

Placement & Share Purchase Plan

APRIL 7, 2020

Not for release to US wire services or distribution in the United States



Important information

This presentation has been prepared by Megaport Limited (ACN 607 301 959) (**Megaport or Company**) in connection with an institutional placement of new fully paid ordinary shares in Megaport (**Placement**) and a share purchase plan of new fully paid ordinary shares in Megaport (**SPP**). The Placement is fully underwritten by Royal Bank of Canada (trading as RBC Capital Markets) (ABN 86 076 940 880) and UBS AG, Australia Branch (ABN 47 088 129 613) (together, the **Joint Lead Managers**). The SPP is not underwritten.

No reliance

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Before making an investment decision in connection with the Placement, recipients of this presentation should undertake their own independent investigations, consideration and evaluation of the information contained within it having regard to their own objectives, financial situation and needs, and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction.

Limited disclosure

This presentation contains summary information about Megaport and its activities which is current at the date of this presentation. The information contained in this presentation is of a general nature. This presentation does not purport to contain all the information that a prospective investor may require in evaluating an investment in Megaport, nor does it contain all the information which would be required to be included in a disclosure document prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**). This presentation will not be lodged with the Australian Securities and Investments Commission. This presentation should not be used in isolation as a basis to invest in Megaport. It should be read in conjunction with Megaport's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

No offer to acquire Megaport shares

The information in this presentation is not an offer or recommendation to purchase or subscribe for securities in Megaport, or to retain or sell any existing securities in Megaport that are currently held.

Forward-looking statements

This presentation contains certain 'forward-looking statements', including statements regarding the financial condition, results of operations, and business of Megaport, market conditions, the outcome of the Placement, and the use of proceeds from the Placement. These statements relate to current expectations, beliefs, intentions or strategies regarding the future. The words "forecast", "estimate", "likely", "expect", "anticipate", "project", "opinion", "would", "should", "could", "will", "may", "target", "indicative", "intent", "seek", "continue", "plan", "profitability", "risk", "believe", "aim", and other similar expressions are intended to identify such forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, as well as statements about market and industry trends, which are based on interpretations of current market conditions. The forward-looking statements reflect views and assumptions with respect to future events as at the date of this presentation, however they are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions, contingencies, and other factors which are, in many instances, beyond the control of Megaport and the Relevant Parties, and may involve significant elements of subjective judgement and assumptions as to future events that may or may not be correct. There can be no assurance that actual outcomes and results will not differ materially from those predicted or implied by any forward-looking statements. No representation or warranty is made or given by or on behalf of Megaport or the Relevant Parties that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved or that actual outcomes will not differ materially from any forward-looking statements. To the maximum extent permitted by law, Megaport and the Relevant Parties disclaim any responsibility for any errors or omissions in the information contained in this presentation, including the financial calculations, projections and forecasts and indications of, and guidance on, future earnings and performance and financial position set forth herein.

International Offer Restrictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Important information (cont'd)

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation.

These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Important information (cont'd)

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, has provided the necessary certification).

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act of 29 June 2007 no.75 (Section 10-6) and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

Important information (cont'd)

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Arab Emirates

Neither this document nor the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. The Company has not received authorisation from the ESCA or any other governmental authority to market or sell the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates. No services relating to the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company. In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Important information (cont'd)

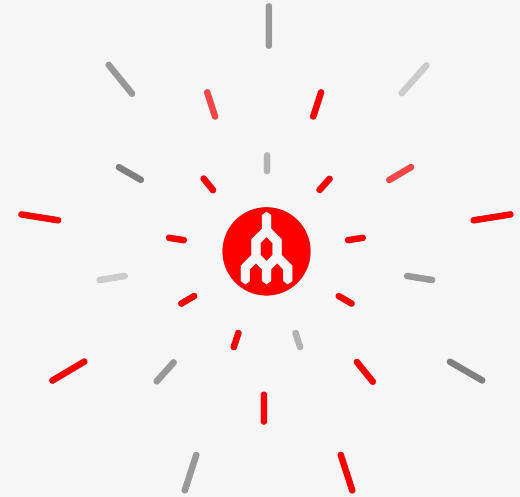
Disclaimer

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The Joint Lead Managers and other Limited Parties may have interests in shares in Megaport, including by being directors of, or providing investment banking services to, Megaport. Further, they may act as market maker or buy or sell those shares in Megaport or associated derivatives as principal or agent. Such persons may receive fees for acting in their capacities as lead managers and/or bookrunners, as applicable.

