



MARKET UPDATE

1HFY23 HALF YEAR RESULTS

Internal use only

COMPANY
HIGHLIGHTS

FINANCIAL
PERFORMANCE

BUSINESS
UPDATE

CHANNEL
UPDATE

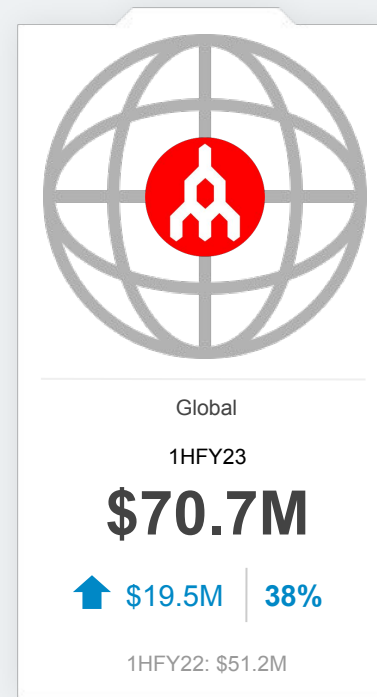
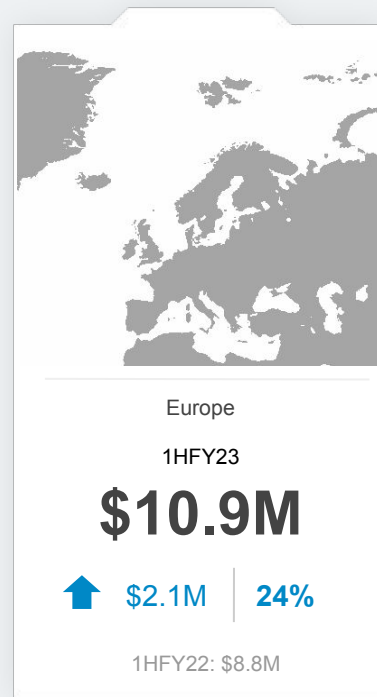
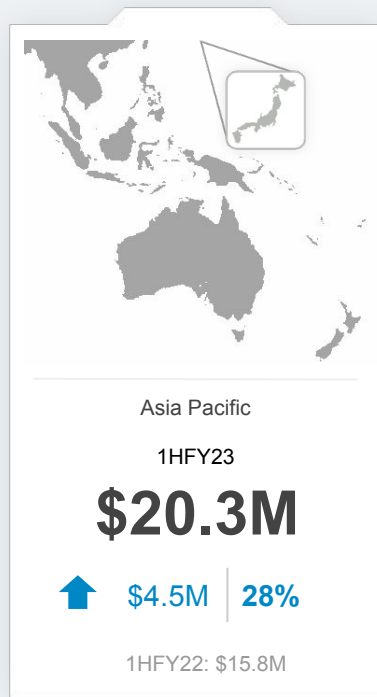
SECOND HALF
EXECUTION

Internal use only

COMPANY HIGHLIGHTS 1HFY23



REVENUE PERFORMANCE 1HFY23 (AUD)



HIGHLIGHTS 1HFY23 (AUD)



+16%

Monthly Recurring Revenue¹

\$10.7M

30 JUNE 2022

\$12.4M

31 DECEMBER 2022



+15%

Annualised Revenue²

\$128.3M

30 JUNE 2022

\$148.0M

31 DECEMBER 2022



+4%

Total Number of Customers

2,643

30 JUNE 2022

2,739

31 DECEMBER 2022



+6%

Total Number of Services³

27,383

30 JUNE 2022

29,088

31 DECEMBER 2022



+3%

Total Number of Ports

9,545

30 JUNE 2022

9,809

31 DECEMBER 2022



+5%

Total Number of MCRs

731

30 JUNE 2022

768

31 DECEMBER 2022

1. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the month of December.

2. Annualised Revenue is MRR for the month of December multiplied by 12.

3. Total Services comprises of Ports, Virtual Cross Connects (VXCs), Megaport Cloud Router (MCR), Megaport Virtual Edge (MVE), and Internet Exchange (IX).

HIGHLIGHTS 1HFY23 (AUD)

30 JUNE 2022
31 DECEMBER 2022

Total Customers

2,643 2,739

Average Ports per Customer

3.61 3.69¹

Average Services per Port

2.87 2.99¹

Average Revenue per Port

\$1,120 \$1,223¹

Group Exit Gross Margin

APAC 77%	EMEA 76%	NAM 64%	MP1 69%
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Natural margin growth enhanced by active cost & price management.

EBITDA positive for entire period

Group Exit EBITDA

APAC 51%	EMEA 24%	NAM 38%	MP1 6%
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Cloud Onramps

4 **282**

NEW TOTAL

Cloud Regions

5 **147**

NEW TOTAL

ASIA PACIFIC (AUD)

