology Index (XTX Index TSR).

4.2 Executive KMP Realised Remuneration - FY24

The following table provides a snapshot of actual earnings for Executive KMP in FY24[1].

	Fixed Remuneration[1]	Other[2]	Equity STI[3]	LTI	Total
Executive Director					
M Reid	1,086,650	100,000	2,497,594	-	3,684,244
Other current KMP					
L Dorman[4]	298,268	27,905	160,569	-	486,742
Total remuneration	1,384,918	127,905	2,658,163	-	4,170,986

1. Fixed remuneration earned in the financial year (salary and fees and superannuation benefits). Salary and fees includes annual leave which is an additional expense to the contractual fixed remuneration.
2. Other includes non-monetary benefits and other remuneration paid as equity.
3. STI value is calculated as the number of shares to be issued on 1 September 2024, multiplied by the closing share price as at 30 June 2024.
4. Ms Dorman commenced in her role as CFO on 3 October 2023. Her remuneration has been pro-rated to reflect the period served.

4.3 Fixed Remuneration – FY24

Fixed remuneration comprises of base salary, superannuation (as applicable) and other benefits.

The base salary for executives is reviewed annually to ensure the executive's remuneration is competitive with the market and appropriate based on the executive's position and responsibilities within the organisation.

The below figures are inclusive of superannuation.

Executive KMP	FY24 Contractual Fixed Remuneration
Michael Reid	$1,000,000
Leticia Dorman	$388,500

The base salary for Executive KMP is reviewed annually to ensure the Executive's remuneration is competitive with the market and appropriate based on the executive's position and responsibilities within the organisation.

In FY24, CEO fixed remuneration was reviewed against the peer compensation group referenced in section 3.2 above. The results of this review confirmed that CEO fixed remuneration is in line with comparable ASX-listed technology companies included in the XTX Index. No change is proposed to CEO fixed remuneration in FY25.

CFO fixed remuneration was benchmarked against independent data provided by a leading global compensation data provider for businesses of comparable size and sector to Megaport. As a result of this review, Ms Dorman received an increase of 5.5% from 1 July 2024 to align her role with market benchmarks and to recognise her strong performance in the role.

[1] This table is an additional disclosure to those required under the Australian Accounting Standards and the Corporations Act 2001. It has been provided to assist shareholders in understanding realised outcomes.

4.4 STI Plan – Key Features and Outcomes

STI Plan for CEO and CFO

The key features of the STI plan for the CEO and CFO are provided below.

<table>
<tr><th>Feature</th><th colspan="6">Approach</th></tr>
<tr><td>Description</td><td colspan="6">Executive KMPs participate in the annual STI plan with an earning opportunity that is 'at risk' subject to specific performance measures being met.</td></tr>
<tr><td>Performance Periods</td><td colspan="6">1 July 2023 to 30 June 2024 ('FY24 STI')
1 July 2024 to 30 June 2025 ('FY25 STI')
1 July 2025 to 30 June 2026 ('FY26 STI')</td></tr>
<tr><td rowspan="4">STI Opportunity</td><td colspan="6">The STI opportunity as a percentage of fixed remuneration</td></tr>
<tr><td>Role</td><td>FY24 STI</td><td>FY25 STI</td><td>FY26 STI</td><td colspan="2"></td></tr>
<tr><td>CEO</td><td>100%</td><td>50%</td><td>50%</td><td colspan="2"></td></tr>
<tr><td>CFO</td><td>39%</td><td>39%</td><td>39%</td><td colspan="2"></td></tr>
<tr><td>Delivery of award</td><td colspan="6">100% of the STI award is delivered in equity as performance restricted stock units (PRSUs). PRSUs convert to fully paid ordinary shares in Megaport at the end of the performance period where performance conditions are met.</td></tr>
<tr><td>Allocation methodology</td><td colspan="6">The number of PRSUs granted was calculated as follows:
($ Fixed Remuneration (FR) x Award Face Value (% FR)) / $ Share Price = Number of PRSUs</td></tr>
<tr><td rowspan="6">Performance measures and weightings</td><td>Measure</td><td colspan="3">Basis for selection</td><td>CEO</td><td>CFO</td></tr>
<tr><td>Revenue growth</td><td colspan="3">Revenue targets have been set for the CEO and CFO to assess short term growth in revenue of our business.</td><td>25%</td><td>25%</td></tr>
<tr><td>EBITDA</td><td colspan="3">EBITDA targets have been set for the CEO and CFO to ensure growth is achieved on a profitable basis annually.</td><td>25%</td><td>25%</td></tr>
<tr><td>rTSR</td><td colspan="3">rTSR has been selected for the CEO and CFO to assess management's ability to deliver shareholder returns, relative to Megaport's peers in the S&P/ASX All Technology Index (XTX).

At the 2024 AGM, shareholders will be asked for approval to remove the rTSR measure from the FY25 and FY26 STI, following stakeholder feedback that rTSR is better suited to the LTI.</td><td>25%</td><td>25%</td></tr>
<tr><td>Customer growth</td><td colspan="3">Customer growth has been selected for the CEO to ensure we grow and diversify our customer base in the short term.</td><td>25%</td><td>N/A</td></tr>
<tr><td>Net cash growth</td><td colspan="3">Net cash growth has been selected for the CFO to ensure sustainable financial growth of the business annually.</td><td>N/A</td><td>25%</td></tr>
</table>

<table>
<tr><th>Feature</th><th colspan="4">Approach</th></tr>
<tr><td rowspan="6">Performance threshold and vesting outcome</td><td colspan="4">The performance thresholds for FY24 to FY26 are set out below.</td></tr>
<tr><td>Performance threshold</td><td colspan="3">Vesting outcome</td></tr>
<tr><td>Less than threshold performance</td><td colspan="3">0%</td></tr>
<tr><td>Threshold performance</td><td colspan="3">50%</td></tr>
<tr><td>Between threshold and stretch performance</td><td colspan="3">Straight line pro-rata vesting between 50% and 100%</td></tr>
<tr><td>Stretch performance</td><td colspan="3">100%</td></tr>
<tr><td rowspan="4">FY24 LTI Performance Targets</td><td colspan="4">A minimum threshold must be achieved in the performance period prior to any award vesting. The minimum rTSR performance threshold for the FY24 LTI is set out below.</td></tr>
<tr><td colspan="2">Measure</td><td>Threshold Target</td><td>Stretch Target</td></tr>
<tr><td colspan="2">rTSR</td><td>≥50th percentile</td><td>≥75th percentile</td></tr>
<tr><td colspan="4">Due to the commercial sensitivity of the remaining performance measures, Megaport will disclose the performance targets and outcomes at the end of the relevant performance period.</td></tr>
<tr><td>Leaver provisions</td><td colspan="4">The Board will maintain overarching discretion to determine an alternate treatment however the intention is that an employee that has received or provided notice of termination will forfeit their unvested awards. In addition, where the individual is a bad leaver, Megaport may recoup vested or paid awards to the extent permitted under applicable law.</td></tr>
<tr><td>Dividends</td><td colspan="4">No dividend entitlement for unvested equity awards until PRSUs vest and convert to shares.</td></tr>
<tr><td>Malus & clawback</td><td colspan="4">In the event of serious misconduct, the Board has the discretion to reduce, cancel, or clawback remuneration, including unvested PRSUs and amounts deemed to be overpayments.</td></tr>
</table>

As mentioned in Section 1, three years of upfront STI grants were made to the CEO and CFO, with no further STI grant until FY27. For the CEO, the FY24 grant was a one-off larger grant upon sign-on, which has been reduced to 50% of fixed remuneration for FY25 and FY26.

Performance outcomes against STI Measures for FY24

The CEO and CFO were eligible to receive an STI award in FY24. The performance outcomes relative to targets are disclosed below, with pro-rata straight line vesting between threshold and stretch targets.

CEO

Performance measure	Weighting	Threshold Target	Stretch Target	FY24 result	Achievement	Weighted achievement
Revenue growth	25%	$36.9M (24% growth)	$39.4M (26% growth)	$42.2M	100%	25%
EBITDA target	25%	$51M	$54M	$57.1M	100%	25%
Relative TSR	25%	≥50th percentile	≥75th percentile	68th percentile	87%	21.75%
Customer growth (gross adds)	25%	≥300 gross customer adds	≥350 gross customer adds	437	100%	25%
Total CEO Achievement						96.75%

CFO

Performance measure	Weighting	Threshold Target	Stretch Target	Actual performance	Actual Performance (%)	Weighted achievement
Revenue growth	25%	$36.9M (24% growth)	$39.4M (26% growth)	$42.2M	100%	25%
EBITDA target	25%	$51M	$54M	$57.1M	100%	25%
Relative TSR	25%	≥50th percentile	≥75th percentile	68th percentile	87%	21.75%
Net Cash Growth	25%	≥$0M	≥$5M	$28.0M	100%	25%
Total CFO Achievement						96.75%

4.5 FY24 LTI – Key Features and Outcomes

The key features of the FY24 LTI plan are provided below.

The CEO and CFO were eligible to participate in the LTI program which commenced in FY24.

Feature	Approach	
Description	Executive KMPs participate in the FY24 LTI plan with an earning opportunity that is 'at risk' subject to specific performance measures being met over the period FY24 to FY26.	
Performance Periods	1 July 2023 to 30 June 2026 ('FY24 LTI')	
LTI Opportunity	The LTI opportunity as a percentage of fixed remuneration varies based upon role.	
	Role	**FY24 LTI**
	CEO	225%
	CFO	77%
Delivery of award	100% of the LTI award is delivered in equity as PRSUs. PRSUs convert to fully paid ordinary shares in Megaport at the end of the performance period where performance conditions are met.	
Allocation methodology	The number of PRSUs granted was calculated as follows: ($ Fixed Remuneration (FR) x Award Face Value (% FR)) / $ Share Price = Number of PRSUs	

Feature	Approach			
Performance measures and weightings	**Measure**	**Basis for selection**	**CEO**	**CFO**
	Revenue growth	Revenue targets have been set for the CEO and CFO to assess long term financial growth in market share of our business	25%	25%
	EBITDA	EBITDA targets have been set for the CEO and CFO to ensure growth is achieved on a profitable basis over the long term	25%	25%
	rTSR	rTSR has been selected for the CEO and CFO to assess management's ability to deliver long term shareholder returns, relative to Megaport's peers in the XTX Index	25%	25%
	Customer growth	Customer growth has been selected for the CEO to ensure we grow and diversify our customer base in the long term.	25%	N/A
	Net cash growth	Net cash growth has been selected for the CFO to ensure sustainable financial growth of the business over the long term	N/A	25%
Performance threshold and vesting outcome	The performance thresholds for FY24 to FY26 are set out below.			
	Performance threshold	**Vesting outcome**		
	Less than threshold performance	0%		
	Threshold performance	50%		
	Between threshold and stretch performance	Straight line pro-rata vesting between 50% and 100%		
	Stretch performance	100%		
FY24 LTI Performance Targets	A minimum threshold must be achieved in the performance period prior to any award vesting. The minimum rTSR performance threshold for the FY24 LTI is set out below.			
	Measure	**Threshold Target**	**Stretch Target**	
	rTSR	≥50th percentile	≥75th percentile	
	Due to the commercial sensitivity of the remaining performance measures, Megaport will disclose the performance targets and outcomes at the end of the relevant performance period.			
Leaver provisions	The Board will maintain overarching discretion to determine an alternate treatment however the intention is that an employee that has received or provided notice of termination will forfeit their unvested awards. In addition, where the individual is a bad leaver, Megaport may recoup vested or paid awards to the extent permitted under applicable law.			
Dividends	No dividend entitlement for unvested equity awards until PRSUs vest and convert to shares.			
Malus & clawback	In the event of serious misconduct, the Board has the discretion to reduce, cancel, or clawback remuneration, including unvested RSUs and PRSUs and amounts deemed to be overpayments.			

Performance outcomes of LTI awards due to vest in FY24

There were no LTI awards due for testing and no legacy awards vested for KMP.

5. Remuneration Governance

5.1 Roles and Responsibilities

The following diagram illustrates the roles and responsibilities for governing Executive and Director remuneration at Megaport.

BOARD

The Board holds ultimate responsibility for the approval of the Director and Executive KMP remuneration strategy, framework and policies, and remuneration outcomes, based on the recommendations of the Remuneration & Nomination Committee.

REMUNERATION & NOMINATION COMMITTEE

The Committee is responsible for developing the remuneration strategy, reviewing frameworks and policies, and reviewing remuneration outcomes. It makes recommendations to the Board for approval on remuneration matters. Its responsibilities include:

- REVIEWING THE GROUP'S REMUNERATION POLICIES AND PROCEDURES;
- SUCCESSION PLANNING AND APPOINTMENT OF ROLES AT THE BOARD, CEO AND SENIOR EXECUTIVE LEVEL;
- REVIEWING THE PERFORMANCE AND REMUNERATION OF THE CEO AND SENIOR EXECUTIVES ANNUALLY;
- REVIEWING AND REPORTING ON DIVERSITY METRICS ANNUALLY ON THE GROUP'S EMPLOYEES;
- REVIEWING EMPLOYEE BENEFITS, WORKPLACE POLICIES, PRACTICES AND MAKING RECOMMENDATIONS TO THE BOARD ON POLICY AND BENEFITS CHANGES, IN-LINE WITH MARKET TRENDS;
- OVERSEEING THE PERFORMANCE OF DIRECTORS;
- REVIEWING THE REMUNERATION OF DIRECTORS ANNUALLY; AND
- FORMALLY ASSESSING THE BALANCE OF SKILLS, EXPERIENCE AND DIVERSITY REQUIRED ON THE BOARD AND OVERSEEING THE PERFORMANCE OF EACH DIRECTOR.

A copy of the Committee's charter, which forms part of the Corporate Governance Charter, is available on Megaport's website at megaport.com/investor/leadership-governance.

MANAGEMENT

On a day-to-day basis, management are responsible for preparing relevant information and analysis to the Remuneration & Nomination Committee and the Board to support their decision-making.

The Committee may request materials from management to inform the decision-making of Directors. Management may seek external advice on market trends and benchmarking data from time-to-time as required.

EXTERNAL ADVISORS

The Committee may request advice from external advisors to support its decision-making. In FY24, the Committee sought advice from SW Corporate on its remuneration framework. Where a remuneration recommendation is provided, as defined by the Corporations Act 2001, all advice is provided directly to the Chair of the Committee to ensure it is free from the influence of management. No remuneration recommendations were made in FY24.

5.2 Minimum Shareholding Policy

To align the Non-Executive Director's interests with the interests of shareholders, the Board has introduced a minimum shareholding policy to encourage Non-Executive Directors to progressively acquire and hold shares within five years of their appointment, with a value equal to 100% of base fees. Direct and indirect holdings count towards the minimum shareholding target.

Similar to Non-Executive Directors, Executive KMPs are encouraged to acquire and hold shares within five years of their appointment, with a value equal to 100% of fixed remuneration (including superannuation).

5.3 Hedging Policy and Securities Trading Policy

A securities trading policy has been adopted by the Board to provide guidance to Directors, employees of Megaport, and other parties who may have access to price sensitive information, where they are contemplating dealing in Megaport's securities or the securities of entities with whom Megaport may have dealings. The Trading Policy is designed to ensure that any trading in Megaport's securities is in accordance with the law. Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct. The Securities Trading Policy is available on Megaport's website at megaport.com/investor/leadership-governance.

Participants in Megaport's equity plans are prohibited from entering into hedging arrangements or using financial products to mitigate their exposure to risks associated with their unvested awards, unless the participant has received written clearance in accordance with the Securities Trading Policy.

6. Executive KMP Service Agreements

6.1 Outgoing Arrangements of Placeholder (former CRO)

Mr Tworek ceased to perform the role of CRO on 24 October 2023. All statutory entitlements were paid to Mr Tworek, as well as his quarterly cash STI (assessed against monthly recurring revenue and access bookings), under his STI plan as Chief Revenue Officer, to recognise the time he was in the role during FY24. All unvested on-foot incentives were forfeited.

6.2 Executive KMP Service Agreements

Details of the service agreements for Megaport's current KMP are outlined below.

	CEO	CFO
Employment agreement	An ongoing service agreement with no fixed term. Mr Reid is subject to certain post-employment restrictive covenants, including: • 9-months non-compete restriction, and • 12-months non-solicitation restriction	An ongoing service agreement with no fixed term. Ms Dorman is subject to certain post-employment restrictive covenants, including: • 12-months non-compete restriction, and • 12-months non-solicitation restriction
Termination by the Executive	3-months' written notice to the Company is required by Mr Reid. No severance benefits are payable if Mr Reid resigns.	3-months' written notice to the Company is required by Ms Dorman. No severance benefits are payable if Ms Dorman resigns.
Termination by the Company without cause	Megaport is required to provide Mr Reid 3-months' written notice. If Megaport terminates Mr Reid without cause, this entitles Mr Reid to a severance payment equal to nine months' fixed remuneration.	Megaport is required to provide Ms Dorman 3-months' written notice. If Megaport terminates Ms Dorman without cause, this entitles Ms Dorman to a severance payment equal to nine months' fixed remuneration.
Termination by the Company with cause	Megaport may terminate employment without notice or payment in lieu of notice for serious misconduct or other specific circumstances warranting summary dismissal.	

7. Non-Executive Director (NED) Remuneration

7.1 NED Fees

Megaport seeks to provide fair remuneration that is competitive to attract and retain NEDs with the required level of experience, knowledge and skills.

Our NEDs are paid a fee for sitting on the Board and additional fees for their participation in any committees. Directors may be paid additional remuneration where they perform additional work or services outside the scope of their role and are entitled to be reimbursed for travel, training and other expenses incurred while carrying out their duties as a Megaport Director.

