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# INVESTOR PRESENTATION

QUARTERLY UPDATE - 4QFY23

MEGAPORT LIMITED | ACN 607 301 959 | ASX: MP1 | JULY 2023

1. QUARTERLY UPDATE

2. FINANCIAL PERFORMANCE

3. FOCUS, OUTLOOK, AND GUIDANCE



# NET CASH FLOW IN 4Q FY23

**Net Cash Flow<sup>1</sup> Positive Q4: \$2.3M**

Includes redundancy payouts of \$2.6M

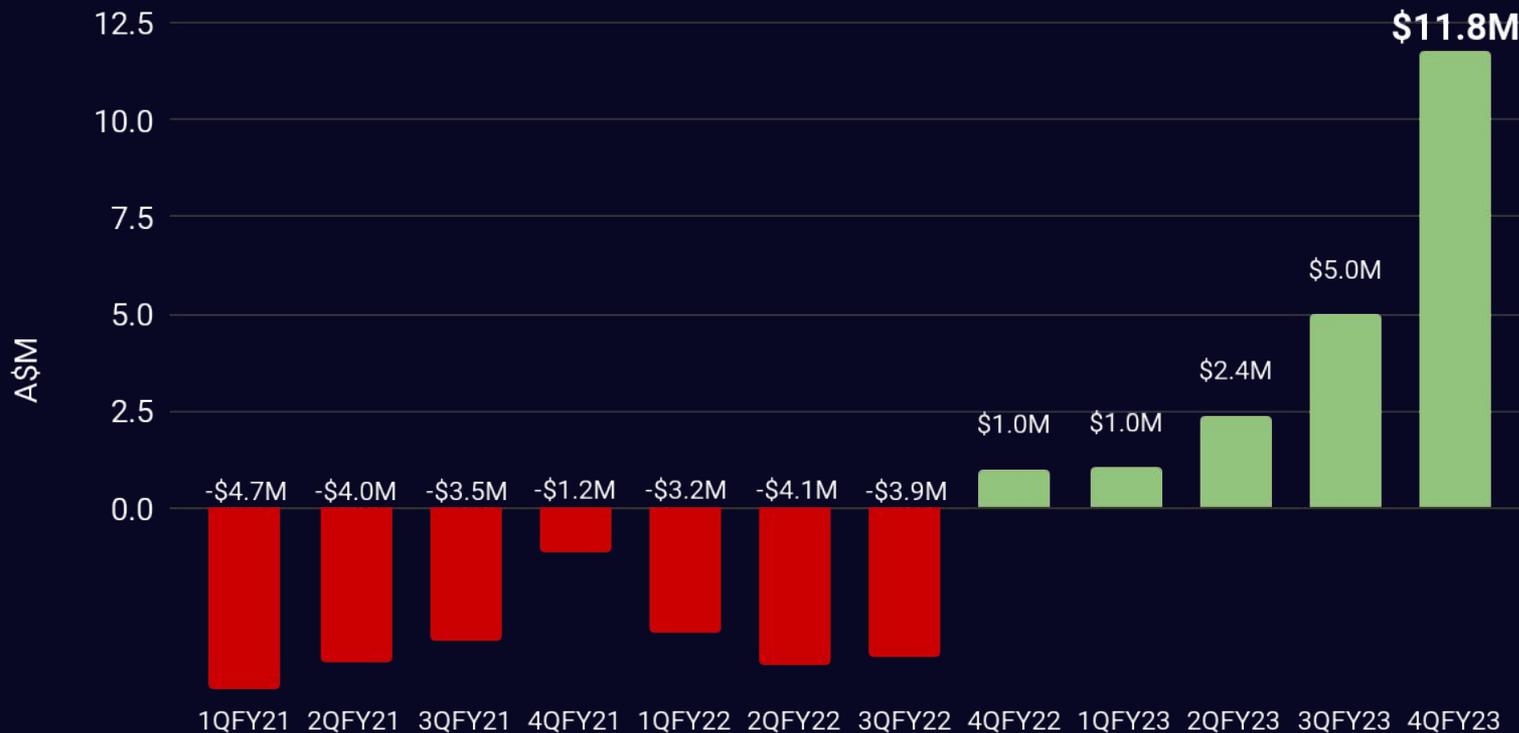
**Net Cash<sup>2</sup> Position: \$33.3M**