Total Installed Data Centres

108 | 108

30 JUNE 2022 | 31 DEC 2022

Total Number of Customers



1,003 | 1,015

30 JUNE 2022 | 31 DEC 2022

Total Number of Ports

3,484 | 3,485

30 JUNE 2022 | 31 DEC 2022

Total Number of Services¹

10,713 | 11,069

30 JUNE 2022 | 31 DEC 2022

Monthly Recurring Revenue²

\$3.3M | \$3.4M

JUNE 2022 | DEC 2022

Profit After Direct Network Cost Margin



79% | 77%

30 JUNE 2022 | 31 DEC 2022

Average Revenue per Port³

\$974 | +3%

No. of Ports per Data Centre

32.3 | -

Services per Port

3.2 | +3%

Services per Customer

10.9 | +2%

Port Utilisation⁴

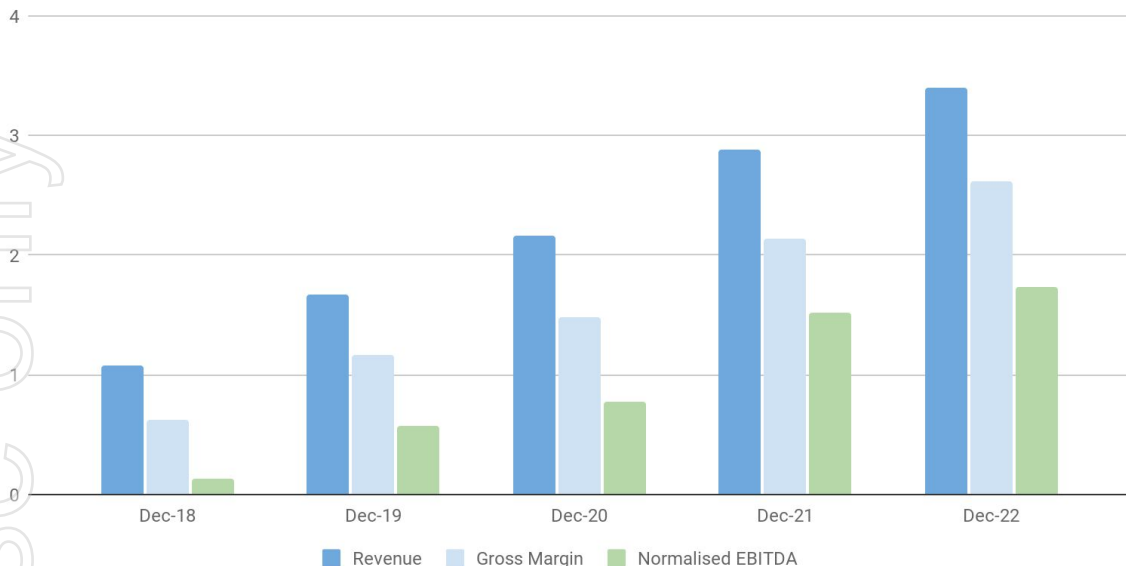
45%

Figures as at 31 Dec 2022 (vs 30 Jun 2022)

1. Total Services comprises of Ports, Virtual Cross Connects (VXCs), Megaport Cloud Router (MCR), Megaport Virtual Edge (MVE), and Internet Exchange (IX).
 2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the month of December.
 3. MRR divided by number of Ports at reporting period end date.
 4. Ports sold/used divided by total Ports available.

ASIA PACIFIC FINANCIAL PERFORMANCE (AUD)

APAC A\$M¹



APAC Margins¹

	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Normalised profit after direct network cost margin ²	45%	58%	70%	68%	74%	77%
Normalised EBITDA margin ³	(2%)	12%	34%	36%	52%	51%

1. All figures are for the month of December.

2. Direct network costs comprise data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and partner commissions which are directly related to generating the service revenue of Megaport Group.

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

MARGIN TRENDS¹

APAC profit after direct network costs margin continues to grow with increasing MRR, and direct network costs remaining steady.

The EBITDA return remains strong at >50% with operating costs up marginally for the region largely due to travel, events and marketing activities.

Strong contribution to Group overhead.

EUROPE (AUD)

Total Installed Data Centres

105 | 105

30 JUNE 2022 | 31 DEC 2022

Total Number of Customers

531 | 551

30 JUNE 2022 | 31 DEC 2022

Total Number of Ports

1,414 | 1,416

30 JUNE 2022 | 31 DEC 2022

Total Number of Services¹

3,860 | 4,107

30 JUNE 2022 | 31 DEC 2022

Monthly Recurring Revenue²

\$1.7M | \$1.9M

JUNE 2022 | DEC 2022

Profit After Direct Network Cost Margin

71% | 76%

30 JUNE 2022 | 31 DEC 2022

Average Revenue per Port³

\$1,361 | +13%

No. of Ports per Data Centre

13.5 | -

Services per Port

2.9 | +6%

Services per Customer

7.5 | +3%

Port Utilisation⁴

32%

Figures as at 31 Dec 2022 (vs 30 Jun 2022)

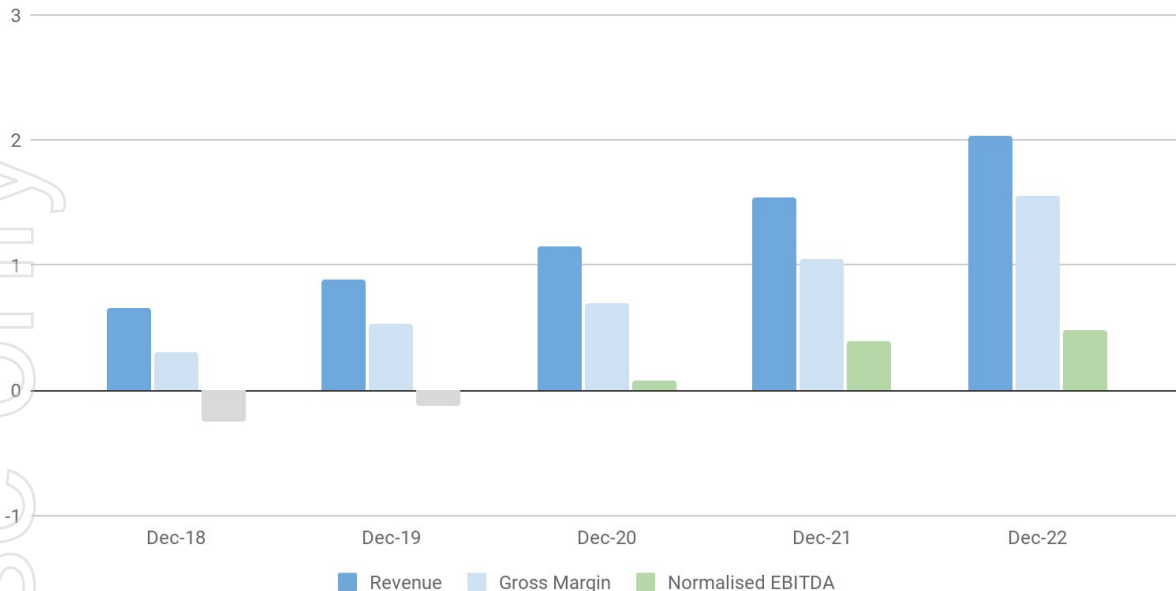
1. Total Services comprises of Ports, Virtual Cross Connects (VXCs), Megaport Cloud Router (MCR), Megaport Virtual Edge (MVE), and Internet Exchange (IX)

2. Monthly Recurring Revenue (MRR) is revenue (excluding one-off and non-recurring revenue) for the month of December

3. MRR divided by number of Ports at reporting period end date.

4. Ports sold/used divided by total Ports available.

EUROPE FINANCIAL PERFORMANCE (AUD)

EMEA A\$M¹MARGIN TRENDS¹

EMEA EBITDA continues to be positive for the 1HFY23.

EMEA continues to be in a strong position for growth via indirect channels.

