



Global Update

Megaport reports record growth in all operating metrics in Q4 FY21 and announced availability of Fortinet Secure SD-WAN on Megaport Virtual Edge (MVE) and drove uptake of the MVE product globally.

Brisbane, AUSTRALIA 8 July, 2021 Megaport Limited (**ASX:MP1**) today reports its quarterly Key Performance Indicators to 30 June 2021, and provides a global market update.

Executive Summary

In 4Q FY21, Megaport added 168 new customers, a record number of organic customer adds for any quarter, for a total of 2,285 customers, up 8% QoQ and up 18% versus the previous high in 1QFY21. The company drove record net increases in the quarter across all major operating metrics achieving 652 new Ports (previous high of 565) for Total Ports of 7,689, up 9% QoQ, 80 new Megaport Cloud Routers (previous high of 47) totalling 502, up 19% QoQ.

4Q FY21 Monthly Recurring Revenue (MRR) was up \$735k and 11% QoQ, to \$7.5M in June 2021. Underlying MRR¹ grew \$667k for the quarter – a record high for the Company. Total revenue for the quarter was \$22.7M, up 16% compared to 3Q FY21.

Performance Highlights

4Q FY21 highlights:

- MRR for the month of June 2021 was \$7.5M, an increase of \$0.7M, or 11% QoQ.
- Revenue for the quarter was \$22.7M, an increase of \$3.1M or 16% QoQ.
- Total Installed Data Centres was 405 at the end of the quarter, a net increase of 15, or 4% QoQ.
- Total Enabled Data Centres was 761 at the end of the quarter, an increase of 19, or 3% QoQ.
- Customers at the end of the quarter were 2,285, an increase of 168, or 8% QoQ.
- Total Ports at the end of the quarter were 7,689, an increase of 652, or 9% QoQ.
- Total VXC²s at the end of the quarter were 12,029, an increase of 891, or 8% QoQ.
- Total MCRs at the end of the quarter were 502, an increase of 80, or 19% QoQ.
- Total Services² at the end of the quarter were 21,712, an increase of 1,656, or 8% QoQ.
- Average Revenue per Port in June 2021 was \$982, an increase of \$23, or 2% QoQ.
- At the end of June 2021, the Company's cash position was \$136.3M.

¹ Underlying Growth in MRR is the QoQ growth in MRR excluding the estimated impact of FX movements.

² Total Services comprise Ports, Virtual Cross Connections (VXC), Megaport Cloud Router (MCR), and Internet Exchange (IX).

Long-term deal commitments reached a record in the quarter with 46% of net new Ports in the quarter being acquired with committed terms of between 12 and 36 months. This represents a growing trend of customers using Megaport to connect long-term IT solutions.

4Q FY21 saw continued growth in Monthly Recurring Revenue (MRR), up \$735k and 11% QoQ, to \$7.5M in June 2021. Underlying MRR³ grew \$667k for the quarter – a record high for the Company. Total revenue for the quarter was \$22.7M, up 16% compared to 3Q FY21, and an increase of 34% over 4Q FY20.

The company has sold 21 MVEs as of 30 June, supporting SD-WAN connectivity services for 9 customers utilising integrations with multiple Megaport SD-WAN partners.

Foreign exchange (FX) movement in the quarter was favourable to reported revenue growth QoQ by \$95k with underlying revenue growth of \$3.0M, 15% QoQ.

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Reported MRR in AUD	4,071	4,551	5,416	5,651	5,783	6,251	6,752	7,487
Reported MRR growth in AUD	462	480	865	235	132	468	501	735
Reported QoQ growth in MRR	13%	12%	19%	4%	2%	8%	8%	11%
Estimated impact of FX movements	not material	not material	348	(424)	(155)	(139)	(130)	68
Underlying Growth in MRR⁴	462	480	517	659	286	606	631	667
QoQ Growth in Underlying MRR	13%	12%	11%	12%	5%	10%	10%	10%

The company continued to expand its network footprint and achieved its Fiscal Year 21 deployment target of 405 Installed Data Centres in the quarter.

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

⁴ Underlying Growth in MRR is the QoQ growth in MRR excluding the estimated impact of FX movements.