Movement in Net Cash



# NORMALISED EBITDA<sup>1</sup>: HIGHEST ON RECORD

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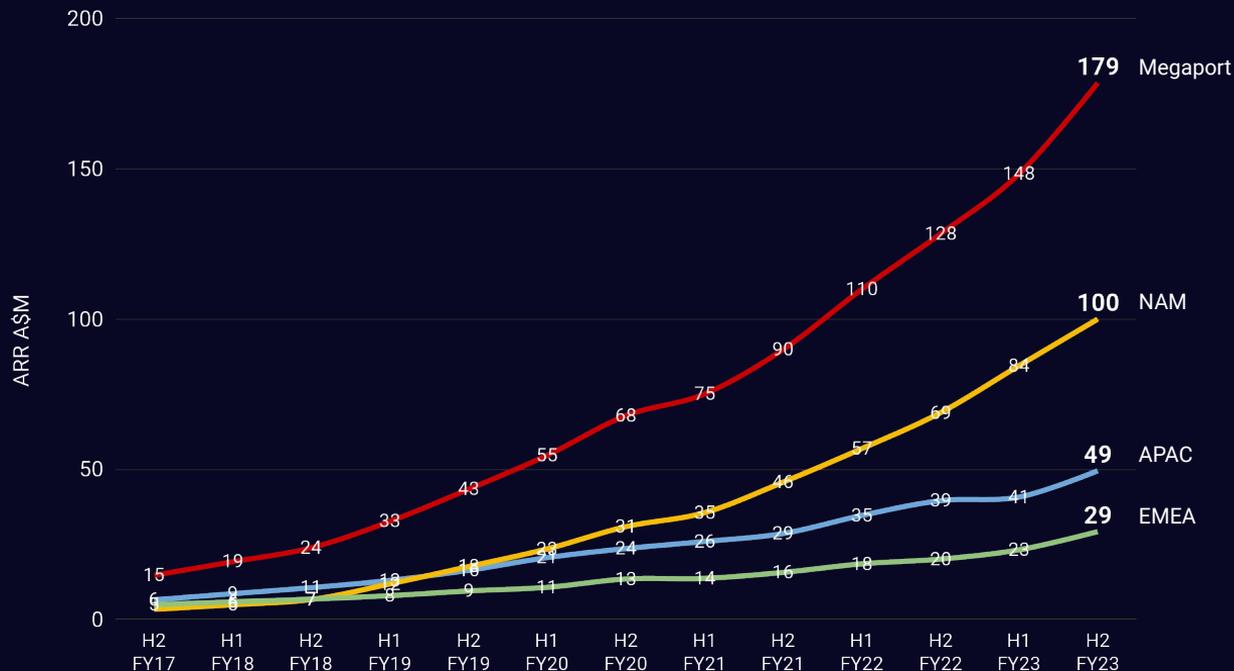


1. Normalised Earnings Before Interest Tax Depreciation and Amortisation ("Normalised EBITDA") represents Reported EBITDA that has been adjusted (reduced) for certain one-off accrual reversals. Reported Earnings Before Interest Tax Depreciation and Amortisation ("Reported EBITDA") represents operating results excluding equity-settled employee and related costs, foreign exchange gains and losses, gains and losses on disposal of property, plant and equipment, and certain non-recurring non-operational expenses.

# ANNUAL RECURRING REVENUE<sup>1</sup>

## REVENUE GROWTH

	June 23
ARR <sup>1</sup>	178.6
YoY growth	39%
QoQ growth	6%



# SERVICE PERFORMANCE

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Net Incremental Services	4QFY23	3QFY23	QoQ % Growth
Customer Ports <sup>1</sup>	167	188	(11%)
MCR	46	34	35%
MVE	40	25	60%
VXCs	592	544	9%
Total Customer Services <sup>2</sup>	856	773	11%

1. Customer Ports exclude consolidation of legacy strategic ports as part of our transition to 100Gb cloud on-ramp interconnections. Net ports additions were 132 in 4QFY23 and 22 in 3QFY23.

