

Prospectus

Pentanet Limited ACN 617 506 279

For an initial public offer of 89,840,000 Shares at an issue price of \$0.25 each to raise \$22,460,000 (before costs) (IPO Offer).

IMPORTANT INFORMATION

This Prospectus also incorporates the offer of up to 160,000 Shares and 1,560,000 Options to be issued to Participating Employees (or their nominees) (**Employee Offer**).

The Offers pursuant to this Prospectus are conditional upon the events set out in Section 1.6 of this Prospectus occurring.

It is proposed that the IPO Offer and Employee Offer (together, **Offers**) will close at 5.00pm (WST) on 22 December 2020. The Directors reserve the right to close the Offers earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

Investment in the Securities offered pursuant to this Prospectus should be regarded as highly speculative in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.



EURØZ HARTLEYS

The IPO Offer is fully underwritten by Euroz Hartleys Securities Limited.

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Important Information

Prospectus

This Prospectus is dated, and was lodged with ASIC on, 11 December 2020. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within seven days of the date of this Prospectus for Official Quotation of the Shares the subject of the Offers. No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.pentanet.com.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the Offer Period by contacting the Company as detailed in the Corporate Directory. The Offers constituted by this Prospectus are only available to persons receiving this Prospectus and relevant Application Form within Australia or, subject to the provisions outlined in Section 1.16 certain investors located in New Zealand.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.pentanet.com.au. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete the relevant Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

No document or information included on the Company's website is incorporated by reference into this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Offers outside Australia and New Zealand

No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Offers, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside of Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This Prospectus has not been filed with, or reviewed by, the US Securities and Exchange Commission or any US state securities authority and none of them has passed upon or endorsed the merits of the Offers or the accuracy, adequacy or completeness of the Prospectus. Any representation to the contrary is a criminal offence.

The Securities offered pursuant to this Prospectus have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction. The Offers are not being made in any US state or other jurisdiction where it is not legally permitted to do so.

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 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.

Speculative Investment

The Securities offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Securities or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Securities.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus.

Any investment in the Company should be considered highly speculative. In particular, in considering the prospects of the Company, potential investors should consider the risk factors that could affect the financial performance and assets of the Company.

Investors should carefully consider these factors in light of their personal circumstances (including financial and taxation issues). The Securities offered by this Prospectus should be considered highly speculative. Please refer to Section 4 for details relating to risk factors. Persons considering applying for Securities pursuant to the Prospectus should obtain professional advice from a suitably qualified professional before deciding whether to invest. Investors should carefully consider these factors in light of their personal circumstances (including financial and taxation issues). The Securities offered by this Prospectus should be considered highly speculative. Please refer to Section 4 for details relating to risk factors. Persons considering applying for Securities pursuant to the Prospectus should obtain professional advice from a suitably qualified professional before deciding whether to invest

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties.



Important Information

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Conditional Offers

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and investors will be refunded their Application Monies without interest. Please refer to Section 1.6 for further details on the conditions attaching to the Offers.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Third Party Publications

The Company Overview in Section 2 and the Industry Overview in Section 3 of this Prospectus includes attributed statements from books, journals and comparable publications that are not specific to, and have no connection with the Company. The authors of these books, journals and comparable publications have not provided their consent for these statements to be included in this Prospectus, and the Company is relying upon ASIC Corporations (Consents to Statements) Instrument 2016/72 for the inclusion of these statements in this Prospectus without such consent having been obtained.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to '\$' or 'A\$' are references to Australian dollars.

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10.



Corporate Directory

Directors

David Buckingham Stephen Cornish Timothy Cornish Craig Amos Dalton Gooding Non-Executive Chairman Managing Director Executive Director Non-Executive Director Non-Executive Director

Company Secretary

Patrick Holywell

Registered and Principal Office

2/8 Corbusier Place Balcatta WA 6021 Phone: (08) 9466 2670 Email: hello@pentanet.com.au Website: www.pentanet.com.au

Legal Adviser

HWL Ebsworth Lawyers Level 20, 240 St Georges Terrace Perth WA 6000

Investigating Accountant

BDO Corporate Finance 38 Station St Subiaco WA 6008

Proposed Stock Exchange Listing

Australian Securities Exchange (**ASX**) Proposed ASX Code: **5GG**

Share Registry

Automic Level 2, 267 St Georges Terrace Perth WA 6000 Phone (within Australia): 1300 288 664 Phone (outside Australia): +61 2 9698 5414

Auditor

BDO Audit 38 Station St Subiaco WA 6008

Lead Manager and Underwriter

Euroz Hartleys Level 18, Alluvion 58 Mounts Bay Road Perth WA 6000

Letter from the Chairman

Dear Investor,

On behalf of the Board, I am pleased to present this Prospectus and to invite you to become a shareholder in Pentanet Limited.

Pentanet is one of the fastest growing Internet Service Providers in Australia, delivering high-bandwidth internet services with an emphasis on local service and support and excellent customer experience. We grew our subscribers by 218% in the last 12 months and have seen these growth rates continue in the last three months. The Company began life in Perth, has been growing rapidly in Western Australia, and is now firmly positioned to extend its growth through the expansion of the Company's current wireless footprint in greater Perth and implementation of future wireless technology, as well as the commercial launch of the GeForce NOW cloud gaming service in Australia pursuant to its Alliance Partner Agreement with NVIDIA.

The deployment of the National Broadband Network (**NBN**) has transformed the industry and the provision of internet services in Australia. It has removed prohibitive infrastructure barriers to entry and created a level playing field where new and agile service providers can compete with traditional large telcos on customer experience. It has however locked most of these service providers into thin margins limiting their ability to afford growing bandwidth demands and with a fixed cost per customer as they resell the NBN. Pentanet on the other hand, uses its strategically located and developed own infrastructure to offer both a superior customer experience and a fixed-wireless product that is technically superior to most of the NBN – with healthy margins.

The multi-technology nature of the NBN has also resulted in an inconsistent service delivery, with approximately 20%¹ of Australian users only having access to speeds above 50Mbps. This is a tremendous opportunity for Pentanet, and the Company has not wasted any time in deploying its own high-bandwidth fixed-wireless network, and migrating customers from off-net third-party networks, to on-net infrastructure. Pentanet "onnet" customers on our own fixed-wireless infrastructure have a monthly ARPU of \$87, compared with "off-net" customers serviced via the NBN with an ARPU of \$81. Our "on-net" customers also have a far superior gross profit margin of 68%, against 4% for NBN serviced customers.

For our customers, this allows us to better manage plan capacity and the delivery of services, resulting in lower churn and high referral rates. We do not have to "pass the buck" between ourselves and the NBN. This means greater profitability per customer for our Shareholders as we do not rely solely on reselling the NBN, greater life-time value of customers, and higher returns on investment.

To further power this growth, we plan to roll out next-generation fixed-wireless technology, developed by Facebook called Terragraph, which will enable us to offer both higher speed plans and allow us to serve more customers "on-net" rather than via the NBN. The Terragraph technology allows us to join households with line of sight to our towers and join households without line of sight to our towers using the innovative mesh network of Terragraph. Unlike expensive mobile phone 5G network rollouts, this technology does not require spectrum licencing.

Complementary to our ISP business, we have also been able to secure a unique opportunity to be part of the rollout of the next wave of subscription-based entertainment services – cloud gaming. Our Alliance Partner Agreement with NVIDIA – one of the world's largest producers of specialised graphic chips used in gaming – allows the Company to be the first to bring their GFN technology to Australia. GeForce NOW instantly transforms nearly any laptop, desktop, Mac or Android mobile device into a high-end PC by allowing the streaming of output to a monitor. This will allow users to instantly play the most demanding PC games and seamlessly play across devices without the need for expensive hardware systems. We see great potential for recurring subscription based revenues from this product, and obvious synergies with the Pentanet telecommunications network. Pentanet will be able to provide its customers with a unique and modern bundled content offering, much the same as other ISPs provide through secured content deals with partners such as Kayo, the Premier League or Fetch TV.

The Company is seeking to raise \$22,460,000 (before costs) through the issue of 89,840,000 Shares at a price of \$0.25 per Share, pursuant to the IPO Offer.

Euroz Hartleys Securities Limited has been appointed to act as the Lead Manager and Underwriter to the IPO Offer. The IPO Offer is fully underwritten.

The proceeds of the IPO Offer will be utilised towards:

- 1. expanding the Company's wireless and network infrastructure;
- 2. NVIDIA cloud gaming infrastructure;
- 3. working capital and administration; and
- 4. the costs of the Offers.

This Prospectus contains detailed information about the IPO Offer and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 4).

In addition to the IPO Offer, this Prospectus is also being issued to make the Employee Offer (see Section 1.5 for further details). The Offers contained in this Prospectus are conditional on the events outlined in Section 1.6 occurring. If these events do not occur, the Offers will not proceed and investors will be refunded their Application Monies without interest.

I encourage you to read this Prospectus in its entirety to gain a full understanding of the Company's operations before making an investment decision.

On behalf of the Directors, I invite you to consider this opportunity to invest in the

Company and look forward to welcoming you as a Shareholder.

Yours faithfully

David Buckingham Non-Executive Chairman

Double

Pentanet Limited



Key Offer Details

Key Details of the Offers¹	Description
Offer Price	\$0.25 per Share
Cash raised under IPO Offer (before costs)	\$22,460,000
Existing Securities on issue:	
• Shares	173,169,935
• Options ²	32,900,000
Shares offered under IPO Offer	89,840,000
Employee Offer ³	
• Shares	160,000
• Options ⁴	1,560,000
Total Securities on issue on completion of the Offers	
• Shares	263,169,935
• Options	34,460,000

Notes:

- Please refer to Section 1.9 for further details relating to the proposed capital structure of the Company. Please see Sections 8.2, 8.3 and 8.4 for the terms and conditions of the Options. Please see Section 1.5 for further details.

- 4. Please see Section 8.4 for the terms and conditions of the Employee Options.

Indicative Timetable

Event	Date
Lodgement of this Prospectus with ASIC	11 December 2020
Opening Date for the Offers	18 December 2020
Closing Date for the Offers	22 December 2020
Issue Date	8 January 2021
Despatch of holding statements	12 January 2021
Expected date for quotation on ASX	5 February 2021

Notes:

The above dates are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice (subject to obtaining the Underwriter's consent), which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

Investment Overview

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

Topic	Summary	More Information
Introduction		
Who is the Company and what does it do?	Pentanet is a Perth-based licensed telecommunications carrier and internet service provider (ISP), delivering high-bandwidth internet services via its own fixed-wireless network and other fixed-line networks, with an emphasis on local service, support and excellent customer experience.	Section 2
	Founded in 2017, the Company provides a range of services for residential, commercial and enterprise customers. Pentanet owns and operates Perth's largest fixed-wireless network, delivering superfast speeds within the 2,000sqkm of coverage across the metropolitan area. Wholly owning and operating the quality telecommunications network enables the Company control over wholesale costs, plan capacity, operation, and maintenance, to deliver a premium internet experience backed by local Perth-based customer service. The network has been designed to enable a rapidly deployable and scalable service offering.	
	The Company also delivers services on the National Broadband Network (NBN) and Local Broadband Network (LBN), as well as commercial fibre and 10Gbps multi-gig internet access services - the fastest retail internet service in Australia.	
	A key growth strategy for Pentanet is the expansion of network and service availability with the deployment of millimetre-wave (mmWave) Terragraph technology, which has been factored into the design and rollout of the existing network infrastructure. The Company expects that Terragraph will materially increase service availability, as well as significantly increase available speeds.	
	In 2019, Pentanet entered the esports market with the launch of Pentanet.GG. The Pentanet.GG brand showcases the Company's dedication to gaming and esports, building a growing audience of gamers within the Pentanet ecosphere.	
	Providing an affordable and accessible high-bandwidth low latency internet connection helps to enable the Company's expansion into cloud gaming, a rising force in Australia's \$3.6 billion gaming industry. Under the NVIDIA Agreement with NVIDIA - a a global market leader, Pentanet intends to deploy a cloud gaming platform across Australia which will run from its network (refer to Section 7.8 for a summary of the material terms of the NVIDIA Agreement).	

I	Topic	Summary	More Information
	What are the Company's sources of revenue?	Pentanet provides wireless internet services via its own transmission infrastructure, which includes over 40 active wireless towers throughout the greater Perth area, the majority of which are backed by third party dark fibre backhaul. Pentanet also offers a range of fixed-line internet services including NBN, LBN, enterprise fibre and its own apartment broadband product. To supplement its service offerings, Pentanet retails a range of hardware and devices to deliver its services.	Section 2.5
		Pentanet has two primary revenue streams:	
		(a) sale of services: (i) residential; (ii) business; (iii) enterprise; and	
		(b) sale of products.	
		Pentanet's revenue generation is a subscription model with month-to-month, short-term and long-term contracts with residential, business and enterprise customers. Pentanet also sells hardware to customers which enables service delivery and added benefit to the subscriber service.	
	What is the Company's growth strategy?	Following Admission, Pentanet's primary focus will be on growing its customer base and market share by increasing its existing telecommunications network and introducing new technologies to the market. The Company intends to expand its current wireless footprint in the greater Perth area and implement Terragraph technology, which can deliver up to 1Gbps internet speeds and utilises existing infrastructure.	Section 2.9
		Pentanet will also look to diversify its current product offerings and revenue sources by adding Voice over IP (VoIP) telephone services, 4G backup services and email mailbox hosting.	
		Another primary focus of Pentanet following Admission will be its introduction of cloud gaming to Australia through the NVIDIA Agreement with NVIDIA and the GeForce NOW cloud gaming product.	
	What are the key	The key factors that the Company will depend on to meet its objectives are:	Section 2.7
	dependencies of the Company's business model?	(a) Successful offer: A key factor for Pentanet to carry out the strategies outlined in this Prospectus includes the successful completion of the IPO Offer to meet its capital needs.	

Topic	Summary	More Information
	(b) ACMA spectrum: Pentanet depends on the use of class license spectrum to operate its 5GHz and 60GHz networks. Access to class spectrum is allocated by ACMA at no cost. Pentanet also depends on the use of licensed spectrum and holds several ACMA licenses for use of specific spectrum as part of its wireless network.	
	(c) ACMA licence: As a telecommunications carrier, Pentanet is required to hold a carrier licence with ACMA. Pentanet depends on the continuation of this licence to provide its telecommunications network and services.	
	(d) Suppliers: Pentanet has a number of important suppliers, which are outlined in more detail at Section 2.10(b). Pentanet is dependent upon continued access to fibre backhaul, which acts as an important part of its telecommunications network. Pentanet is also dependent upon continued supply of network and end-user hardware to deliver its internet services.	
What is the Company's financial position?	A summary of the Company's financial information is included in Section 6 and the Independent Limited Assurance Report (included in Annexure E).	Section 6 and Annexure E
What is the proposed capital structure of the Company?	Following completion of the Offers, the proposed capital structure of the Company will be as set out in Section 1.9.	Section 1.9
What is the proposed use	The proceeds of the IPO Offer will be utilised towards:	Section 1.7
of funds raised under the IPO Offer?	(a) expanding the Company's wireless and network infrastructure;	
Offer:	(b) NVIDIA cloud gaming infrastructure;	
	(c) working capital and administration; and	
	(d) the costs of the Offers.	
	See Section 1.7 for further details.	

Topic	Summary	More Information			
Summary of ke	ey risks				
a number of ris	Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative.				
Loss of carrier licence	As a telecommunications carrier, Pentanet is required to hold a carrier licence with ACMA and must comply with the licence conditions set out in the Telecommunications Act. A carrier licence is essential for the Company to operate as a carrier of telecommunications infrastructure. There is a risk that licence conditions may be varied, or if the Company does not comply with the licence conditions, that the licence is cancelled. Should the licence conditions be varied or the licence cancelled it would have a material impact on the Company's activities and may result in the Company breaching a number of its contractual obligations.	Section 4.2(a)			
Competition	The Group operates in suburban and metropolitan markets where customers have the choice of a number of alternative suppliers of broadband internet and data connectivity. Examples of alternative suppliers include the resellers of NBN and the mobile operators currently delivering 4G and 5G cellular services in these markets. The Group's ability to attract and retain customers will be affected by alternative service and price offerings by competitors in the markets in which the Group operates. For example, the Group would be adversely impacted if NBN Co reduced its wholesale prices for retailers and those price reductions flowed through to retail prices. The Company aims to mitigate this risk by delivering a premium quality service to its customers, and by owning the fixed-wireless network.	Section 4.2(b)			
Network performance and reliability	The Group depends on the performance, reliability and availability of its technology platform, including its online led customer service platform, customer support and communications systems. There is a risk that these platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, or external or malicious interventions, such as hacking, fire natural disasters or weather interventions. Events of that nature may adversely impact the availability of the Group's technology platform or websites. The Group contracts third party suppliers to manage certain interfaces. If these suppliers' services were interrupted, or if the Group was unable to contract with these suppliers, the Group may experience a disruption in its service.	Section 4.2(c)			

Topic	Summary	More Information
	Further, there is a risk that the Group's operational processes, redundancy capacity and capability or disaster recovery plans may not adequately address every potential event. The Group's insurance policies may not cover loss or damage that the Group suffers as a result of a system failure. This in turn may reduce the Group's ability to generate income, materially interrupt the level of customer service provided and cause damage to the brand, leading to a reduction in the retention rates of existing customers and potentially a material adverse effect on the Group's financial position and performance.	
Stage of development	While growing at a rapid pace, the Group is at an early stage of development. There is a risk that the Group may not be able to manage accelerated growth, which could impact the financial results and growth funding of the Group, as well as the share price of the Company. The Company does not currently generate positive cash-flow and requires funding to expand its wireless and terragraph network and provide equipment and installation of associated equipment at customer premises. The Company aims to mitigate this risk by engaging Directors and executives who are experienced in managing the cash-flow of a business including by means of a 36 month three way cash-flow forecast updated and reviewed monthly.	Section 4.2(d)
Future changes to NBN technology solutions	The fixed-wireless market opportunity exists primarily because it offers a competitive service (with better control of network and margins) to that provided to certain customers on NBN. If there was a change to NBN's technology solutions or strategies and the change made the NBN more competitive, then this could have a materially adverse impact on the Group's ability to attract sufficient customers, generate sufficient revenues and profitability to provide a return to investors.	Section 4.2(e)
New technology evolution	The Group relies on the use of third party hardware and software technologies to deliver its products and services. These technologies are required to continually perform to expected standards, without disruption or cessation. If the performance of these technologies decreased, there may be an impact on reputation, ability to deliver services and customer growth. Wireless technology changes are rapid, and failure to invest or upgrade to new technologies to remain competitive may lead to a loss of opportunities for the Group, which may materially affect future business operations and the financial results. The Company partially mitigates this risk by continuing to	Section 4.2(f)
	evaluate new wireless technologies and seeking to implement a low cost fixed-wireless network configuration.	
NVIDIA	As set out in Section 7.8, the Company has entered into the NVIDIA Agreement, pursuant to which the Company has the right to purchase up to 72 GFN Game Servers from NVIDIA (or its approved third party vendors), in a staggered approach.	Section 4.2(g)

Topic	Summary	More Information
	There can be no assurances that the commercialisation of the GFN Service will be successful. There is a risk that the GFN Service may not be fully understood by the Company's target markets. There is also a risk that the cost and time required in penetrating these new markets are greater than as estimated. These conditions may contribute to the risk that the Company is unable to successfully attract sufficient customers to commercialise the GFN Service.	
	There is no guarantee that the Company will be granted exclusivity in Australia, for a period or at all. In order to be granted exclusivity, the Company will be required to make substantial additional investment in the purchase and deployment of additional GFN Game Servers. The Company anticipates that this would require substantial additional capital to be obtained, in addition to the amounts raised pursuant to the IPO Offer. The Company may be required to make a decision to proceed with any additional investment over a short time period or on an accelerated basis. Any purchase and deployment by the Company of additional GFN Game Servers beyond its initial purchase of 12 GFN Game Servers will also require substantial additional investment and capital to be obtained, in addition to the amounts raised pursuant to the IPO Offer. No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. There is also no guarantee that the Company or NVIDIA will be in a position to enable the term of the NVIDIA Agreement to be renewed beyond the initial term of 3 years.	
Product development	The Group may introduce new products or services or functionality that are intended to enhance the user experience or deliver greater levels of customer satisfaction. There is a risk that these initiatives may result in unforeseen costs or risks, may not perform as intended or may not deliver the growth in customers. There is no guarantee that the Company will be able to undertake research and product development successfully. If testing during product development produces results that do not meet the Company's expectations, this could result in delays to the Company's growth plans. A failure to successfully develop new and current products or a delay stemming from product development will adversely affect the Company's financial position and prospects.	Section 4.2(h)
Legal or regulatory risks	Pentanet depends on the use of class license spectrum to operate its 5GHz and 60GHz networks. Access to class spectrum is allocated by ACMA at no cost. Pentanet also depends on the use of licensed spectrum and holds several ACMA licenses for use of specific spectrum as part of its wireless network.	Section 4.2(i)

Topic	Summary	More Information
	The Company uses class license spectrum for which it does not pay a fee and does not have exclusive use of the spectrum it uses. Unlicensed spectrum is regulated by the International Telecommunication Union Standards and used by many devices in the home. Although the Company does not anticipate any change to the availability of class license spectrum, the Company would be adversely impacted if access to, or the rules or costs governing the use of, this spectrum were to change.	mormation
	Presently, s143 of the Telecommunications Act imposes an obligation on owners of non-NBN fixed networks, which supply super-fast carriage services to residential or small business customers, to supply services only to a carrier or a service provider, i.e. to operate on only a wholesale basis. This regulation does not apply to fixed-wireless network owners, such as the Company. This allows the Company to both own and operate its end to end fixed-wireless network as both owner of the network and supplier and retailer of services to residential and business customers. If this regulation was to change to include fixed-wireless networks in the prohibition articulated by section 143 of the Telecommunications Act against a Company operating as both owner of the network and supplier of services to residential and business customers, then this would have a materially adverse effect on the Company, as the Company would have to separate the ownership of the fixed-wireless network from the supply of services to residential and business customers.	
Supplier and customer relationships	The Group relies on key business relationships to deliver its services, such as backhaul, site leases and network equipment. There are multiple suppliers for the Company to contract with. A failure to maintain supplier relationships generally could result in a loss of support, which could adversely impact the business operations and the financial results. In particular, the Company has four significant supplier contracts with Virtutel, Vocus, Axicom and Water Corporation, under which IP Transit, backhaul services and site leases are supplied. A loss of this arrangement with Virtutel, Vocus, Axicom or Water Corporation would therefore have a materially adverse impact on the profitability of the Company.	Section 4.2(j)
	No single customer relationship is material to the Company. However, maintaining a responsive customer service capability, a quality service offering and competitive prices are considered critical to attracting and retaining customers. Failure to maintain these capabilities may lead to customers seeking alternative providers, which could increase the customer churn of the Group and have an adverse impact on profitability.	
Loss of customers or contracts and customer service risk	If the Group's customer churn rates were to increase, this would have an adverse effect on the revenue, and therefore financial performance and profitability of the Group. Further, a lack of customer demand, or oversupply of inexpensive fibre optics telecommunications infrastructure in the market, may impact	Section 4.2(k)