Product Updates

MVE is currently integrated with three leading SD-WAN service providers. Megaport is currently integrating three additional SD-WAN providers and is working on growing its ecosystem of partners that will host additional service functionality across MVE.

Demand for 100 Gbps customer access ports has steadily increased as customers utilise Megaport's carrier-grade backbone for critical connectivity services. In response, the Company is positioning additional port inventory to stay ahead of demand. Megaport accelerated deployment of 100 Gbps port speeds for direct customer consumption with availability in 64 sites across our network in all three regions.

Adoption of MCR continues to accelerate with 80 having been sold in the quarter, up 19% QoQ. At quarter end, 12% of customers use this product, up 1% QoQ. This is driven by an increase in multi-cloud adoption and highlights the increasing need for point-and-click control of data networking for localisation, cloud-to-cloud interconnection, and performance improvement.

Megaport's Chief Executive Officer, Vincent English, commented, "Our record quarter is a direct outcome of the increased demand for Megaport services as businesses accelerate their digital transformation and cloud-based initiatives. With accelerating adoption of all Megaport services, our customers are taking advantage of the power of the Megaport platform as a whole. More customers are ordering ports on extended terms to support their long-term transformation and to connect to critical services. With a record increase in adoption of MCR, more customers are unlocking advanced data networking use cases through the simplicity of our web portal and integrations with leading service providers. And now, MVE connects customer branch locations to the largest ecosystem of service providers and locations around the world with leading SD-WAN technologies. Ultimately, Megaport's Network as a Service platform drives greater value to our customers so they can grow their services to satisfy digital demands as their businesses grow."

Key Performance Metrics

While continuing to grow the Company's global footprint and position as the world's leading Network as a Service provider, Megaport drove consistent increases in all metrics across all regions in 4Q FY21.

Key metrics⁵:

	Quarterly Performance						YoY% Change ⁶
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	QoQ % Change	
Enabled Data Centres	669	702	716	741	761	3%	14%
Installed Data Centres	366	385	386	390	405	4%	11%
Cloud On-Ramps	197	215	220	227	233	3%	18%
Customers	1,842	1,980	2,043	2,117	2,285	8%	24%
Ports	5,767	6,333	6,691	7,037	7,689	9%	33%
MCR	307	343	382	422	502	19%	64%
MVE	n/a	n/a	n/a	n/a	21	n/a	n/a
Total Services ³	16,712	18,145	19,278	20,056	21,712	8%	30%
MRR ⁷ (M)	\$5.7	\$5.8	\$6.3	\$6.8	\$7.5	11%	24%
Revenue (M)	\$17.00	\$17.30	\$18.71	\$19.58	\$22.70	16%	35%

Ecosystem Expansion Update

- **Asia Pacific:** 105 Installed Data Centres with the addition of 5 new sites; total of 136 Enabled Data Centres. Additions include Datacom Sydney, DXC Technology Sydney, Wellington Xtreme DC, Singtel Data Center - Singapore, and Digital Realty Singapore SIN12
- **North America:** 198 Installed Data Centres, with the net addition of 9 new sites; total of 417 Enabled Data Centres. Additions include CyrusOne Allen, RagingWire Portland, CyrusOne Omaha, Recovery Point Data Center, Digital Realty Charlotte, Ragingwire Chicago CH1, Neutrality St. Louis, New York NYI NI3, Evoque Data Center - Secaucus NYC3, and Cologix New Jersey NNJ3, offset by decommissioned location at San Antonio Stream.
- **Europe:** 102 Installed Data Centres, with a total of 208 Enabled Data Centres. Net 1 addition with new locations of KAO Data Center London and Green DC - Zurich offset by decommissioning Frankfurt IX8, which remains as an enabled DC on our network.

⁵ As at 30 June 2021.

⁶ Change in the yearly performance at 30 June 2021 to the prior corresponding period ended 30 June 2020.

⁷ Monthly Recurring Revenue is revenue (excluding one-off and non-recurring revenue) for the last month of the relevant period.