The NED fees did not change during FY24. Our fee levels are set to recognise that we seek to attract Director talent internationally, with more than half our Non-Executive Directors based in the US.

The total fee pool for NED fees in FY24 is $1,500,000. The table below sets out the NED cash fees payable in FY24, inclusive of superannuation, noting that NEDs did not receive any performance-based remuneration or equity grants in FY24.

	FY24	
Fees	Chair	Member
Board	250,000	150,000
Audit & Risk Committee	25,000	15,000
Remuneration & Nomination Committee	25,000	15,000
Innovation Committee[1]	N/A	N/A
Diversity & Inclusion Advisory Board[2]	N/A	N/A

1. To reduce costs, the Innovation Committee ceased on 31 October 2023. The Chair and member fees were previously $25,000 and $15,000, respectively.
2. To reduce costs, the Diversity & Inclusion Advisory Board ceased on 31 October 2023 and was replaced by an internal DEI Working Group reporting to the CEO. The Chair and member fees were previously $15,000 and $10,000, respectively.

8. Statutory Disclosures

The following tables outline the statutory accounting disclosures required under the *Corporations Act 2001 (Cth)* for KMP.

8.1 NED Statutory Remuneration

The total remuneration paid to NEDs in FY23 and FY24 is disclosed below.

We note that a portion of Options granted in previous years vested to some Directors in FY24. No new Deferred Shares or Options were granted in FY24.

		Short-term benefits		Post-employment benefits	Equity-settled benefits and rights		
Directors	Year	Salary and fees	Non-monetary benefits	Superannuation benefits	Deferred Shares[1]	Options[2]	Total
B Slattery	FY24	228,311	-	25,114	(22)	-	253,403
	FY23[3]	181,712	-	19,080	11,459	14,511	226,762
J Adelson	FY24	165,000	26,693	-	19,769	-	211,462
	FY23	199,905	33,492	-	16,689	-	250,086
N Seddon	FY24	174,288	3,250	-	(22)	-	177,516
	FY23	181,250	9,156	-	16,689	-	207,095
M Klayko	FY24	165,000	39	-	19,769	-	184,808
	FY23	187,822	-	-	16,689	-	204,511
M Snowden	FY24	159,817	-	17,580	19,769	-	197,166
	FY23	157,994	1,699	16,589	16,689	-	192,971
G Gordon	FY24	180,000	39	-	19,769	-	199,808
	FY23	192,822	-	-	16,689	-	209,511
L Williams[4]	FY24	11,230	-	1,235	-	-	12,465
	FY23	-	-	-	-	-	-
Total remuneration	**FY24**	**1,083,646**	**30,021**	**43,929**	**79,032**	**-**	**1,236,628**
	FY23	**1,101,505**	**44,347**	**35,669**	**94,904**	**14,511**	**1,290,936**

1. A negative accounting value for deferred shares represents the reversal of expenses relating to forfeited deferred shares.
2. The value of options is calculated using a Black-Scholes valuation model at grant date. This value is allocated to remuneration of KMP on a straight-line basis to profit or loss over the period from grant date to vesting date. This value represents the share-based payment accounting expense for the options for the financial year or the period that person was a KMP within the year. The accounting value may be negative, for example, when an Executive's options are forfeited during the year.
3. This table excludes payments made to Mr Slattery during his time as interim CEO, these are disclosed in section 8.2.
4. Ms Williams commenced her role as Non-Executive Director on 5 June 2024. Her remuneration has been pro-rated to reflect the period served.

8.2 Executive KMP Statutory Remuneration

The total remuneration paid to Executive KMP for FY23 and FY24 is disclosed below.

Given all current executive KMP only served their roles for part of FY24, their remuneration has been pro-rated accordingly.

		Short-term benefits			Post-employment benefits	
	Year	Salary and fees	Cash STI award	Non-monetary benefits	Superannuation benefits	Termination benefits
Executive Director						
B Slattery[3]	FY24	-	-	-	-	-
	FY23	217,992	-	-	22,889	-
M Reid[4]	FY24	1,059,251	-	100,000	27,399	-
	FY23	133,148	-	-	6,323	-
Other current KMP						
L Dorman[7]	FY24	277,719	-	495	20,549	-
	FY23	-	-	-	-	-
Former KMP						
J Tworek[10]	FY24	157,210	131,000	30,784	7,509	174,508
	FY23	300,653	320,029	15,312	11,224	-
V English[12]	FY24	-	-	-	-	-
	FY23	750,000	-	149,315	18,969	-
S Cassidy[13]	FY24	-	-	-	-	-
	FY23	400,000	-	85,136	18,969	85,000
Total remuneration	**FY24**	**1,494,180**	**131,000**	**131,279**	**55,457**	**174,508**
	FY23	**1,801,793**	**320,029**	**249,763**	**78,374**	**85,000**

1. For accounting purposes, PRSUs subject to non market performance measures are valued using the Binomial Tree Model by an independent valuer based on the share price at the grant date. PRSUs that contain a market performance measure are valued at the grant date using the Monte-Carlo simulation pricing model which is performed by an independent valuer and models the future security price of the Company's shares.
2. The value of options is calculated using a Black-Scholes valuation model at grant date. This value is allocated to remuneration of KMP on a straight-line basis to profit or loss over the period from grant date to vesting date. This value represents the share-based payment accounting expense for the options for the financial year or the period that person was a KMP within the year. The accounting value may be negative, for example, when an Executive's options are forfeited during the year.
3. Mr Slattery held the role of interim CEO from 7 March 2023 to 15 May 2023. During this period, he was paid a fixed salary of $82,500 (including superannuation) per month for serving in the role. He did not participate in any performance-based remuneration plans. This table excludes payments made to Mr Slattery during his time as a NED, these are disclosed in section 8.1.
4. Mr Reid commenced in his role as CEO on 15 May 2023. His remuneration has been pro-rated to reflect the period served.
5. The share price used for the CEO's PRSUs was the Volume Weighted Average Price (VWAP) of the Company's shares for the 10 trading days prior to (and excluding) 28 March 2023 (i.e. the date of execution of Mr Reid's employment agreement), as agreed in his employment contract.
6. Mr Reid's long-service leave expense for FY23 has been restated to take into account the appropriate discount rates and Mr Reid's tenure at Megaport at 30 June 2023. The expense for FY23 is nil.
7. Ms Dorman commenced in her role as CFO on 3 October 2023. Her remuneration has been pro-rated to reflect the period served.
8. These awards relate to the CFO's grant of service-based RSUs prior to her appointment as CFO, which vested in FY24. She has not received any further RSU grants since her appointment as CFO.

		Long-term benefits	Equity-settled benefits and rights					
	Year	Long-service leave	Deferred shares	RSUs	PRSUs[1]	Options[2]	Total	Remuneration based on performance (%)
Executive Director								
B Slattery[3]	FY24	-	-	-	-	-	-	n.m
	FY23	-	5,230	-	-	-	246,111	0%
M Reid[4]	FY24	841	-	-	2,829,596[5]	-	4,017,087	70%
	FY23	-[6]	-	-	-	-	139,471	0%
Other current KMP								
L Dorman[7]	FY24	3,185	-	47,081[8]	332,251[9]	-	681,280	49%
	FY23	-	-	-	-	-	-	n.m
Former KMP								
J Tworek[10]	FY24	-	-	(68,045)[11]	-	-	432,966	30%
	FY23	-	-	62,123	58,065	-	767,406	42%
V English[12]	FY24	-	-	-	-	-	-	n.m
	FY23	-	-	-	-	(2,033,031)	(1,114,747)	n.m
S Cassidy[13]	FY24	-	-	-	-	-	-	n.m
	FY23	-	-	-	-	(246,016)	343,089	n.m
Total remuneration	**FY24**	**4,026**	**-**	**(20,964)**	**3,161,847**	**-**	**5,131,333**	
	FY23	**-**	**5,230**	**62,123**	**58,065**	**(2,279,047)**	**381,330**	

9. The share price used for the CFO's PRSUs was the VWAP of the Company's shares between 28 March 2023 and 12 September 2023 (i.e. being the period Ms Dorman served as Interim CFO).
10. Mr Tworek commenced in his role as CRO on 21 November 2022 and ceased his role on 24 October 2023. His remuneration has been pro-rated to reflect the period served.
11. The negative accounting value represents a reversal of previously recognised expenses due to the forfeit of unvested RSUs.
12. Mr English ceased in his role as CEO on 6 March 2023. His remuneration has been pro-rated to reflect the period served.
13. Mr Cassidy ceased in his role as CFO on 27 March 2023. His remuneration has been pro-rated to reflect the period served.

n.m. not meaningful

8.3 Valuation of Outstanding Equity Awards

The value of outstanding awards under equity plans are outlined below.

Performance Restricted Stock Units Plan ('PRSU Plan')

RSU series	Outstanding units	Grant date	Grant date fair value per unit $	Settlement date
PRSU Dec 2023 - 1	250,026	16-Oct-23 to 01-Nov-23	7.82 to 11.05	1-Sept-24
PRSU Dec 2023 - 2	134,987	16-Oct-23 to 01-Nov-23	7.49 to 10.58	1-Sept-25
PRSU Dec 2023 - 3	134,987	16-Oct-23 to 01-Nov-23	7.17 to 10.13	1-Sept-26
PRSU Dec 2023 - 4	557,573	16-Oct-23 to 01-Nov-23	4.43 to 11.05	1-Sept-26
	1,077,573			

Restricted Stock Units General Plan ('RSU General Plan')

RSU series	Outstanding fair value	Equivalent units	Grant date	Vesting date
Mar 2022 - 3	67,500	5,000	1-Mar-22	1-Mar-25

Deferred Shares Plan - Non-Executive Directors ('Deferred Shares Plan')

Tranche	Outstanding units	Grant date	Grant date fair value per share $	Total fair value at grant date $	Settlement date
Tranche-2	8,036	23-Nov-22	8.297	66,667	23-Nov-24
Tranche-3	8,036	23-Nov-22	8.297	66,667	23-Nov-25
	16,072			133,334	

Movement in Equity Awards

The following table details the movements in RSUs, PRSUs, Deferred Shares and Options during the financial year. No awards were vested and exercisable at 30 June 2024.

Name	Opening balance at 1 Jul 2023	Awards Granted during FY24	Grant date	Settled during FY24	Forfeited in FY24	Closing balance at 30 Jun 2024	Total fair value of Awards at Grant Date
Directors							
B Slattery	39,361	-		(35,343)	(4,018)	-	-
J Adelson	6,027	-		(2,009)	-	4,018	33,333
N Seddon	6,027	-		(2,009)	(4,018)	-	-
M Klayko	6,027	-		(2,009)	-	4,018	33,333
M Snowden	6,027	-		(2,009)	-	4,018	33,333
G Gordon	6,027	-		(2,009)	-	4,018	33,333
L Williams	-	-		-	-	-	-
Executive KMP							
M Reid	-	977,840	1-Nov-23	-	-	977,840	8,410,143
L Dorman	9,469[1]	99,733	16-Oct-23	(4,469)	-	104,733	1,074,150
J Tworek	87,023	-		(7,568)	(79,455)	-	-

1. Ms Dorman commenced in her role as CFO on 3 October 2023. Her balance at this date is shown

8.4 KMP Shareholdings

KMP	Balance at 01 July 2023	Settlement of equity settled employee benefits	Shares Disposed	Balance at 30 June 2024
Directors				
Bevan Slattery	7,165,940	35,343	(2,100,000)	5,101,283
Jay Adelson	18,000	2,009	-	20,009
Naomi Seddon	24,000	2,009	-	26,009
Michael Klayko	25,000	2,009	(25,000)	2,009
Melinda Snowden	11,000	2,009	-	13,009
Glo Gordon	-	2,009	-	2,009
Lauren Williams	2,546[1]	-	-	2,546
Executive KMP				
Michael Reid	-	-	-	-
Leticia Dorman	12,368[2]	4,412	-	16,780
Jeff Tworek	-	12,243	-	12,243[3]

1. Ms Williams commenced her role as Non-Executive Director on 5 June 2024. Her balance at this date is shown.
2. Ms Dorman commenced her role as CFO on 3 October 2023. Her balance at this date is shown.
3. Mr Tworek ceased employment on 24 October 2023. His balance at this date is shown.

9. Loans and Other Transactions

9.1 Loans to KMP

No loans were made to Directors of Megaport Limited or other KMP of the Group, including their close family members and entities related to them, for the financial year ended 30 June 2024 (2023: nil).

9.2 Transactions and Balances with KMP of the Group

		2024 $	2023 $
Sales and purchases of goods and services			
Purchase of shared services from entities controlled by key management personnel	(i)	202,454	152,739
Legal services from entities controlled by key management personnel		-	27,245
Sale of network related services to entities related to key management personnel		10,400	5,400
Sale of network equipment to entities related key management personnel		-	81,516
Other transactions			
Employee compensation of associates to key management personnel		-	68,057

(i) Shared services agreement

The Company entered into a shared services agreement with Capital B Pty Ltd ACN 162 622 282 ('Soda'), a company controlled by Bevan Slattery (Chairman of the Company until 30 June 2024). Under the agreement, Soda provides certain services to the Group. The services are charged on the basis of the actual cost to Soda plus a margin of 20%, allocated on the time Soda employees spend providing services to the Group. The obligations on Soda under the agreement are typical for a service agreement, and require that Soda provide the services with due care, skill and judgement, comply with the law in providing the services and effect appropriate insurance. Soda may seek reimbursement for certain expenses incurred in connection with the provision of services under the agreement. Either party may terminate the agreement for convenience on 60 days' written notice.

9.3 Outstanding balances arising from entities related to key management personnel

The following balances were outstanding at the end of the year:

	2024 $	2023 $
Amounts owed by related parties		
Entities related to key management personnel	-	27,627
	-	27,627

There were no amounts owing to related parties at 30 June 2024 (30 June 2023: nil).

Terms and Conditions

Directors for the Group hold other directorships as detailed in the Directors' Report. Where any of these related entities are customers or suppliers of the Group, the arrangements are on similar terms to third party customers or suppliers respectively.

The Directors' Report is signed in accordance with a resolution of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Board of Directors

MELINDA SNOWDEN
CHAIR & NON-EXECUTIVE DIRECTOR, SYDNEY
22 AUGUST 2024

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Australia

Tel: +61 7 3308 7000
www.deloitte.com.au

The Board of Directors
Megaport Limited
Level 3
825 Ann Street
Fortitude Valley QLD 4006

22 August 2024

Dear Board Members

Auditor's Independence Declaration to Megaport Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Megaport Limited.

As lead audit partner for the audit of the financial report of Megaport Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R. D. Wanstall

Richard Wanstall
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Continuing operations			
Revenue	7, 8	195,271	153,083
Direct network costs	9	(36,412)	(31,503)
Partner commissions	9	(22,042)	(17,655)
Gross profit		**136,817**	**103,925**
Interest income		954	698
Employee expenses		(59,063)	(61,522)
Professional fees		(4,716)	(6,594)
Marketing expenses		(4,763)	(4,361)
Travel expenses		(2,853)	(2,240)
IT costs		(3,446)	(3,470)
Equity-settled employee costs and related tax costs	11, 29	(13,740)	(3,513)
Depreciation and amortisation expense	11	(37,337)	(36,301)
Finance costs		(1,750)	(2,419)
Foreign exchange (losses)/gains		(2,516)	11,315
Other expenses		(6,281)	(5,450)
Profit /(loss) before income tax		**1,306**	**(9,932)**
Income tax benefit	10(a)	8,300	158
Net profit/(loss) for the year		**9,606**	**(9,774)**
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequent to profit or loss:			
Exchange differences arising on the translation of foreign operations	24	1,470	(6,540)
Total other comprehensive income/(loss), net of income tax		**1,470**	**(6,540)**
Total comprehensive income/(loss) for the year		**11,076**	**(16,314)**
Earnings/(loss) per share		**$**	**$**
Basic and diluted earnings/(loss) per share	12	0.06	(0.06)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 $'000	Restated^ 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	13	72,434	48,455
Trade and other receivables	14	16,404	17,063
Contract assets	15	9,927	8,911
Income tax receivable	10(b)	313	258
Other assets	16	6,063	3,767
Total current assets		**105,141**	**78,454**
Non-current assets			
Property, plant and equipment	17	36,360	44,810
Intangible assets	18	48,668	54,170
Right-of-use assets	20(a)	6,896	9,093
Deferred tax assets	10(c)	17,638	14,023
Other assets	16	-	3,812
Total non-current assets		**109,562**	**125,908**
Total assets		**214,703**	**204,362**
Liabilities			
Current liabilities			
Trade and other payables	21	31,027	36,292
Borrowings	25	5,230	6,468
Lease liabilities	20(b)	4,467	4,744
Provisions	22	3,915	3,578
Income tax payable	10(b)	290	72
Other liabilities		794	343
Total current liabilities		**45,723**	**51,497**
Non-current liabilities			
Trade and other payables	21	526	2,436
Borrowings	25	3,124	3,823
Lease liabilities	20(b)	2,966	4,924
Provisions	22	444	341
Deferred tax liabilities	10(c)	7,840	13,414
Total non-current liabilities		**14,900**	**24,938**
Total liabilities		**60,623**	**76,435**
Net assets		**154,080**	**127,927**

Equity			
Issued capital	23	422,674	412,844
Reserves	24	2,357	(4,281)
Other equity		(11,914)	(11,914)
Accumulated losses		(259,037)	(268,722)
Total equity		**154,080**	**127,927**

^ Restated due to amendments to accounting standards. Refer to Note 4 for further information