Topic	Summary	More Information
	the growth prospects and/or financial performance of the Group. Customers may need to engage with the Company's customer service personnel in certain circumstances. The Company needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact on	
Key management personnel	The Company's performance. The Company relies heavily on its existing key management personnel (in particular its Managing Director, Stephen Cornish, Timothy Cornish and Mart-Marie Derman), who have intimate knowledge of the business. If a member of the Company's key management team were to resign or leave the businesses this could have an adverse effect on the Company's performance, and there is no guarantee that the Company could attract a suitably qualified replacement, or if it is able to do so, how long it may take to attract and employ such a replacement. While the Company's internal policies and procedures involve planning and processes to support a structured succession plan for executive and other senior roles within the Company, as well as to facilitate the recruitment and retention of key personnel, these measures alone may not be sufficient to attract new personnel in a timely manner or retain existing personnel.	Section 4.2(l)
Growth strategies	The Company has a number of strategies in place to generate future growth and earnings, including the geographic expansion of its fixed-wireless network, Terragraph and NVIDIA cloud gaming deployment. There is a risk that the implementation of these strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the customer demand, full financial benefits anticipated or result in future sales and earnings growth and may not deliver a return on investment. Furthermore, the implementation of these growth strategies may lead to changes to the Company's business or the customer experience which may result in unintended adverse consequences if such changes affect customers willingness to buy the Company's products.	Section 4.2(m)
Contract risk	The operations of the Company require involvement of a number of third parties including the counterparties to the agreements referred to in Section 7. With respect to these third parties and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of financial failure or default by a party to any agreement to which the Company is or may become a party; or termination or failure to renew the term of any agreement to which the Company is or may become a party.	Section 4.2(n)

Topic	Summary	More Information	
Future capital requirements	The Company will require further financing in the future, in addition to amounts raised pursuant to the IPO Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.	Section 4.2(o)	
	Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.		
	The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.		
Further risks	For further information on risks specific to the Company, please see Section 4.2. These risks include, amongst other things:	Sections 4.2 and 4.3	
	 (a) health and safety; (b) data security risk; (c) extreme weather events; (d) infectious diseases and COVID-19; (e) brand maintenance; (f) future profitability; (g) credit risk; and (h) future acquisition risk. 		
	For further information on general risks, please see Section 4.3.		
Directors, Related Party Interests and Substantial Holders			
Who are the Directors?	As at the date of this Prospectus, the Board comprises of: (a) David Buckingham - Non-Executive Chairman; (b) Stephen Cornish - Managing Director; (c) Timothy Cornish - Executive Director; (d) Craig Amos - Non-Executive Director; and (e) Dalton Gooding - Non-Executive Director.	"Corporate Directory" and Sections 5.1 and 5.2	

Topic	Summary				More Information
Who are the key	As at the date of this F Company's key manage				Section 5.3
management personnel?	(a) Mart-Marie Derr (b) Patrick Holywell			icer; and	
What benefits are being paid to the non-executive Directors?	The Company has entered into non-executive director appointment letters with David Buckingham, Craig Amos and Dalton Gooding which govern the terms of their appointment as Non-Executive Directors of the Company. David Buckingham will act as Chair of the Board.			Section 7.4	
	On and from Admissior paid the following fees	•			
	(a) David Buckingham - \$75,000 per annum; (b) Craig Amos - \$50,000 per annum; and (c) Dalton Gooding - \$50,000 per annum.				
What benefits are being paid to the Managing Director and Executive Director?	The Company has entered into an executive services agreement with Mr Stephen Cornish effective from 1 November 2017, pursuant to which Mr Cornish will serve as Managing Director of the Company on a full-time basis. On and from Admission, Mr Stephen Cornish will receive \$275,000 per annum (excluding superannuation). The Company has entered into an executive services agreement with Mr Timothy Cornish effective from 1 July 2018, pursuant to which Mr Timothy Cornish will serve as an Executive Director of the Company on a full-time basis. On and from Admission, Mr Timothy Cornish will receive \$175,000 per annum (excluding superannuation).				
What interests do the Directors	The Directors, key man entities have the follow date of this Prospectus	ving interests			Section 5.6
and key management personnel	Name	Shares	Voting Power %	Options	
have in the securities	David Buckingham	Nil	Nil	3,000,000	
of the Company?	Stephen Cornish	49,458,137	28.6%	10,900,000	
, ,	Timothy Cornish	12,053,137	7%	7,950,000	
	Craig Amos	651,283	0.4%	2,000,000	
	Dalton Gooding	2,275,641	1.3%	3,700,000	
	Mart-Marie Derman	1,150,000	0.7%	1,500,000	
	Patrick Holywell 437,181 0.3% 600,000				

Topic	Summary				More Information
	On Admission the Direct will hold the following i		managem	ent personnel	
	Name	Shares	Voting Power %	Options	
	David Buckingham	200,000	0.1%	3,000,000	
	Stephen Cornish	49,458,137	18.8%	10,900,000	
	Timothy Cornish	12,121,137	4.6%	7,950,000	
	Craig Amos	851,283	0.3%	2,000,000	
	Dalton Gooding	2,315,641	0.9%	3,700,000	
	Mart-Marie Derman	1,170,000	0.4%	1,500,000	
	Patrick Holywell	637,181	0.2%	600,000	
What important contracts with related parties is the Company a party to? Who will be the substantial holders of the Company?	 The Company has entered into the following related party transactions: (a) executive services agreements with Stephen Cornish and Timothy Cornish (see Sections 7.2 and 7.3 for details); (b) letters of appointment with each of its Non-Executive Directors on standard terms (refer Section 7.4 for details); (c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.15 for details); and (d) lease agreement with Cornish Property Trust (refer to Section 7.14 for details). Those Shareholders (and their associates) holding a substantial holding in 5% or more of the Shares on issue as at the date of this Prospectus are as follows. 			Section 5.8 Section 8.6	
	Name	Numb Si		% Shareholding	
	Stephen Cornish	49,45	58,137	28.6%	
	Peter and Susan Corni	sh 17,86	9,547	10.3%	
	Timothy Cornish	12,0	53,137	7%	
	Sharon White and associated entities	10,000	0,000	5.8%	
	Thorney Investment Group and associated entities		14,105	5.5%	

Topic	Summary			More Information
	Based on the information known as at the date of this Prospectus, on Admission the following persons will have a substantial holding in 5% or more of the Shares on issue:			
	Name	Number of Shares	% Shareholding	
	Stephen Cornish	49,458,137	18.8%	
	Peter and Susan Cornish	18,269,547	6.9%	
	Thorney Investment Group and associated entities	14,314,105	5.4%	
What fees are payable to the Lead Manager and Underwriter?	Pursuant to the Underwriting Agreement, the Company has agreed to (a) pay Euroz Hartleys an underwriting fee of 5% of the total amount raised under the IPO Offer; and (b) reimburse Euroz Hartleys for all reasonable costs and out-of-pocket expenses incidental to the IPO Offer. The Company has not yet paid Euroz Hartleys for services			Section 1.8
What interests will the Lead Manager and Underwriter have in the Securities of the Company upon Admission?	under the Underwriting Agreement accrued thus far. As at the date of this Prospectus, Euroz Hartleys and its associates have a relevant interest in 2,600,000 Shares (a percentage shareholding of 1.5%). These Shares were provided to Euroz Hartleys for services to the Company in 2018. Euroz Hartleys' present relevant interest and changes under several scenarios are set out in Section 1.8(b).			Section 1.8
What is the IPO	Offer?			
What is the IPO Offer?	This Prospectus invites investors to apply for 89,840,000 Shares at an issue price of \$0.25 each to raise \$22,460,000 (before costs).			Section 1.2
	The IPO Offer comprises:			
	(a) the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares from their Broker;			
	(b) the Institutional Offe Institutional Investor apply for Shares; and			
	(c) the Customer Offer, v Customers who have			

Topic	Summary	More Information
What is the IPO Offer Price?	\$0.25 per Share.	Section 1.2
What is the minimum subscription amount under the IPO Offer?	The minimum level of subscription under the IPO Offer is \$22,460,000 before costs (being 89,840,000 Shares).	Section 1.3
Will the Shares be quoted?	Within seven days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).	Section 1.14
What is the purpose of the IPO Offer?	 The purposes of the IPO Offer are to: (a) raise up to \$22,460,000 (before associated costs of the Offers); (b) provide funding for the purposes outlined in Section 1.7; (c) enhance the public and financial profile of the Company; and (d) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List. 	Section 1.4
What are the conditions of the Offers?	 The Offers under this Prospectus are conditional upon the following events occurring: (a) the Company raising \$22,460,000 (before costs) under the IPO Offer; (b) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restriction on trading in Securities as mandated by the Listing Rules; and (c) ASX granting in-principle approval to admit the Company to the Official List on conditions which the Directors are confident can be satisfied. If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act. 	Section 1.6

Topic	Summary		More Information	
Are there any escrow arrangements?	ASX will classify certain existing Securithe Company as being subject to the reprovisions of the Listing Rules.	Section 1.19		
	None of the Shares issued pursuant to expected to be classified as restricted all of the Securities to be issued pursua Offer are expected to be classified as re-			
	Prior to the Company's Shares being acong the ASX, the Company will:	dmitted to quotation		
	(a) enter into restriction deeds with Securities restricted for a period any other recipients of Securitie and	l of 24 months and		
	(b) provide restriction notices to an restricted Securities that does n into a restriction deed,			
	in accordance with Chapter 9 of the Lis			
	The Company will announce to ASX ful duration) of any Securities required to			
	As at the date of this Prospectus the Capproximately 95,071,199 Shares and 3 to be subject to escrow. These Securities approximately 36% of the Company's SAdmission on an undiluted basis and 3 Share capital on Admission on a fully decrease.			
What is the offer period for	Event	Date	"Indicative Timetable"	
the Offers?	Lodgement of this Prospectus with ASIC	11 December 2020		
	Opening Date for the Offers	18 December 2020		
	Closing Date for the Offers	22 December 2020		
	Issue Date	8 January 2021		
	Despatch of holding statements	12 January 2021		
	Expected date for quotation on ASX	5 February 2021		
	The above dates are indicative only and may change without notice.			

		V
Topic	Summary	More Information
Is the IPO Offer underwritten?	The IPO Offer is fully underwritten by Euroz Hartleys (also referred to in this Prospectus as the Lead Manager and Underwriter). See Section 7.1 for a summary of the material terms of the Underwriting Agreement and Section 1.8 for further information regarding the interests of Euroz Hartleys in the IPO Offer and the potential effect of the underwriting of the IPO Offer.	Section 1.17
What are the key terms of the Underwriting Agreement?	A summary of the Underwriting Agreement, including the key terms of engagement of Euroz Hartleys and the events which would entitle Euroz Hartleys to terminate the Underwriting Agreement, are set out in Section 7.1.	Section 7.1
What is the Employee Offer and what is its purpose?	The Company has agreed to issue Shares and Employee Options under the Plan to the Participating Employees (or their respective nominees) upon the successful completion of the IPO Offer as part of their agreed remuneration packages under the Employee Offer.	Section 1.5
	This Prospectus includes a separate offer of 160,000 Shares and 1,560,000 Employee Options to the Participating Employees (or their respective nominees) under the Plan.	
	The Employee Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Options or Shares, or any Shares issued upon exercise of any Options into Shares, that are issued under the Employee Offer.	
Additional Info	rmation	
Will the Company be adequately funded after completion of the IPO Offer?	The Board believes that the funds raised from the IPO Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.	Section 1.7
What rights and liabilities attach to the Securities on issue?	The rights and liabilities attaching to the Shares are described in Section 8.1. The rights and liabilities attaching to Staff Options are described in Section 8.2. The rights and liabilities attaching to Consultant Options are described in Section 8.3. The rights and liabilities attaching to Employee Options are described in Section 8.4.	Sections 8.1 to 8.4 (inclusive)
Who is eligible to participate in the Offers?	The Broker Firm Offer is open to retail clients of Brokers who received a firm allocation of Shares from their Broker and who have a registered address in Australia or New Zealand and are not located in the United States.	Sections 1.2 and 1.5
	The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and New Zealand to apply for Shares.	

Topic	Summary	More Information
	All Eligible Customers are entitled to participate in the Customer Offer and may apply for Shares under the Customer Offer.	\sim
	Only the Participating Employees (or their respective nominees) may accept the Employee Offer.	
How do I apply for Shares under the IPO Offer?	Applications for Shares under the Broker Firm Offer can be made using the relevant Application Form accompanying this Prospectus or otherwise provided by the Company. If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions.	Section 1.10
	Eligible Customers will be able to apply for Shares under the Customer Offer via the Customer Portal, which will contain a link directing Eligible Customers to a copy of this Prospectus and the Application Form. Only one (1) Application may be submitted in relation to each Eligible Customer.	
	The Lead Manager and Underwriter will separately advise Institutional Investors of the application procedures for the Institutional Offer.	
	A personalised application form in relation to the Employee Offer will be issued to the Participating Employees together with a copy of this Prospectus.	
What is the allocation policy?	The allocation of Shares to Brokers under the Broker Firm Offer will be determined by the Lead Manager and Underwriter, in consultation with the Company. Shares that are allocated to Brokers for allocation to their clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager and Underwriter to reject, aggregate or scale back Applications).	Section 1.11
	The allocation of Shares in the Institutional Offer will be determined by the Lead Manager and Underwriter, in consultation with the Company. The Lead Manager and Underwriter and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors. Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager and Underwriter.	
	The Customer Offer is capped at \$1 million and Applications under the Customer Offer must be for a fixed amount of \$2,000 worth of Shares (being 8,000 Shares). The Company intends to close the Customer Offer upon the Company receiving valid Applications from the first 500 Eligible Customers (on a first come first served basis) along with payment of the corresponding Application Monies for an aggregate of \$1,000,000 under the Customer Offer.	
	There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied.	

Topic	Summary	More Information
When will I receive confirmation that my application has been successful?	Holding statements confirming allocations under the Offers will be sent to successful Applicants as required by ASX. Holding statements are expected to be issued on or about 12 January 2021.	"Indicative Timetable"
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.	Section 2.12
How can I find out more about the Prospectus or the Offers?	This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact a suitably qualified professional. Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary at patrick.holywell@pentanet.com.au.	"Corporate Directory" and Section 1.25



Details of the Offers

1.1 Important Information

This Prospectus contains details of the Offers to apply for Securities in the Company. You are encouraged to:

- (a) read the contents of this Prospectus carefully, including the risk factors in Section 4; and
- (b) obtain independent professional advice from a suitably qualified professional.

1.2 Description of the IPO Offer

This Prospectus invites investors to apply for 89,840,000 Shares at an issue price of \$0.25 each to raise \$22,460,000 (before costs).

The Shares to be issued pursuant to the IPO Offer are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 8.1.

The IPO Offer comprises:

- (a) the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares from their Broker;
- (b) the Institutional Offer, which consists of an offer to Institutional Investors in Australia and New Zealand to apply for Shares; and
- (c) the Customer Offer, which is made to Eligible Customers who have a registered address in Australia.

Euroz Hartleys has been appointed as Lead Manager and Underwriter to the IPO Offer on the terms and conditions summarised in Section 7.1 of this Prospectus. The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Customer Offer will be determined by agreement between the Company and the Lead Manager and Underwriter. Applications for Shares under the Broker Firm Offer and Customer Offer must be made on the Application Form accompanying this Prospectus and received by the Company on or before the Closing Date.

Further details and instructions on how to apply for Shares under the IPO Offer and how the Shares under the IPO Offer will be allocated are set out in Sections 1.10 and 1.11.

1.3 Minimum Subscription

The minimum level of subscription under the IPO Offer is \$22,460,000 before costs (being 89,840,000 Shares).

1.4 Purpose of Prospectus

The purpose of this Prospectus is to:

- (a) raise \$22,460,000 pursuant to the IPO Offer (before associated costs of the Offers);
- (b) provide funding for the purposes outlined in Section 1.7;

- (c) enhance the public and financial profile of the Company;
- (d) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; and
- (e) make the Employee Offer.

1.5 Employee Offer

The Company has agreed to issue Shares and Employee Options under the Plan to the Participating Employees (or their respective nominees) upon the successful completion of the IPO Offer as part of their agreed remuneration packages under the Employee Offer.

This Prospectus includes a separate offer of 160,000 Shares and 1,560,000 Employee Options to the Participating Employees (or their respective nominees) under the Plan.

The terms and conditions of the Employee Options are described in Section 8.4. If the Employee Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company. The rights and liabilities attaching to the Shares are further described in Section 8.1.

Only the Participating Employees (or their respective nominees) may accept the Employee Offer.

The Employee Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Options or Shares, or any Shares issued upon exercise of any Options into Shares, that are issued under the Employee Offer.

An Application Form in relation to the Employee Offer will be issued to the Participating Employees together with a copy of this Prospectus.

No application monies are payable under the Employee Offer.

1.6 Conditional Offers

The Offers under this Prospectus are conditional upon the following events occurring:

- (a) the Company raising \$22,460,000 (before costs) under the IPO Offer;
- (b) to the extent required by ASX or the Listing Rules, certain persons entering into a restriction agreement imposing such restriction on trading in Securities as mandated by the Listing Rules; and
- (c) ASX granting in-principle approval to admit the Company to the Official List on conditions which the Directors are confident can be satisfied.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.

1.7 Proposed use of funds

Following the Offers, it is anticipated that the following funds will be available to the Company:

Source of funds	(\$)
Existing cash reserves as at the date of this Prospectus	1,508,181
Proceeds from IPO Offer	22,460,000
Total funds available	23,968,181

The following table shows the intended use of funds in the two year period following admission of the Company to the Official List

Use of Funds ¹	\$	%
Wireless infrastructure ²	8,990,000	40
Network infrastructure	1,500,000	7
NVIDIA cloud gaming infrastructure³	4,000,000	18
Working capital and administration⁴	6,500,000	29
Costs of the Offers⁵	1,450,000	6
Total Funds allocated	22,460,000	100

Notes:

- 1. Shareholders should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), actual expenditure levels may differ significantly from the above estimates.
- 2. This includes funds for the expansion of the Company's current wireless footprint in greater Perth and implementation of future wireless technology.
- 3. Includes funds for the purchase of 12 GFN Game Servers and associated control hardware pursuant to the NVIDIA Agreement and the commercial launch of the GFN Service in Australia. See Section 7.8 for further details.
- 4. Working capital and administration includes the general costs associated with the management and operation of the business, including Directors' fees, rent, office expenses, insurance costs, travel, audit fees, legal fees, share registry costs, annual listing fees, and other associated corporate and governance costs. See Section 5.7 for further information about the fees payable to Directors.
- 5. Expenses paid or payable by the Company in relation to the Offers are set out in Section 8.9.

The Board believes that the funds raised from the IPO Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The use of further equity funding will be considered by the Board where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the IPO Offer will provide the Company sufficient funding for 2 years of operations. The Company may require further financing in the future. See Section 4.2(o) for further details about the risks associated with the Company's future capital requirements.

1.8 Key advisors' interests in securities

Euroz Hartleys (also referred to in this Prospectus as the Lead Manager and Underwriter) has been appointed as lead manager and underwriter to the IPO Offer and is a party to the Underwriting Agreement summarised in Section 7.1.

(a) Fees payable to the Lead Manager and Underwriter

Pursuant to the Underwriting Agreement, the Company has agreed to

- (i) pay Euroz Hartleys an underwriting fee of 5% of the total amount raised under the IPO Offer; and
- (ii) reimburse Euroz Hartleys for all reasonable costs and out-of-pocket expenses incidental to the IPO Offer.

The Company has not yet paid Euroz Hartleys for services under the Underwriting Agreement accrued thus far.

(b) Lead Manager and Underwriter's interests in Securities and potential effect of underwriting arrangements on control

As at the date of this Prospectus, Euroz Hartleys and its associates have a relevant interest in 2,600,000 Shares (a percentage shareholding of 1.5%). These Shares were provided to Euroz Hartleys for services to the Company in 2018.

The Lead Manager and Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Lead Manager and Underwriter's present relevant interest and changes under several scenarios are set out in the table below.

Event	Shares held by Lead Manager and Underwriter	Voting power of Lead Manager and Underwriter (%)
Date of Prospectus	2,600,000	1.5%
Fully subscribed	2,600,000	1.5%
0% subscribed	92,440,000	35.1%

The number of Shares held by the Lead Manager and Underwriter and its voting power in the table above show the potential effect of the underwriting of the IPO Offer. However, it is unlikely that no investors, other than the Lead Manager and Underwriter, will take up Shares under the IPO Offer. The underwriting obligation,

and therefore voting power of the Lead Manager and Underwriter, will reduce by a corresponding amount for the amount of Shares under the IPO Offer taken up by investors. The Lead Manager and Underwriter has advised the Company that it intends to allocate Shares from its underwriting allocation to its nominated investors to ensure neither it, nor its nominated investors, acquire more than a 20% shareholding in the Company on listing.

(c) Lead Manager and Underwriter's participation in previous placements

Euroz Hartleys and its associates have not participated in any placement of Securities by the Company in the 2 years preceding lodgement of this Prospectus.

1.9 Capital Structure

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

	Shares	%	Options
On issue as at the date of this Prospectus	173,169,935	65.8	32,900,000¹
To be issued under the IPO Offer	89,840,000	34.1	Nil
To be issued under the Employee Offer	160,000	0.06	1,560,000²
Total Securities on issue on completion of the Offers	263,169,935	100	34,460,000

Notes:

- 1. Includes:
 - (a) 3,850,000 Options exercisable at \$0.13 each on or before 30 June 2021 and otherwise on the terms and conditions set out in Section 8.2;
 - (b) 1,000,000 Options exercisable at \$0.13 each on or before 28 February 2022 and otherwise on the terms and conditions set out in Section 8.3;
 - (c) 9,350,000 Options exercisable at \$0.30 each on or before 30 June 2024, 9,350,000 Options exercisable at \$0.37 each on or before 30 June 2024 and 9,350,000 Options exercisable at \$0.50 each on or before 30 June 2024 on the terms and conditions set out in Section 8.4.
- 2. Includes 520,000 Options exercisable at \$0.30 each on or before 30 June 2024, 520,000 Options exercisable at \$0.37 each on or before 30 June 2024 and 520,000 Options exercisable at \$0.50 each on or before 30 June 2024 on the terms and conditions set out in Section 8.4.