EMEA EBITDA margin remains steady, showcasing the cost control efforts across the group, which have been offset by ensuring local market and region staffing requirements are met.

EMEA Margins ¹	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Normalised profit after direct network cost margin ²	50%	47%	59%	60%	68%	76%
Normalised EBITDA margin ³	(137%)	(39%)	(15%)	7%	25%	24%

1. All figures are for the month of December.

2 Direct network costs comprise data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and partner commissions which are directly related to generating the service revenue of Megaport Group.

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NORTH AMERICA (AUD)

Total Installed Data Centres

210 | 210

30 JUNE 2022 | 31 DEC 2022

Total Number of Customers



1,462 | 1,536

30 JUNE 2022 | 31 DEC 2022

Total Number of Ports

4,647 | 4,908

30 JUNE 2022 | 31 DEC 2022

Total Number of Services¹

12,810 | 13,912

30 JUNE 2022 | 31 DEC 2022

Monthly Recurring Revenue²

\$5.7M | \$7.1M

JUNE 2022 | DEC 2022

Profit After Direct Network Cost Margin



54% | 64%

30 JUNE 2022 | 31 DEC 2022

Average Revenue per Port³

\$1,437 | +17%

No. of Ports per Data Centre

23.4 | +6%

Services per Port

2.8 | +3%

Services per Customer

9.1 | +3%

Port Utilisation⁴

38%

Figures as at 31 Dec 2022 (vs 30 Jun 2022)

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

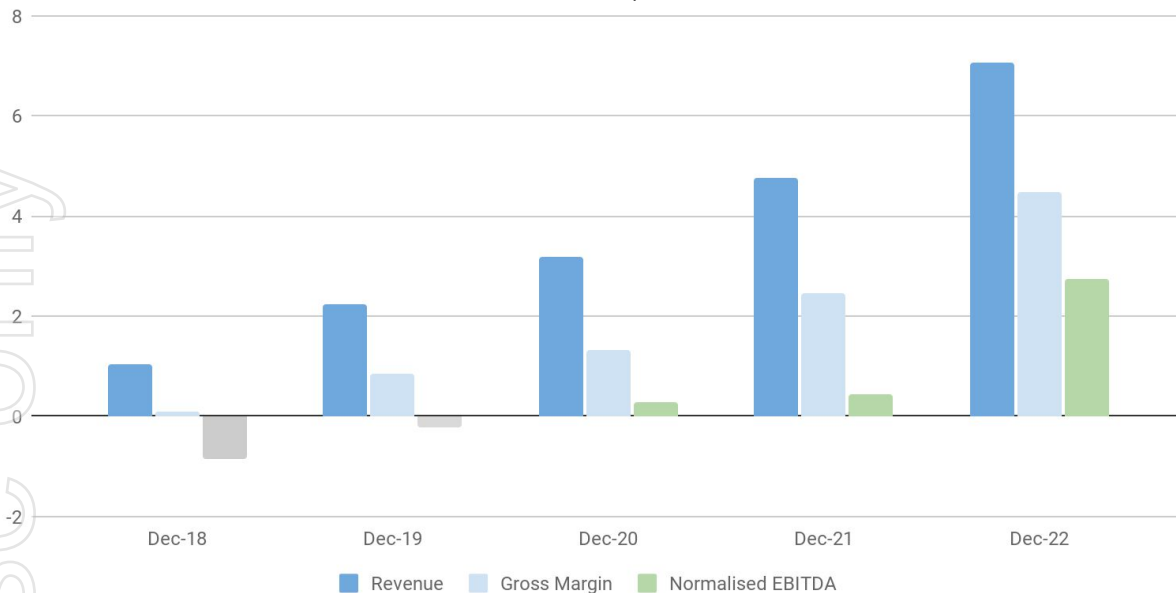
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3. MRR divided by number of Ports at reporting period end date.

4. Ports sold/used divided by total Ports available.

NORTH AMERICA FINANCIAL PERFORMANCE (AUD)

NAM A\$M¹



NAM Margins ¹	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Normalised profit after direct network cost margin ²	(21%)	8%	38%	42%	52%	64%
Normalised EBITDA margin ³	(106%)	(83%)	(10%)	9%	9%	38%

1. All figures are for the month of December.

2 Direct network costs comprise data centre power and space, physical cross connect fees, bandwidth and dark fibre, network operation and maintenance, and partner commissions which are directly related to generating the service revenue of Megaport Group.

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

MARGIN TRENDS¹

Slower network expansion, now at scale has allowed operating leverage to deliver strong margin growth.

Direct network costs for Mexico are included in December 2022, which are offset by the reductions in direct network costs as a result of cost saving initiatives.

The improved EBITDA margin is reflective of reduced headcount in the region, as well as the strong focus on savings in opex.

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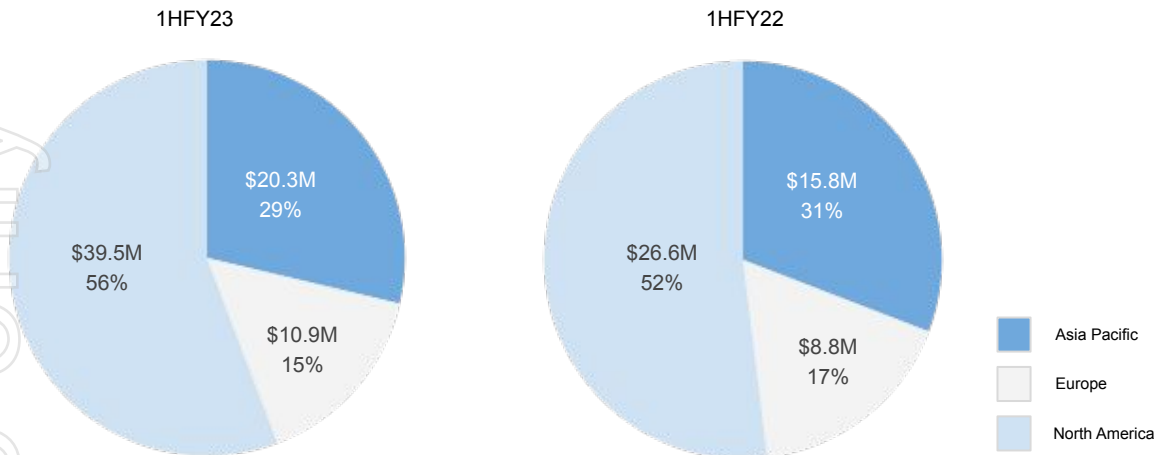
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EXECUTION

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FINANCIAL PERFORMANCE 1HFY23



REVENUE (AUD)



REVENUE: \$70.7M **UP 38%** FROM 1HFY22

MRR*: \$12.4M **UP 35%** FROM DEC '21

FINANCIAL RESULTS
FOR HALF YEAR ENDED 31 DECEMBER 2022

Revenue of \$70.7M, **up 38%**, driven by customer growth and service uptake across all regions.