PLACEMENT & SHARE PURCHASE PLAN

Business Update



Company Highlights Q3 FY20



+19%

Monthly Recurring Revenue¹

\$4.6M

DEC 2019

\$5.4M

MAR 2020



+9%

Total Enabled Data Centres²

552

DEC 2019

601

MAR 2020



+10%

Cloud On-Ramps

156

DEC 2019

171

MAR 2020



+6%

Total Number of Customers

1,679

DEC 2019

1,777

MAR 2020



+11%

Total Number of Ports

4,863

DEC 2019

5,375

MAR 2020



+12%

Total Number of Services³

13,914

DEC 2019

15,531

MAR 2020

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

2. Enabled Data Centres are data centres in which Megaport has a Point of Presence with physical infrastructure plus data centres that can be connected directly to Megaport equipment within Installed Data Centres by means of interconnection services provided by the data centre campus/facility operator of the Installed Data Centre. This definition is consistent with the data centre count reported previously.

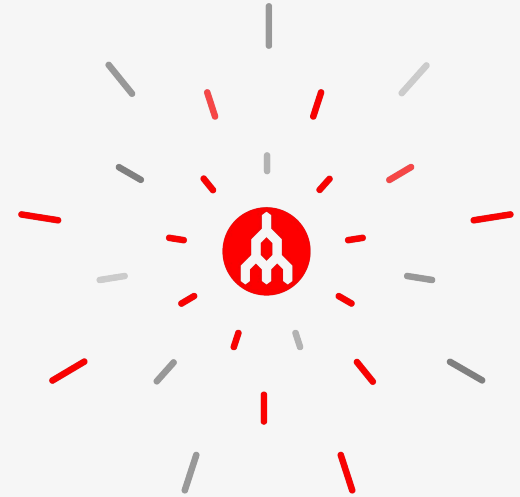
3. Total Services comprises Ports, Virtual Cross Connections (VXCs), Megaport Cloud Router (MCR), and Internet Exchange (IX).

Business Update

- Continued expansion to new markets on target: 380 installed DCs by 1 July, 2020
- Product uptake accelerating in Q3: Q/Q Ports +11%, VXC's +14%, MCR +18%
- MRR grew 19% to \$5.4M in March 2020
- Strong cloud partnerships: 171 onramps - 15 new onramps, more integrations
- Path to profitability remains in focus and firmly on track with continued execution, network expansion, and achieving operational goals
- Opportunity to accelerate elastic interconnection business as organisations shift to digital enablement of remote work forces and greater reliance on public cloud

PLACEMENT & SHARE PURCHASE PLAN

Investment Opportunity



Capital Raising - Accelerating Growth



MegaPort is experiencing significant growth and intends to apply proceeds of the Capital Raising to further accelerate sales, product development and platform expansion opportunities in the near and medium term.

Additionally, the proceeds will give the company some funding capacity for future strategic opportunities.

- Capital raise: \$50M Placement and up to \$15M via a Share Purchase Plan
- Expansion of Sales team and go-to-market activities to access greater market share
- Bolster product and software development teams to accelerate product development
- Upgrade core network capability into 400G and beyond 1T
- Expand footprint and increase capacity in the MegaPort hosted infrastructure for greater MegaPort Cloud Router adoption and other upcoming services
- Provide a source of readily available funding for future strategic opportunities

Capital Raising

Offer Details

Placement	<p>Fully underwritten placement to exempt investors¹ to raise \$50 million via the issue of 5.3 million fully paid ordinary shares (Placement).</p> <p>Issue price of \$9.50 per share, represents a 8.9% discount to the closing price on 7 April 2020 of \$10.43 per share, being the last trading day before Megaport announced the Placement.</p> <p>The Placement is within Megaport's existing placement capacity under ASX Listing Rule 7.1.</p>
Share Purchase Plan	<p>Megaport will offer eligible shareholders in Australia and New Zealand the ability to apply and subscribe for up to \$30,000 of fully paid ordinary shares at the price at which shares are issued under the Placement via a Share Purchase Plan (SPP), to raise up to \$15 million.</p>

1. Persons to whom an offer of new securities in the Company is lawful, in accordance with the international offer restrictions set out on pages 2 to 6.