The number of Shares on issue at the time of Admission on a fully diluted basis (assuming all convertible Securities on issue are converted into Shares) is 297,629,935.

The Company's free float at the time of Admission will be not less than 20%.

1.10 Applications

(a) Broker Firm Offer

The Broker Firm Offer is open to retail clients of Brokers who received a firm allocation of Shares from their Broker and who have a registered address in Australia or New Zealand and are not located in the United States.

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of the Prospectus and Broker Firm Application Form. Your Broker will act as your agent and it is your responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5.00pm (WST) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Application Form with the Broker from whom they received their invitation to acquire Shares under this Prospectus. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions detailed on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with a Broker Firm Application Form.

The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application size. The Company and the Lead Manager and Underwriter reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.

The Company may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

The Company, the Lead Manager and Underwriter and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (WST) on the Opening Date and is expected to close at 5.00pm (WST) on the Closing Date. The Company and the Lead Manager and Underwriter may elect to close the IPO Offer or any part of it early, extend the IPO Offer or any part of it, or accept late Applications either generally or in particular cases. The IPO Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

(b) Institutional Offer

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and New Zealand to apply for Shares. The Lead Manager and Underwriter will separately advise Institutional Investors of the application procedures for the Institutional Offer.

(c) Customer Offer

All Eligible Customers are entitled to participate in the Customer Offer and may apply for Shares under the Customer Offer. The Customer Offer is open to persons residing in Australia who are account holders of a subscription for any of the Company's products or services, which product or service is active as at 5:00pm (WST) on 11 December 2020 (Eligible Customer). Any shortfall under the Customer Offer will form part of the Customer Offer Shortfall and will be placed by the Lead Manager on a best endeavours basis under the Broker Firm Offer.

Eligible Customers will be able to apply for Shares under the Customer Offer via the Customer Portal, which will contain a link directing Eligible Customers to a copy of this Prospectus and the Application Form. The Company and the Lead Manager take no responsibility for any failure to receive an invitation to participate in the Customer Offer. Only one (1) Application may be submitted in relation to each Eligible Customer.

Applications must be received by the Share Registry by 5:00pm (WST) on or before the Customer Offer Closing Date or any earlier closing date as determined by the Company. Eligible Customers who wish to apply for Shares under the Customer Offer must apply for Shares by submitting an Application Form via the Customer Portal. Eligible Customers must comply with the instructions on the Application Form.

Eligible Customers may apply for Shares to be held in the name of the Eligible Customer or as otherwise nominated by the Eligible Customer.

If an Eligible Customer has more than one customer account with the Company, that Eligible Customer may submit no more than one Application under the Customer Offer. Furthermore, Applications under the Customer Offer must be for a fixed amount of \$2,000 worth of Shares. These requirements apply for the Application by the Eligible Customer and/or each nominee of the Eligible Customer.

Applicants who are also Eligible Customers should read this Prospectus carefully and in its entirety before deciding whether to apply under the Customer Offer. If Applicants are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for them, Applicants should seek professional guidance from a suitably qualified professional before deciding whether to invest.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant is not an Eligible Customer, the Applicant has submitted more than one Application under the Customer Offer, the Applicant has not received a complete copy of the Prospectus or the Company has reason to believe that the Application Form has been altered or tampered with in any way.

The Customer Offer opens at 9:00am (WST) on 18 December and is expected to close at 5:00pm (WST) on 22 December 2020. Applications must be received by the Share Registry by 5:00pm (WST) on or before the Customer Offer Closing Date or any earlier closing date as determined by the Company. The Company and the Lead Manager may elect to close the Customer Offer early, extend the Customer Offer or any part of it, or accept late Applications either generally or in particular cases, without further notice. In particular the Company intends to close the Customer Offer upon the Company receiving valid Applications from the first 500 Eligible Customers (on a first come first served basis) along with payment of the corresponding Application Monies representing an aggregate of \$1,000,000 under the Customer Offer.

The Company and the Lead Manager take no responsibility for any failure to receive Application Monies before the close of the Offer Period arising as a result of, amongst other things, delays in processing of payments by financial institutions. Applicants are therefore encouraged to submit their Applications as early as possible.

Applicants under the Customer Offer must pay their Application Monies via BPAY® in accordance with the instructions on the Customer Offer Application Form generated on the Customer Portal. Application Monies paid by must be received by the Share Registry by no later than 5:00pm (WST) on 22 December 2020 and it is Applicants' responsibility that this occurs.

For more information, Applicants under the Customer Offer should contact the Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) from 8:30am to 5:30pm (Perth time), Monday to Friday (excluding public holidays) and between the dates of 18 December 2020 and 22 December 2020.

(d) Applications under the Employee Offer

Only the Participating Employees (or their respective nominees) may accept the Employee Offer. A personalised application form in relation to the Employee Offer will be issued to the Participating Employees together with a copy of this Prospectus.

No monies are payable for the Employee Options or Shares under the Employee Offer.

(e) Application forms

Applications for Shares under the Broker Firm Offer and Customer Offer can be made using the relevant Application Form accompanying this Prospectus or otherwise provided by the Company. The Application Form must be completed in accordance with the instructions set out on the form.

No brokerage, stamp duty or other costs are payable by Applicants. All Application Monies will be paid into a trust account. Applicants wishing to provide Application Monies via electronic funds transfer should follow the instructions on the Application Form or contact the Company.

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Applicants will be given a BPAY® biller code and a customer reference number (CRN) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

- (i) access their participating BPAY® Australian financial institution either via telephone or internet banking;
- (ii) select to use BPAY® and follow the prompts; enter the biller code and unique CRN that corresponds to the online Application;
- (iii) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- (iv) select which account payment is to be made from;
- (v) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- (vi) record and retain the BPAY® receipt number and date paid.

Investors should confirm with their Australian financial institution whether there are any limits on the Investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions set out in the Application Form and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

Completed Application Forms and any confirmation of electronic funds transfer must be received by the Company before 5.00pm (AEDT) on the Closing Date.

An original, completed and lodged Application Form together with payment for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final. If your BPAY® payment for the Application Money is different to the amount specified in your Application Form then the Company may accept your Application for the amount of Application Money provided.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

- (i) agrees to be bound by the terms of the relevant Offer;
- (ii) agrees to be bound by the Constitution;
- (iii) declares that all details and statements in the Application Form are complete and accurate;

- (iv) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (v) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (vi) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (vii) acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

(f) Acceptance of Applications

An Application in the Offers is an offer by you to the Company to apply for Shares at the Offer Price, on the terms and conditions detailed in this Prospectus (including any supplementary or replacement document) and the relevant Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full amount, or any amount lower than that specified on the Application Form without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the relevant Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company and the Lead Manager and Underwriter reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the relevant Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company and the Lead Manager and Underwriter reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of applications).

The final allocation of Shares to Applicants in the IPO Offer will be determined in accordance with the allocation policy outlined in Section 1.11. The Company and the Lead Manager and Underwriter may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.

Successful Applicants in the IPO Offer will be allotted Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

1.11 Allocation and issue of Shares

(a) Broker Firm Offer

The allocation of Shares to Brokers under the Broker Firm Offer will be determined by the Lead Manager and Underwriter, in consultation with the Company. Shares that are allocated to Brokers for allocation to their clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager and Underwriter to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Company or the Lead Manager and Underwriter) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

(b) Institutional Offer

The allocation of Shares in the Institutional Offer will be determined by the Lead Manager and Underwriter, in consultation with the Company. The Lead Manager and Underwriter and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors. Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager and Underwriter. The allocation policy will be influenced, but not constrained by the following factors:

- (i) number of Shares bid for by particular Applicants;
- (ii) timeliness of the bid by particular Applicants;
- (iii) the Company's desire for an informed and active trading market following completion;
- (iv) the Company's desire to establish a wide spread of institutional Shareholders;
- (v) overall level of demand under the Broker Firm Offer and Institutional Offer;
- (vi) size and type of funds under management of particular Applicants;
- (vii) likelihood that particular Applicants will be long-term Shareholders; and
- (viii) other factors that the Company and the Lead Manager and Underwriter consider appropriate.

(c) Customer Offer

The Customer Offer is capped at \$1 million and Applications under the Customer Offer must be for a fixed amount of \$2,000 worth of Shares only (being 8,000 Shares). The Company intends to close the Customer Offer upon the Company receiving valid Applications from the first 500 Eligible Customers (on a first come first served basis) along with payment of the corresponding Application Monies for an aggregate of \$1,000,000 under the Customer Offer.

The Company will not accept Applications received in excess of an aggregate of \$1,000,000 under the Customer Offer. Eligible Customers are therefore encouraged to submit their Applications under the Customer Offer as early as possible after the Opening Date to avoid potential disappointment.

Eligible Customers who have submitted valid Applications but whose Applications are not accepted whether partly or in full, will have their Application Monies refunded in accordance with Section 1.12.

If the Customer Offer is undersubscribed, any shortfall under the Customer Offer (**Customer Offer Shortfall**) will be offered as an additional bookbuild under the Broker Firm Offer on a best endeavours basis (**Customer Offer Shortfall Bookbuild**).

The Company, in conjunction with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares under the Customer Offer Shortfall Bookbuild. Any Shares not allocated under the Customer Offer Shortfall Bookbuild will, subject to the Underwriting Agreement, be acquired by the Lead Manager and Underwriter.

Subject to the matters in Section 1.16, Shares under the IPO Offer are expected to be allotted on the Issue Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the IPO Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.12 Application Monies

Application Monies will be held in trust in a special purpose account until Securities are issued to successful Applicants.

Applicants whose Applications are not accepted, or who are allocated a lesser dollar amount of Securities than the amount applied for, will receive a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

It is your responsibility to ensure that your BPAY® payment or electronic funds transfer payment is received by the Share Registry by no later than 5.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cutoff times with regard to electronic payment, and you should therefore take this into consideration when making payment.

1.13 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored subregister and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Shares allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.14 ASX Listing and Official Quotation

Within seven days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.15 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact a suitably qualified professional.

1.16 Overseas Applicants

No action has been taken to register or qualify the Securities, or the Offers in any jurisdiction outside Australia or New Zealand or otherwise to permit a public offering of the Securities in any jurisdiction outside Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia, except to the extent permitted under this Section 1.16, may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of those restrictions. Any failure to comply with the restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

This Prospectus has not been filed with, or reviewed by, the US Securities and Exchange Commission or any US state securities authority and none of them has passed upon or endorsed the merits of the Offers or the accuracy, adequacy or completeness of the Prospectus. Any representation to the contrary is a criminal offence.

The Securities offered pursuant to this Prospectus have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction. The Offers are not being made in any US state or other jurisdiction where it is not legally permitted to do so.

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

(a) 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 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:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

1.17 Lead Manager and Underwriter

The IPO Offer is fully underwritten by Euroz Hartleys. See Section 7.1 for a summary of the material terms of the Underwriting Agreement and Section 1.8 for further information regarding the interests of Euroz Hartleys in the IPO Offer and the potential effect of the underwriting of the IPO Offer.

1.18 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants on acquisitions of Shares under the IPO Offer.

1.19 Escrow arrangements

ASX will classify certain existing Securities on issue in the Company as being subject to the restricted securities provisions of the Listing Rules. Restricted securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

None of the Shares issued pursuant to the IPO Offer are expected to be classified as restricted securities. Conversely, all of the Securities to be issued pursuant to the Employee Offer are expected to be classified as restricted securities.

Prior to the Company's Shares being admitted to quotation on the ASX, the Company will:

- (a) enter into restriction deeds with the recipients of Securities restricted for a period of 24 months and any other recipients of Securities as specified by ASX; and
- (b) provide restriction notices to any recipient of restricted Securities that does not otherwise enter into a restriction deed,

in accordance with Chapter 9 of the Listing Rules. The Company will announce to ASX full details (quantity and duration) of any Securities required to be held in escrow.

As at the date of this Prospectus the Company expects approximately 95,071,199 Shares and 32,900,000 Options to be subject to escrow. These Securities represent approximately 36% of the Company's Share capital on Admission on an undiluted basis and 32% of the Company's Share capital on Admission on a fully diluted basis.

1.20 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities.

1.21 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of their withdrawal.

1.22 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact a suitably qualified professional.

1.23 Privacy disclosure

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, and related bodies corporate, agents, contractors and third party service providers of the foregoing (Collecting Parties). The Collecting Parties will collect, hold and use that information to assess your Application, service your needs as a Security holder and to facilitate distribution payments and corporate communications to you as a Security holder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (Personal Information) to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your Application and complying with applicable law, the Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any applicable regulatory authority.

If you do not provide the information required in the Application Form, the Company may not be able to accept or process your Application.

If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Security holders, including bidders for your Securities in the context of takeovers, regulatory authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the Prospectus Date, the Company does not anticipate that Personal Information will be disclosed to any overseas recipient.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory of this Prospectus. A fee may be charged for access.

1.24 Paper copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. Requests for a paper copy from should be directed to the Company Secretary at patrick.holywell@pentanet.com.au.

1.25 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact a suitably qualified professional.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary at patrick.holywell@pentanet.com.au.



Company Overview

2.1 Introduction

Pentanet is a Perth-based licensed telecommunications carrier and internet service provider (**ISP**), delivering high-speed internet services via its own fixed-wireless network and other fixed-line networks, with an emphasis on local service, support and excellent customer experience.

Founded in 2017, the Company provides a range of services for residential, commercial and enterprise customers. Pentanet owns and operates Perth's largest fixed-wireless network, delivering superfast speeds within the 2000sqkm of coverage across the metropolitan area. Wholly owning and operating the quality telecommunications network enables the Company control over wholesale costs, plan capacity, operation and maintenance, to deliver a premium internet experience backed by local Perth-based customer service. The network has been designed to enable a rapidly deployable and scalable service offering.

The Company also delivers services on the National Broadband Network (**NBN**) and Local Broadband Network (**LBN**), as well as commercial fibre and 10Gbps multi-gig internet access services - the fastest retail internet service in Australia.

Pentanet's year-on-year growth and low attrition rate is a reflection of growing brand awareness and customer satisfaction. The Company had a weighted average review score of 4.53/5 across three major platforms as at 3 December 2020.

A key growth strategy for Pentanet is the expansion of network and service availability with the deployment of millimeter-wave (**mmWave**) Terragraph technology, which has been factored into the design and rollout of the existing network infrastructure. The Company expects that Terragraph will materially increase service availability, as well as significantly increase available speeds.

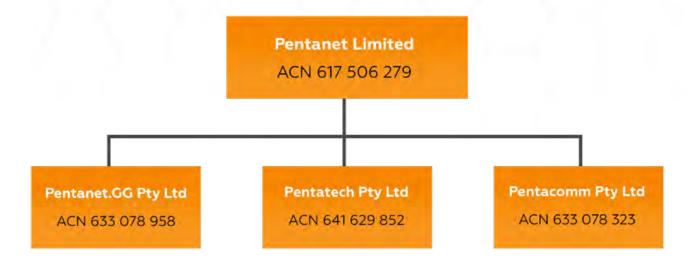
In 2019, Pentanet entered the esports market with the launch of Pentanet.GG. The Pentanet.GG brand showcases the Company's dedication to gaming and esports, building a growing audience of gamers within the Pentanet ecosphere.

Providing an affordable and accessible high-bandwidth low latency internet connection helps to enable the Company's expansion into cloud gaming, a rising force in Australia's \$3.6 billion gaming industry. Under the NVIDIA Agreement with NVIDIA - a global market leader, Pentanet intends to deploy a cloud gaming platform across Australia which will run from its network (refer to Section 7.8 for a summary of the material terms of the NVIDIA Agreement).

Pentanet is a company incorporated in Australia under the Corporations Act and is registered as a non-listed public company.

2.2 Group structure

At the date of this Prospectus, Pentanet has three subsidiaries which are all wholly owned by Pentanet and registered in Western Australia:



Pentanet.GG Pty Ltd is a trading entity operating in the business of esports. It has a small staff, however is primarily operationally and administratively managed by Pentanet. Pentanet.GG Pty Ltd does not presently generate material revenue and is fully funded by Pentanet.

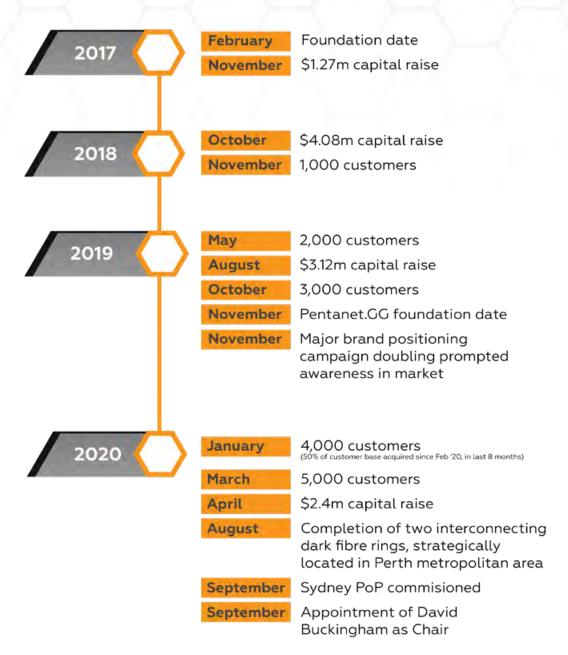
Pentatech Pty Ltd and Pentacomm Pty Ltd are non-trading entities and do not currently perform any operations.

2.3 Group history

Perth has the slowest average broadband internet speed of any capital city in Australia. As an avid gamer, Pentanet founder and Managing Director Stephen Cornish saw an opportunity to use wireless technology to deliver a faster internet service for the people of Perth where the NBN was under performing or not yet available.

Since incorporation, Pentanet's focus has been 'bringing Perth's internet up to speed'. From a single telecommunications tower in Balcatta in 2017 to over 40 operational towers across Perth today, the network has scaled to service approximately 2,000sqkm of the Perth metropolitan area.

2.3.1 Group history timeline



2.4 Business model of Pentanet

Pentanet provides wireless internet services via its own transmission infrastructure, which includes over 40 active wireless towers throughout the greater Perth area, the majority of which are backed by third party dark fibre backhaul. Pentanet also offers a range of fixed-line internet services including NBN, LBN, enterprise fibre and its own apartment broadband product. To supplement its service offerings, Pentanet retails a range of hardware and devices to deliver its services.

Pentanet works with equipment vendors to trial new wireless technologies (including 802.11ay-based mmWave) as they become available. Adopting cutting-edge wireless technologies in combination with the already-established fibre backbone enables a next-generation platform for delivering services with superior performance capabilities when compared to the NBN, and without wholesaler costing constraints such as NBN Co CVC construct charges.

Pentanet is also actively engaged in the esports industry since the inception of its esports arm Pentanet.GG in 2019. Pentanet.GG supports the local esports industry in Perth by running interactive pop-up gaming events, competitions and viewings for popular esports events. Pentanet.GG also established a national presence in the Australian esports industry in 2020, with its entry of a team into the Oceanic Pro League playing Riot Games' 'League of Legends' at a professional level under the Pentanet.GG name.

(a) Pentanet network properties

The Pentanet network consists of equipment located in multiple datacentres interconnected in a series of fibre-optic rings.

Pentanet offers internet services to consumers using various last-mile access technologies including Wireless, NBN and LBN. For NBN and LBN services, users connect to the Pentanet network via direct datacentre interconnect from the respective network/s. To offer wireless services, Pentanet has had to invest significantly in building, owning and operating its own supporting infrastructure.

Using the available fibre infrastructure, wireless subscriber traffic from the multiple transmission sites in Perth is transported back to core network infrastructure for transmission to the internet via multiple upstream paths and connected networks.

The Pentanet network is well-peered, with dedicated connectivity into all major IXs (Internet Exchanges) for the most direct traffic path to popular content providers and cloud services. In addition to its Perth facilities, Pentanet also operates a PoP (Point of Presence) in Sydney for enhanced domestic connectivity and the best low-latency user experience.

(b) Fixed-wireless service

(i) Overview

Pentanet's fixed-wireless network consists of nearly 300km of leased dark fibre (fibre optic cable) and several licensed wireless backhaul links connecting over 40 strategically located wireless transmission sites in two self-healing fibre rings across the Perth metropolitan area. Transmission sites consist of Pentanet owned and operated equipment installed across various vertical assets, and locations are strategically selected for optimal coverage and penetration.

The Pentanet fixed-wireless network covers approximately 2000sqkm of the Perth metropolitan area, with coverage from Alkimos in the north, Port Kennedy in the south, and east to Roleystone. The Pentanet fixed-wireless network currently covers approximately 32% of the Perth metropolitan area, with service availability designed around the most densely populated areas within the region.

Pentanet's flagship fixed-wireless service is delivered solely using the Pentanet private fixed-wireless network, and no last-mile wholesale networks are required or used. The fixed-wireless network is able to deliver consistent speeds of many hundred Mbps. The flexible 'design your own' approach allows customers to choose their download and upload speeds, data allowance and contract term from a pre-set selection, at a competitive price point, with plans ranging from \$59-\$129/month for residential customers and \$79-\$144/month for Business customers.

Pentanet currently limits its regular fixed-wireless plan speeds to 120Mbps, to maintain its consistent user experience at scale.

The PentaMAX service is Pentanet's current mmWave product, delivering symmetrical speeds of up to 1Gbps. Ten of Pentanet's transmission tower sites are enabled with PentaMAX infrastructure, enabling coverage within a 1km radius. Customers select a symmetrical speed tier of 150/250/500/1000Mbps and contract term, with prices ranging from \$179-\$799/month.

Concentration of Pentanet subscribers



(ii) Line of sight / automated address check

Pentanet currently provides services to residential and business subscribers across suburban and metropolitan Perth. Using the Pentanet website, customers can view plans and pricing, check their address for service coverage, and order services. All wireless services require a line of sight from the service address to one of Pentanet's transmission sites. To calculate serviceable areas with line of sight, Pentanet computes a digitised model of the areas of serviceable coverage using high-resolution digital terrain elevation data. When a customer enters an address into the Pentanet website, the pre-computed coverage model is used to instantly qualify addresses with a high degree of confidence, reducing both the need to attend the site to do a physical survey and the occurrence of failed installs.

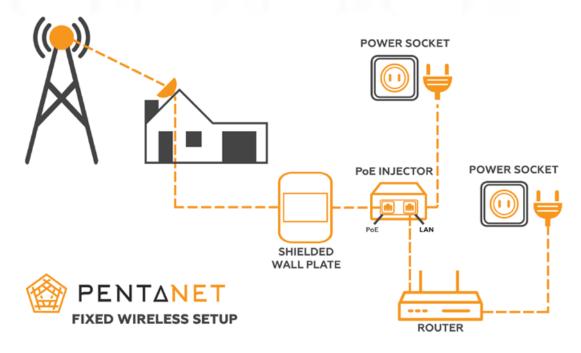
The same address check mechanism is also used to qualify addresses against databases of NBN and LBN serviceable addresses, making the website address checker tool a 'one-stop-shop' that lets the consumer see and order any of the technology types available at their address.