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Notes	Issued capital $'000	Reserves $'000	Other equity^ $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022		407,405	8,270	(11,914)	(261,513)	142,248
Loss for the year		-	-	-	(9,774)	(9,774)
Other comprehensive loss	24	-	(6,540)	-	-	(6,540)
Total comprehensive loss for the year		**-**	**(6,540)**	**-**	**(9,774)**	**(16,314)**
Transactions with owners in their capacity as owners:						
Issue of ordinary share capital	23	746	-	-	-	746
InnovoEdge – Milestone 2	23, 24	2,718	(2,718)	-	-	-
Transfer from equity-settled employee benefits reserves	23, 24	1,975	(4,540)	-	2,565	-
Vesting of equity settled share based payments	24, 29	-	1,247	-	-	1,247
Balance at 30 June 2023		**412,844**	**(4,281)**	**(11,914)**	**(268,722)**	**127,927**
Balance at 1 July 2023		412,844	(4,281)	(11,914)	(268,722)	127,927
Profit for the year		-	-	-	9,606	9,606
Other comprehensive income	24	-	1,470	-	-	1,470
Total comprehensive income for the year		**-**	**1,470**	**-**	**9,606**	**11,076**
Transactions with owners in their capacity as owners:						
Issue of ordinary share capital	23	1,327	-	-	-	1,327
Transfer from equity-settled employee benefits reserves	23, 24	8,503	(8,582)	-	79	-
Vesting of equity settled share based payments	24, 29	-	13,750	-	-	13,750
Balance at 30 June 2024		**422,674**	**2,357**	**(11,914)**	**(259,037)**	**154,080**

^ Represents adjustment arising from common-control transactions, refer to Note 6 in the consolidated financial statements.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		213,138	158,372
Payments to suppliers and employees		(159,629)	(153,357)
Interest received		761	720
Income taxes paid		(778)	(125)
Vendor financing proceeds		2,146	8,082
Payment of vendor financing instalments		(3,898)	(3,502)
Net cash flows from operating activities	**13**	**51,740**	**10,190**
Cash flows from investing activities			
Payments for property, plant and equipment		(10,586)	(17,594)
Payments for intangible assets		(9,273)	(15,200)
Proceeds from disposal of property, plant and equipment		5	68
Net cash flows used in investing activities		**(19,854)**	**(32,726)**
Cash flows from financing activities			
Proceeds from issue of new shares		1,327	562
Share issue transactions costs		-	(23)
Proceeds from borrowings		6,798	4,210
Repayment of borrowings		(8,144)	(7,236)
Payment of principal portion of lease liabilities		(5,694)	(7,471)
Interest and other costs of finance paid		(1,565)	(1,964)
Transaction costs related to loans and borrowings		(156)	(447)
Net cash flows used in financing activities		**(7,434)**	**(12,369)**
Net increase/(decrease) in cash and cash equivalents held		24,452	(34,905)
Effects of exchange rate changes on cash and cash equivalents		(473)	815
Cash and cash equivalents at beginning of the year		48,455	82,545
Cash and cash equivalents at end of the year	**13**	**72,434**	**48,455**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements - Overview

The notes to the consolidated financial statements have been grouped into sections. Each section includes an introduction to outline the focus and content of the section. The related notes are grouped under that section. The accounting policies as well as key accounting estimates and judgements applied in the preparation of the consolidated financial statements which are relevant to the note are also included. The notes grouping has been done under the following sections:

Section 1: General information and basis of preparation

Section 2: Business performance

Section 3: Core assets, liabilities and working capital

Section 4: Capital and financial risk management

Section 5: Equity-settled employee benefits

Section 6: Group structure and related party transactions

Section 7: Other Information

Section 1: General information and basis of preparation

This section explains the basis of preparation of the consolidated financial statements and provides a summary of the key accounting estimates and judgements applied in the preparation of the consolidated financial statements.

1. General information

Megaport Limited ('parent entity' or 'the Company') is a listed public company, incorporated and domiciled in Australia. Megaport Limited shares are listed on the Australian Securities Exchange ('ASX').

Megaport's registered office and principal place of business is:

Level 3
825 Ann Street
Fortitude Valley, QLD 4006

The principal activities of the Company and its subsidiaries (together referred to as 'the Group', 'Megaport' or 'consolidated entity') are described in the Directors' Report.

All press releases, financial reports and other information are available at Megaport's Investor Centre at the following website address: www.megaport.com/investor.

Material accounting policies adopted in the preparation of these consolidated financial statements are included in the relevant notes to the consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The consolidated financial statements are for the Group for the financial year ended 30 June 2024.

The consolidated financial statements were authorised for issue by the Directors on the date of the Directors' Declaration. The Directors have the power to amend and reissue the consolidated financial statements.

2. Basis of preparation

These consolidated financial statements are general purpose consolidated financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), and comply with other requirements of the law.

The consolidated financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the consolidated financial statements are rounded off to the nearest thousand dollars ($'000), unless otherwise indicated.

Compliance with IFRS

The consolidated financial statements and the accompanying notes of the Group also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Going concern

Determining whether the Group is a going concern has been evaluated through detailed budgets and cash flow forecasts which include key assumptions around future cash flows including forecast results and margins from operations. The Group has sufficient cash reserves and monitors the reserves through these detailed budgets and cash flow forecasts to ensure there are sufficient available funds for its operations and any planned expansion. As a result, the Directors are satisfied that the Group is able to maintain sufficient resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the consolidated financial statements.

Historical cost and fair value conventions

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of each reporting date, as explained in accounting policies in the relevant notes. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability at the measurement date.

3. Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies, make estimates and assumptions in determining carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Other specific significant management judgements and estimates used are set out in the relevant notes. These are summarised below.

Key accounting estimate and judgement	Note
Estimating provision for income taxes	10
Recognition of deferred tax relating to unused tax losses	10
Determining the useful lives of property, plant and equipment and intangible assets	17 & 18
Capitalisation of internally generated intangible assets	18
Impairment of assets	19
Determining the incremental borrowing rates for leases	20
Fair value measurements of equity-settled employee benefits	29

4. New and amended standards and interpretations adopted by the Group

a) New and amended Australian Accounting Standards that are effective for the current year

In the current year, the Group has applied the below amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board that are effective for the Group's annual reporting period that began on 1 July 2023.

Pronouncement	Impact
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	Requires the disclosure of material accounting policy information and clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates. The application of the amendments did not have a material impact on the Group's consolidated financial statements.
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Clarifies that deferred taxes must be recognised where, on initial recognition of an asset or liability, the transaction gives rise to equal taxable and deductible temporary differences. The Group has restated its deferred tax assets and deferred tax liabilities at 30 June 2023, recognising an increase of $2.1 million in deferred tax liabilities for right-of-use assets and an increase of $2.2 million in deferred tax assets for lease liabilities. The previously recognised net deferred tax asset of $0.1 million was derecognised. In accordance with the transition provisions, similar adjustments were made at 1 July 2022 in respect of right-of-use assets and lease liabilities. There was no impact on the statement of cash flows or profit or loss in the current or preceding period.
AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules	Prohibits the recognition and disclosure of deferred taxes arising from OECD Pillar Two income taxes and requires certain disclosures related to those taxes. The amendments did not have a material impact on the Group's consolidated financial statements as the Group does not meet the threshold to be required to comply with these requirements.

b) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the consolidated financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Effective for annual reporting periods beginning on or after	Standard/Amendment	Nature of the change and expected impact
1 January 2024	AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements	Requires the disclosure of information about an entity's supplier finance arrangements. The Group has supplier finance arrangements (see Notes 21 and 25) and the disclosures included in these notes will be adjusted to align with the requirements of the amendments when they become effective.
1 January 2024	AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	Requires a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retains. The Group does not currently have sale and leaseback arrangements. The Group will apply the amendments if sale and leaseback arrangements are entered into in the future.
1 January 2025	AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability	Specifies how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. The Group does not currently have operations in any country where the currency is not exchangeable. The Group will apply the amendments if it commences operations in a country where the currency is not exchangeable.
1 January 2027	AASB 18 Presentation and Disclosure in Financial Statements	This Standard will not change the recognition and measurement of items in the consolidated financial statements, but will affect presentation and disclosure in the consolidated financial statements, including introducing new categories and subtotals in the Consolidated Statement of Profit or Loss, requiring the disclosure of management defined performance measures, and changing the grouping of information in the consolidated financial statements.

5. Sustainability developments

On 26 June 2023, the International Sustainability Standards Board ('ISSB') issued its first two IFRS Sustainability Disclosure Standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

IFRS S1 sets out the core content requirements for a complete set of sustainability-related financial disclosures and requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. The effect on the entity's prospects refers to the effect on the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

IFRS S2 requires an entity to provide information about its exposure to climate-related risks and opportunities. The standard sets out the requirements for the identification, measurement and disclosure of climate-related financial information.

Furthermore, it requires an entity to disclose relevant information along the four content pillars derived from the Recommendations of the Taskforce for Climate-Related Financial Disclosures, Governance, Strategy, Risk Management, and Metrics and Targets.

In Australia, on 23 October 2023, the AASB released Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate related Financial Information* ('Climate ED'). The Climate ED outlines the proposed implementation of climate-related financial disclosure in Australia in the context of the proposed Federal Government policy and previous feedback from Commonwealth Treasury consultations. The Climate ED proposes three Australian Sustainability Reporting Standards ('ASRSs'):

- ASRS 1 *General Requirements for Disclosure of Climate-related Financial Information*, which is based on IFRS S1. Consistent with previous AASB decisions and Government policy, this proposed standard has been 'climatised' to only apply to climate-related financial disclosures only.
- ASRS 2 *Climate-related Financial Disclosures*, which is based on IFRS S2. The scope of this proposed standard is limited to climate-related risks and opportunities related to climate change and does not include other climate related emissions that are not greenhouse gas ('GHG') emissions.
- ASRS 101 *References in Australian Sustainability Reporting Standards*, which is proposed to operate as a 'service standard' to give legal effect to references to various other documents such as the GHG Protocol and Australian and New Zealand Standard Industrial Classification ('ANZSIC') (in a similar way to how AASB 1048 *Interpretation of Standards* operates for Australian Accounting Standards).

The Climate ED was open for comment until 1 March 2024. Depending on feedback received, the AASB may potentially publish another exposure draft or fatal flaw draft to enable further consultation as it moves toward finalisation of the proposed ASRSs in towards the end of 2024.

The standards are expected to become effective using a phased approach based on prescribed size thresholds starting from the 2024-2025 financial year. Based on the proposed approach, it is expected the standards will become effective for the Group for the financial year ended 30 June 2027.

The Group's key area of environmental risk relates to its reliance on third-party data centres to provide its services. As suppliers globally invest in mitigating environmental risks, Megaport may experience increased operating costs as suppliers increase their prices to cover their costs of addressing these risks. Management will continue to monitor the development of these standards and will adopt the requirements of the standards as and when they become effective.

6. Other accounting policies not included anywhere else in the report

(i) Foreign currencies

The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each individual entity within the Group are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at their respective functional currency spot rates at the dates the transactions first qualifies for recognition. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates at the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the functional currency spot rate at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(ii) Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(iii) Other taxes

Revenues, expenses and assets are recognised net of the amount of associated other taxes, including goods & services tax (GST), value-added tax (VAT), and sales and use tax, except:

- Where the amount of other taxes incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of other taxes.

The net amount of other taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The other taxes component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are classified within operating cash flows.

Commitments and contingencies are disclosed net of the amount of other taxes recoverable from, or payable to, the taxation authority.

(iv) Common-control transactions

A business combination involving entities or businesses under common-control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory. Where an entity within the Group acquires an entity under common-control, the acquirer consolidates the book value of the acquired entity's assets and liabilities from the date of acquisition. The consolidated financial statements of the Group include the acquired entity's income and expenses from the date of acquisition onwards. Any difference between the fair value of the consideration paid/transferred by the acquirer and the net assets/(liabilities) of the acquired entity are taken to the common control reserve within other equity.

Section 2: Business performance

This section provides information about our results, performance of our segments, information on revenue, direct network costs, partner commissions, details of income tax expenses, details of significant expense lines and our earnings per share for the period.

7. Segment information

(a) Description of segments

AASB 8 *Operating Segments* requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Board of Directors, who make strategic decisions on behalf of the Group.

The Group's Board of Directors examines the performance of the Group from a geographic perspective and has identified three operating segments. Head office and Group services costs whose function is to support the operating segments are presented under 'other' in this note. All operating segments are currently reportable. All operating segments generate revenue from the Group's principal activities. These segments are:

- *North America*, established in April 2016. There are now 491 enabled data centres across the United States of America, Canada, Mexico, and Brazil (2023: 450).
- *Asia-Pacific*, including Australia, New Zealand, Hong Kong, Singapore and Japan. As of 30 June 2024, 148 enabled data centres operate across Asia-Pacific (2023: 138).
- *Europe*, established in 2016 and subsequently acquired Megaport (Bulgaria) EAD (formerly OMNIX Group AD) and Megaport (Deutschland) GmbH (formerly Peering GmbH) respectively. There are now 229 enabled data centres across Europe (2023: 224).
- *Other*, includes head office and group services, whose function is to support the operating segments and growth of the global business.

(b) Segment information provided to the Chief Operating Decision Maker

The CODM monitors the operating results of operating segments separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on Revenue, Gross profit, and EBITDA, each of which are measured the same way as these items in the consolidated financial statements.

The accounting policies of the reportable segments are the same as the Group's policies.

Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and in the case of property, plant and equipment ('PPE') and right-of-use assets, the physical location of the assets.

(c) Segment performance and position

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2024 and 30 June 2023 are as follows:

2024	North America $'000	Asia-Pacific $'000	Europe $'000	Total operating segments $'000	Other[1] $'000	Total $'000
Total revenue[2]	**110,808**	**52,583**	**31,880**	**195,271**	**-**	**195,271**
Gross profit	**71,235**	**41,912**	**23,670**	**136,817**	**-**	**136,817**
EBITDA[3]	**51,050**	**35,420**	**14,293**	**100,763**	**(43,658)**	**57,105**
Interest income	259	283	1	543	411	954
Depreciation and amortisation expense	(9,739)	(5,320)	(3,455)	(18,514)	(18,823)	(37,337)
Equity-settled employee costs and related tax costs[4]	(1,299)	(1,792)	(218)	(3,309)	(10,431)	(13,740)
Finance costs	(67)	(947)	(90)	(1,104)	(646)	(1,750)
Foreign exchange (losses)/gains	(1,080)	(509)	(550)	(2,139)	(377)	(2,516)
Non-operating income/(expenses)[5]	(147)	(7)	(260)	(414)	(996)	(1,410)
Income tax benefit/(expense)	3,809	488	93	4,390	3,910	8,300
Net profit/(loss) for the year	**42,786**	**27,616**	**9,814**	**80,216**	**(70,610)**	**9,606**
Additions to PPE, right-of-use and intangible assets	11,885	3,011	8,348	23,244	-	23,244
As at 30 June 2024						
Segment assets	**104,190**	**44,966**	**31,163**	**180,319**	**34,384**	**214,703**

1. Other represents head office and group services costs, whose function is to support the operating segments and growth of the global business.
2. Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year ended 30 June 2024 and 30 June 2023.
3. 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. EBITDA excludes restructuring costs of $1.1M in FY24 (FY23: $4.9M).
4. Equity-settled employee costs within operating segments relate to employee bonuses to be paid in the form of Restricted Stock Units, refer to Note 29 for further information.
5. Non-operating expenses represent restructuring costs, gain/loss on disposal/write off of intangible assets, property, plant ('PPE') and equipment and right of use assets.

2023	North America $'000	Asia-Pacific $'000	Europe $'000	Total operating segments $'000	Other[1] $'000	Total $'000
Total revenue[2]	**85,446**	**43,357**	**24,280**	**153,083**	**-**	**153,083**
Gross profit	**51,448**	**34,233**	**18,244**	**103,925**	**-**	**103,925**
EBITDA[3]	**33,750**	**25,676**	**8,106**	**67,532**	**(42,324)**	**25,208**
Interest income	7	168	-	175	523	698
Depreciation and amortisation expense	(9,688)	(6,221)	(3,602)	(19,511)	(16,790)	(36,301)
Equity-settled employee costs and related tax costs[4]	(750)	(1,346)	(236)	(2,332)	(1,181)	(3,513)
Finance costs	(70)	(934)	(94)	(1,098)	(1,321)	(2,419)
Foreign exchange gains	5,077	(407)	2,809	7,479	3,836	11,315
Non-operating expenses[5]	(1,018)	(296)	(702)	(2,016)	(2,904)	(4,920)
Income tax benefit/(expense)	1,876	525	775	3,176	(3,018)	158
Net profit/(loss) for the year	**29,184**	**17,165**	**7,056**	**53,405**	**(63,179)**	**(9,774)**
Additions to PPE, right-of-use and intangible assets	15,618	4,918	2,841	23,377	11,986	35,363
As at 30 June 2023						
Segment assets[6]	**85,733**	**50,797**	**25,504**	**162,034**	**42,328**	**204,362**

1. 'Other' represents head office and group services costs, whose function is to support the operating segments and growth of the global business.
2. Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales during the year ended 30 June 2024 and 30 June 2023.
3. 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. EBITDA excludes restructuring costs of $1.1M in FY24 (FY23: $4.9M).
4. Equity-settled employee costs within operating segments relate to employee bonuses to be paid in the form of Restricted Stock Units, refer to Note 29 for further information.
5. Non-operating expenses represent restructuring costs, gain/loss on disposal/write off of intangible assets, property, plant and equipment ('PPE') and right of use assets.
6. Deferred tax assets of each segment as at 30 June 2023 have been restated to reflect amendments to accounting standards. Refer to Note 4 for further information.