Indicative Timetable

Announcement of Capital Raising	Tuesday 7 April 2020
Settlement of Placement Shares	Tuesday 14 April 2020
Allotment, quotation and trading of Placement Shares	Wednesday 15 April 2020
Dispatch SPP Offer Booklet and SPP Offer Opens	Friday 17 April 2020
SPP Offer Closes	Monday 4 May 2020
Allotment, quotation and trading of SPP Shares	Monday 11 May 2020

Note: The dates in the timetable above are Sydney, Australia time. All dates are indicative only and may change without notice.

Use of Proceeds

Sources	A\$ (million)	US\$ ¹ (million)
Offer proceeds	\$50 - 65 ²	\$31 - 40 ²
TOTAL	\$50 - 65	\$31 - 40

Uses	A\$	US\$
Accelerate revenue growth, sales and marketing	\$11	\$7
Software and Product Development	\$9	\$5
Network and Hosting infrastructure upgrades	\$13	\$8
Source of Funding for Future Strategic Opportunities	\$15-30	\$9-18
Transaction costs	\$2	\$2
TOTAL	\$50 - 65	\$31 - 40

Cash position at
31 Mar 2020

\$108.7M

~US\$66M

Capital Raising

\$50-65M²

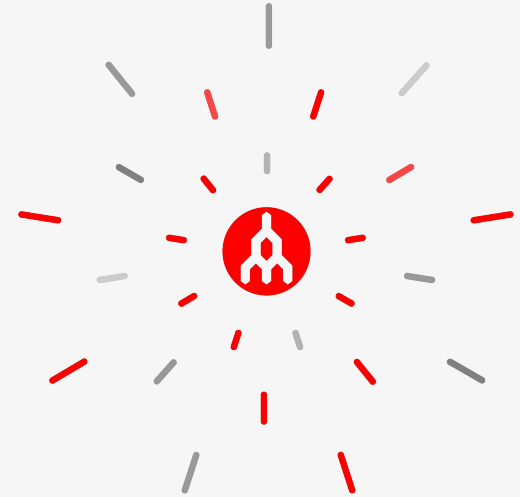
~US\$31-40M

1. Assumes A\$1.00 = US\$0.61. Numbers converted into USD may not add due to rounding

2. Assumes \$15 million raised via the Share Purchase Plan

PLACEMENT & SHARE PURCHASE PLAN

Key Risks



Key Risks

These risks are a summary of the key risks to Megaport, and are not an exhaustive list of all possible risks faced by Megaport. Shareholders could consult their stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Placement and/or Share Purchase Plan.

COVID-19

Events related to COVID-19 have resulted in significant market falls and volatility. There is continued uncertainty as to the government response and the likelihood of a global economic recession of uncertain duration and severity. If operations are interrupted or suspended for a prolonged period as a result of any such events, there may be a material adverse impact on the operating and financial performance and prospects of Megaport.

Breach of information security

Megaport is exposed to the risk of a material breach of information security that could result in reputational damage, lost customers and revenue, fines, other sanctions that could materially adversely affect Megaport's future financial performance and financial position and require the business to incur additional compliance costs.

An example would include unauthorised access to Megaport's systems, processes and/or infrastructure that compromises the accuracy and availability of production and/or customer data and systems or disclosure of confidential information. This could result in loss of control (integrity) or availability of Megaport's network service (product) or supporting infrastructure/systems, or inadvertent disclosure of sensitive or personally identifiable information.

Competitive landscape and action of others

Megaport operates in a competitive landscape alongside a number of other service providers with competing technologies, network reach and capabilities, product and service offerings, and geographic presence.

Megaport currently enjoys early mover advantage in many of its deployed markets. However, Megaport may face increased competition from existing telcos and 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. This could include increased competition from the software defined networking (**SDN**) solutions for enterprise customers being rolled out by data centre operators (e.g. Equinix's Cloud Exchange, NextDC's AXON and CoreSite's Open Cloud), from telecommunications service providers (e.g. Zayo CloudLink) or the development of a direct connect solution by the Cloud Service Providers that reduces demand for Megaport's services.

In addition, Megaport also competes with a number of emerging players (e.g. PacketFabric and ConsoleConnect) that are utilising SDNs to offer similar cloud connection services.