(iii) Connection to customer premises

Once a service is ordered, Pentanet's installation team will attend the customer premises to complete the installation of customer equipment. Each installer is an ACMA accredited cabler and both the team and installation is fully insured.

During the installation, a Point to Point (**PtP**) or Point to Multipoint (**PtMP**) wireless radio link is established from Pentanet-owned equipment (**CPE**) installed by the Company on the subscriber's rooftop. The radio wirelessly links back to Pentanet transmitter equipment on a telecommunications tower.

(Below) Fixed-wireless service - connection to customer premises.



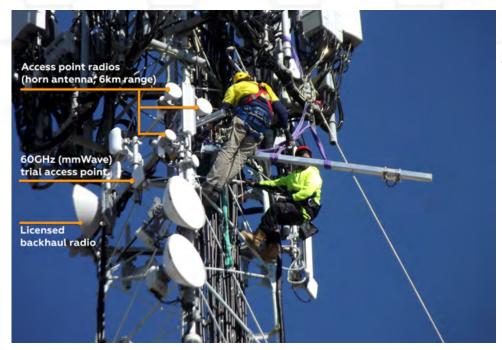
(iv) **Tower sites**

The location of Pentanet's transmission sites are strategically selected for optimal coverage and generally provide wireless line of sight service to customers in a full 360-degree sweep of coverage. The radius of coverage is largely determined by the type of antenna equipment selected for the site. In urban and metro environments, horn type antennas, with an effective range of up to 6km, are generally selected for their superior isolation against background radio noise. In more regional locations, with a lower radio noise floor, traditional sector antennas with an effective range of around 15km may be utilised.

Transmission sites consist of multiple radios or 'access points', and each access point can connect around 30 subscribers. As each antenna typically has a 30 or 45-degree beam width, the full arc of coverage is achieved through an arrangement of antennas.

To maintain the quality of its service, Pentanet monitors the number of subscribers installed per access point and the quality of each subscriber's link, as well as the utilisation of backhaul link/s connecting the site.

The majority of Pentanet's transmission sites are located along the circumference of several dark fibre-optic backhaul rings, providing both high bandwidth (currently 10Gbps) backhaul and diversity in case of fibre break. Other transmission sites may be backhauled by wireless links back to the nearest fibre location.



(Left) Pentanet's rigging team installing mounts at 45m on Axicom Tower.

(v) Wireless radio technologies

Pentanet currently deploys wireless equipment from multiple hardware vendors that utilise various radio frequencies and technologies.

5GHz: Pentanet utilises the 5GHz class-licensed spectrum for the majority of its fixed-wireless product, in a PtMP (Point to Multi-Point) configuration. The 5GHz band is able to provide subscribers with services at relatively long distances depending on antenna type, but the throughput and performance of the link is reduced at longer ranges. Using the 5GHz band, links that are able to support several hundred megabits of data throughput are possible. By limiting the speeds available to the subscriber to slightly less than what the technology can reasonably deliver ('underprovisioning'), Pentanet ensures a consistent product and positive user experience. 5GHz relies on line-of-sight and must be installed by a skilled and trained technician.

60GHz: Pentanet currently uses 60GHz (a mmWave, or millimetre-wave frequency) to provide its PentaMAX product. A characteristic of the 60GHz band is that it is able to carry much higher bandwidth, but it is also highly directional and readily absorbed/attenuated by the atmosphere. Accordingly, Pentanet is able to provide 60GHz services up to 1Gbps for subscribers within several hundred metres of its 60GHz-enabled transmission sites. To overcome heavy rain and continue to provide service, the equipment used to provide 60GHz PtMP to subscribers also contains a backup 5GHz radio.

Other radio frequencies: Other frequencies (e.g. 11GHz, 18GHz, 80GHz) are utilised where appropriate - for instance to backhaul a tower back to a location within the Pentanet fibre ring footprint without risk of interference, or supply a dedicated point to point service from a tower to a customer. In cases where a licensed band is used, Pentanet holds an ACMA-issued class license.

Terragraph: Terragraph is a modern mmWave (60GHz) wireless technology that creates a scalable wireless distribution network while simultaneously providing connectivity to the subscriber. Terragraph is different to existing wireless technologies in that it offers subscribers a 'fibre-like' experience, with high bandwidth and low latency. Radios in a Terragraph network are able to interconnect together to form a mesh network which can be scaled over large high-density areas. Because of this, it is easily and rapidly deployable and offers redundant and reliable connectivity between multiple points.

(c) Other telecommunications services

Pentanet also sells services across the NBN and LBN networks through wholesale agreements. The Company leverages service aggregators to connect any NBN or LBN user where existing fibre infrastructure is available but does not offer NBN fixed-wireless or satellite services.

The Company also offers enterprise fibre and 10-gigabit MGIA services through wholesale arrangements with select partners.

(i) Apartment broadband

Pentanet has enabled several apartment buildings in Perth with high-bandwidth apartment broadband using existing nearby infrastructure to provide high-capacity backhaul. Last-mile connectivity is provided using a variety of access types depending on existing infrastructure (e.g. G.Fast). Subscribers connect to the service by choosing a speed tier and contract term, with the connection able to be activated within hours.

(ii) NBN

Pentanet delivers services on the NBN network for residential and business customers. Customers choose a plan from the standard NBN tiers and select their contract terms and data allowance. Business subscribers receive priority support.

(iii) LBN

Pentanet delivers services on the LBNCo network where the infrastructure is available across WA. Plans have the option of no lock-in contract, 12 month or 24-month term.

(iv) Fibre / other fixed line (inc XFIBRE 10Gbps)

Pentanet delivers enterprise fibre services using a variety of 3rd party carriers with competitive pricing and based on the requirements of the customer. Each fibre customer receives a customised proposal and agreement based on their individual requirements.

(v) Hardware

To complement its internet services, Pentanet offers a retail selection of hardware and modem/router devices (CPE) at various price-points and feature-sets.

Pentanet utilises TR069 to remotely configure and manage its CPE devices, meaning CPE can be 'drop shipped' and automatically configured when first connected to the network, creating a positive customer experience and enabling future scale.

2.5 Sources of revenue

Pentanet has two primary revenue streams:

(a) sale of services:

- (i) residential;
- (ii) business;
- (iii) enterprise; and

(b) sale of products

Pentanet's revenue generation is a subscription model with month-to-month, short-term and long-term contracts with residential, business and enterprise customers. Residential contract lengths are offered in 0, 12, 24 and 36-month terms, with 0-48 month options for enterprise customers. Pentanet also sells hardware to customers which enables service delivery and added benefit to the subscriber service.

The Company expands its customer base through direct inbound enquiries and online sales methods, including local customer service representatives, its website service qualification and application process, partner (reseller) program, and business development activities.

2.6 Sources of expenses

Operating costs associated with Pentanet's revenue generation include, and are expected to include:

- (a) wireless capital infrastructure and ongoing operation costs, which includes all of Pentanet's wireless tower equipment, lease and licence payments and power costs;
- (b) hardware and network operating costs, which primarily includes fixed-wireless equipment at customer premises, network access charges from wholesale providers and other equipment required to operate Pentanet's network;
- (c) employee expenses;
- (d) marketing expenses; and
- (e) administration and other expenses.

2.7 Significant dependencies

(a) Successful offer

A key factor for Pentanet to carry out the strategies outlined in this Prospectus includes the successful completion of the IPO Offer to meet its capital needs.

(b) ACMA spectrum

Pentanet depends on the use of class license spectrum to operate its 5GHz and 60GHz networks. Access to class spectrum is allocated by ACMA at no cost.

Pentanet also depends on the use of licensed spectrum and holds several ACMA licenses for use of specific spectrum as part of its wireless network. Refer to Section 4.2(i) for details of the risks relating to the use of class licence spectrum.

(c) ACMA licence

As a telecommunications carrier, Pentanet is required to hold a carrier licence with ACMA. Pentanet depends on the continuation of this licence to provide its telecommunications network and services. Refer to Section 7.12 for a summary of the material terms of the Company's carrier licence and Section 4.2(a) for details of the risks relating to the carrier licence.

(d) Suppliers

Pentanet has a number of important suppliers, which are outlined in more detail at Section 2.10(b).

Pentanet is dependent upon continued access to fibre backhaul, which acts as an important part of its telecommunications network. Pentanet uses multiple providers to supply fibre backhaul and is not dependent upon any sole supplier. Having several options for backhaul providers allows Pentanet to secure more commercially favourable terms.

Pentanet is also dependent upon continued supply of network and end-user hardware to deliver its internet services. Pentanet has multiple suppliers for such equipment which ensures it is not dependent on any sole provider and allows Pentanet to secure more commercially favourable terms for supply. Refer to Section 4.2(j) for details of the risks relating to supplier relationships.

2.8 Current Operations

(a) People

Pentanet's senior management team is led by company founders, Stephen Cornish (Managing Director) and Timothy Cornish (Executive Director). In FY20, Pentanet's staff numbers doubled in size, increasing from 22 to over 45. The entire Pentanet team is based in Perth and primarily operates out of Pentanet's Head Office in Balcatta, with some employees working remotely from their homes. Pentanet's Perth-local team performs all functions of the business including management, operations (including network operations), sales, marketing, finance, administration, software development and customer support.

At the date of this Prospectus, Pentanet.GG employs three staff, two are located in Sydney and one is located in Perth. All Pentanet.GG staff are employed in operational roles. Pentanet provides support to Pentanet.GG in areas of marketing, finance and administration.

(b) Software and systems

Pentanet continually looks for ways in which its current systems and processes can be improved, with a strong focus on moving to automation where possible. Pentanet has invested significantly in developing its own systems from scratch, which include both backend and customer-facing systems. Systems created by Pentanet's in-house development team include:

(i) Pentanet's automated address checker

This tool can be accessed by members of the general public to qualify service addresses within Western Australia. As outlined in Section 2.4(b)(ii), each address is assessed for line-of-sight verification to a Pentanet wireless tower. The automated tool provides a positive or negative outcome for Pentanet fixed-wireless eligibility and also confirms whether NBN or LBN is available at the specified address.

(ii) Pentanet Customer Portal

Customers have access to the Pentanet Customer Portal from the time of account activation. Functions of the Customer Portal include the ability to monitor data usage, update account and billing details, troubleshoot services, test internet speeds, view outages, access billing history, process payments and apply discount codes.

(iii) Partner portal

Developed as a resource for the Pentanet Partner Program, the partner portal allows users to place orders for Pentanet services, view order progress and updates, update billing details and view all current service details assigned to that user account.

(iv) Automatic configuration system (ACS)

Pentanet's ACS system allows certain devices to be automatically configured with settings and credentials to connect to the Pentanet network, removing human error and saving time from manual configuration.

(v) Backend management system

Pentanet's internally-developed software has features utilised by all departments of the business, including an internal service qualification tool, automated credit checking process, incoming application management from intake through to services online, automated CPE provisioning, discount application, vehicle tracking and report generation among others.

(c) Marketing and brand

Pentanet employs an integrated approach to marketing, using above and belowthe-line media channels, sponsorship, strategic partnerships, promotional and referral campaigns, and community engagement activities to reach a broad audience of consumers for customer acquisition and retention. The Company's marketing and media in-house team plan, design, implement and analyse marketing campaigns and brand awareness through paid, earned and owned channels. The brand strategy focuses on amplification of the Company's competitive advantages, specifically the Perth local presence, premium service offering, and positive customer feedback. The Company delivers marketing messaging through online and traditional advertising, community engagement activities, strategic partnerships, and content production.

External suppliers are engaged to enhance the capability of the in-house team for market research, video production, campaign conception and design.

The Company significantly increased marketing expenditure in FY19/20 by 109% from 2018/19. An extensive brand positioning campaign was undertaken during this time, doubling prompted brand awareness in the market and setting the foundation for direct lead generation activities.

(i) Market research

Pentanet utilises market research to carefully track and analyse local market trends, brand awareness and consumer sentiment.

In 2019, Pentanet engaged an external research agency to create a baseline for brand awareness and perception of internet service providers in the greater Perth area. Following the 2018/19 brand positioning campaign, Pentanet's prompted brand awareness doubled with almost one in four households recalling the campaign messaging. The post-campaign analysis saw a 5x increase in brand consideration after viewing the television commercial.

The campaign sentiment in respondents looking to switch providers was encouragingly positive, with 58% responding positively, and 37% in neutral territory. Overall, Pentanet saw a strong increase in positive brand sentiment as a result of the campaign, with 65% of respondents feeling more positive towards Pentanet following the campaign.

(ii) Residential marketing strategy

The Company's through-the-line residential marketing approach focuses on educating the market about fixed-wireless with consistent and easy-to-understand messaging aligning to specific needs. Above-the-line, primary channels for mass media distribution include out-of-home advertising, radio, television and broadcast video on demand placements. Said channels are used for reach and repetition of brand messaging.

Digital marketing plays a key role in the strategy for the residential market, using layers of microtargeting and remarketing to convey key messages and drive conversion. The paid and organic use of social media encourages two-way conversation, engaging with consumers and prospects to reinforce the brand values of authenticity and the real, local people behind the brand.

Strategic partnerships, sponsorships and community engagement form a secondary approach in the residential marketing strategy. As a challenger brand, Pentanet utilises the reach, loyalty, and established credibility of carefully selected partners to further enhance the Company's awareness and develop an ongoing positive brand association for consumers.

(iii) Business marketing strategy

Pentanet's business marketing approach employs a strategy of business development, strategic partnerships and digital marketing. The Company has cultivated a strong Partner Program, empowering Partners to qualify and sign up new customers to an internet service with dedicated support from Partner Managers.

With standard commercial fixed-wireless and NBN services, commercial fibre, enterprise ethernet and 10Gbps MGIA fibre services on offer, enterprise-level marketing and business development is a growing segment of the marketing strategy.

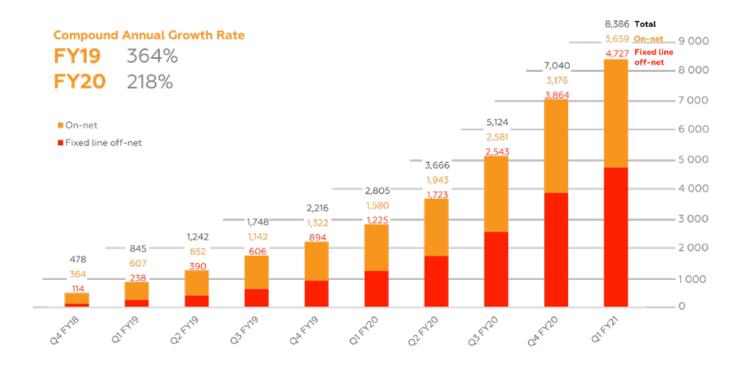
The primary channels for business marketing include social media, digital pay-per-click and search engine optimisation.

(d) Customer growth and trends

As at September 2020, Pentanet had over 8,200 unique subscribers utilising its different service types. The Company has demonstrated strong quarter on quarter growth in subscribers to date, with a current growth rate of between 400 - 500 net new subscribers per month. Pentanet recorded a compound annual growth rate of 364% in FY19 and 218% in FY20

Assisting subscriber growth is Pentanet's low service churn rate, which is on average less than 0.8% per month. Pentanet attributes its low churn rate to high levels of customer satisfaction. Pentanet is the highest-rated fixed-wireless provider in Western Australia across public review platforms including Google, Facebook and Product Review. In FY20, less than 0.2% of Pentanet customers lodged service complaints with the Telecommunications Industry Ombudsman.

Pentanet's subscriber growth is summarised in the chart below:



(e) Customer Metrics

Pentanet generates a higher ARPU, and a higher gross margin from its fixed wireless customers than it does from its NBN/off-net customers as shown in the table below:

30 June 2020	Fixed-wireless	NBN/off-net
Customers	3,136	3,904
ARPU	\$87	\$81
GP	68%	4%

As at 30 June 2020, the forward contracted revenue from the Company's customers at that date (both fixed wireless and NBN/off-Net) was \$6.34 million.

2.9 Strategy, plans and objectives

Following Admission, Pentanet's primary focus will be on growing its customer base and market share by increasing its existing telecommunications network and introducing new technologies to the market. The Company intends to expand its current wireless footprint in the greater Perth area and implement Terragraph technology, which can deliver up to 1Gbps internet speeds and utilises existing infrastructure.

Pentanet will also look to diversify its current product offerings and revenue sources by adding Voice over IP (VoIP) telephone services, 4G backup services and email mailbox hosting.

Another major focus of Pentanet following Admission will be its introduction of cloud gaming to Australia through the NVIDIA Agreement with NVIDIA and the GeForce NOW cloud gaming product. Key details of Pentanet's strategy are outlined at Section 2.9(d)(ii).

(a) Customer acquisition strategy

As at October 2020, Pentanet's total number of active customer services is 8,859, made up of residential (89%) and commercial (11%) customer segments. Over six months from 1 October 2020, Pentanet has added approximately 500 net new customers per month.

The Pentanet customer acquisition strategy combines direct and partner sales, marketing and media relations, customer referral program and community initiatives to grow the number of active customers. The Company's purpose-built service qualification process uses radar mapping and satellite imagery to enable customers to check their address for available services digitally. The process incorporates a lead capture phase, where prospective customers can provide details for follow up by a customer service representative.

The Company's customer acquisition objectives are:

- (i) increase existing tower utilisation;
- (ii) increase network footprint in the Perth metropolitan area; and
- (iii) continue to reduce customer acquisition cost.

(b) High-quality services

Maintaining a high quality of service offerings is part of Pentanet's broader strategy to retain customers and therefore grow its customer base faster. Each Pentanet fixed-wireless installation is vetted prior to installation, first by a manual service qualification to confirm good potential for line-of-sight to a wireless tower and then in person by the Pentanet installation team prior to proceeding with the install. If the address is unable to achieve a good quality signal and pull full plan speeds, Pentanet will not proceed with the installation. Pentanet chooses not to wholesale fixed-wireless services from other providers as it has done in the past, due to lack of transparency over connections and poor service experiences. Pentanet is able to maintain full control over each of its fixed-wireless connections to ensure optimum service delivery.

Service controls are also placed on Pentanet NBN and LBN services. Pentanet is able to monitor and order Connectivity Virtual Circuit (**CVC**) to each individual NBN point of interconnect through its wholesaler, thus ensuring that each CVC has enough capacity to avoid peak-time congestion. LBN CVC is ordered as an aggregate; however, similar monitoring and ordering measures ensure network overcrowding is avoided.

(c) Network expansion strategy

The level of capital investment in Pentanet's network infrastructure has increased year on year. This allows both physical expansion of the network footprint and network capacity, which in turn has allowed Pentanet to quickly grow to support over 8,000 subscribers since its incorporation in February 2017.

Continual reinvestment in the network infrastructure to maintain a robust and reliable network has proven to be a successful strategy as evidenced by the fast growth and less than 0.8% subscriber churn rate that Pentanet has experienced to date.

To enable the next phase of expansion and growth Pentanet intends to invest heavily into network and hardware expenses to support traffic volumes in excess of 100Gbps Traffic and 30,000 subscribers.

(d) Introduction of new technologies

(i) Terragraph

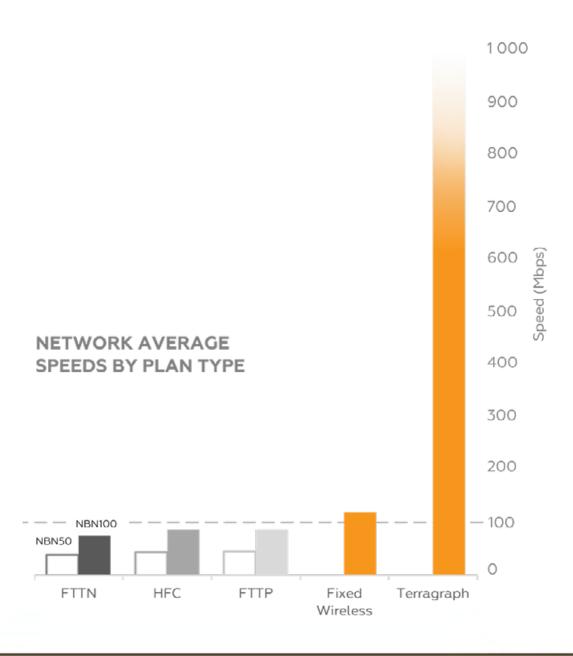
Pentanet is focused on continuing to deliver a premium service and experience to subscribers through continuous expansion and improvement, while responding to the changing needs and demands of the market. In addition to managing the current organic growth of the network due to new subscribers, network upgrades and expansions are particularly critical to keep ahead of demand and remain competitive in light of recent IP traffic trends and industry predictions.

To offer next-generation low-latency, high-bandwidth wireless access services to support future demand and applications such as cloud gaming, Pentanet intends to deploy Terragraph technology 'over the top' of its existing network infrastructure and assets. Pentanet intends to be one of the first movers to utilise Terragraph technology in Australia, with deployment planned to occur in Perth in 2021.

Terragraph is a new wireless technology, developed in part by Facebook, that offers fibre-like speeds over 60GHz ("mmWave") class-licensed spectrum. In contrast to the existing wireless technologies currently in use by Pentanet, terragraph offers a true 'mesh' topology, allowing for rapid deployment, lower costs and greater flexibility and penetration in urban environments when compared to techniques such as traditional fibre trenching.

As of September 2020, only 20% of NBN users have access to internet speeds of over 100Mbps. By leveraging existing infrastructure to create a platform for the delivery of high-bandwidth backhaul injection into a Terragraph-based mesh network, Pentanet intends to uniquely offer services to residential and business consumers that exceed the performance of currently available options.

The internet speed of Terragraph relative to current available options is shown in the chart below:



(ii) Cloud gaming

Expansion into cloud gaming is one of Pentanet's key growth strategies, which will also serve to diversify Pentanet's product offerings. Following completion of the Offers, Pentanet intends to invest in and deploy infrastructure to bring GeForce NOW cloud gaming to the Australian market, in line with the NVIDIA Agreement

NVIDIA is a NASDAQ-listed multinational technology company and is one of the world's largest manufacturers of graphics processing units for gaming and professional markets. GeForce NOW is the name of NVIDIA's cloud gaming service, which is currently available in over 70 countries. GeForce NOW enables users to stream games from the cloud directly to a laptop, desktop or compatible Android device. It is a subscription-based service which instantly turns nearly any laptop, desktop, Mac, or Android device into a powerful gaming computer, providing users with on-demand access to their game libraries, hosted on nearby servers for the life of the subscription.