NAM showcased the largest growth across all regions, increasing **\$12.9M (48%)** vs 1HFY22.

USA is the biggest contributor to NAM and accounted for 56% of group revenues in December 2022.

MRR* was **\$12.4M** for December 2022, up 35%.

38% revenue momentum showcased MP1's continued growth post its scale up and scale out phase.

FINANCIAL RESULTS (AUD)

Consolidated Profit & Loss	1HFY23 \$'M	1HFY22 \$'M	Change %
Revenue	70.7	51.2	38%
Direct network costs	(16.2)	(14.8)	(9%)
Partner commissions	(8.0)	(5.5)	(45%)
Profit after direct network costs and partner commissions	46.5	30.9	50%
<i>Profit after direct network cost and partner commissions margin</i>	66%	60%	+6pp
Operating Expenses (OPEX)	(43.1)	(38.2)	(13%)
Normalised EBITDA ¹	3.4	(7.3)	147%
<i>Normalised EBITDA margin</i>	5%	(14%)	+19pp
Depreciation, amortisation, other non-operating expenses & taxes	(16.9)	(12.9)	(31%)
Net loss for the period	(13.5)	(20.2)	33%

1. Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA) represents operating results excluding equity-settled employee and related costs, foreign exchange gains and loss on disposal of property, plant and equipment, and certain non-recurring non-operational expenses. Including these amounts, EBITDA would be \$5.2M in 1HFY23 and (\$5.6M) in 1HFY22.

FINANCIAL RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2022

Revenue \$70.7M up 38% v 1HFY22

Direct network costs increased by \$1.4M (9%) with 34 new data centres brought into the network and capacity upgrades.

Profit after direct network costs and partner commissions of \$46.5M improved by \$15.6M (50%) driven by continued cost control efforts and revenue growth.

Profit after direct network cost and partner commissions margin of 66% improvement from 60% in 1HFY22.

Opex of \$43.1M is up \$4.9M (13%) from 1HFY22.

Normalised EBITDA¹ of \$3.4M, 6% of revenue (1HFY22: -14%).

OPERATING COSTS (AUD)

	1HFY23 \$'M	1HFY22 \$'M	Change %
Direct network costs	16.2	14.8	(9%)
Partner commissions	8.0	5.5	(45%)
Profit after direct network costs and partner commissions	46.5	30.9	50%
Employee costs ¹	30.5	28.4	(7%)
Professional fees	3.8	3.2	(19%)
Marketing costs	2.7	1.1	(145%)
Travel costs	1.5	0.5	(200%)
IT costs	1.8	1.6	(13%)
Other operating expenses	2.8	3.4	18%
Total OPEX	43.1	38.2	(13%)

1. Excludes equity-settled employee costs and restructuring costs.

FINANCIAL RESULTS
FOR HALF YEAR ENDED 31 DECEMBER 2022

Average network cost per data centre per month increased 5% to \$6.3K in H1FY23 (\$6.0K in H1FY22) largely due to FX movements.

Employee costs¹ increased by \$2.1M. Employee costs as a percentage of revenue has decreased to 43% (from 55% in 1HFY22).

Marketing and travel costs increased with a gradual return of travel and conference activities following global easing of COVID-19 restrictions.

General and administrative costs decrease is driven by ongoing cost control efforts.

CASH FLOW (AUD)

	1HYF23 \$'M	1HFY22 \$'M	YoY %
Normalised EBITDA ¹	3.4	(7.3)	147%
Working Capital	(2.0)	(0.3)	(567%)
Cash flow from/(used) in Operating Activities	1.4	(7.6)	118%
Acquisition of subsidiaries	-	(10.4)	100%
Capital expenditure, including IP	(19.0)	(21.3)	11%
Cash flow used in Investing Activities	(19.0)	(31.7)	40%
Cash flow from issue of equity	-	5.2	(100%)
Cash flow from borrowings, (net)	(2.8)	5.2	(154%)
Principal lease payments	(5.2)	(3.3)	(58%)
Cash flow from/(used in) Financing Activities	(8.0)	7.1	(213%)
Effect of FX movements	0.6	0.5	20%
Total Net Cash Flow	(25.0)	(31.7)	21%
Opening Cash Balance	82.5	136.3	
Closing Cash Balance	57.5	104.6	

FINANCIAL RESULTS
FOR HALF YEAR ENDED 31 DECEMBER 2022

Cash flow from operations was an inflow of \$1.4M, following the transition into EBITDA positive trading.