If competitor product and service offerings are perceived to be superior to Megaport's, or competitors are able to offer better value or more flexible or efficient connection than Megaport, Megaport may lose existing or potential new customers, incur additional costs to improve its network and/or Portal, or be forced to reduce prices. Megaport may also find that it is unable to gain access to or continue accessing key data centres (or to do so on commercial terms), or secure capacity from infrastructure providers to connect its network (or to do so on commercial terms).

Risk that Megaport's SDN-driven connectivity solution is disrupted

Risk of the development of new technology, innovation or a connectivity solution that supercedes or disrupts Megaport's SDN solution or erodes Megaport's first mover advantage e.g. usage of 5G technology, SD-WAN over Internet or the provision of direct connectivity by CSPs.

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 including any improvements to existing intellectual property. The intellectual property may not be capable of being legally protected or Megaport may incur substantial costs in asserting or defending its intellectual property rights. Megaport's intellectual property may also be lost, stolen or compromised as a result of an unauthorised electronic security breach.

Key Risks

Funding and capital

Whilst Megaport's business is not capital intensive in nature, the continued growth of the Company relies on the development of new markets, new locations, customer acquisition, sale of ports and additional services to existing and new customers, customer retention and ongoing maintenance of existing infrastructure and software platform. Until revenues, margins and cash flows are sufficient to fund this expenditure, Megaport will require continued access to capital or prudent use of cash in the bank. Failure to obtain capital on favourable terms or use cash wisely may hinder Megaport's ability to expand and pursue growth opportunities, which may reduce its competitiveness and have an adverse effect on the financial performance, financial position and growth prospects of the Company.

Risk of Major Global Economic Downturn

Risk of a major global economic downturn (e.g. as a result of coronavirus) leads to slower sales of ports and services, pressure on pricing and/or potential increased customer churn resulting in a slowdown in revenue growth and delays in reaching EBITDA / FCF breakeven, and downgrades to our earnings outlook.

Ability to attract and retain employees

Megaport depends on the skills and experience of its staff and employees, particularly in certain key positions. With a relatively small number, and the geographical dispersion, of employees for a global company, it is essential that appropriately skilled staff be available in sufficient numbers to support the Company's business. Megaport requires staff to have a variety of skills and expertise, some of which may be considered niche specialties in which there are limited practitioners available for recruitment. While the Company has initiatives to mitigate this risk, the loss of staff in key positions may have a negative impact on Megaport. The loss of key staff to a competitor may amplify this impact.

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 as 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.

Short operating record

Megaport was established in 2013 and has a relatively short operational track record, and has only been a public company listed on ASX since December 2015. As a result, the execution of Megaport's business plan may take longer to achieve than planned, and the costs of doing so may be higher than budgeted.

Megaport's business plan requires upfront capital investment, and there can be no assurance that future operational objectives (e.g. global network roll-out, accelerated revenue growth, and continued technological innovation) will be achieved. Failure to achieve operational objectives may also have a material adverse impact on the financial performance and/or position of the Company. Accordingly, the Company may need to raise additional capital, or raise capital sooner than expected, and with fewer operational objectives achieved, which may have an adverse effect on the Company's share price.

Interruptions to operations, including infrastructure, and technology failure

Megaport could be exposed to short, medium or long-term interruptions to its operations as it relies on infrastructure and technology, some of which is supplied by third parties, to provide its services. Megaport may be unable deliver a service 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 any related conflicts or similar events worldwide, sabotage and vandalism.

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 exchange rate movements, particularly the A\$/US\$ and A\$/EUR, may have an adverse impact on Megaport's financial performance and position.

Key Risks

Doing business outside of Australia

MegaPort currently has operations in Australia, Singapore, Hong Kong, New Zealand, Japan, USA, Canada, UK, Ireland, Germany, France, Netherlands, Belgium, Switzerland, Sweden, Norway, Finland, Poland, Austria, Bulgaria, and Dubai, and has plans to expand to several more countries over the next 12 to 18 months. Accordingly, MegaPort is exposed to a range of multi-jurisdictional risks such as risks relating to licensing requirements, labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which MegaPort operates. Businesses that operate across multiple jurisdictions, such as MegaPort, face additional complexities from the unique business requirements in each jurisdiction.