The NVIDIA Agreement allows the Company to purchase an initial 12 GFN Game Servers from NVIDIA (or its approved third party vendors). A summary of the material terms of the NVIDIA Agreement is set out in Section 7.8.

2.10 Important contracts

(a) Major customers

As at October 2020, Pentanet's total number of active customer services is 8,859, made up of residential (89%) and commercial (11%) customer segments. Pentanet has no material customer concentration risk as its largest customer account generates less than 0.08% of its recurring revenue.

(b) Major suppliers

Pentanet is party to several long-term supply agreements with a number of Australia's established telecommunications providers to supply backhaul for its network operations and wholesale services.

Services provided under Pentanet's wholesale agreements include NBN, LBN and fixed-line fibre services. Pentanet is not dependent on any one wholesaler to provide these services, except for LBN.

Pentanet maintains supply agreements with the following major suppliers:

- (i) Virtutel is the single largest supplier to the Company and provides the Company with wholesale access to a range of NBN products and services. A summary of the material terms of the Virtutel Agreement is set out in Section 7.11.
- (ii) Vocus supplies the Company with dark fibre, IP transit and other data services. A summary of the material terms of the Vocus Agreement is set out in Section 7.9.

- (iii) Axicom supplies the Company with access to a number of its transmission tower sites, which the Company uses as part of its fixed-wireless network. A summary of the material terms of the Axicom Agreements is set out in Section 7.6.
- (iv) Water Corporation supplies the Company with access to a number of its transmission sites, which the Company uses as part of its fixed-wireless network. A summary of the material terms of the Water Corporation Licences is set out in Section 7.7.
- (v) TPG supplies the Company primarily with wholesale NBN services, enterprise fibre and fibre links. A summary of the material terms of the TPG Agreement is set out in Section 7.10.
- (vi) Superloop supplies the Company with fibre optic capacity and ethernet services. A summary of the material terms of the Superloop Agreement is set out in Section 7.13.

(c) Major partnerships

Under the NVIDIA Agreement, the Company and NVIDIA intend to collaboratively work on delivering the NVIDIA GeForce NOW cloud gaming solution in Australia. A summary of the material terms of the NVIDIA Agreement is set out in Section 7.8.

2.11 Financing arrangements

Pentanet has solely financed its start-up and operations through equity financing, including capital raises and issue of convertible notes as outlined below:

- (a) 2017 \$1,273,000 equity capital raise;
- (b) 2018 \$4,085,000 equity capital raise;
- (c) 2019 \$3,120,000 equity capital raise; and
- (d) 2020 \$2,440,000 convertible note raise.

At the time of this Prospectus, the Company does not have debt finance facilities.

2.12 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.



Industry Overview

3.1 Internet Services

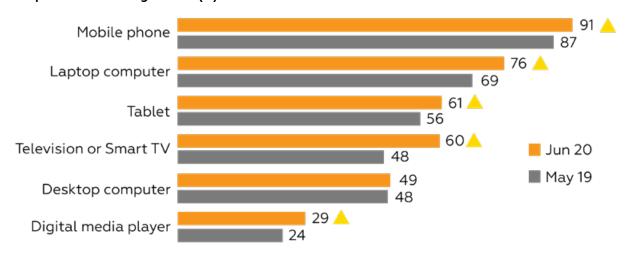
(a) General

Internet service providers (**ISPs**) provide internet access through fixed lines and non-fixed lines to businesses, households and governments. ISPSs have historically been amongst the fastest growing operators in the technology sector due to increasing reliance on the internet for business and leisure, growing data usage from consumers and businessevs, and the rise in domestic web accessibility.

The Australian ISP industry is considered to be in the mature phase of its economic life cycle due to a number of services such as online banking, voice over the internet and video streaming becoming a necessity rather than a discretionary service which has led to a saturation of services in the industry. As Australians have grown more reliant on the internet, data consumption and download speeds have increased.

In the first half of 2020, nearly all Australians (99%) accessed the internet (up from 90% in the same 2019 period. Approximately 46% of online Australian adult users used 5+ types of devices to access the internet, with the most common devices being:

Top devices used to go online (%)

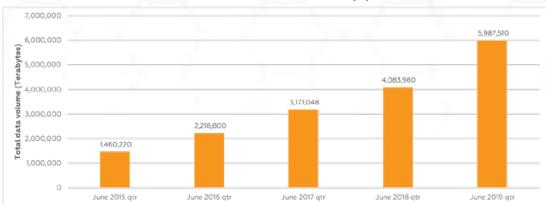


Source: ACMA consumer survey 2020 "Trends in online behaviour and technology usage"

Increasing internet usage has driven more households and businesses to acquire internet access and to upgrade their data plans, as heavy data usage has become more common. Online video content streaming alone is anticipated to account for over 80% of internet traffic in 2020, accelerating domestic internet traffic growth.

In 2019, the total volume of data downloaded by Australians grew by approximately 47 per cent compared to 2018:

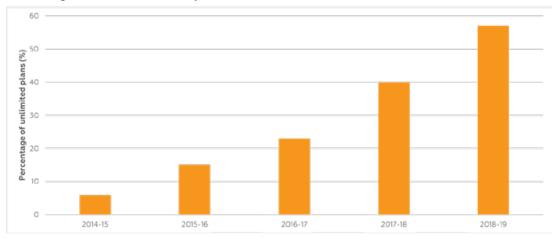
Total volume of data downloaded from 2014-15 to 2018-19 (%)



Source: ACCC Communication Market Report 2018-19

Data consumption is expected to continue to increase over the next few years, with a number of applications driving this growth, including virtual and augmented reality, gaming and video content. An increase in demand for data consumption has led to an increase in demand for fixed broadband plans with unlimited data allowances: up to 57% in 2018-2019 compared with only 6% in 2014-2015:

Percentage of fixed broadband plans with unlimited data allowances from 2014-15 to 2018-19



Source: ACCC Communication Market Report 2018-19.

Demand for data-intensive applications (that require high broadband speeds) and communications services have resulted in a requirement to upgrade networks and remediate infrastructure, particularly to accommodate demand during evening peak periods. Many consumers are willing to pay a premium for access to faster broadband speeds which are required for more data-intensive services such as video, music, teleconferencing and online gaming.

Globally, broadband speeds continue to grow. With broadband-speed improvements, it is anticipated that this will cause increased consumption and use of high-bandwidth content and applications. The Company expects that this global trend of increased speeds will also occur in Australia. Ookla's Speedtest Global Index recorded Australia's average internet speed in Q2 – Q3 2017 as 24.12Mbps download and 8.48Mbps upload. By October 2020, the average measured speeds in Australia have doubled to 58.52Mbps download and 22.27Mbps, which remains

significantly short of the global average speeds which are 87.84Mbps download / 47.16Mbps upload.

With more internet services requiring high-bandwidth internet, Pentanet has focussed on providing a fixed-wireless service through its fixed-wireless infrastructure which is capable of delivering consistent speeds up to 120 Mbps in the Perth metropolitan area. The Company also offers fixed-line internet access through its NBN, LBN and fixed-line fibre service offerings.

(b) Fixed-wireless

Fixed-wireless service providers offer internet services over their own networks. Typically, this requires a high level of capital intensity, with capital equipment that comprises various servers, multiplexers, routers, underground (and submarine) cables, and a range of various computing equipment. While most ISPs pay access fees to use Telstra's or the NBN's infrastructure when providing internet connections (forgoing significant capital expenditure), ISPs that develop and maintain their own networks incur higher capital expenditure. Pentanet has invested significant funds to develop, own and operate its own fixed-wireless network comprising currently of 40 strategically located wireless transmission sites which cover approximately 2,000km² of the Perth metropolitan area. Pentanet's fixed-wireless network is capable of delivering consistent speeds up to 1Gbps in the Perth metropolitan area with its service availability targeting the most densely populated areas within the Perth region.

Wireless broadband technology in Australia is still relatively young, with consumer services dating back to 2010 which were delivered by Vivid Wireless (bought out by Optus in 2012) and NBN fixed-wireless which was rolled out in FY 2011/12. The fixed-wireless market in Australia has generally seen growth in recent years, with user numbers recorded by the Australian Bureau of Statistics increasing from 102,000 in December 2016 to 217,000 in June 2018. These figures are indicative and do not include user numbers from fixed-wireless providers with less than 1,000 customers. A number of fixed-wireless service providers operate throughout different geographical locations within Australia, examples of which are set out below.

Service Provider	Available Locations	
Uniti Wireless	Parts of Adelaide and Melbourne	
Node 1 Internet	WA - Geraldton, Walkaway, Dongara, Perth	
Superloop	Adelaide	
Spirit Telecom	Parts of QLD, VIC	

Entry into the fixed-wireless provider market is not only limited by the significant capital outlay required to build out wireless transmission sites, but also the availability of operating spectrum. As discussed further in Company Overview at Section 2.4(b), operating spectrum for fixed-wireless services is allocated and/or licensed by ACMA. Multiple fixed-wireless operators can broadcast using class spectrum with overlapping frequencies at the same time, which can cause interference to each operator's signal and the subsequent degradation of customer connections. For this reason, operators can incur difficulty planning expansion when there are several fixed-wireless operators in the same geographical area. As Pentanet was a first mover in the fixed-wireless market, it has the advantage of being the only operator on some of the most strategic locations in Perth.

(c) The National Broadband Network (NBN)

The NBN Co was established in 2009 to design, build and operate Australia's wholesale broadband access network, the NBN. The NBN is wholly owned by the Commonwealth of Australia as a Government Business Enterprise, incorporated under the Corporations Act and operated in accordance with the *Public Governance, Performance and Accountability Act 2013* (Cth).

The NBN's key objective is to ensure all Australians have access to fast broadband at affordable prices. To achieve this, the NBN has been structured as a wholesale-only, open-access broadband network that provides wholesale broadband to retail service providers (**RSPs**) on a non-discriminatory basis. This approach is intended to level the playing field in the Australian telecommunications industry – aimed at enhancing competition and providing greater choice for consumers across the country. It is through RSPs that end users connect to the NBN access network for access to fast broadband. Pentanet is an RSP of the NBN as it utilises the NBN's last-mile infrastructure to provide internet services to Pentanet customers (end users).

(d) Internet Service Providers market

The continued rollout of the NBN is anticipated to underpin industry revenue growth over the next five years. The rollout is projected to drive growth opportunities for industry players as it boosts access speeds and improves the network's national coverage, enabling players to expand their customer bases. As at September 2020, 11.8 million businesses and homes were "ready to connect" to the NBN, with 7.7 million already connected.

It is anticipated that ISPs will continue to grow as subscribers upgrade their connections to faster networks and larger data plans. Additionally, a projected rise in subscribers and internet usage will support industry revenue growth. Whilst the market has become increasingly saturated over the period, reducing the total scope for industry expansion, the Australian ISPs industry revenue is forecast to grow at an annualised rate of 3.6% over the five years through 2024-25, to \$6.6 billion.

Pentanet is focused on capturing part of this revenue by providing internet services to residential and commercial customers in Western Australia. The current addressable market in WA includes approximately 859,700 residential households and 225,014 commercial users.

(i) Network technology types and operators

A variety of options exist for delivering voice and broadband services to consumers in Australia, including legacy networks (copper and hybrid fibre coaxial), NBN and non-NBN fibre, NBN fixed-wireless, private fixed-wireless and satellite NBN. Service providers are able to acquire wholesale services from multiple network operators to offer end-user voice and broadband services throughout different areas within Australia. A summary of the key network operators and service providers available is set out below.

Network technology	Network operators	Wholesale services	Service providers
Legacy Copper	Telstra	ULLS (Unconditioned Local Loop Service), LSS (Line Sharing Service), Wholesale ADSL	Telstra, Optus, TPG Group, Vocus Group
Legacy HFC	Telstra	NA	Telstra
	Optus	NA	Optus
NBN	NBN Co	NBN access service	Telstra, Optus, TPG Group, Vocus Group, Aussie Broadband, Active8me, Harbour ISP, SkyMesh, Australian National Telecom, Clear Networks, IP Star Australia
Non-NBN fibre	OptiComm	Wholesale access services (access + capacity charge + possibly NNI charge)	2SG Wholesale, 6YS, Activ8me, Big Air, Brennan IT, City Communications, Clear Networks, Commander, Connected Australia, DCSI, Escapenet, Exetel, Foxtel, FuzeNet, HarbourISP, iiNet, Internode, iPrimus, iSeek, Leaptel, ManageMy, Occom, Oper8, OriginNet, OverTheWire, Sentrian, Siptalk, Summit Internet, Telarus, Telesurf, Vertel, X Integration
	OPENetworks		Anittel, Broadband Solutions, Clear Networks, Club Telco, Connected Australia, Exetel, Foxtel, FuzeNet, Harbour ISP, Internode, Manage My, Occom, Pivit, Polyfone, ToZoom, Valve Networks, Varsity Internet, World Dial Point
	Fiber Corp		Calix, Fibaro, Urmet
	RedTrain		Advanced Future Technology, Ascensa, Clear Networks, Exetel, FuzeNet, Occom.
	LBN Co		Activ8me, Active Utilities, Activenet, Amaysim, AusBBS, Clear Networks, Exetel, Fibreworks, FuzeNet, Harbour ISP, Leaptel, Occom, Varsity Internet
	TPG (FTTB only)		TPG
	iiNet (FTTP)		iiNet

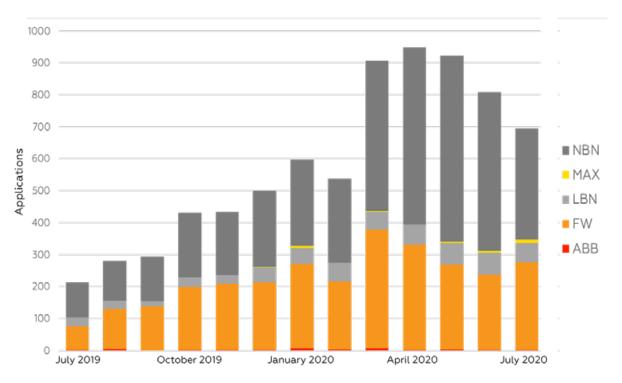
Network technology	Network operators	Wholesale services	Service providers
Non-NBN fixed wireless	Acenet AirStream, Adam Internet (iiNet/TPG Group), Beam Internet, Big Air, BITS Wireless, Bitwave Networks, Clear Networks, Clearstream Broadband, Countrytell, Dreamtilt, DCSI, Exetel, Goyder Connect, Gtelecom, iiNet WiMax, Lightning Broadband, March IT, Next Gen Wireless, Node1 Internet, NuSkope, Ooki, Opencloud Communications Red Broadband, South Western Wireless, Speedweb, Splash Internet, The Signal Co, Vivid Wireless (owned by Optus), Wi Sky, Wires Broadband, Uniti Wireless, Yourhub	NA	Vertically integrated service providers
Mobile	Telstra	Wholesale end-to-end service	ALDImobile, Better Life Mobile, Boost Mobile, CMobile, GT Mobile, If Telecom, Lycamobile, PlanetISP Mobile, Southern Phone, TeleChoice, Think Mobile, Ugly Bill, Woolworths
	Optus		ACN Pacific, Adam Internet (iiNet/TPG Group), AINS Telecommunications, Amaysim, Boost Mobile, Club Telco, Coles Mobile, Commander, Community Telco, Dodo, Engin, E.Tel, Eftel Retail, Exetel, If Telecom, iiNet, Internode, iPrimus, iTalkBB, Jeenee Mobile, Live Connected, Moose Mobile, More Telecom, Motion Telecom, OVO, Southern Phone, Spintel, Startel, TPG, Trinity Telecom, Truphone, Vaya Mobile, Virgin Mobile, Yomojo
	Vodafone		CMobile, GoTalk, Hello Mobile, Just Mobile, Kisa, Kiss Mobile, Kogan Mobile, Lebara Mobile, PennyTel, Pivotel, Reward Mobile, Slimtel, Think Mobile

ACCC - Communications Sector Market Study Final Report March 2018.

(ii) COVID-19 Impact

With the emergence of the global pandemic COVID-19 in 2020, cities throughout Australia responded to the threat with various measures including physical distancing restrictions and requirements to work from home. NBN Co recorded an increase in daytime network usage of over 90 percent, compared to a pre-COVID-19 baseline. These unprecedented levels of internet use left some retail service providers open to charges for excess data usage.

Pentanet experienced favourable market conditions during affected months, as evidenced in the amount of new service applications per month which is set out in the graph below. Service applications stabilised in around July 2020. Future effects of the COVID-19 on the internet services market are presently unknown.

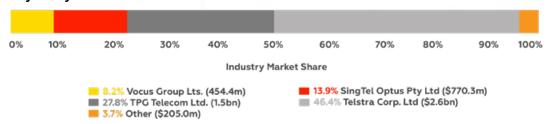


Source: metabase.pentanet.com.au: Applications by Service Type

(e) State of competition in the supply of broadband services

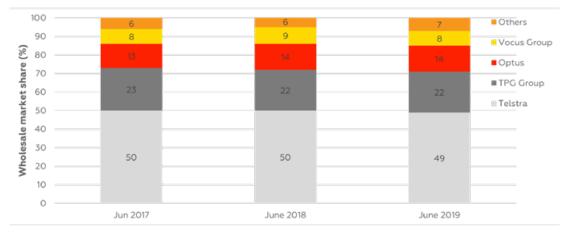
The ACCC note that broadband and voice services are essential communications services on which individuals and businesses rely. The market for broadband services is dominated by four major service providers, being Telstra, TPG, Optus and Vocus, with market percentages set out below. In 2020, it is estimated that 'other' providers comprise approximately 3.7% of the market share bringing in a total of \$205,000,000 in revenue.

Major Player Market Share



Source: IBISWorld Internet Service Providers in Australia Industry Report J5911

Reflecting the overall market trend, there are currently four main NBN wholesale access seekers being Telstra, TPG Group, Optus and Vocus Group. NBN specific market share is set out below.



Source: NBN Wholesale Market Indicators Report, 30 June 2017, 30 June 2018 and 30 June 2019.

Note: Figures may not add up to 100 due to rounding.

The ACCC notes that whilst Telstra maintains its dominance across fixed-line services, its share of the market is being challenged as some consumers switch to new entrants on the NBN. Pentanet is an example of a relatively new entrant on the NBN. Pentanet began providing NBN services to end-users in October 2017 and primarily competes with other retail service providers by providing competitively priced services with an emphasis on local support.

Price has been identified as the primary basis of competition in the current market for internet services. Due to the widespread availability of NBN services from various retail service providers, consumers are able to easily compare a limited pool of plan speeds with different data allowances and prices before making a selection. The offerings of lower-cost ISPs often come at the expense of good quality customer service and/or network capacity. Branding is crucial as a means of differentiation. This is because a strong brand builds a good reputation for quality of service, leading to increased customer loyalty and lower service churn rates. Since its inception, Pentanet has used customer satisfaction and strong brand-building as part of its customer growth strategy.

With intensified price competition caused by the NBN, it has meant that some companies have been required to expand via acquisition to increase their market share. In particular, many second-tier ISPs (companies that own limited infrastructure and rely on purchasing broadband from first-tier ISPs such as Telstra or Optus) have had to engage in mergers or acquisitions to build scale, develop margins and improve competitiveness. Major players have capitalised on growth of second-tier ISPs, by increasing industry consolidation over the past five years with one example being TPG's purchase of iiNet in September 2015 for \$1.56 billion, which made it the industry's second-largest ISP.

(f) 5G Technology

5G is the fifth generation of global wireless technology used for mobile and internet services, building on the progress of the four previous generations (1G to 4G). 5G will improve consumer experiences and business utility through faster data transmission and more reliable connectivity. 5G also represents a step change from previous generations of mobile technology by enabling lower latency (the time it takes for signals to travel through the network). This provides a broader range of applications by providing the speed required to support innovations such as robotics, the Internet of Things (**IoT**) and cloud computing. It is expected that customers will be willing to pay more to access this new technology, which will provide new opportunities for revenue growth in the sector.

The 5G supply response in Australia is likely to occur in phases, with rollout expected more quickly in urban areas and in locations where there are concentrations of businesses that can make the greatest use of the technology. A key growth strategy for Pentanet is the expansion of network and service availability with the deployment of millimetre-wave (mmWave) Terragraph technology, which has been factored into the design and rollout of the existing network infrastructure. The Company expects that Terragraph will materially increase service availability, as well as significantly increase available speeds. For further information on Terragraph see Section 2.9(d)(i).

5G has also fundamentally altered the gaming landscape by providing ultra-fast data speeds, minimal latencies and thus facilitating cloud-based gaming.

Being such a new technology, commercial data and analysis of Terragraph is not publicly available at the date of this Prospectus. Recent global developments include successful trial deployments by Cambium Technologies (US-based Company) of Terragraph technology around the world. Pentanet intends to be one of the first movers to utilise Terragraph technology in Australia, with deployment planned to occur in Perth in 2021.

(g) Regulatory framework

The main industry regulatory body is ACMA, which is responsible for regulating the non-competitive aspects of the industry, including the Telecommunications Act and the *Telecommunications (Consumer Protection and Service Standards) Act* 1999. These include carrier licensing, technical regulation, quality of service, the customer-service guarantee, and industry codes and standards.

The Australian Competition and Consumer Commission (**ACCC**) regulates the competitive aspects of the industry. Under the Telecommunications Act , the ACCC assumed responsibility for the regulation of competition in the telecommunications sector. The ACCC is therefore involved in the monitoring of internet-related competition policy matters and consumer protection matters in accordance with Australian Consumer Law.

Refer to Section 7.12 for further details of the Company's carrier licence.

Pentanet depends on the use of class license spectrum to operate its 5GHz and 60GHz networks. Access to class spectrum is allocated by ACMA at no cost. Pentanet also depends on the use of licensed spectrum and holds several ACMA licenses for the use of specific spectrum as part of its wireless network. Refer to Section 4.2(i) for details of the risks relating to the use of class licence spectrum.

3.2 Cloud Gaming

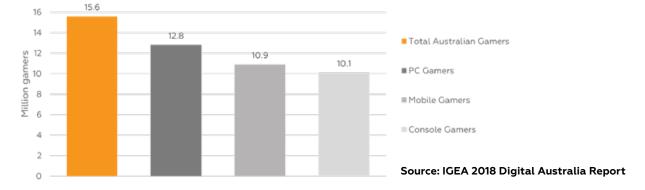
(a) Cloud Gaming

Cloud gaming platforms run the software required to play an online video game from a remote data centre, i.e. all the graphics and sounds are streamed to a consumer's monitor over the internet instead of being generated by the user's personal computer or gaming console. Cloud gaming will thus allow consumers to experience playing a high-quality video game without the need for an expensive gaming computer.

