

16 March 2020

Dear Shareholder,

With current market uncertainty and the continued spread of COVID-19 throughout the world I felt it important to write to you to provide an update on our business operations during these times. I will break down the business impacts into three main areas:

Wellbeing of Our Team

At Megaport our people are our greatest assets and their health and wellbeing is our highest priority. In early February we initiated a protocol of staged travel and event restrictions, designed to ensure the safety and wellbeing of our team. This protocol has continued to step up as the virus has spread and restrictions have now been fully implemented with all international and domestic travel suspended.

Last week we activated a company-wide work from home trial day to test our business continuity capabilities in the event all staff were required to work remotely. As expected, the team and systems performed well. Megaport was “born in the cloud” and many of our staff in the US, Europe and Asia have always worked from home. It is expected that all staff will be working from home starting from this week.

Business Operation Impact to Date

One of the key elements of Megaport is our “as a Service” model and as a result the vast majority of our revenues are monthly-recurring. I am pleased to report that we have not noticed any material change to either our existing business or our sales pipeline for the quarter to date. While travel restrictions may have some impact, most of our sales and deal closure activities are driven remotely and our sales force has experience working away from an office. Much of Megaport’s sales are customer-led and driven through customer/partner referral.

So far this quarter the number of VXC services are up 11% QoQ and ports are up 7%, with a solid pipeline that we would expect to close before quarter end. Additionally, we are already beginning to see companies which had a more “traditional” IT posture looking to embrace a more “cloud-enabled” environment, removing risks associated with on-premises management while leveraging platforms that are hosted in the cloud. We are seeing significant traffic increases across the network and are working with various video-conferencing organisations and their clients to make the user experience even better. It is expected this trend will only intensify over the coming months and even years as organisations see the benefits of being in the cloud.

As we saw the virus impacting China it was reasonable to expect potential supply chain issues for key components of our electronics consumables and equipment suppliers. In an abundance of caution, in January we pre-ordered approximately 6 months’ supply of consumables (such as optics and transceivers that light fiber connections across our network) and equipment for our planned rollouts for the financial year. Almost all of those

orders have now been received and dispatched to the country of planned installation. As such we expect to see little impact from any potential supply-chain issues that may arise in the near term. We are keeping a watching brief with all our suppliers on inventory levels.

Company Balance Sheet and Security

The business is in great shape. We have over \$100 million in cash, with no debt other than vendor finance of approximately \$6 million. Forty percent of our revenue is in USD and half our cash reserves are also in USD, ensuring we have a balanced exposure to major currencies. We are fully funded and will continue to drive the global expansion of our platform for our customers and partners. As we continue to sell additional services that have high incremental margin, we are tremendously excited for our long term future, even in these uncertain times.

MegaPort is built by talented people responsible for building the underlying infrastructure and technologies that empower businesses and people to work from anywhere in the world. We will lead by example and use these assets to continue to grow our business and support the growing demand for mission critical services across the IT and cloud industries.

I want to thank you for being a shareholder and wish you all good health.



Bevan Slattery
Chairman
MegaPort