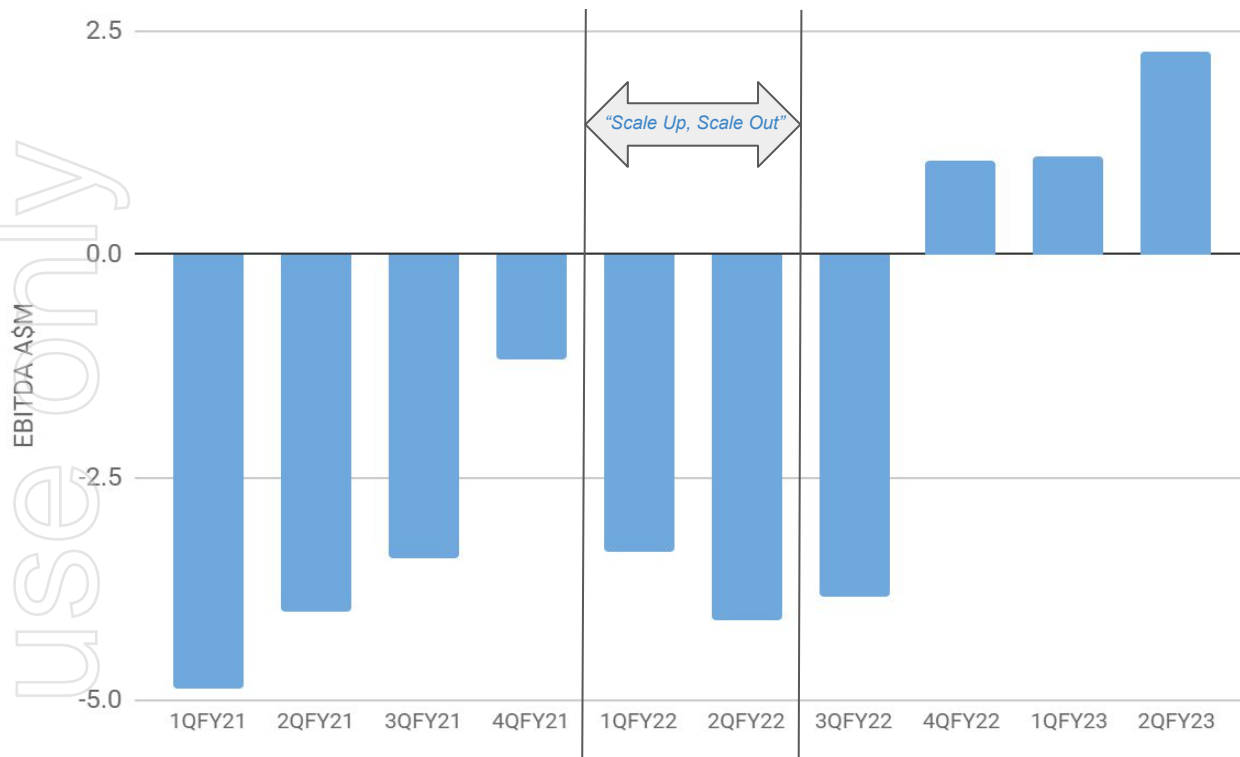
Cash outflows on capital expenditure of \$19.0M are 11% lower than 1HFY22 with the completion of major capex projects.

Cash flow from finance activity was an outflow of \$8.0M compared with an inflow of \$7.1M in the same period prior year, with no proceeds from the issue of equity and lower capex meaning a net repayment of vendor financing.

Cash at 31 December 2022

\$57.5M

EBITDA JOURNEY (AUD)

FINANCIAL RESULTS
FOR HALF YEAR ENDED 31 DECEMBER 2022

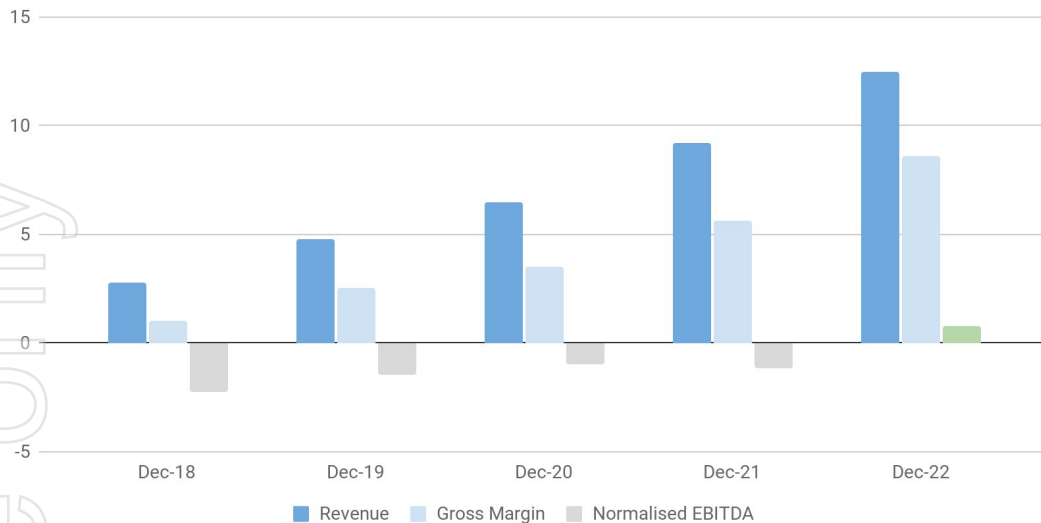
Business was tracking to profitability throughout FY21, achieving EBITDA breakeven in the month of June '21.

Reinvestment in the business as *Scale Up, Scale Out*: building an indirect sales channel, upgrading capacity across our networks, developing tiered hierarchy within the portal, and increasing automation to handle large increases in transaction volumes.

Investment largely complete by end Q2FY22.

Accelerated return to profitability.

HISTORICAL FINANCIAL PERFORMANCE (AUD)



Group Margins ¹	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Normalised profit after direct network cost margin ²	26%	37%	53%	54%	61%	69%
Normalised EBITDA margin ³	(120%)	(80%)	(30%)	(15%)	(13%)	6%

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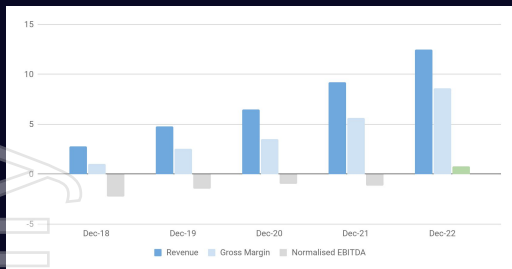
MARGIN TRENDS

Group EBITDA positive in the first half of FY23, continuing the positive momentum from a breakeven exit in June 22, and a positive quarter.

Group as a whole emulates margin growth historically seen in the regions, with additional central corporate overhead now covered.

Gross Margin of 69% in month of December approaching long term target.

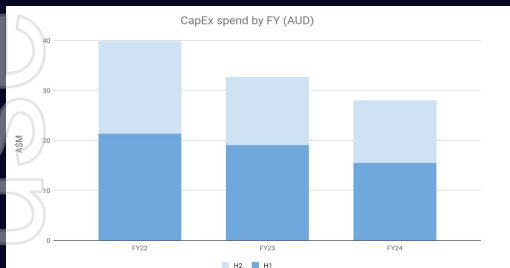
PATHWAY TO FREE CASHFLOW



Operating leverage delivering EBITDA profit and cash from operations.

Cost out program identified potential A\$8M to A\$10M annualised savings.

Port to Cloud VXC price rebalancing to yield up to A\$7M to A\$10M additional revenue



Cash used in investing reducing from high in FY22.

Most major upgrade projects completed.

Purchasing horizon reducing allowing utilisation of inventory equipment.