The gaming industry, made up of approximately 15.6 million Australian gamers, is making a transition away from expensive consoles or gaming computers towards cloud gaming. To be able to cloud game effectively, the consumer will want low latency and high bandwidth as games are typically data-heavy. Consumers will be, and are, willing to pay for an experience such as this. Reported by the ACMA Communications report 2018-19, industry forecasts predict the Australian market for cloud gaming to increase from \$3.6 billion in 2019 to \$7.9 billion in 2021, which is a 119% increase.

The chart below illustrates the Australian gamers market and the devices used for playing games.

Australian Gamers (million)



COVID-19 is expected to have a positive impact on the cloud gaming market. With the lockdown restrictions imposed by governments around the world, people were spending more time on their devices which led to an increase in demand for online gaming.

Current providers of cloud gaming globally include NVIDIA GeForce NOW, Microsoft's Project xCloud, Playstation Now, and Google Stadia. Only xCloud is currently available in Australia, which was released in a limited trial phase on 18 November 2020. The main barriers to entry in the cloud gaming market include significant capital expenditure to deploy infrastructure to support cloud gaming and access to video game licenses. As the widespread commercial rollout of cloud gaming technologies has not yet occurred in Australia, there is an opportunity for early operators to establish their brand. At the date of this Prospectus, a cohesive regulatory framework has not specifically been created for cloud gaming. However, products and services will be regulated under the Australian Consumer Law and data collection by the *Privacy Act 1988* (Cth).

Expansion into cloud gaming is one of Pentanet's key growth strategies, and will also diversify Pentanet's product offerings. Following the completion of the Offers, Pentanet intends to invest in and deploy infrastructure to be one of the forerunners in bringing cloud gaming to the Australian market under the NVIDIA Agreement.

(b) Cloud Computing

Cloud computing is the delivery of computing services including servers, storage, databases, networking, software, analytics and intelligence, over the internet. Cloud computing is expected to improve business efficiency in producing and delivering goods and services, and enable scope for greater innovation and the development of new products. For example, faster download speeds and lower latency will make cloud computing more effective, and allow for better collection and analysis of big data that can lead to more real-time decision making. Australia's cloud services market reached \$688 million in 2018 with expected growth to \$1.2 billion by 2022.

According to the Australian Bureau of Statistics, over 40% of businesses used paid cloud computing and cloud services in 2017-18, compared with less than 20% in 2013-14. Whilst there has recently been growing demand for cloud services due to remote working, there has also been rising demand from the corporate and government sectors. As government entities move more of their operations and services online, the demand for faster internet connections from this market is projected to rise strongly over the next five years. An example of this is in October 2014, the Federal Government released a new cloud computing strategy (**Cloud Strategy**). In its Cloud Strategy the Federal Government requires government agencies to use cloud systems where it is fit for purpose, provides adequate protection of data and delivers value for money. The Federal Government noted that it was committed to leading by example, requiring government agencies to adopt a 'cloud first' approach so that it could deliver its services more efficiently. Cloud computing products and services are regulated under the Australian Consumer Law and data collection and handling by the *Privacy Act* 1988 (Cth).



Risk Factors

As with any share investment, there are risks involved. This Section identifies areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

Any investment in the Company under this Prospectus should be considered highly speculative.

The following summary represents some of the major risk factors that Applicants need to be aware of. These risks have been separated into:

- (a) risks associated with the Company's business and the industry in which it operates; and
- (b) risks associated with an investment in Shares in the Company.

4.2 Risks specific to the Company

(a) Loss of carrier licence

As a telecommunications carrier, Pentanet is required to hold a carrier licence with ACMA and must comply with the licence conditions set out in the Telecommunications Act. A carrier licence is essential for the Company to operate as a carrier of telecommunications infrastructure. There is a risk that licence conditions may be varied, or if the Company does not comply with the licence conditions, that the licence is cancelled. Should the licence conditions be varied or the licence cancelled it would have a material impact on the Company's activities and may result in the Company breaching a number of its contractual obligations. Circumstances in which the Company's carrier licence may be cancelled include where:

- (i) the Company fails to pay the annual carrier licence fee imposed by the Telecommunications Act or the industry levy as imposed by the Telecommunications (Industry Levy) Act 2012 (Cth);
- (ii) becomes a disqualified body corporate within the meaning of the Telecommunications Act; or
- (iii) ceases to be a constitutional corporation.

The Company reviews its carrier licence compliance obligations on a regular basis. All fees due in relation to the carrier licence have been paid and the Company is not aware of any default or breach that would cause revocation, non-renewal or the imposition of a penalty in relation to the carrier licence. The Company considers the likelihood of a material variation or cancellation of its carrier licence to be low.

(b) Competition

The Group operates in suburban and metropolitan markets where customers have the choice of a number of alternative suppliers of broadband internet and data connectivity. Examples of alternative suppliers include the resellers of NBN and the mobile operators currently delivering 4G and 5G cellular services in these markets.

The Group's ability to attract and retain customers will be affected by alternative service and price offerings by competitors in the markets in which the Group operates. For example, the Group would be adversely impacted if NBN Co reduced its wholesale prices for retailers and those price reductions flowed through to retail prices. The Company aims to mitigate this risk by delivering a premium quality service to its customers, and by owning the fixed-wireless network.

(c) Network performance and reliability

The Group depends on the performance, reliability and availability of its technology platform, including its online led customer service platform, customer support and communications systems. There is a risk that these platforms and systems may be adversely affected by a number of factors, including damage, equipment faults, power failure, computer viruses, misuse by employees or contractors, or external or malicious interventions, such as hacking, fire natural disasters or weather interventions. Events of that nature may adversely impact the availability of the Group's technology platform or websites. The Group contracts third party suppliers to manage certain interfaces. If these suppliers' services were interrupted, or if the Group was unable to contract with these suppliers, the Group may experience a disruption in its service.

Further, there is a risk that the Group's operational processes, redundancy capacity and capability or disaster recovery plans may not adequately address every potential event. The Group's insurance policies may not cover loss or damage that the Group suffers as a result of a system failure. This in turn may reduce the Group's ability to generate income, materially interrupt the level of customer service provided and cause damage to the brand, leading to a reduction in the retention rates of existing customers and potentially a material adverse effect on the Group's financial position and performance.

(d) Stage of development

While growing at a rapid pace, the Group is at an early stage of development. There is a risk that the Group may not be able to manage accelerated growth, which could impact the financial results and growth funding of the Group, as well as the share price of the Company. The Company does not currently generate positive cash-flow and requires funding to expand its wireless and terragraph network and provide equipment and installation of associated equipment at customer premises. The Company aims to mitigate this risk by engaging Directors and executives who are experienced in managing the cash-flow of a business including by means of a 36 month three way cash-flow forecast updated and reviewed monthly.

(e) Future changes to NBN technology solutions

The fixed-wireless market opportunity exists primarily because it offers a competitive service (with better control of network and margins) to that provided to certain customers on NBN. If there was a change to NBN's technology solutions or strategies and the change made the NBN more competitive, then this could have a materially adverse impact on the Group's ability to attract sufficient customers, generate sufficient revenues and profitability to provide a return to investors.

(f) New technology evolution

The Group relies on the use of third party hardware and software technologies to deliver its products and services. These technologies are required to continually perform to expected standards, without disruption or cessation. If the performance of these technologies decreased, there may be an impact on reputation, ability to deliver services and customer growth. Wireless technology changes are rapid, and failure to invest or upgrade to new technologies to remain competitive may lead to a loss of opportunities for the Group, which may materially affect future business operations and the financial results.

The Company partially mitigates this risk by continuing to evaluate new wireless technologies and seeking to implement a low cost fixed-wireless network configuration.

(g) NVIDIA

As set out in Section 7.8, the Company has entered into the NVIDIA Agreement, pursuant to which the Company has the right to purchase up to 72 GFN Game Servers from NVIDIA (or its approved third party vendors), in a staggered approach.

There can be no assurances that the commercialisation of the GFN Service will be successful. There is a risk that the GFN Service may not be fully understood by the Company's target markets. There is also a risk that the cost and time required in penetrating these new markets are greater than as estimated. These conditions may contribute to the risk that the Company is unable to successfully attract sufficient customers to commercialise the GFN Service.

The Company may be granted exclusivity in Australia under certain circumstances as further described in section 7.8. There is no guarantee that the Company will be granted exclusivity in Australia, for a period or at all. In order to be granted exclusivity, the Company will be required to make substantial additional investment in the purchase and deployment of additional GFN Game Servers. The Company anticipates that this would require substantial additional capital to be obtained, in addition to the amounts raised pursuant to the IPO Offer. The Company may be required to make a decision to proceed with any additional investment over a short time period or on an accelerated basis. Any purchase and deployment by the Company of additional GFN Game Servers beyond its initial purchase of 12 GFN Game Servers will also require substantial additional investment and capital to be obtained, in addition to the amounts raised pursuant to the IPO Offer. No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. There is no guarantee that the Company or NVIDIA will be in a position to enable the term of the NVIDIA Agreement to be renewed beyond the initial term of 3 years.

As is common with commercial agreements of this nature, there is a risk of termination of the NVIDIA Agreement by either party in the event of (unrectifiable, or notified but unrectified) material breach by the other party.

(h) Product development

The Group may introduce new products or services or functionality that are intended to enhance the user experience or deliver greater levels of customer satisfaction. There is a risk that these initiatives may result in unforeseen costs or risks, may not perform as intended or may not deliver the growth in customers.

There is no guarantee that the Company will be able to undertake research and product development successfully. If testing during product development produces results that do not meet the Company's expectations, this could result in delays to the Company's growth plans. A failure to successfully develop new and current products or a delay stemming from product development will adversely affect the Company's financial position and prospects.

(i) Legal or regulatory risks

The Group operates in a regulated environment. It is subject to having its market behaviour monitored and regulated by ACMA, the ACCC and the Telecommunications Industry Ombudsman, as well as state fair trading bodies. There are also a number of consumer groups that monitor the conduct of telecommunication service providers and report persistent failure to comply with consumer and trading and telecommunications regulations.

The Company may be affected by changes to government policies and legislation, including but not limited to those relating to the telecommunications industry and taxation.

Pentanet depends on the use of class license spectrum to operate its 5GHz and 60GHz networks. Access to class spectrum is allocated by ACMA at no cost. Pentanet also depends on the use of licensed spectrum and holds several ACMA licenses for use of specific spectrum as part of its wireless network.

The Company uses class license spectrum for which it does not pay a fee and does not have exclusive use of the spectrum it uses. Unlicensed spectrum is regulated by the International Telecommunication Union Standards and used by many devices in the home. Although the Company does not anticipate any change to the availability of class license spectrum, the Company would be adversely impacted if access to, or the rules or costs governing the use of, this spectrum were to change.

Presently, s143 of the Telecommunications Act imposes an obligation on owners of non-NBN fixed networks, which supply super-fast carriage services to residential or small business customers, to supply services only to a carrier or a service provider, i.e. to operate on only a wholesale basis. This regulation does not apply to fixed-wireless network owners, such as the Company. This allows the Company to both own and operate its end to end fixed-wireless network as both owner of the network and supplier and retailer of services to residential and business customers. If this regulation was to change to include fixed-wireless networks in the prohibition articulated by section 143 of the Telecommunications Act against a Company operating as both owner of the network and supplier of services to residential and business customers, then this would have a materially adverse effect on the Company, as the Company would have to separate the ownership of the fixed-wireless network from the supply of services to residential and business customers.

(j) Supplier and customer relationships

The Group relies on key business relationships to deliver its services, such as backhaul, site leases and network equipment. There are multiple suppliers for the Company to contract with. A failure to maintain supplier relationships generally could result in a loss of support, which could adversely impact the business operations and the financial results. In particular, the Company has four significant supplier contracts with Virtutel, Vocus, Axicom and Water Corporation, under which IP Transit, backhaul services and site leases are supplied. A loss of this arrangement with Virtutel, Vocus, Axicom or Water Corporation would therefore have a materially adverse impact on the profitability of the Company.

In order to mitigate this risk, the Company has entered into a long term agreement with Axicom and Water Corporation to secure leases to key sites and entered into long term agreements with Virtutel and Vocus for transit and backhaul.

No single customer relationship is material to the Company. However, maintaining a responsive customer service capability, a quality service offering and competitive prices are considered critical to attracting and retaining customers. Failure to maintain these capabilities may lead to customers seeking alternative providers, which could increase the customer churn of the Group and have an adverse impact on profitability.

The Company aims to mitigate this risk by endeavouring to provide quality customer service, sales capability and services to its customers. Churn rates are monitored monthly with a target of less than 1%.

(k) Loss of customers or contracts and customer service risk

If the Group's customer churn rates were to increase, this would have an adverse effect on the revenue, and therefore financial performance and profitability of the Group. Further, a lack of customer demand, or oversupply of inexpensive fibre optics telecommunications infrastructure in the market, may impact the growth prospects and/or financial performance of the Group.

Customers may need to engage with the Company's customer service personnel in certain circumstances. The Company needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact on the Company's performance.

(l) Key management personnel

The Company relies heavily on its existing key management personnel (in particular its Managing Director, Stephen Cornish, Timothy Cornish and Mart-Marie Derman), who have intimate knowledge of the business. If a member of the Company's key management team were to resign or leave the businesses this could have an adverse effect on the Company's performance, and there is no guarantee that the Company could attract a suitably qualified replacement, or if it is able to do so, how long it may take to attract and employ such a replacement. While the Company's internal policies and procedures involve planning and processes to support a structured succession plan for executive and other senior roles within the Company, as well as to facilitate the recruitment and retention of key personnel, these measures alone may not be sufficient to attract new personnel in a timely manner or retain existing personnel.

(m) Growth strategies

The Company has a number of strategies in place to generate future growth and earnings, including the geographic expansion of its fixed-wireless network, Terragraph and NVIDIA cloud gaming deployment. There is a risk that the implementation of these strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the customer demand, full financial benefits anticipated or result in future sales and earnings growth and may not deliver a return on investment. Furthermore, the implementation of these growth strategies may lead to changes to the Company's business or the customer experience which may result in unintended adverse consequences if such changes affect customers willingness to buy the Company's products.

(n) Contract risk

The operations of the Company require involvement of a number of third parties including the counterparties to the agreements referred to in Section 7. With respect to these third parties and despite applying best practice in terms of pre-contracting due diligence, the Company is unable to completely avoid the risk of:

- (i) financial failure or default by a party to any agreement to which the Company is or may become a party; or
- (ii) termination or failure to renew the term of any agreement to which the Company is or may become a party.

(o) Future capital requirements

The Company will require further financing in the future, in addition to amounts raised pursuant to the IPO Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing shareholders will be diluted.

(p) Health and safety

The employees and contractors of the Company install electronic equipment on high sites, roofs or in homes and businesses. If installation risks are not properly identified and/or work practices are not implemented in a safe manner, employees or contractors may sustain injuries or, in extreme cases, serious injury or death.

The Company aims to mitigate this risk by retaining qualified and experienced field staff and contractors to perform the relevant work. All field work and particularly work at heights is conducted in accordance with Australian Standards and best practice and is regularly monitored by the Company for compliance.

If Electromagnetic Radiation Emissions (**EME**) from the Company's equipment are not in accordance with equipment specifications and/or work practices are not implemented in a safe manner, employees or contractors, or even third parties, may sustain injuries or, in extreme cases, serious injury.

The Company aims to mitigate this risk by using low emission equipment, obtaining comprehensive EME reports and implementing comprehensive EME practices for working on equipment.

(q) Data security risk

Through the ordinary course of business, the Group collects a wide range of personal, financial land service usage data from customers. This includes information such as usage data and customer contact details and addresses. In addition, the Group is reliant on technology providers and partners that collect certain information about the Group's customers.

Cyberattacks, data theft and hacking may lead to a compromise or even breach of the technology and online customer service platforms used by the Group to protect confidential information. It is possible that the measures taken by the Group (including firewalls encryption of customer data location and service usage, a privacy policy, and policies to restrict access to data to authorised employees) will not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential information or access to such information by hackers or potentially government agencies.

There is a risk that, if a cyberattack is successful, any data security breaches or the Group's failure to protect confidential information could result in loss of information integrity, breaches of the Group's obligations under applicable laws or customer agreements, and website and system outages and fraud, each of which may potentially have a material adverse effect on the Group's reputation and financial performance.

(r) Extreme weather events

The Group's wireless broadband business is based largely on use of equipment which is installed on rooftop areas of buildings and telecommunications towers and on customer's rooftops. This aspect of the Company's business could be impacted by significant adverse weather conditions such as hurricanes, cyclones, or high winds impacting on the operation of its equipment or other adverse weather conditions or floods impacting third party networks on which the Company depends for backhaul, which could have an adverse impact on future operations and profitability. The Company aims to mitigate this risk by validating the design for all installations for factors including wind-load to ensure robustness against weather events.

The Company recognises that adverse climate change events may have an adverse impact on the general economic climate in which it operates, may impact the supply and price of hardware components and may adversely impact the Company's logistics.

(s) Infectious diseases and COVID-19

Infectious diseases such as COVID-19 could interrupt the Company's operations, impair deployment of its solutions to customers and prevent customers from honouring their contractual obligations. Such diseases can also cause hospitalisation or death of the Company's existing and potential customers and staff. Containment strategies imposed by governments are likely to inhibit the installation and maintenance of Company's products, as well as causing disruptions to supply chains and delays in sourcing component parts. The Company has sufficient material to deliver current orders and will aim to meet future demand through commercial terms that protect lead times and force majeure. The Company has also created work-from-home procedures to manage business continuity risks if required.

(t) Brand maintenance

The Company believes the reputation of its products and brands is key to its success. The Group's reputation and the value of its brands may be damaged as a result of negative customer or end-user experiences due to poor product performance or product failures, adverse media coverage or other publicity (in relation to such matters as manufacturing defects, product recalls, warranty issues or product liability litigation), or disputes with customers, suppliers, landlords or employees. Erosion of the Group's reputation as a result of one or a combination of these factors may reduce demand for its products, diminish the value of its brands, or adversely impact relationships with customers, suppliers or employees. This in turn may adversely impact the Group's ability to attract and retain customers, sales and revenue performance, and profitability.

The Company aims to mitigate this risk by undertaking various initiatives to maintain and promote its brand. Examples include the Company concentrating efforts on providing quality customer service from local staff in Perth, retaining experienced and capable customer-facing staff and implementing automated processes for notification in the event of incidents to improve response times.

(u) Future profitability

The Company was incorporated in 2017. There is greater uncertainty in relation to the business and its prospects in light of its limited financial history. Whilst the Directors have confidence in the future revenue earning potential, there can be no certainty that it will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities. The Group's profitability may be impacted by, among other things, the success of its business strategies, its ability to successfully provide a high-quality product and level of service to users, satisfaction of legal, regulatory and licensing requirements, economic conditions in the markets in which it operates and competition factors. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

(v) Credit risk

The Company is exposed to credit risks relating to the delayed payments or non-payments from its customers, including in the event a customer ceases operations or suffers an insolvency event. If a material portion of customers were to default in payment under their respective arrangements with the Company this could have a material adverse effect on the Company's business, operating results and financial condition, including decreasing operating cash flows. Furthermore, while the

Company has not observed a material decline in collections relative to its historical levels, investors should note that there may be an increased risk of default as a result of poor economic conditions in particular if the spread of COVID-19 continues.

(w) Future acquisition risk

The Company may seek to acquire businesses or companies in order to achieve its objectives. Although the Company will undertake appropriate due diligence investigations in relation to each potential acquisition, and seek to ensure certain standard warranty and indemnity protections are contained in the relevant sale and purchase agreements, there is a risk that those due diligence investigations will not identify issues which are material to the acquisition and which could result in additional liabilities affecting the Company.

4.3 General risk factors applying to an investment in Shares in the Company

(a) General economic climate

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs. The Company's future income, asset values and share price can be affected by these factors and, in particular, by exchange rate movements.

(b) Policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

(c) Negative publicity may adversely affect the Share price

Any negative publicity or announcement relating to any of the Company's substantial Shareholders, key personnel or activities may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of such negative publicity or announcements may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions.

Negative publicity can spread quickly, whether true or false and may have a disproportionate effect on the Company's reputation and its ability to earn revenues and profits. Additionally, complaints by users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory inquiries. This could negatively impact on the Company's profitability.

(d) Securities investments

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the Offer Price. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of Company's operational performance.

General factors that may affect the market price of Shares include without limitation economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(e) Force majeure

Force majeure is a term used to refer to an event beyond the control of a party claiming that the event has occurred. Significant catastrophic events – such as war, acts of terrorism, pandemics, loss of power, cyber security breaches or global threats – or natural disasters - such as earthquakes, fire or floods or the outbreak of epidemic disease – could disrupt the Company's operations and impair deployment of its solutions by its customers, interrupt critical functions, reduce demand for the Company's products, prevent customers from honouring their contractual obligations to the Company or otherwise harm the business. To the extent that such disruptions or uncertainties result in delays or cancellations of the deployment of the Company's products and solutions, its business, results of operations and financial condition could be harmed.

(f) Litigation

In the ordinary course of its business, the Company may be subject to the risk of litigation and other disputes with its customers, employees, consultants, lessors, regulators and other third parties. Proceedings may result in high legal costs, adverse monetary judgments and/or damage to the Company's reputation, which ultimately is likely to have an adverse effect on the financial performance of the Company.

(g) Insurance

The Company has obtained insurance where it is considered appropriate for its needs. However, the Company would not expect to be insured against all risks, either if appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue. Accordingly, the Company may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If the Company incurs losses or liabilities for which it is uninsured, the value of the Shares may be at risk.

(h) Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Securities under this Prospectus.

(i) Combination of risks

The Company may be subject to a combination of risks, including any of the risks outlined in this Section 4, which in aggregate could affect the performance valuation, financial performance and prospects of the Company.

(j) Unforeseen risk

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations and/or the valuation and performance of its Shares.

4.4 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.



Board, Management and Corporate Governance

5.1 Board of Directors

As at the date of this Prospectus, the Board comprises of:

- (a) David Buckingham Non-Executive Chairman;
- (b) Stephen Cornish Managing Director;
- (c) Timothy Cornish Executive Director;
- (d) Craig Amos Non-Executive Director; and
- (e) Dalton Gooding Non-Executive Director.