The amount of the Group's revenue from external customers broken down by major countries is as follows:

	2024		2023	
Location	$'000	%	$'000	%
United States of America	106,526	54.6	82,266	53.7
Australia	30,931	15.8	26,176	17.1
United Kingdom	11,616	5.9	8,582	5.6
Germany	10,536	5.4	8,866	5.8
Other countries	35,662	18.3	27,193	17.8
Total	**195,271**	**100.0**	**153,083**	**100.0**

No single customer contributed 10% or more to the Group's revenue for both the financial years ending 30 June 2024 and 30 June 2023.

The PPE, right-of-use assets and intangible assets broken down by major countries is as follows:

	2024		2023	
Location	$'000	%	$'000	%
United States of America	47,813	52.0	49,525	45.8
Australia	30,832	33.5	40,915	37.9
Germany	2,708	2.9	3,287	3.0
United Kingdom	1,756	1.9	1,665	1.5
Other countries	8,815	9.6	12,681	11.7
Total	**91,924**	**100.0**	**108,073**	**100.0**

8. Revenue

Megaport derives income from the sale and provisioning of integrated on-demand high-speed data and network interconnectivity services ("Network as a Service"; "NaaS" or "data services"). The Group derived the following revenue for the year from contracts with customers (disaggregated by Geographic region).

	30 June 2024	30 June 2023
	$'000	$'000
North America	110,808	85,446
Asia Pacific	52,583	43,357
Europe	31,880	24,280
Total	**195,271**	**153,083**

In the previous year-end financial report, revenue was disaggregated on the basis of both geographic region and sales channel (direct or indirect). Reporting of revenue by sales channel is no longer considered to provide meaningful information to users of the consolidated financial statements as it no longer aligns with the Group's strategic focus, and is inconsistent with the way in which revenue is monitored and presented internally and externally. Taking into account the nature of Megaport's integrated 'NaaS' services, and the way in which those services are billed to customers, disaggregation of revenue on the basis of the one category, geographic region, is considered to be the basis which best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

(a) Revenue recognition and measurement

AASB 15 *Revenue from Contracts with Customers* establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers and requires application of a five-step process to identify the contract with the customer, identify performance obligations in the contract, determine transaction price, allocate the transaction price to the performance obligations and recognise revenue when performance obligations are satisfied. During the year ended 30 June 2024, the Group reassessed its disaggregation of revenue disclosures in light of changes to the Group's strategies and to better align with how revenue information is presented for other purposes. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Megaport derives income primarily through short and medium term contracts for the sale and provisioning of on-demand high-speed data services including network interconnectivity, facilitated through the Group's service delivery and connectivity platform. The Group has concluded that it is the principal in its NaaS arrangements as it provides and controls the services to which the revenue relates. Revenue for data services is recognised when the performance obligation of 'the completion of provision of service' is satisfied. The performance obligation is satisfied over time, usually on a monthly basis. Revenue from services provided but unbilled is accrued at the end of each period and unearned revenue for services to be provided in future periods is deferred and recognised in the period that the performance obligation is satisfied. Revenue from rendering of services is billed monthly on a usage basis with standard payment terms of 30 days. The NaaS provided to each customer comprises a combination of elements which are billed at the beginning of the month together in one invoice. Some elements of the overall service have a fixed monthly charge billed during the month in which the service is provided, and the remaining elements are billed in the following month once actual network usage by the customer for the month is known.

9. Direct network costs and partner commissions

Direct network costs comprise of data centre power and space, physical cross connect fees, bandwidth and dark fibre, and network operation and maintenance, which are directly related to generating the service revenue of the Group. Partner commissions comprise of commissions paid/payable to agents and resellers which are indirectly related to generating the service revenue of the Group. Agents and resellers earn a set percentage as per their Reseller Agreement on all services consumed by the customer.

10. Income tax

(a) Income tax benefit/(expense) recognised in profit or loss

(i) Major components of income tax benefit/(expense)

	2024 $'000	2023 $'000
Current income tax expense	(936)	(51)
Deferred income tax benefit	9,236	209
Total income tax benefit	**8,300**	**158**

(ii) Numerical reconciliation of income tax benefit/(expense) to prima facie tax payable or receivable.

	2024 $'000	2023 $'000
Accounting profit/(loss) before income tax	1,306	(9,932)
Tax at the Australian tax rate of 30% (2022: 30%)	(392)	2,980
Non-deductible or non-taxable amounts	(469)	(477)
Recognition of temporary differences previously not brought to account	1,403	(1,400)
Difference in overseas tax rates	6	(899)
Unused tax losses recognised/(not recognised)	8,447	(334)
Minimum taxes/withholding taxes	(197)	(82)
Adjustment in respect of prior years	(498)	370
Total income tax benefit	**8,300**	**158**

Income tax benefit represents the sum of the tax currently receivable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation - Relevance of tax consolidation to the Group

The parent entity and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 2 August 2015 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Megaport Limited. The members of the tax-consolidated group are identified in Note 30. Tax benefit/expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand-alone separate taxpayer' approach by reference to the carrying amounts in the separate consolidated financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Tax funding arrangements and tax sharing agreements

The entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement.

(b) Current tax assets and liabilities

	2024 $'000	2023 $'000
Income tax receivable	313	258
Income tax payable	(290)	(72)
Net current tax receivable/(payable)	**23**	**186**

(c) Deferred tax assets and liabilities

	2024 $'000	2023 $'000
Deferred tax assets	17,638	14,023
Deferred tax liabilities	(7,840)	(13,413)
Net deferred tax assets	**9,798**	**610**

While the deferred tax assets and liabilities above are disclosed gross for completeness, there are opportunities to net positive and negative timing differences within tax jurisdictions and tax groups. The value of such potential offsets is $7.0 million (2023: $5.9 million), meaning the net deferred tax assets and liabilities for the Group are $10.7 million (2023: $6.0 million) and $0.9 million (2023: $5.4 million) respectively.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is determined using tax rates and laws that have been enacted, or substantively enacted, by the reporting date, and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, unused tax losses and any unused tax credits to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilised. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent it is no longer probable sufficient taxable profits will be available to allow recovery of all or part of the asset.

Deferred tax liabilities are generally recognised for all taxable temporary differences except to the extent that the deferred tax liability arises from:

- the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit;
- the initial recognition of goodwill or;
- taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, where the Group is able to control the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(i) The following is the analysis of deferred tax assets and deferred tax liabilities presented in the Consolidated Statement of Financial Position:

30 June 2024

Deferred tax assets	Opening balance $'000	Recognised in profit or loss $'000	Exchange differences $'000	Closing balance $'000
Intangible assets	45	-	12	57
Right of Use Assets	2,275	(722)	3	1,557
Share issue costs and options	1,618	1,180	(1)	2,797
Accruals and other payables	3,526	(173)	(461)	2,892
Unrealised foreign exchange and others	4,877	2,546	(476)	6,947
Tax losses (non-capital)	1,682	1,725	(20)	3,387
Deferred tax assets	**14,023**	**4,556**	**(943)**	**17,638**

Deferred tax liabilities	Opening balance $'000	Recognised in profit or loss $'000	Exchange differences $'000	Closing balance $'000
Intangible assets	(5,268)	2,607	(15)	(2,676)
Lease Liabilities	(2,141)	712	(3)	(1,432)
Accruals and other payables	(479)	19	459	(1)
Unrealised foreign exchange and others	(5,525)	1,342	452	(3,731)
Deferred tax liabilities	**(13,413)**	**4,680**	**893**	**(7,840)**

30 June 2023

Deferred tax assets	Opening balance $'000	Recognised in profit or loss $'000	Exchange differences $'000	Closing balance $'000
Intangible assets	34	-	11	45
Lease liabilities	3,618	(1,394)	51	2,275
Share issue costs and options	2,498	(907)	27	1,618
Accruals and other payables	2,884	821	(179)	3,526
Unrealised foreign exchange and others	3,207	1,826	(155)	4,877
Tax losses (non-capital)	1,946	(354)	90	1,682
Deferred tax assets	**14,187**	**(8)**	**(155)**	**14,023**

Deferred tax liabilities	Opening balance $'000	Recognised in profit or loss $'000	Exchange differences $'000	Closing balance $'000
Intangible assets	(3,114)	(2,097)	(57)	(5,268)
Right-of-use assets	(3,458)	1,360	(43)	(2,141)
Accruals and other payables	(616)	(17)	153	(479)
Unrealised foreign exchange and others	(6,718)	971	221	(5,525)
Deferred tax liabilities	**(13,906)**	**217**	**274**	**(13,413)**

A deferred tax asset in relation to unused tax losses is $3.4 million (2023: $1.7 million), Projections of taxable profits from various sources and tax planning were used to support the recognition of these losses, and they have been recognised on the basis that it is considered probable that the Group will generate future taxable profits against which these losses can be utilised. The future projected taxable profit is underpinned by the Group's forecasts of customer and revenue growth and the anticipated timing of the increase in demand for the Group's services. The deferred tax asset relating to the unused tax losses will be reassessed in future periods based on the level of taxable income generated by the Group.

(ii) Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	2024 $'000	2023 $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Tax losses carried forward	61,133	72,174
Total deferred tax assets not recognised	**61,133**	**72,174**

The deferred tax asset not recognised above is the result of unused tax losses in the United States of America of $124.6 million (2023: $134.0 million), in Australia of $77.8 million (2023: $101.3 million), in Canada $7.4 million (2023:$7.4 million), in Ireland $6.5 million (2023: $4.8 million), in Japan $6.5 million (2023: $6.5 million), in the United Kingdom of $5.5 million (2023: $8.8 million), in Hong Kong of $3.3 million (2023: $6.1 million), and in other countries totalling $23.1 million (2023: $40.2 million).

These losses should be available to offset against future taxable profits of the companies in which the losses arose, subject to satisfying the relevant income tax loss carry forward rules and recognition criteria.

(d) Significant areas of judgement

(i) Estimating provision for income taxes

The Group is subject to income taxes in each jurisdiction that it operates. Estimation is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

(ii) Recognition of deferred tax relating to unused tax losses

In assessing the probability of realising income tax assets recognised, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operating activities and the application of existing tax laws in each jurisdiction. The Group considers relevant tax planning opportunities that are within the Group's control, are feasible, and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognised. Also, future changes in tax laws could limit the Group from realising the tax benefits from the deferred tax assets. The Group reassesses unrecognised income tax assets at each reporting period.

11. Significant profit or loss items

The Group has identified a number of specific expenses and gains included in profit or loss before income tax which are significant due to their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Notes	2024 $'000	2023 $'000
Income and expenses			
Depreciation and amortisation:			
Depreciation of property, plant and equipment	17	18,042	19,030
Depreciation of right-of-use-assets	20	5,692	7,584
Amortisation of intangible assets	18	13,603	9,687
		37,337	**36,301**
Equity-settled employee costs and related tax costs:			
Restricted stock units	29	13,633	5,444
Deferred shares plan - Non-executive directors	29	79	100
Employee share option plans	29, (i)	28	(2,058)
Share related costs	29	-	9
Employee share plan tax and other related costs	29	-	18
		13,740	**3,513**
Other expense disclosures:			
Employees' superannuation expense		3,334	3,424
Foreign exchange losses/(gains)	(ii)	2,516	(11,315)
Interest expense on lease liabilities		565	784
Interest expense on other borrowings		714	790
Expense relating to short-term leases		250	435

Notes:

(i) During the prior year 600,000 unvested options were forfeited. Prior to being forfeited, the amount included in the employee share option reserve was $2.3 million, which was reversed through the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The expense of employee share option plans as the result of vesting of options was $0.2 million. As a result, the expense from employee share option plans for the year ended 30 June 2023 was a net benefit to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(ii) The Group provides funding support to subsidiaries to invest in network equipment and fund operating losses until they become established and self-funding. As a result, the Group may be subject to foreign currency gains or losses on intercompany receivables and payables, and cash balances held in foreign currencies. Refer to Note 28 for further details.

12. Earnings/(loss) per share

The profit/(loss) and weighted average number of ordinary shares used in the calculation of basic and diluted earnings/(loss) per share are as follows:

	2024 $'000	2023 $'000
Profit/(loss) for the year attributable to owners of the Company	9,606	(9,774)
Profit/(loss) used in the calculation of basic and diluted earnings/(loss) per share	**9,606**	**(9,774)**

	2024 No. of Shares	2023 No. of Shares
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**159,145,610**	**158,234,786**
Effects of dilution from:		
Restricted stock units	1,854,265	-
Deferred shares	28,897	-
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**161,028,772**	**158,234,786**

	2024 $	2023 $
Basic and diluted earnings/(loss) per share	0.06	(0.06)

Basic earnings per share ('EPS') is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS taking into account:

- The after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The current year diluted earnings per share excludes the effect of 16,667 outstanding employee share options and 282,160 potential ordinary shares as these have been determined as unlikely to convert to ordinary shares.

The 30 June 2023 basic and diluted loss per share excludes the effect of 204,168 outstanding employee share options, 764,510 restricted stock units and 36,162 deferred shares as these are anti-dilutive given the Group made a loss for the previous year.

Section 3: Core assets, liabilities and working capital

This section provides information about our long-term tangible and intangible assets as well as our impairment assessment. This section also includes information about our short-term assets and liabilities, and cash balances in support of our working capital and liquidity position.

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

13. Cash and cash equivalents

	Notes	2024 $'000	2023 $'000
Cash at bank	(i)	72,434	48,455
Total cash and cash equivalents		**72,434**	**48,455**

Notes:

(i) Included in cash at bank is an amount of $6,548,982 (2023: $6,546,285) that is held under lien by the bank as security for the Group's borrowings, rental security and credit cards and is therefore not available for use by the Group.

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging 3.850% - 5.100% (2023: 0.633% - 4.550%). The weighted average interest rate for the year was 5.437% (2023: 4.174%).

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the end of the reporting period as shown in the Consolidated Statement of Cash Flows can be reconciled to the related items in the Consolidated Statement of Financial Position as follows:

Reconciliation of loss for the year to net cash flows from/(used in) operating activities

Net cash flows from operating activities	Notes	2024 $'000	2023 $'000
Profit /(loss) for the year		9,606	(9,774)
Adjustments for:			
Depreciation and amortisation	11	37,337	36,301
(Gain)/loss on disposal or write-off of non-current assets		131	32
Net foreign exchange differences	11	2,516	(11,315)
Equity-settled employee costs	29	13,740	3,513
Deferred income tax (benefit)/expense	10	(9,236)	(209)
Other non cash adjustment to operating profit		108	(785)
Finance costs		1,750	2,419
Operating cash flows before movements in working capital		**55,952**	**20,182**
Movements in working capital:			
Decrease/(increase) in trade and other receivables		629	(13,581)
(Increase)/decrease in contract assets		(1,109)	3,485
Decrease/(increase) in other assets		1,472	(2,980)
(Decrease)/increase in operating trade and other payables		(6,285)	4,377
Decrease/(increase) in tax assets and liabilities		158	(75)
Increase/(decrease) in other liabilities and provisions		923	(1,218)
Net cash from operating activities		**51,740**	**10,190**

14. Trade and other receivables

(a) Trade and other receivables

	Notes	2024 $'000	2023 $'000
Trade receivables	(i)	17,221	18,119
Less: Allowance for expected credit losses	(ii)	(1,097)	(1,129)
		16,124	**16,990**
Interest receivable		244	53
Other receivables		36	20
Total trade and other receivables		**16,404**	**17,063**

Notes:

(i) Trade receivables are non-interest bearing and are generally payable within 30 days.

(ii) Allowances for expected credit losses ('ECL') on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(b) Allowance for ECL

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due but no expected credit loss has been recognised at the end of the reporting period.

2024	Not past due	1-30 days past due	31-60 days past due	61+ days past due	Total
Gross	12,824	1,736	948	1,713	17,221
Past due but no ECL has been recognised	-	1,660	893	875	3,428
Allocation of ECL	128	76	55	838	1,097

2023	Not past due	1-30 days past due	31-60 days past due	61+ days past due	Total
Gross	10,095	1,984	1,315	4,725	18,119
Past due but no ECL has been recognised	-	1,903	1,266	3,856	7,025
Allocation of ECL	130	81	49	869	1,129

Movements in the allowance for ECL are as follows:

	2024 $'000	2023 $'000
Balance at beginning of the year	1,129	699
Additional allowances recognised	353	567
Amounts written off during the year as uncollectable	(410)	(102)
Exchange differences	25	(35)
Balance at end of the year	**1,097**	**1,129**

(c) Recognition and measurement

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for ECL. Trade receivables are generally due for settlement within 30 days.

The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments over the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset/liability.

The Group recognises a loss allowance for ECL on financial assets (trade receivables and contract assets) which are measured at amortised cost. The loss allowance is recognised in profit or loss.

The Group has applied the simplified approach to measuring ECL, which uses a lifetime expected loss allowance. To measure the ECL, trade receivables and contract assets have been grouped based on days overdue. The ECL on trade receivables and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

15. Contract assets

	2024 $'000	2023 $'000
Accrued revenue	9,927	8,911
Total contract assets	**9,927**	**8,911**

(a) Recognition and measurement

Contract assets relate to the Group's right to consideration for services provided to customers but for which the Group has no unconditional rights to payment at the reporting date. The contract assets are transferred to receivables when the Group issues an invoice to the customer upon bill run on the first working day of the following month which is when the rights become unconditional.