Counterparty obligations

MegaPort currently has operations in 21 countries, and has plans to expand to more countries over the next 12-18 months. 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. MegaPort is exposed to counterparty risks in respect of its relationships with each of these parties. Whilst the Group seeks to deal with reputable and highly 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.

Where contracts are in place, some third parties may not be willing or able to perform their obligations to MegaPort. Periods of economic uncertainty increase the risk of defaults by counterparties. If one or more key counterparties default on their obligations to MegaPort or encounter financial difficulties, this would have an adverse effect on MegaPort's future financial performance and position. Even where counterparties perform their contractual obligations, the relevant agreements may have insufficient protections for MegaPort.

Regulatory compliance

MegaPort is required to comply with the laws governing telecommunications and related sectors in each jurisdiction in which it operates, which may require MegaPort to hold certain licences e.g. in Singapore and Hong Kong or submit a notification to the relevant regulator.

MegaPort must comply with a complex range of laws and regulations across each jurisdiction in which it operates. Regulatory areas which are of particular significance to MegaPort include laws governing telecommunications and related sectors, information security, data protection, privacy, employment, occupational health and safety, property and environmental, customs and international trade, competition and taxation. These regulations also give rise to significant compliance requirements and costs for MegaPort.

Non-compliance with laws, licensing requirements and regulations, changes in the interpretation of laws and current regulations, loss or failure to secure renewal of a licence or accreditation, or the introduction of new laws or regulations may lead to fines imposed on MegaPort by the relevant regulatory authority or Governmental body, revocation of permits or licences, or damage to MegaPort's reputation and may have a material adverse effect on MegaPort's costs, business model and competitive environment and therefore could materially adversely affect MegaPort's future financial performance and position.

Loss of revenue due to churn

MegaPort's business model is to offer flexible connectivity arrangements without a requirement for customers to sign up to long (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.

Major Network Hardware or Software Failure

Risk that MegaPort suffers a major outage or service interruption resulting from a network hardware or software failure.

Key Risks

Credit risk of customers / counterparties

Risk of a significant credit event / insolvency of one or a group of Megaport's major customers / counterparties that results in financial losses / unrecoverable debts.

Reliance on renewal of key contracts

There is a risk that Megaport is unable to negotiate / re-negotiate / extend key contracts due to expire in the next 12 to 24 months. Megaport has some DCO co-location leases which are due for renewal in the next 12 months. This is normal practice as some contracts are less than 3 years and others are greater than 3 years. Each DCO has different terms and conditions in each jurisdiction, and almost all data centres operate a "carrier neutral" policy.

Taxation and accounting risks

Tax and accounting laws and other regulations are complex and subject to regular change. A change to the Australian Accounting Standards or the current taxation regime in Australia or in overseas jurisdictions in which Megaport operates may affect Megaport and its shareholders.

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.

Privacy breach

Risk that Megaport's failure to comply with global privacy regulatory requirements results in reputational damage, lost customers & revenue, fines, other sanctions that could materially adversely affect Megaport's future financial performance and position and require the business to incur additional compliance costs.

Investment risks

Megaport shares are traded on ASX, and the price at which they trade could be affected by a range of factors including movements in local and international stock markets, prevailing domestic and international economic conditions, exchange rates, investor sentiment and interest rates. In addition, the prices of a listed entity's securities are affected by factors that might be unrelated to its operating performance, such as general market sentiment.

Macroeconomic risks

Megaport's operational and financial performance is affected by the Australian and other international economies. General and business conditions, inflation, interest rates, monetary and fiscal policy and political circumstances are all matters which may affect Megaport's operating and financial performance. Megaport operates in foreign jurisdictions and as a result, fluctuations in applicable exchange rates could also have an impact on the financial position and performance of Megaport.

Bribery, corruption, and other improper acts

Megaport may incur fines or penalties, damage to its reputation or suffer other adverse consequences if its directors, officers, employees, consultants, agents, service providers or business partners violate, or are alleged to have violated, anti-bribery and corruption laws in any of the jurisdictions in which it operates. Megaport cannot guarantee that its internal policies and controls will be effective in each case to ensure that this does not occur.