2. Total Customer Services include Customer Ports, MCR, MVE, VXC and IX services

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## SUMMARY FINANCIAL PERFORMANCE

Unaudited Summary Financials	4QFY23 \$'M AUD	3QFY23 \$'M AUD	QoQ %	FY23 \$'M AUD	FY22 \$'M AUD	YoY %
Revenue	44.3	38.1	16%	153.1	109.7	40%
Gross Margin	30.5	27.0	13%	103.9	68.3	52%
Reported EBITDA	14.5	7.3	99%	25.2	(12.3)	n.m
Normalised EBITDA <sup>1</sup>	11.8	5.0	136%	20.2	(10.2)	n.m
Normalised EBITDA margin %	27%	13%	+14pp	13%	(9%)	+22pp
Net Cash Movement <sup>2</sup>	2.3	(8.5)	n.m.	(34.5)	(60.4)	43%
Closing Net Cash <sup>2</sup>	33.3	31.0	7%	33.3	67.8	(51%)

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2. Net Cash Movement is the change in Net Cash over the period. Net cash = cash at bank less debt (including vendor finance facility). As at 30 June 2023 Net Cash comprised cash at bank of \$48.5M less the amount outstanding under vendor finance facility of \$15.2m.

n.m. = not meaningful

## UNAUDITED FINANCIAL RESULTS QUARTER ENDED 30 JUNE 2023 KEY HIGHLIGHTS

**4QFY23 Revenue** grew 16% QoQ driven by a full quarter of Cloud VXC reprice and organic growth in recurring revenue.

Outstanding improvements in gross margin and EBITDA demonstrates the operational leverage opportunity within the business and the impact of both top line revenue growth and focus on cost controls.

A positive Net Cash position for the quarter is the first time in the Company's history and represents a \$10.8M turnaround from 3QFY23.

# UNAUDITED FINANCIAL RESULTS

Consolidated Profit & Loss	4QFY23 \$'M AUD	3QFY23 \$'M AUD	QoQ %	FY23 \$'M AUD	FY22 \$'M AUD	YoY %
Revenue	44.3	38.1	16%	153.1	109.7	40%
Direct network costs	(8.4)	(6.9)	(22%)	(31.5)	(29.7)	(6%)
Partner commissions	(5.4)	(4.2)	(29%)	(17.7)	(11.7)	(51%)
Gross Margin	30.5	27.0	13%	103.9	68.3	52%
Employee expenses	(11.2)	(15.0)	25%	(56.7)	(58.8)	4%
Professional fees	(1.5)	(1.2)	(25%)	(6.4)	(6.8)	6%
Marketing expenses	(0.8)	(0.9)	11%	(4.4)	(2.5)	(76%)
Travel expenses	(0.2)	(0.5)	60%	(2.2)	(2.4)	8%
IT costs	(0.9)	(0.8)	(13%)	(3.5)	(3.4)	(3%)
Other operating expenses	(1.4)	(1.3)	(8%)	(5.5)	(6.7)	18%
Reported EBITDA	14.5	7.3	99%	25.2	(12.3)	n.m
Reported EBITDA margin	33%	19%	+14pp	16%	(11%)	+27pp

## UNAUDITED FINANCIAL RESULTS QUARTER ENDED 30 JUNE 2023 EBITDA HIGHLIGHTS

**4QFY23 Revenue** of \$44.3M up \$6.2M, 16% QoQ due to the Cloud VXC price increase.

Record **4QFY23 Reported EBITDA** of \$14.5M, almost 2x 3QFY23's result, driven by a full quarter of the cloud VXC pricing increase and cost control efforts.

These results add to an overall positive Reported EBITDA for FY23 of \$25.2M, compared to FY22's EBITDA loss of \$12.3M. Annual staff performance based incentives will also be paid as stock for FY23, which has moved this cost below Reported EBITDA (\$2.3M).

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  2. On 11 July 2023, Megaport released an [ASX announcement](#) upgrading its FY23 Normalised EBITDA to be in the range of \$19M to \$21M.
- n.m. = not meaningful