16. Other assets

	2024 $'000	2023 $'000
Current		
Prepayments	5,829	3,478
Deposits and bonds	234	289
	6,063	**3,767**
Non-current		
Prepayments	-	3,812
	-	**3,812**
Total other assets	**6,063**	**7,579**

Prepayments consist of expenditure paid for in advance, and in relation to which the economic benefits will be realised in the future. Prepayments are initially recorded as assets in the Consolidated Statement of Financial Position and subsequently expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income or reclassed in the Consolidated Statement of Financial Position, at the time when the benefits are realised. The future economic benefit is the receipt of goods or services, rather than the right to receive cash or another financial asset. Non-current prepayments relate to amounts paid upfront in relation to a support contract that was subsequently funded by a vendor financing arrangement. Refer to Note 21 for further information.

Deposits are monies paid to various service providers as initial payments for future service or goods delivery. Deposits are usually offset against future payments.

Bonds consist of monies paid to various service providers as security for contractual obligations of the Group. Bonds are refundable in certain circumstances, upon the discharge of contractual obligations to which they relate.

17. Property, plant and equipment

	Network equipment $'000	Furniture & office equipment $'000	Computer equipment $'000	Leasehold Improvements $'000	Undeployed equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2024							
Opening net book amount	**32,394**	**442**	**538**	**-**	**3,940**	**7,496**	**44,810**
Additions	176	16	331	-	1,075	9,113	10,711
Transfers within property, plant and equipment	11,521	-	-	-	(3,212)	(8,309)	-
Disposals	(320)	-	(17)	-	-	(274)	(611)
Depreciation charge	(16,705)	(196)	(358)	-	(783)	-	(18,042)
Exchange differences	(448)	-	(2)	-	13	(71)	(508)
Net book value as at 30 June 2024	**26,618**	**262**	**492**	**-**	**1,033**	**7,955**	**36,360**
At 30 June 2024							
Cost	108,022	653	2,593	452	1,939	7,955	121,614
Accumulated depreciation	(81,404)	(391)	(2,101)	(452)	(906)	-	(85,254)
Net book value as at 30 June 2024	**26,618**	**262**	**492**	**-**	**1,033**	**7,955**	**36,360**

	Network equipment $'000	Furniture & office equipment $'000	Computer equipment $'000	Leasehold Improvements $'000	Undeployed equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2023							
Opening net book amount	**35,910**	**75**	**778**	**160**	**3,393**	**7,228**	**47,544**
Additions	378	-	179	-	4,416	10,315	15,288
Transfers within property, plant and equipment	12,006	560	34	-	(2,491)	(10,109)	-
Disposals	(61)	-	(3)	-	-	(9)	(73)
Depreciation charge	(16,794)	(195)	(466)	(160)	(1,415)	-	(19,030)
Exchange differences	955	2	16	-	37	71	1,081
Net book value as at 30 June 2023	**32,394**	**442**	**538**	**-**	**3,940**	**7,496**	**44,810**
At 30 June 2023							
Cost	100,534	637	2,385	452	5,355	7,496	116,859
Accumulated depreciation	(68,140)	(195)	(1,847)	(452)	(1,415)	-	(72,049)
Net book value as at 30 June 2023	**32,394**	**442**	**538**	**-**	**3,940**	**7,496**	**44,810**

(a) Recognition and measurement

Each class of property, plant and equipment ('PPE') is carried at cost less, where applicable, any accumulated depreciation or impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated over PPE using the following estimated useful lives and methods:

PPE Category	Expected Useful Life	Method
Network equipment	4 years	Straight line
Furniture & office equipment	3 – 5 years	Straight line
Computer equipment	2 – 3 years	Straight line
Leasehold assets and improvements	Over the life of the lease	Straight line
Undeployed equipment	4 years	Straight line

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets under construction

Assets under construction are shown at historical cost. Historical cost includes directly attributable expenditures on network infrastructure and data centres which at reporting date, have not yet been finalised and/or are ready for use. Assets under construction are not depreciated. Assets under construction are transferred to the relevant class of PPE upon successful testing and commissioning.

(b) Critical accounting estimates and judgement

Useful lives of PPE

The economic life of PPE which includes network infrastructure is a critical accounting estimate. The useful economic life is the Board's and Management's best estimate based on historical experiences and industry knowledge. The Group reviews the estimated useful lives of PPE at the end of each annual reporting period. Should the actual lives of these component parts be significantly different this would impact the depreciation and expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(c) Capital expenditure commitments

The Group did not have any commitments to purchase property, plant and equipment at 30 June 2024 (2023: $2,158,462).

18. Intangible assets

	Software $'000	Customer contracts & relationships $'000	Network rights $'000	IRU assets $'000	Brand names, patents & other intangibles $'000	Goodwill $'000	Software under development $'000	Total $'000
Year ended 30 June 2024								
Opening net book amount	**19,259**	**100**	**-**	**1,700**	**415**	**21,943**	**10,753**	**54,170**
Additions	-	-	-	-	-	-	8,738	8,738
Transfers	14,148	-	-	-	65	-	(14,213)	-
Disposals	-	-	-	-	-	-	(494)	(494)
Amortisation charge	(13,063)	(32)	-	(440)	(68)	-	-	(13,603)
Exchange differences	(85)	(1)	-	3	1	(104)	43	(143)
Net book value as at 30 June 2024	**20,259**	**67**	**-**	**1,263**	**413**	**21,839**	**4,827**	**48,668**
At 30 June 2024								
Cost	54,783	699	878	4,330	781	21,839	4,827	88,137
Accumulated amortisation	(34,524)	(632)	(878)	(3,067)	(368)	-	-	(39,469)
Net book value as at 30 June 2024	**20,259**	**67**	**-**	**1,263**	**413**	**21,839**	**4,827**	**48,668**

	Software $'000	Customer contracts & relationships $'000	Network rights $'000	IRU assets $'000	Brand names, patents & other intangibles $'000	Goodwill $'000	Software under development $'000	Total $'000
Year ended 30 June 2023								
Opening net book amount	**14,971**	**141**	**-**	**2,049**	**357**	**19,883**	**8,737**	**46,138**
Additions	-	-	-	-	-	-	15,276	15,276
Transfers	13,179	-	-	-	115	-	(13,294)	-
Disposals	-	-	-	-	-	-	(73)	(73)
Amortisation charge	(9,146)	(53)	-	(428)	(60)	-	-	(9,687)
Exchange differences	255	12	-	79	3	2,060	107	2,516
Net book value as at 30 June 2023	**19,259**	**100**	**-**	**1,700**	**415**	**21,943**	**10,753**	**54,170**
At 30 June 2023								
Cost	40,822	705	883	4,340	716	21,943	10,753	80,162
Accumulated amortisation	(21,563)	(605)	(883)	(2,640)	(301)	-	-	(25,992)
Net book value as at 30 June 2023	**19,259**	**100**	**-**	**1,700**	**415**	**21,943**	**10,753**	**54,170**

Additional information relating to software intangible assets

Qualifying costs relating to the software development team's time spent developing software is capitalised. Costs incurred in relation to the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the definition criteria of an intangible are capitalised. The portion of their time spent on researching new development opportunities and maintaining existing software is expensed. The total cost incurred for this time for the year ended 30 June 2024 was $1,180,000 (2023: $980,000), which is included in the employee expenses in the Consolidated Statement of Profit or Loss.

(a) Recognition and measurement

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

Indefeasible rights to use assets

Indefeasible rights to use ('IRUs') and long-term agreements of capacity are recognised at cost, being the present value of future cash flows payable for the right. Costs are deferred and amortised on a straight line basis over the life of the contract.

In 2017 Megaport entered into long term IRUs agreements for dark fibre services with a lump-sum payment arrangement. Management has classified the IRUs as intangible assets in the form of IRU capacity assets under AASB 138 *Intangible Assets* as the provider has the right to substitute, modify or replace the fibre cores and pathways used by Megaport.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

A summary of the amortisation policies applied to the Group's intangible assets is as follows:

Category	Method	Internally generated/acquired
Patents and trademarks	Straight line – the length of the approved application	Acquired
Software	Straight line – 3 years	Acquired/internally generated
Brand names	Straight line – 2 – 10 years	Acquired
Customer contracts & relationships	Straight line – 5 – 10 years	Acquired
Network rights	Straight line – 3 years	Acquired
IRU assets	Straight line – 10 years (the life of the contract)	Acquired

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(b) Critical accounting estimates and judgements

(i) Useful lives of intangible assets

The economic life of intangible assets, which includes internally generated software, is a critical accounting estimate. The useful economic life is the Board's and Management's best estimate based on historical experiences and industry knowledge. The Group reviews the estimated useful lives of intangible assets at the end of each annual reporting period. Should the actual lives of these component parts be significantly different this would impact the amortisation expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(ii) Capitalisation of internally generated intangible assets

The Group develops network software internally. The Group estimates the reasonable time spent by key employees on the development of the software, then capitalises the labour cost of the estimated time spent developing the asset.

(c) Capital expenditure commitments

The Group had no commitments to purchase intangible assets at 30 June 2024 (2023: nil).

19. Impairment assessment

(a) Impairment of Goodwill

(i) Recognition and measurement

Goodwill acquired on a business combination is initially measured at cost, being the excess of the consideration transferred for the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. This allocation is consistent with the lowest level within the Group at which the goodwill is monitored for internal management purposes.

A cash-generating unit ('CGU') to which goodwill has been allocated is reviewed for impairment, annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. The recoverable amount is the higher of its value in use or its fair value less cost of disposal. If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Disposed goodwill in this circumstance is measured on the basis of the relative values of the disposed operation and the portion of the CGU retained.

(ii) Impairment testing

An impairment test is required to be performed for CGUs with indefinite life intangible assets, goodwill or where there is an indication of impairment. The Europe and North America CGUs were tested for impairment as the Europe CGU contains goodwill on acquisition of Megaport (Deutschland) GmbH and the North America contains goodwill recognised on acquisition of InnovoEdge, Inc.

The carrying amount of goodwill is as follows:

CGU	Note	2024 $'000	2023 $'000
Europe		1,611	1,620
North America		20,228	20,323
Total goodwill	**18**	**21,839**	**21,943**

The movement in goodwill between 30 June 2023 and 30 June 2024 is the result of movement in the foreign currency exchange rates of the functional currency which the goodwill is measured in.

Goodwill is tested for impairment annually. The Group performed its annual impairment test using the carrying value as at 30 June 2024 (2023: carrying value as at 30 June 2023).The recoverable amount of the CGUs have been determined using the value-in-use calculation, which includes the financial budgets set for the next financial year and management's earnings and cash flow projections for subsequent years.

Key assumptions used for value-in-use calculation

The following key assumptions were applied to the cash flow projections when determining the value-in-use calculation for Europe:

	2024	2023
Pre-tax discount rate	11.58%	12.22%
Terminal growth rate	1.64%	1.25%
Cash flows beyond the next financial year are extrapolated using a growth rate of:		
Revenue growth (years 2 – 5)	10%	15%
Direct network costs (years 2 – 5)	7%	11%
Partner commissions (years 2 – 5)	8%	11%
Operational expenses growth (years 2 – 5)	7%	10%
Labour expenses growth (years 2 – 5)	10%	5%
Travel & Marketing expenses growth (years 2 – 5)	7%	10%

The following key assumptions were applied to the cash flow projections when determining the value-in-use calculation for North America:

	2024	2023
Pre-tax discount rate	12.31%	12.01%
Terminal growth rate	2.0%	1.70%
Cash flows beyond the next financial year are extrapolated using a growth rate of:		
Revenue growth (years 2 – 5)	15%	25%
Direct network costs (years 2 – 5)	7%	19%
Partner commissions (years 2 – 5)	15%	19%
Operational expenses growth (years 2 – 5)	7%	10%
Labour expenses growth (years 2 – 5)	10%	5%
Travel & Marketing expenses growth (years 2 – 5)	7%	10%

- Revenue, using the budgeted revenue for the year ending 30 June 2025 and projections for a further four years. For the purpose of impairment testing, a conservative growth rate has been used relative to actual revenue growth over the last 5 years.
- Expenses, using the budgeted expenses for the year ending 30 June 2025 and projections for a further four years. Cash outflow projections relating to expenses have been disaggregated into direct network costs, partner commissions, operational labour, travel and marketing expenses as the projected spend is not uniform.
- Terminal value, calculated based on inflation trends and target GDP growth rate.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each CGU. The directors have determined that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of any CGU. As a result of the impairment testing performed, no impairment expense was recognised for the year ended 30 June 2024 (30 June 2023: nil).

(a) Impairment of tangible and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. For the year ended 30 June 2024, no indicators of impairment were noted.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(b) Critical accounting estimates and judgements – impairment assessment on goodwill

The impairment assessment and value-in-use model requires management to make a number of assumptions, judgements and estimates throughout the process. Details of these key areas include the following:

- Management judgement is applied to establish the CGUs. The CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
- The value-in-use model utilises a discounted cash flow analysis of five-year cashflows plus a terminal value. The five-year cash flows are based on the budget for the 12 months ending 30 June 2025 and a further four-year projection based on management estimates of revenue, expenses, capital expenditure and cash flows for each CGU. The budget is management's best estimate of the future business performance and outlook. It is based on projected key performance indicators that include new customer logos, net revenue retention, annual recurring revenue ('ARR'), total revenue, gross margin, EBITDA, as well as foreign currency exposure.
- Corporate expenses and corporate assets whose function is to support the operations of the CGUs (including other CGUs to which goodwill has not been allocated) are allocated to the CGUs on the basis of their carrying value. The relative carrying amounts of the CGUs are a reasonable indication of the proportion of the corporate support provided to each CGU.
- Other key assumptions include the variables used to estimate the weighted average cost of capital and assumptions around factors such as credit margins, equity risk-premiums and terminal growth rates.

20. Leases

The Group has lease contracts for various items of network equipment and properties used in its operations. All leases have terms between 1 and 10 years.

The Group also has certain leases of network equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

The Consolidated Statement of Financial Position includes the following amounts relating to leases:

(a) Right-of-use assets

	2024 $'000	2023 $'000
Network equipment	4,803	6,741
Properties	2,093	2,352
Total right-of-use assets	**6,896**	**9,093**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Network equipment $'000	Properties $'000	Total $'000
As at 1 July 2022	9,007	4,061	13,068
Additions	4,799	-	4,799
Depreciation expense	(5,841)	(1,743)	(7,584)
Terminations	(1,247)	-	(1,247)
Exchange differences	23	34	57
As at 30 June 2023	**6,741**	**2,352**	**9,093**
Additions	2,630	967	3,597
Depreciation expense	(4,450)	(1,242)	(5,692)
Terminations	(115)	-	(115)
Exchange differences	(3)	16	13
As at 30 June 2024	**4,803**	**2,093**	**6,896**

(b) Lease liabilities

	2024 $'000	2023 $'000
Current	4,467	4,744
Non-current	2,966	4,924
Total lease liabilities	**7,433**	**9,668**

The Group had total cash outflows for leases of $6.5 million in 2023 (2023: $6.7 million).

Refer to Note 28 for undiscounted potential future rental payments that are included in the lease term.

There is a lease contract that includes extension options which is further discussed below. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether the extension option is reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	More than five years	Total
	$'000	**$'000**	**$'000**
2024			
Extension options expected not to be exercised	677	5,482	6,159
Termination options expected to be exercised	-	-	-
Total as at 30 June 2024	**677**	**5,482**	**6,159**

	Within five years	More than five years	Total
	$'000	**$'000**	**$'000**
2023			
Extension options expected not to be exercised	677	5,482	6,159
Termination options expected to be exercised	-	-	-
Total as at 30 June 2023	**677**	**5,482**	**6,159**

The Group has no lease contracts that have not yet commenced as at 30 June 2024 (2023: The Group had $336,494 payable within one year and $336,494 payable within five years relating to lease contracts that had not yet commenced.

(c) Recognition and measurement

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Depreciation is calculated over right-of-use assets using the following estimated useful lives and methods:

Right-of-use Asset Category	Expected Useful Life	Method
Network equipment	1 – 10 years	Straight line
Properties	1 – 5 years	Straight line

(d) Critical accounting estimates and judgements

(i) Determining the incremental borrowing rate for leases

Judgement is exercised in determining the incremental borrowing rate when the interest rate implicit in a lease cannot be readily determined. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

21. Trade and other payables

	Notes	2024 $'000	2023 $'000
Current			
Trade payables	(i)	786	2,703
Accrued expenses		13,961	18,498
Employee entitlements	(ii), (iv)	9,516	8,962
Goods and services tax payable		4,177	3,761
Other payables		261	231
Vendor financing – working capital	(iii)	2,326	2,137
		31,027	**36,292**
Non-current			
Vendor financing – working capital	(iii)	526	2,436
		526	**2,436**
Total trade and other payables		**31,553**	**38,728**

Notes:

(i) Trade payables are non-interest bearing and are normally settled on terms ranging from 14 to 30 days.

(ii) Employee entitlements includes employee benefits payable. The entire balance is presented as a current liability as the Group does not have an unconditional right to defer settlement for any of these obligations.

(iii) Vendor financing – working capital: represents the outstanding balance for support and maintenance costs and insurance premiums that have been prepaid on behalf of the Group via vendor financing agreements. The balance does not carry interest and is repayable via equal instalments over 36 months from each prepayment date. Due to the nature and timing of the services being received as well as the repayment life cycle of these agreements, these arrangements are considered part of the working capital used in the Group's normal operating cycle. The Group has therefore classified these costs under trade and other payables to reflect the substance of the arrangement. The associated cash inflows and outflows of the arrangement have been included in operating cash flows.

(iv) Includes an amount of $3,313,211 (2023: $2,344,300) for employee bonuses to be paid in the form of Restricted Stock Units, refer to Note 29 for further information.

(a) Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements include the following:

(i) Retirement employment obligations

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is applicable.

(ii) Bonus plans

The Group recognises a provision for future bonus payments where it is contractually obliged or where there is a past practice that has created a constructive obligation. The bonus in relation to the year ended 30 June 2024 will be paid out in restricted stock units that will settle during FY25.

Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate the fair value.

(b) Interest rate risk and liquidity risk

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Information regarding interest rate risk and liquidity risk exposure is set out in Note 28.

22. Provisions

	2024 $'000	2023 $'000
Current		
Annual leave provision	3,774	3,517
Long service leave provision	141	61
	3,915	**3,578**
Non-current		
Long service leave provision	444	341
	444	**341**
Total provisions	**4,359**	**3,919**

(a) Recognition and measurement

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(b) Short-term employee obligations

Liabilities for annual leave and any accumulating sick leave accrued up until the reporting date that are expected to be settled within 12 months are measured at the amounts expected to be paid when the liabilities are settled. The obligation for non-accumulated sick leave is recognised when the leave is taken and is measured at the rates paid or payable. Liabilities for unpaid wages and salaries including non-monetary benefits are recognised as employee entitlements under trade and other payables.

(c) Long-term employee obligations

Liabilities in respect of long-term employee benefits are recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date, using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using high quality corporate bond rates at the reporting date with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

Section 4: Capital and financial risk management

This section outlines our capital structure that includes equity and debt, policies and procedures that management applies in capital management as well as financial risks that we are exposed to and how we manage those risks.

23. Issued capital

Ordinary shares	Number of shares		$'000	
	2024	**2023**	**2024**	**2023**
Fully paid	159,500,813	158,593,166	422,674	412,844
Total issued capital	**159,500,813**	**158,593,166**	**422,674**	**412,844**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

The movement in fully paid ordinary shares is summarised below:

	Number of shares	Total $'000
Balance at 1 July 2022	157,949,016	407,405
InnovoEdge consideration shares	161,233	2,718
Shares issued – Employee share plan	29,866	184
Shares issued – Employee share options exercised	178,334	562
Transfer from equity-settled employee benefits reserve	-	334
Balance at 30 June 2023	**158,593,166**	**412,844**
Shares issued – Deferred shares settlement	12,054	100
Shares issued – Employee share options exercised	166,668	1,327
Shares issued – Restricted stock units settlement	728,925	7,701
Transfer from employee share option reserve	-	702
Balance at 30 June 2024	**159,500,813**	**422,674**

24. Reserves

The components of the Group's reserves balance is as below.

	Note	2024 $'000	2023 $'000
Foreign currency translation reserve	(i)	(11,191)	(12,661)
Employee share option reserve	(ii)	78	831
Employee restricted stock units reserve	(iii)	8,633	2,691
Contingent consideration shares reserve	(iv)	4,758	4,758
Directors' shares reserve	(v)	79	100
Total reserves		**2,357**	**(4,281)**

The following table shows a breakdown of the 'reserves' line item as per the Consolidated Statement of Financial Position, and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below.

	Foreign currency translation reserve $'000	Employee share option reserve $'000	Employee restricted stock units reserve $'000	Contingent consideration shares reserve $'000	Directors shares reserve	Total $'000
Balance at 1 July 2022	**(6,121)**	**5,788**	**1,127**	**7,476**	**-**	**8,270**
Exchange differences arising on translation of foreign operations	(6,540)	-	-	-	-	(6,540)
Share options reserve release to share capital	-	(334)	-	-	-	(334)
Share options reserve release to retained earnings	-	(2,565)	-	-	-	(2,565)
Share options expense	-	(2,058)	-	-	-	(2,058)
RSU expense - vesting	-	-	3,205	-	-	3,205
RSU reserve release to share capital	-	-	(1,641)	-	-	(1,641)
Directors shares expense	-	-	-	-	100	100
Issue of shares on completion of Milestone 2	-	-	-	(2,718)	-	(2,718)
Balance at 30 June 2023	**(12,661)**	**831**	**2,691**	**4,758**	**100**	**(4,281)**
Exchange differences arising on translation of foreign operations	1,470	-	-	-	-	1,470
Share options reserve release to share capital	-	(702)	-	-	-	(702)
Share options reserve released to retained earnings	-	(79)	-	-	-	(79)
Share options expense	-	28	-	-	-	28
RSU expense - vesting	-	-	11,299	-	-	11,299
RSU reserve release to share capital	-	-	(7,701)	-	-	(7,701)
Directors shares expense	-	-	-	-	79	79
Directors share reserve released to share capital	-	-	-	-	(100)	(100)
Vesting of equity settled share based payments accrued for in the prior period	-	-	2,344	-	-	2,344
Balance at 30 June 2024	**(11,191)**	**78**	**8,633**	**4,758**	**79**	**2,357**

(i) Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal or discontinuation of foreign operations.

(ii) Employee share option reserve

The employee share option reserve relates to share options granted by the Company to its employees and employees of its subsidiaries under the employee share option plan ('ESOP General'). Amounts are transferred out of the reserve into issued capital when the options are exercised. The current year transfer out of the employee share options reserve represents the fair value of the exercised options from the inception of the plans to date. Further information about employee share option plans is set out in Note 29.

(iii) Employee restricted stock units reserve ('RSU')

The employee restricted stock units reserve relates to restricted stock units granted by the Company to its employees and employees of its subsidiaries under its RSU plans. Amounts are transferred out of the reserve into issued capital when the RSUs are settled. Further information about RSUs is set out in Note 29.

(iv) Contingent consideration shares

The contingent consideration shares reserve relates to equity consideration of up to 282,160 ordinary shares in Megaport Limited as partial consideration for the acquisition of InnovoEdge, Inc on 16 August 2022.

(v) Director shares reserve

The Director shares reserve relates to shares issued under the employee share plan ('ESP') to the Company's Directors. Amounts are transferred out of the reserve into issued capital when the shares are issued. Further information about the employee share plan is set out in Note 29.

25. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as when the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

	Notes	2024 $'000	2023 $'000
Current			
Vendor financing – capital expenditure	(i)	5,230	6,468
		5,230	**6,468**
Non-current			
Vendor financing – capital expenditure	(i)	3,124	3,823
		3,124	**3,823**
Total borrowings		**8,354**	**10,291**

Notes:

(i) Vendor financing – capital expenditure: represents the outstanding balance of the drawn vendor financing to fund the purchase of network equipment and payment of software licenses. This is governed by a number of Instalment Purchase Agreements. These agreements do not currently carry interest and are separately repayable via equal instalments over 36 months from each draw down date. The agreements are collectively secured by a bank guarantee charged over $5.7M in cash and cash equivalents. At inception the fair value of the loan is recognised using an estimate of a market borrowing rate. The associated cash inflows and outflows of the arrangement have been included in financing cash flows. Arrangements relating to maintenance and support contracts are not included in this balance and are classified as trade and other payables, refer to Note 21 for further information.

26. Change in liabilities arising from financing activities

The following table presents the changes in liabilities arising from financing activities:

	Lease liabilities $'000	Borrowings $'000	Total $'000
Balance at 1 July 2022	13,589	13,683	27,272
Additions (cash)	-	4,210	4,210
Additions (non-cash)	4,799	-	4,799
Fair value adjustment on initial recognition (non-cash)	-	(366)	(366)
Interest accretion	784	790	1,574
Repayment (cash)	(8,255)	(8,026)	(16,281)
Terminations (non-cash)	(1,295)	-	(1,295)
Exchange differences	46	-	46
Balance at 30 June 2023	**9,668**	**10,291**	**19,959**
Additions (cash)	-	6,798	6,798
Additions (non-cash)	3,597	-	3,597
Fair value adjustment on initial recognition (non-cash)	-	(591)	(591)
Interest accretion	565	714	1,279
Repayment (cash)	(6,259)	(8,858)	(15,117)
Terminations (non-cash)	(121)	-	(121)
Exchange differences	(17)	-	(17)
Balance at 30 June 2024	**7,433**	**8,354**	**15,787**

27. Capital management

The Group maintains a conservative funding structure that allows it to meet its operational and regulatory requirements, while providing the capital to fund the future strategic growth plan.

When determining dividend returns to shareholders the Board considers a number of factors, including the Group's anticipated cash requirements to fund its growth, operational plan, and current and future economic conditions. The Group is not bound by externally imposed capital requirements. Based on the current strategic plan being executed and anticipated cash focus, the Board's current policy is to not issue dividends.

	2024 $'000	2023 $'000
Total borrowings*	15,787	19,959
Total equity	154,080	127,927
Gearing ratio	**10.2%**	**15.6%**

*Total borrowings include lease liabilities accounted for under AASB 16 Leases. At 30 June 2024, other external borrowings comprised the $8.4 million vendor financing agreements in relation to capital expenditure items (2023: $10.3 million).

28. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Board reviews and agrees policies for managing any risks that are considered significant to the Group, which are summarised in this note.

The Group holds the following financial instruments:

	Notes	2024 $'000	2023 $'000
Financial assets – at amortised cost			
Cash and cash equivalents	13	72,434	48,455
Trade and other receivables	14	16,404	17,063
Contract assets	15	9,927	8,911
Deposits and bonds	16	234	289
Total financial assets		**98,999**	**74,718**
Financial liabilities – at amortised cost			
Trade and other payables	21	31,553	38,728
Lease liabilities	20	7,433	9,668
Borrowings	25	8,354	10,291
Total financial liabilities		**47,340**	**58,687**

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – foreign exchange risk, price risk and interest rate risk.

(i) Foreign exchange risk

The Group operates internationally and is subject to foreign exchange risk arising from exposure to foreign currencies. The Group's earnings and cash flows are influenced by a wide variety of currencies due to the geographic diversity of the Group's sales and the countries in which it operates. The Australian Dollar (AUD), US Dollar (USD), European Union Euro (EUR) and British Pound Sterling (GBP) are the currencies in which the majority of the Group's sales are denominated. Operating costs and capital expenditure are influenced by the currencies of those countries where the Group's data centres and fibre and connectivity links are located.

In the current year, the USD, the EUR and the GBP were the most important currencies (apart from the AUD) influencing costs. In any particular year, currency fluctuations may have a significant impact on the Group's financial results. A strengthening of the AUD against the currencies in which the Group's revenue, costs and capital expenditure are partly determined has a positive effect on the Group's net profit or loss and a weakening of the AUD has a negative effect on the Group's net profit or loss. However, a strengthening of the AUD does reduce the value of non-AUD denominated net assets and therefore total equity.

The AUD is the currency in which financial results are presented both internally and externally. It is also the most appropriate currency for financing the Group's operations. Cash is predominantly denominated in AUD and USD.

Certain AUD cash reserves and other financial assets and liabilities, including intercompany balances, are held in currencies other than the functional currency of the relevant subsidiary. This results in an accounting exposure to exchange gains and losses as the financial assets and liabilities are translated into the functional currency of the subsidiary that holds those assets and liabilities. These exchange gains or losses are recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The majority of Group's cash and cash equivalents are denominated in AUD and USD. The table below summarises the Group's cash and cash equivalents by currency:

Currency funds held in	2024 $'000	2023 $'000
Australian Dollar (AUD)	16,690	18,500
United States Dollar (USD)	36,828	14,103
European Union Euro (EUR)	10,198	9,344
New Zealand Dollar (NZD)	1,126	1,470
British Pound Sterling (GBP)	2,802	1,351
Swiss Franc (CHF)	321	177
Hong Kong Dollar (HKD)	751	1,051
Canadian Dollar (CAD)	945	332
Singapore Dollar (SGD)	853	814
Others	1,920	1,313
Total cash and cash equivalents	**72,434**	**48,455**

The Group manages foreign currency risk by:

- Forecasting of future cash flows; and
- Monitoring natural hedges arising from trading operations.

The forecasting process ensures that the appropriate amount of operating costs and specified capital expenditure amounts are held in currencies significant to the Group.

Sensitivity

The table below estimates the impact of a 10% change in the closing exchange rate of the AUD against significant currencies, on financial assets and financial liabilities. The impact is expressed in terms of the effect on net profit or loss. The sensitivities are based on cash and cash equivalents held at 30 June 2024, where balances are not denominated in the functional currency of the subsidiary.

	Effect on net profit/(loss)	
10% strengthening/weakening of AUD	2024 $'000	2023 $'000
USD	786/(786)	468/(468)
Euro	282/(282)	345/(345)

The Group's exposure to movement in other foreign currencies is not material.

(i) Price risk

The Group is not exposed to any equity securities price risk or commodity price risk.

(ii) Cash flow and fair value interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Group's main interest rate risk arises from the interest earned on various short-term deposits and cash at bank accounts (refer to Note 13).

Sensitivity

At 30 June 2024, if interest rates had increased/decreased by 100 basis points from the year end and rates with all other variables held constant, post-tax income/(loss) for the year would have been $175,550 higher/$175,550 lower (2023: loss would have been $167,264 lower/$167,264 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents and trade receivables.

(i) Cash and cash equivalents

With respect to cash and cash equivalents, the Group's exposure to credit risk arises from a potential default of the deposit counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group's cash (refer to Note 13), is held at financial institutions with the following credit ratings:

	2024		2023	
	$'000	Credit Rating*	$'000	Credit Rating*
Australia	8,074	AA-	7,713	AA-
Australia	12,863	A+	16,906	A+
North America	27,897	A+	8,105	A+
North America	0	A-	0	A-
Asia	6,482	AA-	5,216	AA-
Asia	559	A	359	A
Europe	850	AA-	778	AA-
Europe	15,021	A+	8,756	A+
Europe	687	BBB	622	BBB
Total cash and cash equivalents	**72,433**		**48,455**	

* In determining the credit quality of these financial assets, Megaport Limited has used the long-term rating from Standard & Poor's as of June 2024 (2023: Standard & Poor's as of June 2023)

(ii) Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group does not require collateral in respect of financial assets. Outstanding customer receivables are monitored regularly.

The Group's credit risk is low due to the large volume of customers with individual transactions typically being small in value. To illustrate this, at 30 June 2024, 80% of the trade receivable balance was due from 511 customers (2023: 80% from 290 customers). Also, no single customer accounts for more than 10% of total revenue. Receivable balances are monitored on an ongoing basis with the intention that the Group's exposure to allowances for credit loss is minimised.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

At the end of the year, the Group held cash and cash equivalents of $72.4 million (2023: $48.5 million).

The Group manages liquidity risk by monitoring cash flows and estimating future operational draws on cash reserves. At 30 June 2024, the Group had vendor financing in relation to working capital items (Note 21) and capital expenditure (Note 25) with an undiscounted total of $11.2 million (2023: $15.2 million) to manage liquidity risk. There were no other significant financing facilities (excluding lease liabilities) at 30 June 2024.

(i) Maturities of financial liabilities

The Group's financial liabilities comprise trade and other payables, borrowings and lease liabilities, and no derivative financial instruments are held. The undiscounted cash flows for the respective future periods are included in the following table. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2024.

The table below details the Group's remaining contractual maturity for its non-derivative financial liabilities within agreed repayment periods. The table sets out undiscounted cash flows of financial liabilities based on the earliest estimated date on which the Group can be required to pay. The table includes both interest and principal cash flows for interest bearing liabilities.

	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	Total $'000	Carrying amount $'000
Trade and other payables	-	11,714	17,682	1,431	526	31,353	31,553
Lease liabilities	6.0	469	1,368	2,952	3,681	8,470	7,433
Borrowings	6.0	706	1,194	3,550	3,234	8,684	8,354
Total at 30 June 2024		**12,889**	**20,244**	**7,933**	**7,441**	**48,507**	**47,340**
Trade and other payables	-	11,683	23,178	1,431	2,436	38,728	38,728
Lease liabilities	6.0	472	1,370	3,141	5,346	10,329	9,668
Borrowings	6.0	601	1,202	5,102	3,956	10,861	10,291
Total at 30 June 2023		**12,756**	**25,750**	**9,674**	**11,738**	**59,918**	**58,687**

Section 5: Equity-settled employee benefits

This section provides information about our equity-settled benefits.

29. Equity-settled employee benefits and related expenses

(a) Recognition and measurement

Equity-settled employee benefit transactions and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled employee benefit transactions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In estimating the fair value of the equity-settled employee benefits, the Group uses market-observable data to the extent it is available. The expected life used in the fair value measurement has been adjusted based on management's best estimate for the effects of non-transferability and exercise restrictions (including the probability of meeting the vesting conditions attached to the option). Expected volatility is an estimate based on the historical share price volatility of similar companies within the industry.

Equity-settled employee benefit transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably. In such cases they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled equity instruments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

Where an award is forfeited during the vested period, the previously vested amount is reversed immediately through profit or loss.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. Unexercised share options are transferred to retained earnings upon expiration.

(b) Restricted stock units

The Company has restricted stock units ('RSU') plans for executives and employees of the Company and its subsidiaries. The number of RSUs granted is specific to that employee's RSU plan agreement and is granted at the Board's discretion. The RSUs reward executives and employees subject to meeting agreed service conditions or performance conditions specific to the individual's agreement.

The RSUs are equity settled and are settled in full on the vesting date and carry neither rights to dividends nor voting rights.

(i) Restricted Stock Units General-Units Plan ('RSU General-Units Plan')

During the year, the Company introduced the RSU General-Units Plan for executives and employees of the Company and its subsidiaries. The number of RSUs granted is specific to that employee's RSU plan agreement and is granted at the Board's discretion. The RSUs reward executives and employees subject to meeting agreed service conditions specific to the individual's agreement. The number of shares granted in the future will equal a fixed number of RSUs.

The following arrangements under the RSU General-Units Plan were in existence as of 30 June 2024. All RSUs were granted during the current year.