FINANCIAL POSITION (AUD)

	31 December 2022 \$'M	30 June 2022 \$'M
Cash	57.5	82.5
Other current assets	25.0	20.4
Non-current assets	124.3	117.5
Total assets	206.8	220.4
Current liabilities	54.2	53.1
Non-current liabilities	24.7	25.0
Total liabilities	78.9	78.1
Equity	127.9	142.3

FINANCIAL RESULTS
FOR HALF YEAR ENDED 31 DECEMBER 2022

Trade debtors up 26% at \$4.0m and DSO at 26 days (FY22: 25 days), largely timing issue on receipts.

Total liabilities include 0% vendor finance of \$12.0 M outstanding at 31 December 2022 (\$13.7M at 30 June 2022), a reduction of 12%. Lower capex will result in net repayment of vendor finance.

HSBC revolving credit facility of A\$25M now in place to give additional flexibility once EBITDA covenants are met.

Cash at 31 December 2022

\$57.5M

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HIGHLIGHTS

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SECOND HALF
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BUSINESS UPDATE



MEGAPORT CLOUD ENABLEMENT

282 Total Onramps

1HFY23 Increase: 4 **+1%**

ONRAMP TOTAL

Amazon Web Services	81
Microsoft Azure	54
Google Cloud	43
Oracle Cloud	24
IBM Cloud	17
Cloudflare	19
Rackspace	12
Salesforce	11
Alibaba Cloud	9
SAP	6
OVHcloud	4
Nutanix	2

147 Total Cloud Regions

1HFY23 Increase: 5 **+4%**



Google Cloud



IBM Cloud



77% of Megaport connections terminate to public cloud providers

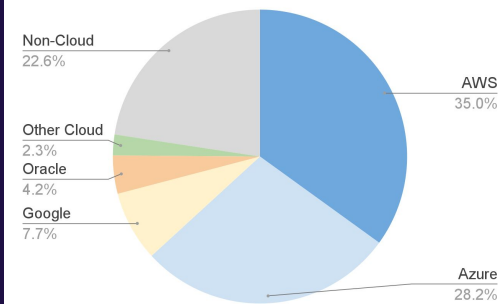
40% of Megaport customers connecting to cloud are multicloud

Multicloud customers grew **32%**

50% of Megaport multi-cloud customers adopted MCR

100Gbps cloud interconnect enabled across leading cloud providers

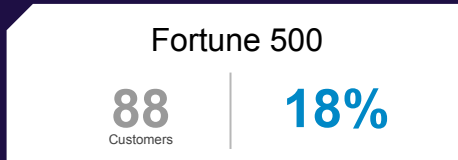
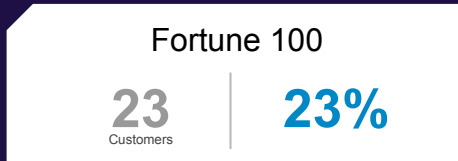
VXC Usage - Service Count