# UNAUDITED FINANCIAL RESULTS

UNAUDITED FINANCIAL RESULTS QUARTER ENDED  
30 JUNE 2023 NET CASH FLOW

Consolidated Cash Flow	4QFY23 \$'M AUD	3QFY23 \$'M AUD	QoQ %	FY23 \$'M AUD	FY22 \$'M AUD	YoY %
Reported EBITDA <sup>1</sup>	14.5	7.3	99%	25.2	(12.3)	n.m.
Working Capital	(8.1)	(4.9)	(65%)	(15.0)	5.6	n.m.
Cash flow from Operating Activities	6.4	2.4	167%	10.2	(6.7)	n.m.
Cash flow used in Investing Activities	(4.9)	(8.8)	44%	(32.7)	(50.2)	35%
Cash flow from Financing Activities	(1.7)	(2.7)	37%	(12.4)	2.7	n.m.
Effect of FX movements	0.1	0.2	50%	0.9	0.4	125%
Total Cash Flow	(0.1)	(8.9)	99%	(34.0)	(53.8)	37%
Opening Cash Balance	48.6	57.5	n.m.	82.5	136.3	n.m.
Closing Cash Balance	48.5	48.6	(0%)	48.5	82.5	(41%)
Opening Vendor Financing Balance	(17.6)	(18.0)	n.m.	(14.7)	(8.1)	n.m.
Closing Vendor Financing Balance	(15.2)	(17.6)	14%	(15.2)	(14.7)	3%
Net Cash Flow <sup>2</sup>	2.3	(8.5)	n.m.	(34.5)	(60.4)	43%
Closing Net Cash <sup>3</sup>	33.3	31.0	7%	33.3	67.8	(51%)

Cash from operations was an inflow of \$6.4M, up \$4.0M from 3QFY23, largely due to higher billed revenue for the quarter.

Cash used in investing activities of \$4.9M was \$3.9M less than 3QFY23, due to reduced capital expenditure in 4QFY23. Company used inventory on hand for normal equipment deployments.

Net cash used from financing activities of \$1.7M was \$1.0M less than 3QFY23, reflecting no additional borrowings under the vendor financing facility during the quarter.

**Closing Net Cash<sup>2</sup> at 30 June was \$33.3M, \$2.3M higher than in 3QFY23.**

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  2. Net Cash Flow represents movement in Net Cash.
  3. Closing Net Cash = cash at bank less debt (including vendor finance facility).
- n.m. = not meaningful

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# FOCUS - REIGNITE THE SALES MACHINE

#1 Priority Go-to-Market overhaul

Back to the Basics: Sales 101

Investment: 20+ sales roles

Customer Success – protect and expand beyond product led growth

GTM breakdown – functions matrix

Compensation plans – driving the right behaviour

Territory breakdowns – sustainable and scalable

# OUTLOOK

- Megaport has a world class, passionate team dedicated to our vision
- Team excited to be returning to the culture of innovation and growth
- Powerful platform loved by customers evidenced by outstanding net revenue retention
- Megaport is now in a strong financial position
- FY23 Normalised EBITDA<sup>1</sup> is in line with upgraded guidance on 11 July<sup>2</sup>

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2. On 11 July 2023, Megaport released an [ASX announcement](#) upgrading FY23 Normalised EBITDA guidance to be in the range of \$19M to \$21M. Guidance assumes a foreign exchange rate of AUD \$1.00 to USD \$0.67.

# FY24 GUIDANCE

Company still finalising FY24 budget (only 2 months into the role)

Working to appropriately capture additional costs in relation to network expansion, product and revenue generating headcount - growth investment

FY24 Normalised EBITDA<sup>1</sup> expected to be above previous guidance of \$41-46M<sup>2</sup>

Expected to be Net Cash Flow Positive for FY24<sup>2,3</sup> excluding any future strategic initiatives

Company to issue updated FY24 guidance no later than 22nd August

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2. On 11 July 2023, Megaport released an [ASX announcement](#) upgrading FY23 Normalised EBITDA guidance and advising that the Company expects its FY24 EBITDA guidance to be higher than the previous guidance of \$41M to \$46M. Megaport also confirmed it expects to be Net Cash positive for FY24 after taking into account the planned incremental growth in sales headcount and planned capital expenditure, excluding any future strategic initiatives the Company may decide to undertake. Guidance assumes a foreign exchange rate of AUD \$1.00 to USD \$0.67. More detailed FY24 guidance will be provided no later than the release of the FY23 results on 22 August 2023.
3. Net Cash Flow is defined as the movement in Net Cash, which is cash at bank less debt including the vendor financing liability.

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# QUESTIONS

ASX:

MP1

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This presentation has been authorised by the Board of Megaport.

Megaport Limited ACN 607 301 959

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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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