- **Cloud On-Ramps:** 233 total connected cloud on-ramps globally with the addition of 6 in the quarter, including new Microsoft and Google on-ramps in Melbourne, and Microsoft in Minneapolis. AWS / Madrid Spain. Additions include Google | Perth Equinix PE2

Recent Digital Realty Investment Activity

Digital Realty continues to support the enablement and go to market of Service Exchange, powered by Megaport, across their locations with the addition of Hong Kong and Tokyo due in the next quarter. Megaport and Digital Realty are strategic partners and Service Exchange is a white-label of Megaport's platform.

Recently, Digital Realty disposed of their remaining shareholding in Megaport on 1 July 2021.

Digital Realty's Chief Executive Officer, William Stein, commented, "Digital Realty has supported Megaport as a strategic investor through several early capital raising exercises that funded the development and global deployment of Megaport's industry-leading Network as a Service platform. Though Digital Realty has recently made adjustments to our investment portfolio, including the sale of Megaport common shares, we remain committed to our partnership with Megaport. Together, we are unlocking greater opportunities for our customers to enable their next generation IT architectures through Service Exchange and PlatformDIGITAL."

Conclusions and Outlook

Vincent English said, "The Megaport team executed exceptionally well in 4Q FY21. We deployed 15 new data centres to achieve our full year goal of 405 installed data centres. We grew our cloud ecosystem with connections to several new cloud on-ramps, and provided an additional SD-WAN integration for MVE. With a record quarter in the books, we also built a strong commercial pipeline to keep the momentum going into the new fiscal year.

We see this as a validation of our strategy of investing in growth as we continue to build our indirect channel business and ramp up sales of MVE with all our SD-WAN partners. With \$136M in cash reserves, Megaport is well positioned to continue investing in our revenue engine to capture the increasing demand for connectivity services in FY22 and beyond. This has been a very strong finish to a challenging year. I am extremely proud of the Megaport team for their commitment and drive, and look forward to an exciting year ahead of us full of opportunities."

The Megaport Appendix 4C for 4QFY21 will be released 22 July 2021.

Authorised by the Board.

Supporting Resources

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

About Megaport

Megaport is the global leading provider of Elastic Interconnection services. Using Software Defined Networking (SDN), the Company's global platform enables customers to rapidly connect their network to other services across the Megaport Network. Services can be directly controlled by customers via mobile devices, their computer, or our open API. Megaport connects more than 2,280 customers in over 760 enabled data centres globally. Megaport is an Alibaba Cloud Technology Partner, AWS Technology Partner, AWS Networking Competency Partner, Cloudflare Network Interconnect Partner, Google Cloud Interconnect Partner, IBM Direct Link Cloud Exchange provider, Microsoft Azure Express Route Partner, Nutanix Direct Connect Partner, Oracle Cloud Partner, Rackspace RackConnect Partner, Salesforce Express Connect Partner, and SAP PartnerEdge Open Ecosystem Partner.

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Appendix: Megaport Regional Monthly Recurring Revenue¹ in Local Currency

APAC

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
MRR in AUD	1,494	1,712	1,903	1,963	2,014	2,158	2,214	2,380
QoQ Growth in AUD	10%	15%	11%	3%	3%	7%	3%	7%

NAM

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
MRR in USD	1,189	1,345	1,534	1,771	1,967	2,228	2,506	2,907
QoQ Growth in USD	17%	13%	14%	15%	11%	13%	12%	16%
USD/AUD cents ²	68.12	68.89	62.25	68.91	72.28	75.33	77.05	76.39
MRR in AUD	1,745	1,953	2,464	2,570	2,721	2,958	3,253	3,806
QoQ Growth in AUD	19%	12%	26%	4%	6%	9%	10%	17%

EU

000s	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
MRR in EUR	514	550	590	685	643	703	832	825
QoQ Growth in EUR	6%	7%	7%	16%	-6%	9%	18%	-1%
EUR/AUD cents ²	61.76	61.99	56.25	61.24	61.30	61.90	64.75	63.44
MRR in AUD	832	887	1,049	1,119	1,048	1,135	1,285	1,301
QoQ Growth in AUD	6%	7%	18%	7%	-6%	8%	13%	1%

Notes

1. Monthly Recurring Revenue (MRR) is the recurring revenue (excluding one-off and non-recurring revenue) for the last month of the quarter.
2. Exchange rates are the average rate for the last month of the quarter.