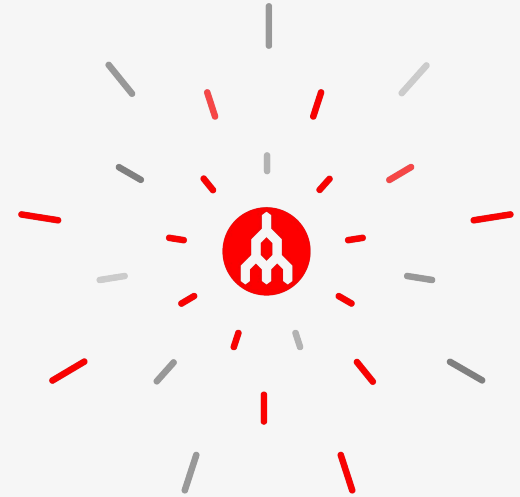
Reputational damage

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 or information security breach, disputes or litigation with third parties such as customers, employees, or suppliers or adverse media coverage. Such a significant reputational event would likely 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.

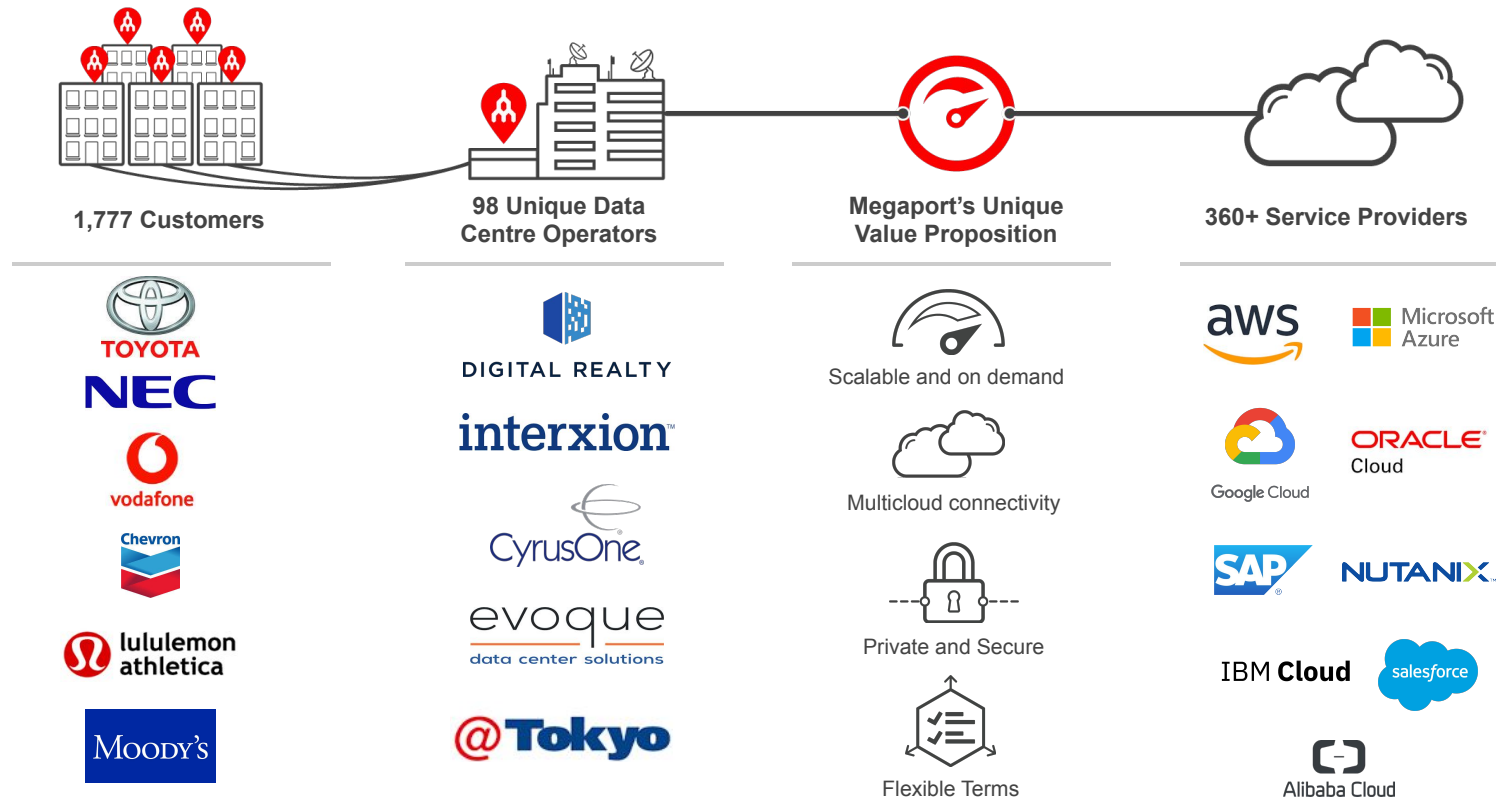
PLACEMENT & SHARE PURCHASE PLAN

About Megaport

Appendix



Connecting the Ecosystem



The Leader in Network as a Service (NaaS)