5.2 Directors' Profiles

The names and details of the Directors in office at the date of this Prospectus are:

(a) David Buckingham - Non-Executive Chairman

David Buckingham has over thirty years of experience as a corporate leader in telecommunications, media, technology, IT and education. Mr Buckingham began his career in the Audit and Corporate Finance team at Pricewaterhouse Coopers in the UK and Australia. Most recently, Mr Buckingham served as both Chief Executive Officer and Chief Financial Officer of Navitas Limited (ASX:NVT), a global education provider with over 120 colleges and campuses across 31 countries. Prior to Navitas, David worked for Telewest Global as the Group Treasurer and Director of Financial Planning, Virginmedia, as Finance Director Business Division and for iiNet (ASX:IIN) where he held the roles of Chief Financial Officer and Chief Executive Officer between 2008 and 2015. He was the Chief Executive Officer of iiNet when iiNet was acquired by TPG in September 2015 in a \$1.56B deal. Mr Buckingham holds a Bachelor of Technology (Hons) from the Loughborough University of Technology and is a qualified ACA Chartered Accountant in England & Wales and a member of the Australian Institute of Directors.

Mr Buckingham is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

(b) Stephen Cornish - Managing Director

Stephen Cornish founded Pentanet in 2017. Under his leadership, the Company has continued to achieve impressive year-on-year growth with nearly 10,000 customers connected under the Pentanet brand. In 2018, Mr. Cornish was a finalist in the Australian Young Entrepreneur Awards, and in 2019 was recognised as one of WA's forty leading business entrepreneurs in the Business News 40under40 Awards. In 2019, Mr Cornish founded Pentanet.GG, Western Australia's own esports league, and is actively championing the digitisation of Perth as the next global esports destination.

Mr Stephen Cornish is not considered to be an independent Director as he is employed in an executive capacity as Managing Director and will be a substantial shareholder of the Company upon Admission

(c) Timothy Cornish - Executive Director

Timothy Cornish is a founding director of Pentanet and has various interests in resources, mining technology and international trade. He is an experienced and successful business leader with extensive involvement in private enterprise over 20 years. Having spent a significant amount of time in China and throughout Asia, Mr Cornish has built an extensive network of contacts, opportunities and experience. Mr Cornish's early career in accounting and finance involved roles with Grant Thornton as well as an international strategic sourcing specialist. He has built sales and distribution channels into Asia-Pacific and South American engineering and mining service industries as well as accompanying global supply chains including Europe, USA and Asia. Mr Cornish has completed a Bachelor of Commerce at UWA and a Graduate Diploma of Chartered Accounting with the Institute of Chartered Accountants.

Mr Timothy Cornish is not considered to be an independent Director as he is employed in an executive capacity as an Executive Director and will be a substantial shareholder of the Company upon Admission.

(d) Craig Amos - Non-Executive Director

Craig Amos is a Chartered Accountant with over 20 years' experience in finance, strategy, M&A and commercial projects in both corporate and professional services environments. He has a diverse background having worked as a CFO in both public and private companies, Strategy & Corporate Development roles and at Director level in Tier 1 Corporate Advisory. Mr Amos is currently the CFO of Velrada and was previously CFO of ASX listed Decmil Group Limited, including in 2014 when it was part of the ASX200. Mr Amos is also an Advisory Board member at Curtin University School of Accounting. Prior to his corporate career he held the position of Executive Director in the Corporate Finance Division of Ernst & Young where he gained extensive experience leading teams on a range of strategic transactions. Mr Amos holds a Bachelor of Commerce (with Honours) and a Graduate Diploma in Applied Finance. He is also a fellow of the Financial Service Institute of Australasia.

Mr Amos is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

(e) Dalton Gooding - Non-Executive Director

Dalton Gooding has over 40 years' experience and is currently the senior partner of DFK Gooding Partners where he advises on a wide range of businesses with particular emphasis relating to accounting issues, taxation, due diligence, feasibilities and general business advice. He was a long-standing Partner at EY and is a Fellow of the Institute of Chartered Accountants Australia & New Zealand. Mr Gooding also holds director positions on a number of companies in various sectors, including as Non-Executive Chairman of Katana Capital Limited (ASX:KAT).

Mr Gooding is considered to be an independent Director and is free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the person's judgement.

Dalton Gooding was appointed as a director of Brierty Limited (**Brierty**) in October 2007. Brierty entered into voluntary administration on 6 September 2017 (KPMG were appointed as administrators) and at the second meeting of creditors of Brierty, held on 7 February 2018, it was resolved that Brierty be placed into liquidation (KPMG were appointed as liquidators). No criminal or civil penalty proceedings or other enforcement or disciplinary action has been taken against Mr Gooding or Brierty by the administrators, liquidators, a shareholder or any regulatory authority in relation to Brierty.

Mr Gooding was appointed as a director of Quintis Limited (**Quintis**) in October 2014 and resigned in June 2018. Quintis entered into voluntary administration on 20 January 2018 (KordaMentha were appointed as administrators). On 23 January 2018, McGrathNicol were appointed as receivers and managers. No criminal or civil penalty proceedings or other enforcement or disciplinary action has been taken against Mr Gooding or Quintis by the administrators, receivers and managers or any regulatory authority. A class action was commenced against Quintis and its former managing director in 2017 regarding allegations that Quintis failed to comply with continuous disclosure obligations. Mr Gooding is not a party to that action.

5.3 Senior Management

Other than the Directors, the Company's other key senior management members are set out below:

(a) Mart-Marie Derman - Chief Financial Officer

Mart-Marie Derman has been with Pentanet since its infancy and brings significant financial acumen. Mrs Derman has worked in finance roles for almost 15 years including in the technology, media and various services sectors. She has held various senior management roles and played an active role in assisting and supporting executive directors. Mrs Derman has a Bachelor of Accounting Science and a post-graduate Diploma in Applied Accounting Sciences as well as a Graduate Diploma of Chartered Accounting with the Institute of Chartered Accountants.

(b) Patrick Holywell - Company Secretary

Patrick Holywell has over fifteen years of experience in accounting, finance and corporate governance, including employment at Deloitte and Patersons. He is a Chartered Accountant and a Fellow of the Governance Institute of Australia with the last ten years focused on Director/CFO/Company Secretarial roles particularly in the resources and technology space. Mr Holywell worked at Deloitte, in the assurance and advisory division and was a founding member and investment analyst for Patersons Asset Management. Mr Holywell has completed a Bachelor of Commerce at UWA, a Graduate Diploma of Chartered Accounting with the Institute of Chartered Accountants and the Company Directors Course with the Australian Institute of Company Directors.

5.4 Interests of Directors

Except as disclosed in this Prospectus, no Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

5.5 Disclosure of Directors

Other than as set out elsewhere in this Prospectus, no Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares. Other than as set out elsewhere in this Prospectus, no Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer, or within a 12 month period after they ceased to be an officer.

5.6 Security holdings of Directors and key management personnel

The Directors, key management personnel and their related entities have the following interests in Securities as at the date of this Prospectus:

Director & Key Management Personnel	Shares	Voting Power %1	Options
David Buckingham²	Nil	Nil	3,000,000
Stephen Cornish³	49,458,137	28.6%	10,900,000
Timothy Cornish⁴	12,053,137	7%	7,950,000
Craig Amos⁵	651,283	0.4%	2,000,000
Dalton Gooding ⁶	2,275,641	1.3%	3,700,000
Mart-Marie Derman ⁷	1,150,000	0.7%	1,500,000
Patrick Holywell ⁸	437,181	0.3%	600,000

Notes:

1. Assumes that there are 173,169,935 Shares on issue and no further Shares are issued or Options exercised.

- 2. Mr David Buckingham has a relevant interest in the following Securities:
 - (a) 3,000,000 Options are held by David and Karina Buckingham ATF The Buckingham Family Trust.
- 3. Mr Stephen Cornish has a relevant interest in the following Securities:
 - (a) 30,000 Shares are held directly;
 - (b) 605,000 Shares are held by Gemma White;
 - (c) 41,570,000 Shares and 10,900,000 Options are held by Stephen Cornish ATF Stemma Investment Trust; and
 - (d) 7,253,135 Shares are held by Peter John Cornish ATF Cornish Family Trust.
- 4. Mr Timothy Cornish has a relevant interest in the following Securities:
 - (a) 5,000 Shares are held directly;
 - (b) 3,595,000 Shares and 7,950,000 Options are held by Timothy John Cornish ATF Timothy Cornish Family Trust;
 - (c) 1,200,000 Shares are held by TJ Cornish Nominees Pty Ltd ATF TJ Cornish Super Fund; and
 - (d) 7,253,135 Shares are held by Peter John Cornish ATF Cornish Family Trust.
- 5. Mr Craig Amos has a relevant interest in the following Securities:
 - (a) 651,283 Shares and 2,000,000 Options are held by Craig and Gillian Amos Family Pty Ltd ATF The Craig and Gillian Amos Family Trust.
- 6. Mr Dalton Gooding has a relevant interest in the following Securities:
 - (a) 2,275,641 Shares and 1,300,000 Options are held by Moulyinning Nominees Pty Ltd ATF The Gooding Family Superannuation Fund; and
 - (b) 2,400,000 Options are held by Moulyinning Nominees Pty Ltd ATF The Dalton Gooding Family Trust.
- 7. Mrs Mart-Marie Derman has a relevant interest in the following Securities:
 - (a) 1,150,000 Shares and 1,500,000 Options are held directly.
- 8. Mr Patrick Holywell has a relevant interest the following Securities:
 - (a) 437,181 Shares and 600,000 Options are held by PCTV Pty Ltd ATF The Taurus Account.

Based on the intentions of the Directors and key management personnel at the date of this Prospectus in relation to the Offers, the Directors, key management personnel and their related entities will have the following interests in Securities on Admission:

Director & Key Management Personnel	Shares	Voting Power %1	Options
David Buckingham²	200,000	0.1%	3,000,000
Stephen Cornish³	49,458,137	18.8%	10,900,000
Timothy Cornish⁴	12,121,137	4.6%	7,950,000

Director & Key Management Personnel	Shares	Voting Power %1	Options
Craig Amos⁵	851,283	0.3%	2,000,000
Dalton Gooding ⁶	2,315,641	0.9%	3,700,000
Mart-Marie Derman ⁷	1,170,000	0.4%	1,500,000
Patrick Holywell ⁸	637,181	0.2%	600,000

Notes:

- 1. Assumes that there are 263,169,935 Shares on issue and no further Shares are issued or Options exercised.
- 2. Mr David Buckingham has a relevant interest in the following Securities:
 - (a) 3,000,000 Options are held by David and Karina Buckingham ATF The Buckingham Family
- 3. Mr Stephen Cornish has a relevant interest in the following Securities:
 - (a) 30,000 Shares are held directly;
 - (b) 605,000 Shares are held by Gemma White;
 - (c) 41,570,000 Shares and 10,900,000 Options are held by Stephen Cornish ATF Stemma Investment Trust; and
 - (d) 7,253,135 Shares are held by Peter John Cornish ATF Cornish Family Trust.
- 4. Mr Timothy Cornish has a relevant interest in the following Securities:
 - (a) 5,000 Shares are held directly;
 - (b) 3,595,000 Shares and 7,950,000 Options are held by Timothy John Cornish ATF Timothy Cornish Family Trust;
 - (c) 1,200,000 Shares are held by TJ Cornish Nominees Pty Ltd ATF TJ Cornish Super Fund; and
 - (d) 7,253,135 Shares are held by Peter John Cornish ATF Cornish Family Trust.
- 5. Mr Craig Amos has a relevant interest in the following Securities:
 - (a) 651,283 Shares and 2,000,000 Options are held by Craig and Gillian Amos Family Pty Ltd ATF The Craig and Gillian Amos Family Trust.
- 6. Mr Dalton Gooding has a relevant interest in the following Securities:
 - (a) 2,275,641 Shares and 1,300,000 Options are held by Moulyinning Nominees Pty Ltd ATF The Gooding Family Superannuation Fund; and
 - (b) 2,400,000 Options are held by Moulyinning Nominees Pty Ltd ATF The Dalton Gooding Family Trust
- 7. Mrs Mart-Marie Derman has a relevant interest in the following Securities:
 - (a) 1,150,000 Shares and 1,500,000 Options are held directly.
- 8. Mr Patrick Holywell has a relevant interest the following Securities:
 - (a) 437,181 Shares and 600,000 Options are held by PCTV Pty Ltd ATF The Taurus Account.

- 9. As at the date of this Prospectus, the Directors and Key Management Personnel (and their associates) intend to participate in the IPO Offer as follows:
 - (a) Mr David Buckingham (up to \$50,000 200,000 Shares);
 - (b) Mr Timothy Cornish (up to \$17,000 68,000 Shares);
 - (c) Mr Craig Amos (up to \$50,000 200,000 Shares);
 - (d) Mr Dalton Gooding (up to \$10,000 40,000 Shares);
 - (e) Mr Patrick Holywell (up to \$50,000 200,000 Shares); and
 - (f) Mrs Mart-Marie Derman (up to \$5,000 20,000 Shares).

5.7 Remuneration of Directors

Each Director (or his nominee) has been granted Options as set out in Section 5.6. These Options will be escrowed for a period of 24 months in accordance with Listing Rules.

Mr David Buckingham was appointed as Non-Executive Chairman on 11 September 2020 and currently receives \$75,000 per annum (excluding superannuation) for services provided as a Non-Executive Chairman. Refer to Section 7.4 for details of the non-executive director appointment letter with Mr David Buckingham.

Mr Stephen Cornish was appointed as a Director on 20 February 2017 and currently receives \$170,000 per annum (excluding superannuation) for services provided as Managing Director of the Company. On and from Admission, Mr Stephen Cornish will receive \$275,000 per annum (excluding superannuation). See Section 7.2 for further details of the executive services agreement with Mr Stephen Cornish.

Mr Timothy Cornish was appointed as a Director on 20 February 2017 and currently receives \$115,000 per annum (excluding superannuation) for services provided as an Executive Director of the Company. On and from Admission, Mr Timothy Cornish will receive \$175,000 per annum (excluding superannuation). See Section 7.3 for further details of the executive services agreement with Mr Timothy Cornish.

Mr Craig Amos was appointed as a Non-Executive Director on 26 November 2018 and currently receives \$15,000 per annum (excluding superannuation) for services provided as a Non-Executive Director. On and from Admission, Mr Craig Amos will receive \$50,000 per annum (excluding superannuation). Refer to Section 7.4 for details of the non-executive director appointment letter with Mr Craig Amos.

Mr Dalton Gooding was appointed as a Non-Executive Director on 26 November 2018 and currently receives \$25,000 per annum (excluding superannuation) for services provided as a Non-Executive Director. On and from Admission, Mr Dalton Gooding will receive \$50,000 per annum (excluding superannuation).Refer to Section 7.4 for details of the non-executive director appointment letter with Mr Dalton Gooding.

The arrangements set out in this Section were reached as part of the remuneration packages for each Director, are considered reasonable remuneration and were negotiated on arm's length terms. The current remuneration arrangements for Messrs Stephen Cornish, Timothy Cornish, Dalton Gooding and Craig Amos were approved by Shareholders on 31 August 2019.

5.8 Related Party Transactions

The Company has entered into the following related party transactions on arms' length terms:

- (a) executive services agreements with Stephen Cornish and Timothy Cornish (see Sections 7.2 and 7.3 for details);
- (b) letters of appointment with each of its Non-Executive Directors on standard terms (refer Section 7.4 for details);
- (c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.15 for details); and
- (d) lease agreement with Cornish Property Trust (refer to Section 7.14 for details).

At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

5.9 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is intended to be made available in a dedicated corporate governance information section of the Company's website at www.pentanet.com.au.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership to the Company by:
 - (A) defining the Company's purpose;

- (B) approving the Company's statement of values and code of conduct to underpin the desired culture within the Company; and
- (C) always acting in a manner consistent with the Company's culture and Code of Conduct and statement of values;
- (ii) overseeing the development and implementation of an appropriate strategy, the instilling of the Company's values and performance;
- (iii) overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
- (iv) ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chair, being the key interface between the Company and its Shareholders
- (v) ensuring the integrity of the Company's accounting systems including the external audit;
- (vi) ensuring robust and effective risk management (for both financial and non-financial risks), compliance, continuous disclosure and control systems (including legal compliance) are in place and operating effectively;
- (vii) appointing, and where necessary removing and/or replacing, the Chair;
- (viii) being responsible for the Company's senior management and personnel including;
 - (A) directly managing the performance of the Managing Director;
 - (B) ratifying the appointment, the terms and conditions of the appointment and, where appropriate, removal of the Chief Financial Officer (CFO) (if any) and/or Company Secretary and other senior executives;
 - (C) ensuring appropriate checks are undertaken prior to the appointment of senior executives;
 - (D) ensuring that an appropriate succession plan for the Managing Director, CFO and Company Secretary is in place;
 - (E) when required, ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees;
- (ix) ensuring that the Company's Remuneration & Nomination policy is aligned with the entity's purpose, values, strategic objectives and risk appetite; and
- (x) delegating appropriate powers to the Managing Director, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these powers.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of 2 Executive Directors and 3 Non-Executive Directors (3 of whom the Company considers independent). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. The Board will oversee and guide the development and monitoring of risk and risk management procedures. The Managing Director is charged with implementing appropriate risk systems within the Company, including the development of an Enterprise Risk Management Framework (ERMF) and a Company register of material risks. The risk management system of the Company covers operations risk (inclusive of health and safety management), financial reporting (inclusive of treasury and financial viability) and compliance (inclusive of commercial and regulatory matters).

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) Remuneration arrangements

The Board has established a nomination and remuneration committee comprised of David Buckingham (Chair), Craig Amos and Dalton Gooding.

The purpose of the nomination and remuneration committee (in respect of its nomination role) is to assist the Board in ensuring that the Board and executive team retain an appropriate size, structure and balance of skills to support the strategic objectives of the Company.

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (eg non-cash performance incentives such as options). Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equitybased plans including the appropriateness of performance hurdles and total payments proposed.

(g) Securities trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (ie Directors and, if applicable, any employees, consultants or contractors). The policy generally provides that the written acknowledgement of the approval officer (being the Chairman, or any other person elected by the Board to fulfil the role) must be obtained prior to trading.

(h) Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity.

Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measurable objectives in relation to gender diversity. The Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.

(i) Audit and risk

The Company has established an audit and risk committee comprised of David Buckingham, Craig Amos (Chair) and Dalton Gooding. The committee has duties including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

(j) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(k) Social media policy

The Board has adopted a social media policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.

(l) Whistleblower policy

The Board has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistle blowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

(m) Anti-bribery and anti-corruption policy

The Board has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purpose of setting out the responsibilities in observing and upholding the Company's position on bribery and corruption provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

(n) Environmental, Social and Governance Policy

The Board has adopted an environmental, social and governance (ESG) policy which sets out the Company's commitments to ESG responsibilities. The Company believes that responsible management of ESG elements will be good for investors, the communities with whom it interacts, and its staff. Accordingly, the Company is committed to identifying, assessing and mitigating ESG risks, and proactively seeking outcomes that deliver positive and sustainable outcomes.

5.10 Departures from Recommendations

Following admission to the Official List, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations				Explanation for Departures
Recommendation 1.5			.5	The Company has implemented a diversity policy which will be made
A listed entity should:			ıld:	available at www.pentanet.com.au.
(a)	have and disclose a diversity policy;			Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measurable objectives in relation to gender diversity. The Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the
(b)	through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and			
(c) disclose in relation to each reporting period:			elation to each reporting	
	(i)		neasurable objectives set at period to achieve gender sity;	organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees,
	(ii)		ntity's progress towards ving those objectives; and	senior executives and members of the Board is appropriate.
	(iii)	eithe	r:	
		(A)	the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or	
		(B)	if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	

Principles and Recommendations Explanation for Departures Recommendation 2.2 The Company's objective is to have an appropriate mix of expertise and A listed entity should have and disclose experience on its Board so that it can effectively discharge its corporate a board skills matrix setting out the mix of skills and diversity that the board governance and oversight responsibilities. currently has or is looking to achieve in its It is the Board's view that the current membership. directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. This mix is subject to review on a regular basis as part of the Board's performance review process. The Board does not maintain a formal matrix of Board skills and experience, however the diversity of experience and assessment of any gaps in skills and experiences are a key consideration for any proposed appointment to the Board.



Financial Information

6.1 Introduction

The Independent Limited Assurance Report contained in Annexure E sets out:

- (a) the audited statement of financial position of the Group as at 30 June 2020;
- (b) the audited statements of profit or loss and other comprehensive income of the Group for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- (c) the audited statements of cash flows of the Group for the years ended 30 June 2018, 30 June 2019 and 30 June 2020; and
- (d) the reviewed pro-forma statement of financial position of the Group as at 30 June 2020, adjusted for any subsequent events and showing the impact of the proposed Offers.

Investors are urged to read the Independent Limited Assurance Report in full.

6.2 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.



Material Contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment as to whether to apply for Shares under the IPO Offer. The provisions of such material contracts are summarised in this Section.

7.1 Underwriting Agreement

The Company has appointed Euroz Hartleys to act as lead manager and underwriter to the IPO Offer. Euroz Hartleys may at any time, at its own cost and in consultation with the Company, appoint co-managers and brokers to the IPO Offer and appoint sub-underwriters to sub-underwrite the IPO Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to:

- (a) pay Euroz Hartleys an underwriting fee of 5% of the total amount raised under the IPO Offer; and
- (b) reimburse Euroz Hartleys for all reasonable costs and out-of-pocket expenses incidental to the IPO Offer.

Amounts due and payable under the Underwriting Agreement by the Company to Euroz Hartleys for more than 30 days incurs interest at a rate per annum equal to the Reserve Bank of Australia's overnight cash rate plus 1.00%.

The obligations of Euroz Hartleys under the Underwriting Agreement are conditional on:

- (c) **Lodgement of Prospectus:** the Company lodging a copy of the Prospectus with ASIC in a form and substance acceptable to Euroz Hartleys on the Lodgement Date and providing a copy of the lodged Prospectus to Euroz Hartleys as soon as practicable after lodgement;
- (d) **ASX Waivers and ASIC Modifications:** the Company obtaining on or before 9.00am on the Settlement Date the ASX Waivers in in-principle form and ASIC Modifications (in form and substance acceptable to Euroz Hartleys, acting reasonably);
- (e) **Material Contracts:** no Material Contract disclosed at section 7 of the Pathfinder has been terminated and no counterparty to any such Material Contract has indicated that it intends to or will terminate that Material Contract; and
- (f) Other regulatory approvals: the Company obtaining on or before 9.00am on the Lodgement Date all other regulatory approvals, relief and modifications (in form and substance acceptable to Euroz Hartleys) which are necessary to enable the IPO Offer to proceed in accordance with the Indicative Timetable, the Prospectus and the terms and conditions of the Underwriting Agreement.