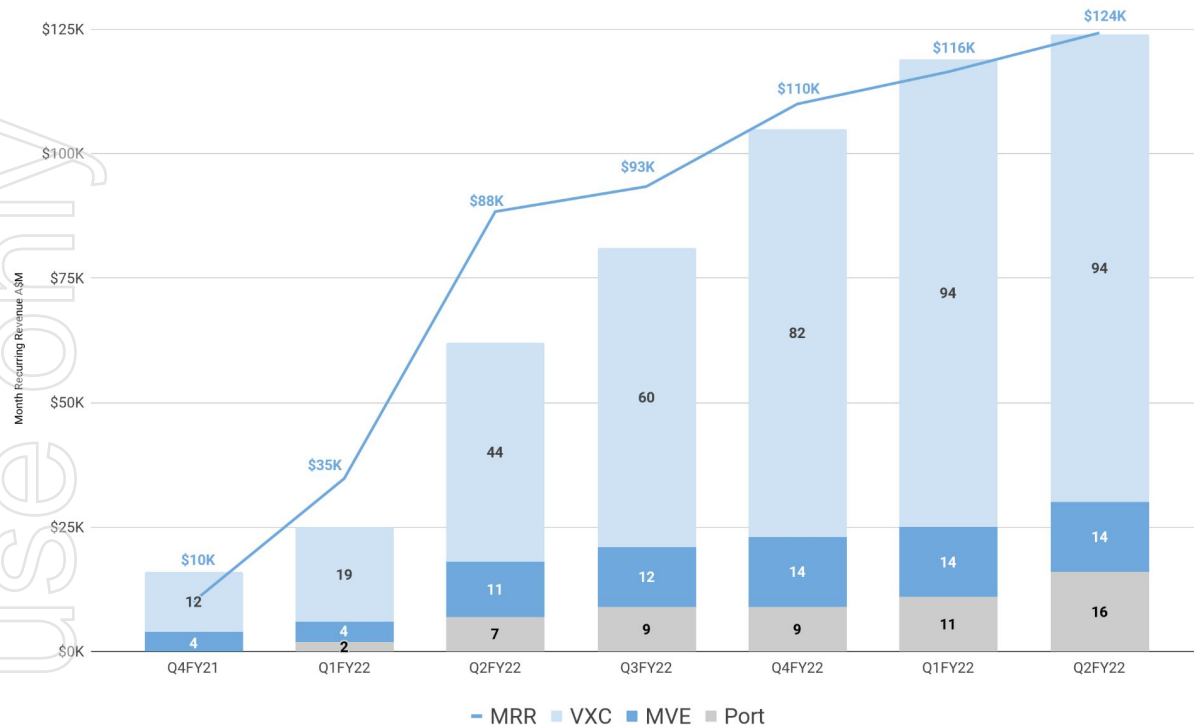
LEADING COMPANIES TRUST MEGAPORT



GENERAL DYNAMICS



LIVE SINGLE CUSTOMER REVENUE PROFILE



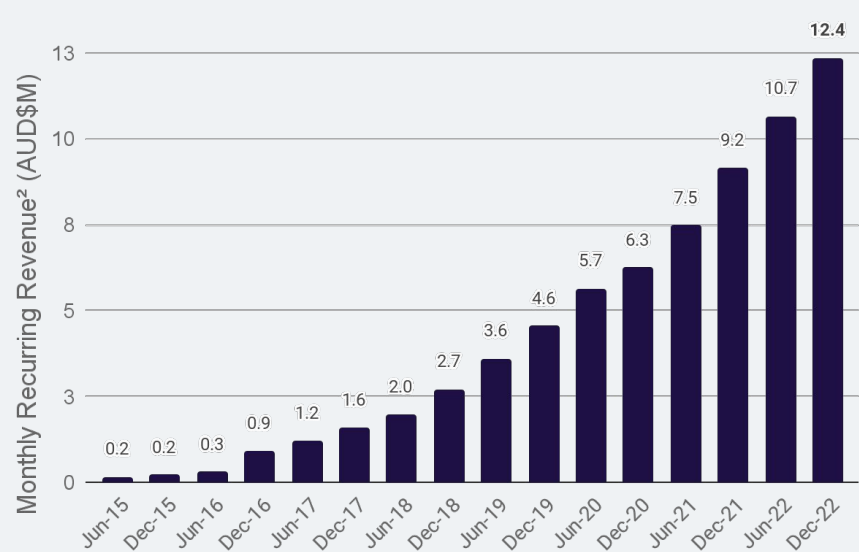
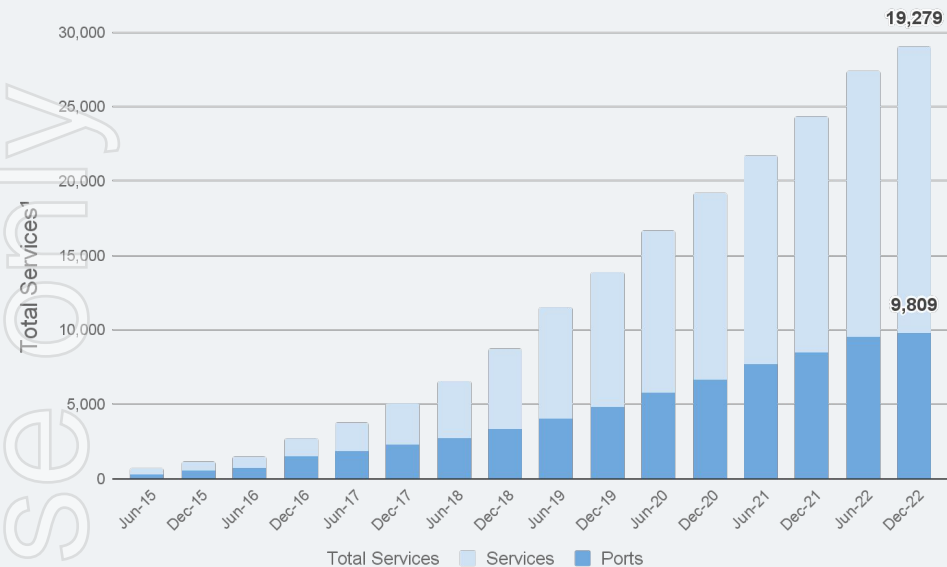
GLOBAL PLATFORM UTILISATION

Increased uptake of services across the production portfolio of a single customer upon deploying Megaport Virtual Edge (MVE)

MVE sales cycles are typically longer compared to a Port-only customer

Larger, global customers tend to have more complex connectivity requirements, driving service and revenue growth

REVENUE GROWTH REFLECTIVE OF TOTAL SERVICES (AUD)



MEGAPORT CLOUD ROUTER (AUD)

Average Monthly Revenue per Customer¹

\$3.9K

2HFY22: \$3.6K

Port only Customer

\$7.3K

2HFY22: \$6.4K

MCR Customer

Avg Services per Customer²

9.7

2HFY22: 9.5

Port only Customer

15.2

2HFY22: 14.9

MCR Customer

Total MCRs

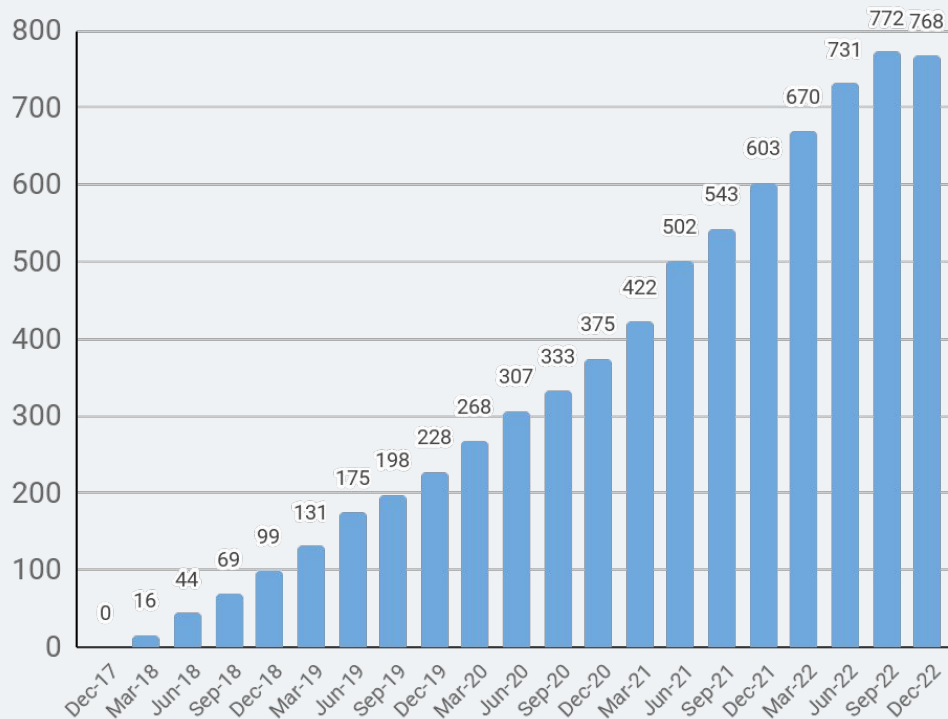
731

At 30 June 2022

768

At 31 Dec 2022

MCR Growth



MEGAPORT VIRTUAL EDGE (AUD)