	Megaport's Connectivity Model	Traditional Connectivity
Pricing	Pay for what you use, no setup fees	Expensive locked-in pricing model, expensive setup costs
Speed	Real-time provisioning (59 seconds)	Long setup times (one week – several months)
Capacity	Elastic, right-sized capacity	Fixed capacity
Terms	Flexible terms, month to month contract	Locked-in long term contracts
Providers	Neutral, one-stop shop featuring all service providers	Limited service providers
Ease of Use	Intuitive portal to manage network	Multiple emails, calls to vendors, and contracts

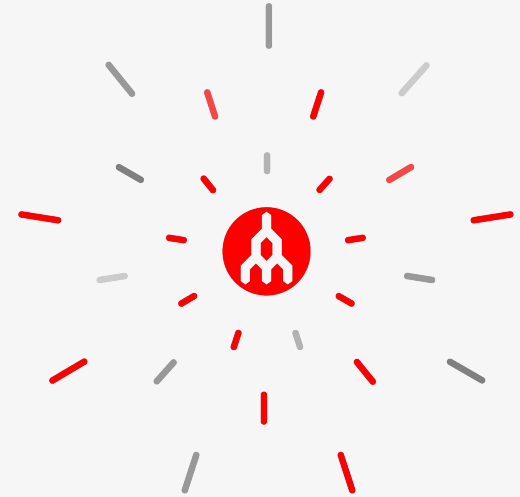
Selection of Major Customers



PLACEMENT & SHARE PURCHASE PLAN

1H FY20 Financial Performance

Appendix



Financial Results

Consolidated Profit & Loss	1HFY20 \$'000	1HFY19 \$'000	Change %
Revenue	25,856	15,184	70%
Direct network costs ¹	(12,689)	(10,356)	(23%)
Profit after direct network costs	13,167	4,828	173%
Operating Expenses (OPEX)	(23,433)	(17,243)	(36%)
Normalised EBITDA²	(10,266)	(12,415)	17%
Depreciation and amortisation expense	(6,926)	(4,313)	(61%)
Equity-settled employee costs	(2,748)	(2,257)	(22%)
Foreign exchange gains	742	1,818	(59%)
Non-operating income ³	84	462	(82%)
Tax benefits	158	138	14%
Net loss for the period	(18,956)	(16,567)	(14%)

Financial Results

For six months ended 31 December 2019

Revenue \$25.9M up 70%

Profit after direct network costs¹ of \$13.2M improved by \$8.3M

Profit % after direct network costs¹ of **51%** improved from 32% in 1HFY19

Normalised EBITDA loss of \$10.3M, 40% of revenue (1HFY19: 82% of revenue)

Note: 1HFY20 results include the adjustments for the adoption of AASB16 Leases, which was effective 1 July 2019 (for year ended 30 June 2020 onwards). The adoption of AASB16 improved profit after direct network costs¹ and Normalised EBITDA. Refer to Appendix for pre-AASB16 results' comparison

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

2. Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA) represents operating results excluding equity-settled employee costs, foreign exchange gains and gain/loss on disposal of property, plant and equipment. Including these amounts, EBITDA would be (\$12,268) in 1HFY20 and (\$12,867) in 1HFY19.