RSU series	Grant date	Settlement date	No. of outstanding units	Fair value at grant date $
Sep 2023 - 1	16-Aug-23 to 22-Aug-23	1-Sept-24	52,378	10.38 to 12.15
Sep 2023 - 2	15-Aug-23 to 22-Aug-23	01-Jun-25 to 01-Sep-25	78,093	10.38 to 12.15
Sep 2023 - 3	15-Aug-23 to 22-Aug-23	01-Jun-26 to 01-Sep-26	78,093	10.38 to 12.15
Nov 2023 - 2	25-Sept-23	1-Sept-24	11,122	11.32
Nov 2023 - 3	25-Sept-23	1-Sept-25	11,122	11.32
Dec 2023 - 1	28-Aug-23 to 17-Nov-23	01-Sep-24 to 01-Dec-24	172,530	9.96 to 11.72
Dec 2023 - 2	28-Aug-23 to 17-Nov-23	01-Mar-25 to 01-Dec-25	196,672	9.96 to 11.72
Dec 2023 - 3	28-Aug-23 to 17-Nov-23	01-Mar-26 to 01-Dec-26	196,678	9.96 to 11.72
Jun 2024 - 1	12-Mar-24 to 20-May-24	1-June-25	39,712	13.5 to 15.06
Jun 2024 - 2	12-Mar-24 to 20-May-24	1-June-26	39,715	13.5 to 15.06
Jun 2024 - 3	12-Mar-24 to 20-May-24	1-June-27	39,720	13.5 to 15.06
Mar 2024 - 1	22-Nov-23 to 16-Feb-24	01-Sep-24 to 01-Mar-25	109,130	8.9 to 13.31
Mar 2024 - 2	22-Nov-23 to 16-Feb-24	01-Jun-25 to 01-Mar-26	127,634	8.9 to 13.31
Mar 2024 - 3	22-Nov-23 to 16-Feb-24	01-Jun-26 to 01-Mar-27	94,678	8.9 to 13.31
Total			**1,247,277**	

The following reconciles outstanding units under the RSU General-Units Plan at the beginning and end of the year:

	Units	
	2024	2023
Balance at beginning of the year	-	-
Granted during the year	1,475,190	-
Forfeited during the year	(68,987)	-
Settled during the year	(158,926)	-
Balance at end of the year	**1,247,277**	**-**

Fair value of RSUs granted in the year

The Group recognises the fair value at the grant date of equity settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity. The fair value of RSUs granted under the RSU General-Units Plan are based on the share price at the grant date.

(ii) Performance Restricted Stock Units Plan ('PRSU Plan')

During the year, the Company introduced the PRSU Plan for executive key management personnel of the Company and its subsidiaries. The number of RSUs granted is specific to that employee's RSU plan agreement and is granted at the Board's discretion. The RSUs reward executives and employees subject to meeting agreed service and performance conditions specific to the individual's agreement. The number of shares granted in the future will equal a fixed number of RSUs. The following arrangements under the PRSU Plan were in existence as of 30 June 2024.

RSU series	Grant date	Settlement date	No. of outstanding units	Fair value at grant date $
PRSU Dec 2023 - 1	16-Oct-23 to 01-Nov-23	1-Sept-24	250,026	7.82 to 11.05
PRSU Dec 2023 - 2	16-Oct-23 to 01-Nov-23	1-Sept-25	134,987	7.49 to 10.58
PRSU Dec 2023 - 3	16-Oct-23 to 01-Nov-23	1-Sept-26	134,987	7.17 to 10.13
PRSU Dec 2023 - 4	16-Oct-23 to 01-Nov-23	1-Sept-26	557,573	4.43 to 11.05
Total			**1,077,573**	

The following reconciles outstanding units under the PRSU Plan at the beginning and end of the year:

	Units	
	2024	2023
Balance at beginning of the year	-	-
Granted during the year	1,077,573	-
Balance at end of the year	**1,077,573**	**-**

Fair value of RSUs granted in the year

The Group recognises the fair value at the grant date of equity settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity.

Under the PRSU Plan, the fair value of RSUs not subject to market performance conditions are measured at the grant date using the Binomial Tree Model by an independent valuer. The fair value of RSUs that contain a market performance condition are measured at grant date using the Monte-Carlo simulation pricing model which is performed by an independent valuer and models the future security price of the Company's shares.

Non-market vesting conditions are determined with reference to the underlying financial or non-financial performance measures to which they relate.

Key inputs to the pricing models are shown in the table below:

RSU series	Volatility	Risk-free interest rate	Dividend yield
PRSU Dec 2023 - 1	60.00%	4.42% - 4.45%	0%
PRSU Dec 2023 - 2	60.00%	4.42% - 4.45%	0%
PRSU Dec 2023 - 3	60.00%	4.42% - 4.45%	0%
PRSU Dec 2023 - 4	60.00%	3.91% - 4.37%	0%

(iii) Employee Bonus Restricted Stock Units Plan ('RSU Bonus Plan')

During the year, the Company granted RSUs to its employees and executives as payment of employee bonuses in relation to the financial year ended 30 June 2023. The RSUs were granted between 7 August 2023 and 18 August 2023, and settled in two tranches, on 1 September 2023 and 1 March 2024. The settlement of the RSUs was contingent on the employee's continued service during the vesting period. The number of shares granted on settlement equalled the number of RSUs granted to the employee.

The following reconciles outstanding RSUs granted under the RSU Bonus Plan at the beginning and end of the year:

	Units	
	2024	2023
Balance at beginning of the year	-	-
Granted during the year	386,379	-
Forfeited during the year	(8,631)	-
Settled during the year	(377,748)	-
Balance at end of the year	**-**	**-**

Fair value of RSUs granted in the year

The fair value of RSUs granted under the RSU Bonus Plan are based on the share price at the grant date.

(iv) Restricted Stock Units General Plan ('RSU General Plan')

Under the RSU General Plan, the number of shares granted in the future will equal a fixed monetary amount.

The following arrangements under the RSU General were in existence as of 30 June 2024. The fair value is determined based on the fixed monetary amount to be received discounted for the time value of money.

RSU series	Grant date	Settlement date	Total fair value at grant date $	Equivalent units^
Mar 2022 - 3	1-Mar-22	1-Mar-25	1,459,444	115,199
Jun 2022 - 3	1-June-22	1-June-25	231,324	33,953
Sept 2022 - 2	1-Sept-22	1-Sept-24	10,493	1,568
Sept 2022 - 3	1-Sept-22	1-Sept-25	19,997	3,137
Dec 2022 - 2	1-Dec-22	1-Dec-24	70,856	11,142
Dec 2022 - 3	1-Dec-22	1-Dec-25	135,028	22,284
Total			**1,927,142**	**187,283**

^ Computed based on total fair value at grant date divided by equivalent VWAP at grant date.

The following reconciles the total fair value of the RSU General Plan outstanding at the beginning and end of the year:

	Fair value ($)	
	2024	2023
Restricted Stock Units		
Balance at beginning of the year	4,196,475	7,240,861
Granted during the year	-	1,960,741
Forfeited during the year	(551,887)	(3,378,838)
Settled during the year	(1,717,446)	(1,626,288)
Balance at end of the year	**1,927,142**	**4,196,475**

(v) Restricted Stock Units Executive Plan ('RSU Executive Plan')

Under the RSU Executive Plan, the number of shares granted in the future will equal a fixed number of RSUs.

The following arrangements under the RSU Executive Plan were in existence as of 30 June 2024.

RSU series	Grant date	Settlement date	No. of outstanding units	Fair value at grant date $
RSU-Dec 2022 – 1	1-Dec-22	1-Sept-24	12	6.89
RSU-Dec 2022 – 2	1-Dec-22	1-Sept-24	5,470	6.89
RSU-Dec 2022 – 3	1-Dec-22	1-Sept-25	5,470	6.89
PRSU-Dec 2022 - 2	1-Dec-22	1-Sept-25	23,444	6.89
PRSU-Dec 2022 - 1	1-Dec-22	1-Sept-25	23,443	4.1
Total			**57,839**	

The following reconciles outstanding units under the RSU Executive Plan at the beginning and end of the year:

	Units	
	2024	2023
Balance at beginning of the year	341,648	-
Granted during the year	-	825,415
Forfeited during the year	(263,909)	(483,767)
Settled during the year	(19,900)	-
Balance at end of the year	**57,839**	**341,648**

Fair value of RSUs granted in the year

The Group recognises the fair value at the grant date of equity settled securities above as an employee benefit expense proportionally over the vesting period with a corresponding increase in equity.

The fair value of RSUs with a service condition are based on the share price at the date of issue. The fair value of RSUs that contain a market vesting condition are measured at grant date using the Monte-Carlo simulation pricing model which is performed by an independent valuer and models the future security price of the Company's shares.

Non-market vesting conditions are determined with reference to the underlying financial or non-financial performance measures to which they relate.

Key inputs to the pricing models are shown in the table below:

	2024	2023
Volatility	N/A	60.00%
Risk-free interest rate	N/A	3.07%
Distribution yield	N/A	0%

(c) Deferred Shares Plan — Non-Executive Directors ('Deferred Shares Plan')

On 23 November 2022, resolutions were passed by the shareholders in the FY22 Annual General Meeting to issue, transfer or allocate 6,027 Megaport shares worth $50,000 to each non-executive director in three tranches under the ESP for no consideration. The first tranche of shares will be issued on 23 November 2023. This grant of shares forms part of their remuneration for services provided as members of the Board.

The following arrangements under the Deferred Shares Plan to Non-Executive Directors were in existence as of 30 June 2024:

Tranche	Number of shares	Grant date	Vesting date	Fair value at grant date^ $	Total fair value at grant date $
Tranche-2	8,036	23-Nov-22	23-Nov-24	8.297	66,667
Tranche-3	8,036	23-Nov-22	23-Nov-25	8.297	66,667
	16,072				**133,334**

^Based on 10 trading days VWAP following the release of the Company's full year results in August 2022.

The following reconciles outstanding units under the Deferred Shares Plan at the beginning and end of the year:

	Deferred shares	
	2024	2023
Balance at beginning of the year	36,162	-
Granted during the year	-	36,162
Forfeited during the year	(8,036)	-
Settled during the year	(12,054)	-
Balance at end of the year	**16,072**	**36,162**

(d) Share options granted under Megaport's employee share option plan ('ESOP General')

(i) Details of the ESOP General of the Company

The parent entity has a share option scheme for executives and employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by the Directors on 2 November 2015, executives and employees of the Group may be granted options to purchase ordinary shares at the Board's discretion.

Each employee share option converts into one ordinary share of the Company on exercise. Amounts are paid or payable by the recipient on exercising the options, and are individual to that employee's option plan agreement. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is specific to that employee's option plan agreement and is granted at the Board's discretion. The options reward executives and employees subject to meeting agreed service conditions or performance conditions specific to the individual's agreement.

The following arrangements under the ESOP General were in existence as of 30 June 2024:

Option series	Number of outstanding options	Grant date	Vesting date	Expiry date	Exercise price $	Fair value at grant date $
Series 2021-1	16,667	8-Nov-21	08-Nov-22 to 08-Nov-24	08-Nov-23 to 08-Nov-25	19.70	4.83 to 5.83
	16,667					

All options are exercisable from their vesting date to their expiry date, or 60 days after the resignation of the executive or employee, or 30 days on termination for a serious breach, whichever is the earlier.

(ii) Fair value of share options granted in the year

There were no share options issued during the year. Options were priced using a Black-Scholes pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting service and/or performance conditions attached to the option), and behavioural considerations. Expected volatility is based on either the historical share price volatility of the life of the Company or comparative company volatility.

(iii) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2024		2023	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the year	204,168	9.73	1,778,335	12.19
Forfeited during the year	-	-	(650,000)	13.94
Expired during the year	(20,833)	15.87	(745,833)	13.51
Exercised during the year^	(166,668)	7.96	(178,334)	3.15
Balance at end of the year	**16,667**	**19.70**	**204,168**	**9.73**

^ The weighted average share price at the date of grant of these options was $10.30 (2023: $3.93).

The number of options that have vested and become exercisable in the current reporting year was 8,333 (2023: 337,501).

(iv) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of $19.70 (2023: $9.73), and a weighted average remaining contractual life of 313 days (2023: 410 days).

(e) Expenses arising from equity-settled employee benefit transactions

Total expenses arising from equity-settled employee benefit transactions recognised during the year as part of employee expenses were as follows:

	Note	2024 $'000	2023 $'000
Restricted stock units	(i)	13,633	5,444
Deferred shares		79	100
Share options		28	(2,058)
Share related costs		-	9
Other employee share plan tax and other related costs		-	18
Total expenses		**13,740**	**3,513**

(i) Included in this amount is $3,313,211 relating to employee bonuses to be paid in the form of RSUs in relation to the year ending 30 June 2024 (30 June 2023: $2,344,300). This has been included under employee benefits payable in Note 21.

(f) Critical accounting estimates and judgements — Fair value measurements of equity settled employee benefits

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value the Group uses a Black-Scholes model for options under ESOP General, the Binomial Tree Model for RSUs not subject to market performance conditions, and the Monte-Carlo model for RSUs subject to market performance conditions.

Section 6: Group structure and related party transactions

This section provides information on our Group structure, controlled entities, ownership interest of the Group subsidiaries and the parent entity information. It outlines the accounting policies applied in accounting for the Group transactions including the basis of consolidation. Other information detailed here include disclosures on related party transactions in the year and balances outstanding at the reporting date.

30. Interest in other entities

(a) Group subsidiaries

The Group's subsidiaries at 30 June 2024 are set out in the following table. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Notes	Place of business/country of incorporation	Ownership interest held by the Group 2024 %	2023 %
Megaport (Australia) Pty Ltd	(a)	Australia	100	100
Megaport (Services) Pty Ltd	(a)	Australia	100	100
Megaport (New Zealand) Limited		New Zealand	100	100
Megaport (Singapore) Pte Ltd		Singapore	100	100
Megaport (Hong Kong) Limited		Hong Kong	100	100
Megaport Japan K.K		Japan	100	100
Megaport (USA) Inc.		United States of America	100	100
Megaport (Canada) Inc.		Canada	100	100
InnovoEdge, Inc.		United States of America	100	100
Megaport Networks Mexico S.A. de C.V.		Mexico	100	100
Megaport Telecomunicacoes Brasil Ltda.		Brazil	100	100
Megaport (UK) Limited		United Kingdom	100	100
Megaport (Europe) Limited		United Kingdom	100	100
European Voice Link Limited		United Kingdom	100	100
Megaport (Deutschland) Gmbh		Germany	100	100
Megaport (Netherlands) B.V.		Netherlands	100	100
Megaport (Ireland) Limited		Republic of Ireland	100	100
Megaport (Schweiz) AG		Switzerland	100	100
Megaport (Sweden) AB		Sweden	100	100
Megaport Bulgaria EAD		Republic of Bulgaria	100	100
Eastern Voice Link EOOD	(b)	Republic of Bulgaria	-	100
Megaport (France) SaS		France	100	100

(a) These entities are a part of the Australia tax-consolidated group with the head entity, Megaport Limited.

(b) The entity was deregistered during the year ended 30 June 2024.

The Company, Megaport (Australia) Pty Ltd and Megaport (Services) Pty Ltd are parties to a deed of cross guarantee ('the Deed') under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The Deed was entered into on 9 March 2022.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed that are controlled by Megaport Limited, they also represent the 'Extended Closed Group'.

Set out below and on the following page is a Consolidated Statement of Profit or Loss and Other Comprehensive Income, a Consolidated Statement of Financial Position and a Summary of Movements in Consolidated Accumulated Losses for the year ended 30 June 2024 of the Closed Group:

Consolidated Statement of Profit or Loss and Other Comprehensive Income	2024 $'000	2023 $'000
Continuing operations		
Revenue	30,931	26,176
Direct network costs	(4,529)	(4,171)
Partner commissions	(433)	(145)
Gross profit	**25,969**	**21,860**
Other income	16,880	13,426
Management fee income	30,301	25,753
Employee expenses	(20,037)	(19,491)
Professional fees	(2,988)	(3,722)
Marketing expenses	(679)	(1,544)
Travel expenses	(922)	(824)
IT costs	(2,321)	(2,549)
Equity settled employee costs and related tax costs	(7,795)	(945)
Depreciation and amortisation expense	(14,139)	(12,277)
Finance costs	(4,165)	(3,187)
Foreign exchange (losses)/gains	(135)	2,611
Other expenses	(4,355)	(3,963)
Management fee expense	(12,152)	(14,416)
Profit before income tax	**3,462**	**732**
Income tax benefit/(expense)	4,316	(2,660)
Net profit/(loss) for the year	**7,778**	**(1,928)**
Other comprehensive income, net of tax		
Total other comprehensive income, net of income tax	-	-
Total comprehensive income/(loss) for the year	**7,778**	**(1,928)**

Consolidated Statement of Financial Position	2024 $'000	Restated^ 2023 $'000
Assets		
Current assets		
Cash and cash equivalents	20,937	24,620
Trade and other receivables	2,122	1,444
Contract assets	1,456	1,382
Other assets	4,038	2,016
Amounts due from related parties	-	-
Total current assets	**28,553**	**29,462**
Non-current assets		
Investment in subsidiaries	25,673	21,350
Property, plant and equipment	8,793	13,016
Intangible assets	19,635	24,625
Right-of-use assets	2,404	3,274
Other assets	-	2,741
Deferred tax assets	4,609	5,220
Amounts due from related parties	339,623	305,548
Total non-current assets	**400,737**	**375,774**
Total assets	**429,290**	**405,236**
Liabilities		
Current liabilities		
Trade and other payables	8,280	8,185
Provisions	2,075	1,707
Borrowings	5,230	6,468
Lease liabilities	1,158	1,159
Amounts due to related parties	47,195	36,837
Total current liabilities	**63,938**	**54,356**
Non-current liabilities		
Trade and other payables	526	2,436
Provisions	444	341
Borrowings	3,124	3,823
Lease liabilities	1,518	2,352
Deferred tax liabilities	5,152	10,079
Amounts due to related parties	583	698
Total non-current liabilities	**11,347**	**19,729**
Total liabilities	**75,285**	**74,085**
Net assets	**354,005**	**331,151**
Equity		
Paid-up capital	422,674	412,844
Reserves	13,547	8,380
Accumulated losses	(82,216)	(90,073)
Total equity	**354,005**	**331,151**

^ Deferred tax assets and deferred tax liabilities have been restated due to amendments to accounting standards. Refer to Note 4 for further details.