Average Monthly Revenue per Customer¹

\$3.9K

2HFY22: \$3.6K

Port only Customer

\$14.4K

2HFY22: \$12.0K

MVE Customer

Avg Services per Customer²

9.7

2HFY22: 9.5

Port only Customer

21.5

2HFY22: 17.9

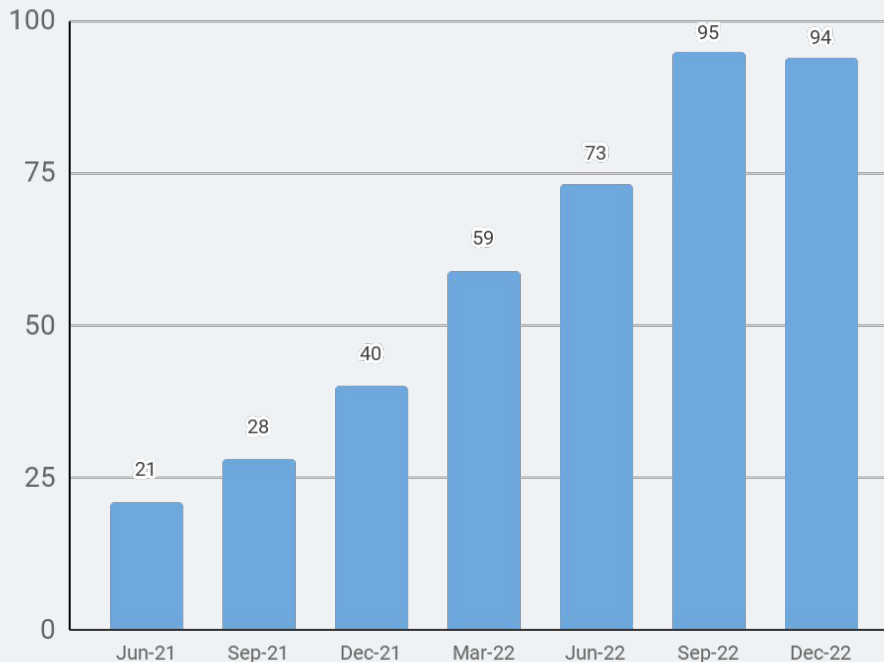
MVE Customer

Total MVEs

94

At 31 December 2022

MVE Growth



COMPANY
HIGHLIGHTS

FINANCIAL
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SECOND HALF
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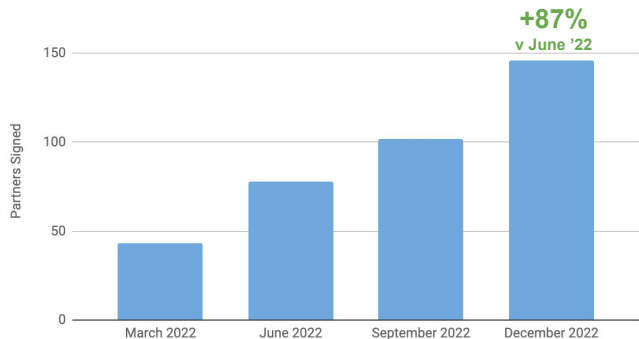
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CHANNEL UPDATE

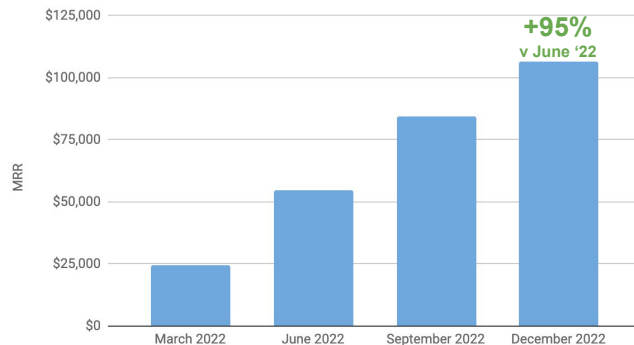


PARTNERVANTAGE CONTINUES TO GROW (AUD)

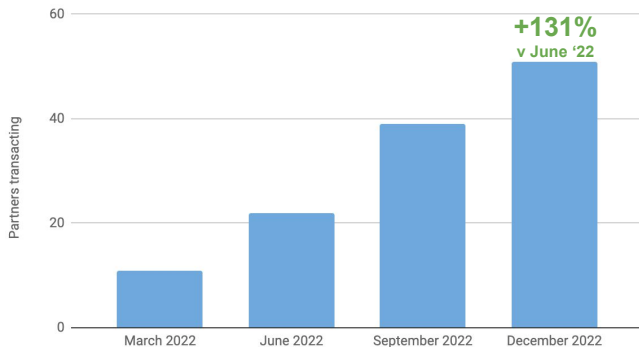
New Partners Signed



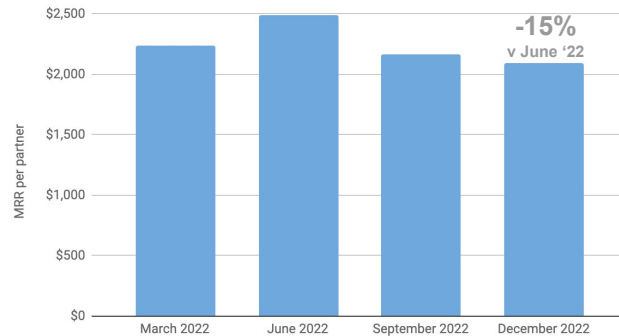
MRR



Partners transacting



MRR per partner



COMPANY
HIGHLIGHTS

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PERFORMANCE

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CHANNEL
UPDATE

SECOND HALF
EXECUTION

Internal use only

SECOND HALF EXECUTION



OPERATING EFFICIENCY

Cost Out Program

- Major Cost Out program initiated in FYQ2
- \$8M-\$10M annual cost / cash savings identified across 7 workstreams
- Majority of savings related to consolidation of cloud on-ramps and network operations, in part enabled by 100/400 Gbps upgrade investment
- Majority of monthly cost reductions expected to be delivered by end of financial year

Adjustment to Cloud VXC pricing

- Costs for interconnecting to legacy cloud on ramps have increased significantly over time
- Cloud VXC's to legacy on-ramps have required additional investment in co-location, metro connectivity, equipment, and cross connects
- Review lead to a price adjustment of cloud VXCs to bring pricing in line with MCR and MVE VXCs
- Effective from May, expected to deliver additional net \$7M-\$10M of annualised revenue
- There are no further changes to pricing for the remaining product portfolio

Further Strategic Review

- Engage external consultants to review operational efficiency within the business
- Focus on improved automation and work with new CRO on go-to-market strategy
- Likely engagement March/April



THANK YOU

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All references to “\$” are to Australian currency (AUD) unless otherwise noted.

For definitions refer to the [Glossary for Investors](https://www.megaport.com/investor/business-overview/) on the Megaport website at <https://www.megaport.com/investor/business-overview/>.

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