3. Represents interest income offset by finance costs and gain/loss on disposal of non-current assets.

Operating Costs

	1HFY20 \$'000	2HFY19 \$'000	1HFY19 \$'000
Direct network costs ¹	12,689	12,761	10,356
Profit after direct network costs	13,167	7,120	4,828
Employee costs ²	16,307	13,786	12,245
Professional fees	1,871	1,746	1,433
Marketing costs	1,413	1,065	588
Travel costs	1,720	1,106	1,311
General and administrative costs	2,122	1,697	1,666
Total OPEX	23,433	19,400	17,243

Financial Results

For six months ended 31 December 2019

Average direct network cost¹ per data centre per month is \$6.9K in 1HFY20, excluding AASB16³ impact \$7.9K (\$7.4K in 1HFY19)

Employee costs² increased due to investment in headcount to support business growth

Travel costs increased with business development opportunities

Other OPEX increased in line with business growth and entering new markets

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

2. Excludes equity-settled employee costs.

3. Megaport adopted AASB16 Leases effective 1 July 2019 and has not restated comparative amounts for the period prior to first adoption. The impact at the date of initial application is disclosed in Note 1(d) to the 31 Dec-2019 Half-Year Report.

Financial Position

Consolidated Financial Position	Dec 2019 \$'000	Jun 2019 \$'000
Current assets	131,718	85,134
Non-current assets	57,076	41,811
Total assets	188,794	126,945
Current liabilities	(19,728)	(14,236)
Non-current liabilities	(10,307)	(2,119)
Total liabilities	(30,035)	(16,355)
Equity	158,759	110,590

Cash position	Dec 2019 \$'000	Jun 2019 \$'000
Cash at end of the year	119,862	74,879

Financial Position

At 31 December 2019

~\$62M in equity raised in 1HFY20

Capital invested in deploying to new data centres globally, network expansion, and software and product development

AASB16 Leases¹ accounting has resulted in an increase of non-current assets and total liabilities by ~\$11M at 31 Dec 2019

Cash at 31 Mar 2020

\$108.7M

1. Megaport adopted AASB16 Leases effective 1 July 2019 and has not restated comparative amounts for the period prior to first adoption. The impact at the date of initial application is disclosed in Note 1(d) to the 31 Dec-2019 Half-Year Report.

Financial Results Impact of AASB16 Leases

Consolidated Profit & Loss	1HFY20 Reported \$'000	AASB16 ¹ Adjustment \$'000	1HFY20 Pre-AASB16 \$'000	1HFY19 Reported \$'000	Change %
Revenue	25,856	-	25,856	15,184	70%
Direct network costs ³	(12,689)	(1,973)	(14,662)	(10,356)	(42%)
Profit after direct network costs	13,167	(1,973)	11,194	4,828	132%
Operating Expenses (OPEX)	(23,433)	(190)	(23,623)	(17,243)	(37%)
Normalised EBITDA	(10,266)	(2,163)	(12,429)	(12,415)	-
Depreciation and amortisation expense	(6,926)	2,015	(4,911)	(4,313)	(14%)
Equity-settled employee costs	(2,748)	-	(2,748)	(2,257)	(22%)
Foreign exchange gains	742	-	742	1,818	(59%)
Non-operating income / (expenses)	84	264 ²	348	462	(25%)
Tax benefits	158	-	158	138	14%
Net loss for the year	(18,956)	116	(18,840)	(16,567)	(14%)

Financial Results Pre-AASB16

For six months ended 31 December 2019

Profit after direct network costs³ of \$11.2M improved by \$6.4M compared to 1HFY19

Profit % after direct network costs³ of 43% improved from 32% in 1HFY19

Normalised EBITDA loss of \$12.4M, 48% of revenue (1HFY19: 82% of revenue)

1. Megaport adopted AASB16 Leases effective 1 July 2019 and has not restated comparative amounts for the period prior to first adoption. The impact at the date of initial application is disclosed in Note 1(d) to the 31 Dec-2019 Half-Year Report.

2. Represents interest portion of lease payments during the Half-Year ended 31 Dec-2019.

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

Important Information



Megaport Limited ACN 607 301 959

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell Megaport securities in any jurisdiction. No representation or warranty, expressed or implied, is made as to the accuracy, completeness or thoroughness of the information, whether as to the past or future. Recipients of the document must make their own independent investigations, consideration and evaluation. The information contained in this presentation is subject to change without notification.

This presentation includes certain forward looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Megaport. These factors may cause actual results to differ materially from those expressed in the statements contained in this presentation. For specific risks and disclaimers, please refer to the section titled “Key Risks” in this presentation.

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

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

Normalised Earnings Before Interest Tax Depreciation and Amortisation (Normalised EBITDA) represents operating results excluding equity-settled employee benefits, foreign exchange gains/(losses) and non-operating expenses.

Thank you

ASX: MP1

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