Movement in accumulated losses	2024 $'000	2023 $'000
Accumulated losses as at beginning of the financial year	**(90,073)**	**(90,635)**
Transfers from equity-settled employee benefits reserves	79	2,490
Net profit/(loss)	7,778	(1,928)
Accumulated losses as at end of the financial year	**(82,216)**	**(90,073)**

(b) Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of Megaport Limited ('the Company') and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

31. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Parent entity

The ultimate parent entity of the Group is Megaport Limited.

(b) Subsidiaries

Interest in subsidiaries are set out in Note 30.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2024 $	2023 $
Short-term benefits	2,870,126	3,517,437
Post-employment benefits	99,386	114,043
Long-term benefits	4,026	-
Termination benefits	174,508	85,000
Equity-settled employee costs	3,219,915	(2,044,214)
Total	**6,367,961**	**1,672,266**

The remuneration of directors and key executives is determined by the Remuneration & Nomination Committee.

Detailed remuneration disclosures are provided in the Remuneration Report in the Directors' Report.

(d) Transactions with other related parties

During the year, Group entities entered into the following transactions with related parties that are not members of the Group:

	Notes	2024 $	2023 $
Sales and purchases of goods and services			
Purchase of shared services from entities controlled by key management personnel	(i)	202,454	152,739
Legal services from entities controlled by key management personnel		-	27,245
Sale of network related services to entities related to key management personnel		10,400	5,400
Sale of network equipment to entities related to key management personnel		-	81,516
Income from equipment rental to entities related to key management personnel		30,958	-
Other transactions			
Employee compensation of associates to key management personnel		-	68,057

(i) Shared services agreement

The Company entered into a shared services agreement with Capital B Pty Ltd ACN 162 622 282 ('Soda'), a company controlled by Bevan Slattery (Chairman of the Company until 30 June 2024). Under the agreement, Soda provides certain services to the Group. The services are charged on the basis of the actual cost to Soda plus a margin of 20%, allocated on the time Soda employees spend providing services to the Group. The obligations on Soda under the agreement are typical for a service agreement, and require that Soda provide the services with due care, skill and judgement, comply with the law in providing the services and effect appropriate insurance. Soda may seek reimbursement for certain expenses incurred in connection with the provision of services under the agreement. Either party may terminate the agreement for convenience on 60 days' written notice.

(e) Outstanding balances arising from other related parties

The following balances were outstanding from related parties at the end of the year:

	2024 $	2023 $
Amounts owed by related parties		
Entities related to key management personnel	-	27,627
	-	**27,627**

There were no amounts owing to related parties at 30 June 2024 (30 June 2023: nil).

(f) Terms and conditions

Directors for the Group hold other directorships as detailed in the Directors' Report. Where any of these related entities are customers or suppliers of the Group, the arrangements are on similar terms to third party customers or suppliers respectively.

All transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

32. Parent entity financial information

(a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

	2024 $'000	2023 $'000
Statement of Financial Position		
Current assets	12,012	15,113
Non-current assets	468,788	427,837
Total assets	**480,800**	**442,950**
Current liabilities	12,423	7,466
Non-current liabilities	1,650	3,276
Total liabilities	**14,073**	**10,742**
Net assets	**466,727**	**432,208**
Shareholders' equity		
Issued capital	**422,674**	**412,844**
Reserves	13,547	8,380
Retained earnings/(accumulated losses)	30,506	10,984
Shareholders' equity	**466,727**	**432,208**
Net profit for the year	**19,441**	**15,300**
Total comprehensive income for the year	**19,441**	**15,300**

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2024 (2023: nil).

(c) Contractual commitments

The parent did not have any contractual commitments at 30 June 2024 (2023: nil).

The financial information for the parent entity, Megaport Limited, has been prepared on the same basis as the consolidated financial statements.

Section 7: Other Information

This section provides information on other required or voluntary disclosures not included in other sections.

33. Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2024 $	2023 $
Deloitte Touche Tohmatsu Australia		
Audits and review of the financial reports – Group	372,750	435,513
Audits and review of the financial reports – Subsidiary entities	61,819	13,125
Advisory in establishment of risk management framework	-	95,316
Total remuneration of Deloitte Touche Tohmatsu Australia	**434,569**	**543,954**
Other Deloitte network firms:		
Audits of the subsidiary entities' financial reports	34,313	82,936
Total remuneration of Deloitte network firms	**34,313**	**82,936**
Other auditors and their related network firms:		
Audits of the subsidiary entities' financial reports	75,681	186,851
Other services	15,168	-
Total remuneration of other firms	**90,849**	**186,851**

34. Contingencies

The Group had no contingent assets or liabilities as at 30 June 2024 (2023: nil).

35. Events occurring after the financial year

The Group is not aware of any other matters or circumstances that have arisen since the end of the year which have significantly affected or may significantly affect the Group's operations and results or state of affairs of the Group.

Consolidated Entity Disclosure Statement

As at 30 June 2024

Name of entity	Entity type	Body Corporates		Tax residency	
		Place formed or incorporated	Percentage (%) of share capital held	Australian or foreign	Foreign jurisdiction
Megaport Limited	Body Corporate	Australia	100	Australian	N/A
Megaport (Australia) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Megaport (Services) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Megaport Employee Share Plan Trust	Trust	N/A	N/A	Australian	N/A
Megaport (New Zealand) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Megaport (Singapore) Pte Ltd	Body Corporate	Singapore	100	Foreign	Singapore
Megaport (Hong Kong) Limited	Body Corporate	Hong Kong	100	Foreign	Hong Kong
Megaport Japan K.K	Body Corporate	Japan	100	Foreign	Japan
Megaport (USA) Inc.	Body Corporate	United States of America	100	Foreign	United States of America
Megaport (Canada) Inc.	Body Corporate	Canada	100	Foreign	Canada
InnovoEdge, Inc.	Body Corporate	United States of America	100	Foreign	United States of America
Megaport Networks Mexico S.A. de C.V.	Body Corporate	Mexico	100	Foreign	Mexico
Megaport Telecomunicacoes Brasil Ltda.	Body Corporate	Brazil	100	Foreign	Brazil
Megaport (UK) Limited	Body Corporate	United Kingdom	100	Foreign	United Kingdom
Megaport (Europe) Limited	Body Corporate	United Kingdom	100	Foreign	United Kingdom
European Voice Link Limited	Body Corporate	United Kingdom	100	Foreign	United Kingdom
Megaport (Deutschland) Gmbh	Body Corporate	Germany	100	Foreign	Germany
Megaport (Netherlands) B.V.	Body Corporate	Netherlands	100	Foreign	Netherlands
Megaport (Ireland) Limited	Body Corporate	Republic of Ireland	100	Foreign	Republic of Ireland
Megaport (Financial Services) Limited	Body Corporate	Republic of Ireland	100	Foreign	Republic of Ireland
Megaport (Schweiz) AG	Body Corporate	Switzerland	100	Foreign	Switzerland
Megaport (Sweden) AB	Body Corporate	Sweden	100	Foreign	Sweden
Megaport Bulgaria EAD	Body Corporate	Republic of Bulgaria	100	Foreign	Republic of Bulgaria
Megaport (France) SaS	Body Corporate	France	100	Foreign	France

Directors' Declaration

In the Directors' opinion:

a. The consolidated financial statements and notes of Megaport Limited ('the Company' or 'the Group') are in accordance with the *Corporations Act 2001*, including:

   i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   ii. Giving a true and fair view of the the Group's financial position as at 30 June 2024 and its performance for the year ended on that date,

b. At the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c. At the date of this declaration, the Company is within the class of companies affected by *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each credit payment in full of any debt in accordance with the deed of cross guarantee. In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in Note 30 to the consolidated financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

d. In the directors' opinion, the attached consolidated entity disclosure statement is true and correct.

Note 2 of Section 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors made pursuant to s295(5(a)) of the *Corporations Act 2001*.

On behalf of the Board of Directors

MELINDA SNOWDEN
CHAIR & NON-EXECUTIVE DIRECTOR, SYDNEY
22 AUGUST 2024

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Australia

Tel: +61 7 3308 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Megaport Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Megaport Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss, and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the consolidated entity disclosure statement.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company and Group's financial position as at 30 June 2024 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Capitalisation of costs to non-current assets *Refer to Note 17 – Property, Plant & Equipment and Note 18 – Intangible Assets* During the year \$10.7 million has been capitalised to Property, Plant & Equipment – Assets Under Construction in relation to the acquisition and installation of the Group's network hardware; and \$8.7 million has been capitalised to Software Under Development in relation to the ongoing development of the Group's proprietary service delivery software platform. These capitalised costs are amortised over the estimated useful lives of the equipment or software respectively. The capitalised costs comprise a combination of payments to external suppliers and internal employee costs. The Group capitalises those costs which meet the criteria for capitalisation under AASB 116 *Property, Plant & Equipment* or AASB 138 *Intangible Assets* respectively. Significant judgement is required to: • Identify and allocate the internal employee costs directly attributable to bringing network hardware equipment to the location and condition necessary for use; • Distinguish software development activities from research and ongoing maintenance activities; and • Identify and allocate the internal employee costs relating to software development activities.	Our procedures included, but were not limited to: • Developing an understanding of, and evaluating the Group's cost capitalisation policy; • Evaluating the design and testing the implementation of relevant controls; • Assessing the process implemented by the Group for the identification and measurement of capitalised costs; • Holding discussions with relevant project managers to understand and challenge the nature of the activities conducted, and the basis of management's assessment of the criteria for capitalisation of costs under Australian Accounting Standards; • For internal employee costs capitalised, on a sample basis we agreed employee cost data back to payroll and employee contract records, obtained evidence that the time recorded against capital projects had been reviewed and approved by an appropriate supervisor and recognised in accordance with the Group's accounting policy, and tested the accuracy of the calculations and accounting journals used to allocate the employee costs between amounts capitalised and amounts included in operating expenses; and • Agreed a sample of other capitalised costs to third party evidence. We also assessed the adequacy of the disclosures in Notes 17 and 18 of the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of cash generating units Refer to Note 18 – Intangible assets and Note 19 – Impairment of goodwill. An impairment assessment has been undertaken as at 30 June 2024 for cash generating units with indefinite life intangible assets (goodwill). As at year-end, the Group had goodwill of $1.6 million held within the Europe cash generating unit ("CGU") and $20.2 million held within in the North American CGU. Management conducts annual impairment tests using a discounted cash flow model, to assess the recoverability of the carrying value of the Group's CGU's. There are a number of key judgements made in determining the inputs into these models including: • Identification of CGUs; • Future cash flows for the CGUs; • Discount rates; and • Future and Terminal value growth rates	Our procedures included, but were not limited to: • Evaluating the design and testing the implementation of relevant controls; • Evaluating the appropriateness of management's identification of the Group's CGUs and management's processes around the development of the 'value in use' discounted cash flow model; • In conjunction with our valuation specialists, challenging the key assumptions and methodology used by management in the impairment model including growth rates, discount rates and terminal growth rates; • Evaluating the future projected cash flows used in the impairment model to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of each CGU tested; • Performing sensitivity analyses over the key inputs to the model, including future cash flows, discount rates and future and terminal growth rates; • Testing the mathematical accuracy of the cash flow model; and • Assessing the recoverable amount against the carrying value of each cash generating unit. We also assessed the adequacy of the disclosures in Note 19 to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Revenue recognition Refer to Note 8 – Revenue The group recognised revenue of $195 million for the year ended 30 June 2024. The recognition of revenue is considered to be a key audit matter due to: • The significance of revenue to the financial statements; • Measurement and recognition of Network as a Service ("NaaS") revenue relies on a highly automated customer interface, service delivery and billing system ("Megaport Portal"), and involves significant volumes of customer configuration, network usage, and pricing data; and • The judgements and assumptions required by the Group in the application of AASB 15 *Revenue from Contracts with Customers ("AASB 15")* including the identification and recognition of performance obligations and the allocation of transaction price to those performance obligations.	Our procedures included, but were not limited to: • Assessing whether the Group's accounting policies were in accordance with the requirements of AASB 15; • Evaluating the design and implementation of relevant controls relating to the measurement and recognition of NaaS revenue; • In conjunction with our information technology controls specialist, evaluating the design and testing the operating effectiveness of the general information technology control environment of the Megaport Portal, and testing the logic of the automated revenue calculation process within the Megaport Portal and the related interface into the general ledger; • On a sample basis, reviewing the Group's revenue contractual arrangements and evaluating whether the Group appropriately applied AASB 15; and • Performing substantive testing on a sample of sales transactions to verify that the sales transactions were with active customers within the Megaport Portal, and to verify that the sales transactions were accurately recorded based on contractual terms. We also traced these sales transactions through to subsequent cash receipts from customers. We also assessed the adequacy of the disclosures in Note 8 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

Deloitte.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 40 to 63 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Megaport Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R.D. Wanstall

Richard Wanstall
Partner
Chartered Accountants

Brisbane, 22 August 2024

Shareholder Information

The shareholder information set out below was applicable at 31 July 2024.

(a) Ordinary share capital
159,500,813 fully paid ordinary shares are held by 19,253 individual shareholders.

All issued ordinary shares carry one vote per share.

(b) Restricted stock units issued as units
2,382,689 restricted stock units are held by 86 individual holders.

Restricted stock units issued as units do not carry a right to vote

(c) Restricted stock units issued as a fixed monetary value
$1,927,142 worth of restricted stock units, which equates to 187,283 equivalent units are held by 46 individual holders.

Restricted stock units issued as a fixed monetary value do not carry a right to vote.

(d) Deferred shares
16,072 deferred shares are held by 4 individual holders.

Deferred shares do not carry a right to vote.

(e) Options
16,667 options are held by 1 individual holder.

Options do not carry a right to vote.

(f) Distribution of holders of equity securities
Analysis of numbers of equity security holders by size of holding:

Number of investors					
		RSUs			
Holding	Fully paid ordinary shares	Fixed monetary value	Units	Deferred shares	Options
1 – 1,000	12,122	1	-	-	-
1,001 – 5,000	5,435	36	25	4	-
5,001 – 10,000	1,075	7	24	-	-
10,001 – 100,000	586	2	35	-	1
100,001 and over	35	-	2	-	-
Total	19,253	46	86	4	1

The number of shareholders holding less than the marketable parcel of fully paid ordinary shares is 1,105.

(g) Substantial shareholders
Substantial shareholders of 5% or more of the fully paid ordinary shares in the Company are set out as follows:

Name	Number held	Percentage of issued shares
Ordinary shares		
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,118,007	22.93
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	19,042,326	19.97
CITICORP NOMINEES PTY LIMITED	18,709,253	12.98

(h) Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest holders of equity securities are listed as follows:

	Fully paid ordinary shares	
Name	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,577,019	22.93
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	31,855,771	19.97
CITICORP NOMINEES PTY LIMITED	20,707,636	12.98
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	7,531,188	4.72
NATIONAL NOMINEES LIMITED	3,593,964	2.25
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,987,739	1.87
ARGO INVESTMENTS LIMITED	2,550,895	1.60
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	2,118,053	1.33
MR BEVAN ANDREW SLATTERY	1,937,607	1.21
BNP PARIBAS NOMS PTY LTD	1,818,106	1.14
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,522,389	0.95
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	1,238,733	0.78
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,191,235	0.75
PALM BEACH NOMINEES PTY LIMITED	849,806	0.53
BNP PARIBAS NOMS (NZ) LTD	722,808	0.45
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	423,129	0.27
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	365,766	0.23
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	338,000	0.21
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	321,303	0.20
BEEBEE HOLDINGS PTY LTD	300,000	0.19
	118,951,147	**74.58**

Unquoted equity securities

	Number on issue	Number of holders
Restricted stock units under Restricted Stock Units Executive Plan to take up ordinary shares	57,839	1
Restricted stock units under Restricted Stock Units General-Units Plan to take up ordinary shares	1,247,277	83
Restricted stock units under Performance Restricted Stock Units Plan to take up ordinary shares	1,077,573	2
Restricted stock units under Restricted Stock Units General Plan to take up ordinary shares	187,283	46
Deferred shares issued under the Deferred Shares Plan - Non-Executive Directors to take up ordinary shares	16,072	4
Options issued under Employee Share Option Plan to take up ordinary shares	16,667	1

Corporate Directory

Current directors	Melinda Snowden Michael Reid Glo Gordon Michael Klayko Lauren Williams Jay Adelson
Company Secretary	Celia Pheasant
Principal Registered Office in Australia	Level 3 825 Ann Street Fortitude Valley, QLD 4006
Share Register	Computershare Investor Services Pty Limited Level 1 200 Mary Street Brisbane, QLD 4000 Phone: 1300 850 505
Auditor	Deloitte Touche Tohmatsu Level 23 123 Eagle Street Brisbane, QLD 4000
Stock Exchange Listing	Megaport Limited shares are listed on the Australian Securities Exchange (ASX).
Website Address	www.megaport.com
ABN	46 607 301 959

Level 3, 825 Ann St,
Fortitude Valley, 4006 – Australia

Phone +61 7 3088 5999
Fax +61 7 3088 5998
info@megaport.com

megaport.com

ASX: MP1
@megaportnetwork
@megaport