The obligations of Euroz Hartleys to underwrite the IPO Offer are conditional on:

- (g) **Other conditions precedent:** the satisfaction, or waiver by Euroz Hartleys, of each of the conditions precedent listed above;
- (h) **Application:** the Company confirming that they are entitled to accept applications in accordance with section 727(3) of the Corporations Act prior to 5.00pm on the Broker Firm Offer Opening Date;
- (i) Closing Certificate: Euroz Hartleys receiving a duly executed Closing Certificate from the Company dated as at the Shortfall Notification Date and the Settlement Date by 9.30am on each of those dates;
- (j) **New circumstances sign-offs:** Euroz Hartleys receiving a new circumstances sign-off from each member of the Due Diligence Committee as contemplated by the Due Diligence Planning Memorandum, dated as at 9.00am on the Settlement Date, by 9.00am on the Settlement Date;
- (k) **Regulatory approvals:** none of the regulatory approvals, relief and modifications referred to in (d) and (f) above being withdrawn, or modified, (without the consent of the Euroz Hartleys acting reasonably) prior to the Settlement Date;
- (l) **Quotation:** the Company applying to ASX for quotation of the Offer Shares; and
- (m) **Restriction Agreements:**
 - (i) prior to the Settlement Date each Escrowed Person that is required to be escrowed in accordance with the requirements of ASX and the Listing Rules either:
 - (A) entering into a Restriction Agreement (in a form in accordance with the requirements of ASX and the Listing Rules); or
 - (B) is sent a Restriction Notice (in a form in accordance with the requirements of ASX and the Listing Rules) and who is an Escrowed Person that ASX has agreed does not require entering into a Restriction Agreement with the Company,

and the Restriction Agreement or Restriction Notice not being terminated, breached, rescinded or materially altered or amended prior to the Settlement Date; and

(n) **ASX:** ASX indicating in writing that it will grant permission for the quotation of the Offer Shares (subject only to customary pre-quotation listing conditions) on or before 5.00pm on the Settlement Date.

If any of the following events has occurred or occurs at any time from the date of the Underwriting Agreement until 10.00am on the Settlement Date, or at any other time earlier as specified below, Euroz Hartleys may terminate the Underwriting Agreement without cost or liability by notice to the Company:

(o) **Disclosures in Prospectus:** a statement in the Prospectus is misleading or deceptive or likely to mislead or deceive in all material respects, or there is an omission from the Prospectus of material required by sections 710, 711, 715A or 716 of the Corporations Act;

- (p) **Supplementary Prospectus:** the Company:
 - (i) issues or, in the reasonable opinion of Euroz Hartleys is required to issue, a Supplementary Prospectus because of the operation of section 719(1) of the Corporations Act; or
 - (ii) lodges a Supplementary Prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances required by the Underwriting Agreement;
- (q) Market fall: at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the Business Day prior to the date of the Underwriting Agreement and closes at or below that 90% level for 2 or more consecutive Business Days prior to the Settlement Date, or on the Business Day immediately prior to the Settlement Date;
- (r) **Restriction Agreements:** any of the Restriction Agreements are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- (s) **Listing and quotation:** approval is refused or not granted, or approval is granted subject to conditions other than customary conditions or conditions acceptable to Euroz Hartleys (acting reasonably), to:
 - (i) the Company's admission to the official list of ASX on or before the Shortfall Notification Date; or
 - (ii) the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the Quotation Date,

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions or conditions acceptable to Euroz Hartleys (acting reasonably) or withheld;

- (t) **Notifications:** any of the following notifications are made in respect of the Offer:
 - (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act and any such inquiry or hearing is not withdrawn within 5 Business Days or if it is made within 5 Business Days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
 - (ii) ASIC holds a hearing under section 739(2) of the Corporations Act;
 - (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the IPO Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the IPO Offer or an Offer Document, and any such application inquiry or hearing is not withdrawn within 5 Business Days or if it is made within 5 Business Days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
 - (iv) any person who has previously consented to the inclusion of its name in the Prospectus (other than Euroz Hartleys) withdraws that consent; or
 - (v) any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than Euroz Hartleys);

- (u) **Withdrawal:** the Company withdraws the Prospectus or the IPO Offer or any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company either repaying any money received from applicants under the IPO Offer or offering applicants under the IPO Offer an opportunity to withdraw their application for Offer Shares and be repaid their application monies;
- (v) **Timetable:** an event specified in the Indicative Timetable up to and including the Settlement Date is delayed by more than 3 Business Days (other than any delay caused solely by Euroz Hartleys or any delay agreed between the Company and Euroz Hartleys or a delay as a result of an extension of the exposure period by ASIC, or a delay in accordance the Underwriting Agreement);
- (w) **Unable to issue Offer Shares:** the Company is prevented from allotting or issuing the Offer Shares by applicable laws, an order of a court of competent jurisdiction or a Governmental Authority, within the time required by the Listing Rules or the Corporations Act;
- (x) **Change to Company:** the Company:
 - (i) alters the issued capital of the Company or a member of the Group; or
 - (ii) disposes or attempts to dispose of a substantial part of the business or property of the Group,

without the prior written consent of Euroz Hartleys (not to be unreasonably withheld or delayed);

- (y) **Insolvency events:** any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- (z) **Regulatory approvals:** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company to perform its obligations under this agreement, such that the Company is rendered unable to perform its obligations under this agreement;
- (aa) **Change in management:** a change in the Chief Executive Officer or Chief Financial Officer of the Company occurs, or there is a change in the board of directors of the Company without the prior written consent of Euroz Hartleys (which must not be unreasonably withheld or delayed); or
- (bb) **Constitution:** the Company varies any term of its constitution without the prior written consent of Euroz Hartleys.

If any of the following events has occurred or occurs at any time on or before 10.00am on the Settlement Date or at any other time as specified below, Euroz Hartleys may terminate the Underwriting Agreement without cost or liability by notice to the Company.

(cc) **Disclosures in Prospectus:** a statement in the Prospectus is misleading or deceptive or likely to mislead or deceive in all material respects, or there is a material omission from the Prospectus of material required by sections 710, 711, 715A or 716 of the Corporations Act;

- (dd) **Supplementary Prospectus:** the Company:
 - (i) issues or, in the reasonable opinion of Euroz Hartleys is required to issue, a Supplementary Prospectus because of the operation of section 719(1) of the Corporations Act; or
 - (ii) lodges a Supplementary Prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances required by the Underwriting Agreement;
- (ee) **Compliance with law:** any of the Offer Documents or any aspect of the IPO Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (ff) **New circumstance:** there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement (as applicable), that is materially adverse from the point of view of an investor;
- (gg) **Other disclosures:** a statement in any of the Offer Documents (other than the Prospectus) is or becomes misleading or deceptive or is likely to mislead or deceive in all material respects;
- (hh) **Disclosures in the Due Diligence Report:** the Due Diligence Report is, or becomes, false, misleading or deceptive, including by way of a material omission;
- (ii) **Information supplied:** any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of a member of the Group to Euroz Hartleys in respect of the IPO Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission) in any material respect;
- (jj) Adverse change: an event occurs which is, or is likely to give rise to:
 - (i) an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those disclosed in the Prospectus lodged with ASIC on the Lodgement Date; or
 - (ii) an adverse change in the nature of the business conducted by the Group as disclosed in the Prospectus lodged with ASIC on the Lodgement Date;
- (kk) **Forecasts:** there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Lead Manager for any statement or estimate in the Offer Documents which relate to a future matter or any statement or estimate in the Offer Documents which relate to a future matter is, in the reasonable opinion of the Lead Manager, is incapable of being met;
- (II) **Certificate:** the Company does not provide a Closing Certificate as and when required by this agreement or a statement in any Closing Certificate is false, misleading, inaccurate or untrue or incorrect;

- (mm) **Hostilities:** in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, or the People's Republic of China:
 - (i) hostilities not presently existing commence;
 - (ii) a major escalation in existing hostilities occurs (whether war is declared or not);
 - (iii) a declaration is made of a national emergency or war; or
 - (iv) a major terrorist act is perpetrated;
- (nn) **Material Contracts:** if any of the obligations of the relevant parties under any of the Material Contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any of the Material Contracts:
 - (i) is terminated, withdrawn, rescinded, avoided or repudiated;
 - (ii) is altered, amended or varied without the consent of the Lead Manager (acting reasonably);
 - (iii) is breached, or there is a failure by a party to comply;
 - (iv) ceases to have effect, otherwise than in accordance with its terms; or
 - (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- (oo) **Change of law:** there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia, other than a law or policy which has been announced before the date of this agreement);
- (pp) **Breach of laws:** there is a contravention by the Company or any other entity in the Group of the Corporations Act, the Competition and Consumer Act 2010 (Cth), the ASIC Act, its constitution or the Listing Rules;
- (qq) **Representations and warranties:** a representation or warranty contained in this agreement on the part of the Company is breached, becomes not true or correct or is not performed;
- (rr) **Breach:** the Company defaults on one or more of their undertakings or obligations under this agreement;
- (ss) **Legal proceedings:** any of the following occurs:
 - (i) a director of the Company is charged with an indictable offence;
 - (ii) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
 - (iii) the commencement of legal proceedings against the Company or any of its directors in their capacity as a director of the Company; or
 - (iv) any regulatory body commences any Inquiry against any member of the Group or the Company;

- (tt) **Disruption in financial markets:** any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, the United Kingdom or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (ii) trading in all securities quoted or listed on ASX, London Stock Exchange or New York Stock Exchange is suspended for at least 1 day on which that exchange is open for trading;
 - (iii) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, the United Kingdom or the United States or any adverse change in national or international political, financial or economic conditions; or
 - (iv) a change or development (which was not publicly known prior to the date of this agreement) involving a prospective adverse change in taxation laws affecting the Company or the Offers occurs;
- (uu) **Fraud:** the Company or any of its directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a Governmental Authority to have engaged since the date of this agreement, in any fraudulent conduct or activity whether or not in connection with the Offers;
- (vv) **Encumbrance:** other than as disclosed in the Prospectus, the Company creates or agrees to create an Encumbrance over the whole or a substantial part of its business or property; or
- (ww) **Pandemic or epidemic**: there is, after the date of the Underwriting Agreement, an outbreak, or escalation in the severity, of a pandemic or an epidemic (such as novel coronavirus, a recurrence of Severe Acute Respiratory Syndrome or an outbreak of swine or avian influenza), other than COVID-19.

If any of the events referred to in Sections 7.1(cc) to 7.1(ww) (inclusive) occurs, Euroz Hartleys may not terminate the Underwriting Agreement unless it has reasonable grounds to believe and, acting reasonably, does believe that the event has, or is likely to have, a Materially Adverse Effect; or will, or is likely to, give rise to a liability of Euroz Hartleys under, or a contravention by Euroz Hartleys of, any applicable law.

The Underwriting Agreement contains a number of undertakings provided by the Company which are considered customary for an agreement of this type, including but not limited to an undertaking by the Company for a period of 90 days from completion of the Underwriting Agreement not to issue or agree to issue Securities or alter its capital structure (subject to certain exceptions).

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to Euroz Hartleys as well as other provisions that are considered customary for an agreement of this type.

Please see Section 1.8 for further information regarding the interests of Euroz Hartleys in the IPO Offer and the potential effect of the underwriting of the IPO Offer.

7.2 Executive Services Agreement - Stephen Cornish

The Company has entered into an executive services agreement with Mr Stephen Cornish effective from 1 November 2017, pursuant to which Mr Cornish will serve as Managing Director of the Company on a full-time basis (**MD Agreement**).

The remuneration currently payable to Mr Stephen Cornish is \$170,000 per annum (excluding superannuation). On and from Admission, Mr Stephen Cornish will receive \$275,000 per annum (excluding superannuation). In addition, Mr Stephen Cornish is entitled to participate in bonus and/or other incentive schemes that may be implemented in the future.

The MD Agreement is for an indefinite term, continuing until terminated by either Mr Stephen Cornish giving not less than 2 months' notice or the Company giving not less than 6 months' written notice of termination (or shorter periods in limited circumstances).

On termination of the MD Agreement, however occurring, Mr Stephen Cornish is required to resign without claim for compensation from any office held by Mr Stephen Cornish in the Company or any member of the Group.

The MD Agreement contains additional provisions considered standard for agreements of this nature.

7.3 Executive Services Agreement - Timothy Cornish

The Company has entered into an executive services agreement with Mr Timothy Cornish effective from 1 July 2018, pursuant to which Mr Timothy Cornish will serve as an Executive Director of the Company on a full-time basis (**ED Agreement**).

The remuneration payable to Mr Timothy Cornish is \$115,000 per annum (excluding superannuation). On and from Admission, Mr Timothy Cornish will receive \$175,000 per annum (excluding superannuation). In addition, Mr Timothy Cornish is entitled to participate in bonus and/or other incentive schemes that may be implemented in the future.

The ED Agreement is for an indefinite term, continuing until terminated by either Mr Timothy Cornish giving not less than 2 months' notice or the Company giving not less than 6 months' written notice of termination (or shorter periods in limited circumstances).

On termination of the ED Agreement, however occurring, Mr Timothy Cornish is required to resign without claim for compensation from any office held by Mr Timothy Cornish in the Company or any member of the Group.

The ED Agreement contains additional provisions considered standard for agreements of this nature.

7.4 Letters of Appointment

The Company has entered into non-executive director appointment letters with David Buckingham, Craig Amos and Dalton Gooding which govern the terms of their appointment as Non-Executive Directors of the Company. David Buckingham will act as Chair of the Board.

The Non-Executive Directors are currently paid the following fees (exclusive of superannuation):

- (a) David Buckingham \$75,000 per annum;
- (b) Craig Amos \$15,000 per annum; and
- (c) Dalton Gooding \$25,000 per annum.

On and from Admission, the Non-Executive Directors will be paid the following fees (exclusive of superannuation):

- (a) David Buckingham \$75,000 per annum;
- (b) Craig Amos \$50,000 per annum; and
- (c) Dalton Gooding \$50,000 per annum.

The term of each Non-Executive Director's appointment is subject to provisions of the Constitution relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which the Non-Executive Director is not re-elected by Shareholders.

The appointment letters otherwise contain terms and conditions that are considered standard for agreements of this nature.

7.5 Customer Agreements

The Company has a range of standard form end-user agreements under which it delivers its various services to its customers (**Customer Agreements**). Under each Customer Agreement, the customer acknowledges that it has read and understood and agrees to the terms of the Customer Agreement, including the critical information summary provided with each Customer Agreement and the Company's terms and conditions of service, which are reviewed periodically to ensure continued compliance with applicable legislation and are available at the Company's website. The Customer Agreements otherwise provide for set-up/installation costs and/or monthly service fees in accordance with the Company's fee schedule.

The Customer Agreements are either for a 'non-fixed length' term (on a monthly rolling basis) or for a 'fixed-length' term (in certain cases, with an option to renew). The Company's terms and conditions of service provide that Customer Agreements with a fixed term will automatically become a non-fixed term agreement at the end of the fixed term (unless cancelled by the customer or the Company giving 30 days' notice). Early termination charges apply in the event a fixed-term Customer Agreement is terminated prior to the end of the fixed term. Customer Agreements with a non-fixed term may be terminated by the Company providing 30 days' notice, or immediately by the customer.

The Customer Agreements have been prepared with regard to the Company's obligations under applicable legislation, including the Telecommunications Act, the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (Cth), the Competition and Consumer Act 2010 (Cth) (including the Australian Consumer Law) and Telecommunications Consumer Protection Code. The Customer Agreements otherwise contain terms and conditions that are considered standard for agreements of this nature.

7.6 Axicom Agreements

The Company is a party to a number of individual lease agreements and site licences with Axicom (**Axicom Agreements**) which are each in relation to a specified area on an Axicom telecommunications tower located within the Perth or Greater-Perth metropolitan area. Under each Axicom Agreement, the Company is granted permission to install and operate its telecommunications equipment using the leased area on the tower, including antennas, dishes, feeders and associated electrical equipment and cables.

Each Axicom Agreement was entered into during or after 2018, and has a fixed term ranging between 5 to 5 and a half years (unless terminated earlier). The Company pays annual rental fees under each agreement.

Each individual lease agreement is to be read in conjunction with a corresponding executed site licence for each location (which together, form an Axicom Agreement). Axicom may terminate an Axicom Agreement:

- (a) if the Company breaches an obligation under the site licence and fails to remedy that breach;
- (b) the head lease terminates for any reason or Axicom's right to enter, occupy or use the site terminates or ceases for any reason;
- (c) there is an interruption to access to the site so as to render the site wholly or substantially unfit for occupation by the Company or Axicom;
- (d) any application for a required consent or permit for the installation and use of the site or the licenced premises is rejected or cancelled, lapses or is otherwise terminated and Axicom reasonably determines that no further or replacement consent or permit can reasonably be obtained;
- (e) the Company experiences an insolvency event or change in control; or
- (f) the Company's improvements materially interfere with the use of third party equipment and that interference cannot be remedied prior to Axicom suffering loss or damage (including contractual loss) in respect of that interference.

The Axicom Agreements otherwise contain terms and conditions that are considered standard for agreements of this nature.

7.7 Water Corporation Licence Deeds

The Company is a party to a number of licence deeds with Water Corporation (**Water Corporation Licences**). Each Water Corporation Licence grants the Company access to a specific Water Corporation site within the Perth or Greater-Perth metropolitan area and permits the Company to erect, maintain and operate facilities required for the operation of the Company's business. This includes the installation and operation of antennas, associated plant, equipment, wires, cables, pipes, earthing straps, supports and conduits.

Each Water Corporation Licence was entered into during or after 2018 and expires on 31 December 2028 (unless terminated earlier). Under each Water Corporation Licence, a licence fee is payable by the Company during the first year of the term, which increases annually and is subject to market review.

The Company may terminate each Water Corporation Licence during the term by giving six months' written notice to Water Corporation. Water Corporation may also terminate a Water Corporation Licence:

- (a) where it reasonably requires the site in question for its own use provided that it gives the Company two years' written notice and endeavours to relocate the Company elsewhere on its land;
- (b) by written notice if by reasons of the emergence of significant radiocommunications interference not caused by or contributed to by the Water Corporation renders the Company's equipment permanently unfit for the Company's use;

- (c) if the Company commits an act of default under the Water Corporation Licence (such as a failure to pay licence fees, failure to observe or perform its obligations, or occurrence of a specified insolvency event); and
- (d) immediately if the Company breaches certain security provisions.

The Water Corporation Licences otherwise contain terms and conditions that are considered standard for agreements of this nature.

7.8 GeForce NOW Alliance Partner Agreement - NVIDIA

The Company is a party to a NVIDIA GeForce NOW Alliance Partner Agreement (**NVIDIA Agreement**) with NVIDIA dated 25 November 2020 (and amended on 8 December 2020). GeForce NOW (**GFN**) is NVIDIA's gaming PC in the cloud service (**GFN Service**) that streams a user's game library to the user's devices from the Company's data centres. The NVIDIA Agreement covers Australia (**Territory**).

Pursuant to the terms of the NVIDIA Agreement, the Company has the right to purchase up to 72 GFN Game Servers from NVIDIA (or its approved third party vendors), in a staggered approach. 36 GFN Game Servers make up a GFN Pod. The NVIDIA Agreement does not restrict the Company from purchasing more than two GFN Pods from NVIDIA over the course of its term.

Specifically, the Company:

- (a) will issue a purchase order for 12 GFN Game Servers and associated hardware by 28 February 2021;
- (b) will use these 12 GFN Game Servers to test the market, and offer the GFN Service to users during a beta test period; and
- (c) must commercially launch the GFN Service in Australia by no later than 31 May 2021 under a subscription model (**Commercial Launch**).

The Company will pay NVIDIA a percentage revenue share (in USD).

The Company may be granted exclusivity in Australia for an initial period of 12 months from the date of Commercial Launch (**Initial Exclusivity Period**) if, in its discretion, the Company decides to increase its investment to one GFN Pod from NVIDIA (by purchasing an additional 24 GFN Game Servers). This exclusivity period will be extended for a further 12 months if the Company, in its discretion, purchases a second GFN Pod within the Initial Exclusivity Period. The parties will thereafter negotiate any further extensions to exclusivity terms within the Territory beyond this 24 month period.

Under the terms of the NVIDIA Agreement, the Company is required to:

- (a) provide the space and infrastructure for hosting GFN Servers in its data centres;
- (b) provide first-line support services to users; and
- (c) market the GFN Service in the Territory and comply with specific marketing requirements.

The Company is permitted to issue sublicences in the Territory, with NVIDIA's consent.

Under the NVIDIA Agreement, NVIDIA:

- (a) will operate and monitor the GFN Service and GFN Pod(s) remotely;
- (b) will provide second level/back end support to the Company in respect of user support services;
- (c) offers a one year warranty in respect of each GFN Game Server (an additional 2 years can be purchased for an extra cost per unit);
- (d) is the controller of which games are on-boarded onto the GFN Service; and
- (e) remains the owner of all rights in the GFN Service.

The NVIDIA Agreement is for an initial term of 3 years, and unless one party notifies the other at least 1 month prior to the end of this initial term or any renewal period in force of its intent for the NVIDIA Agreement to expire at the end of the current term, will automatically renew for further 1 year periods, indefinitely. The NVIDIA Agreement can be terminated by either party for the other's (unrectifiable, or notified but unrectified) material breach.

The NVIDIA Agreement otherwise contains terms and conditions that are considered standard for agreements of this nature.

7.9 Vocus Agreement

The Company is a party to a master services agreement with Vocus dated 19 November 2020 for the provision by Vocus of telecommunications and data centre products and services, which primarily includes wholesale $nbn^{\text{\tiny{M}}}$ services, enterprise fibre and dark fibre (**Vocus Agreement**).

Monthly fees paid by the Company under the Vocus Agreement vary depending on the nature of services provided and equipment rented or supplied. Each service is supplied under a separate service order and is subject to an initial term ranging from 1 month to 48 months. After the initial term expires, service orders remain in force on a month to month basis and can be terminated on 30 days' notice.

The Company may terminate the Vocus Agreement or a service order where Vocus commits a material breach of the Vocus Agreement or service order which is not remedied, or suffers and insolvency event. The Company may terminate a service order by giving no less than 20 business days' notice.

Vocus may terminate the Vocus Agreement or a service order where:

- (a) the Company has committed a material breach of the agreement or a service order and the breach is not remedied or capable of remedy;
- (b) the Company fails to pay an amount due;
- (c) the Company is subject to an insolvency event or change of control event;
- (d) a supply failure occurs which prevents Vocus from delivering its services;
- (e) any permit, licence, lease or consent required by Vocus for the provision of the services cannot be obtained or retained;
- (f) Vocus is required to do so to comply with any law or direction of any government agency; or

(g) if a force majeure event continues for more than 30 consecutive days.

The Vocus Agreement otherwise contains terms and conditions that are considered standard for agreements of this nature.

7.10 TPG Agreement

The Company has entered into a wholesale standard services agreement dated 27 October 2017 with TPG (**TPG Agreement**) for the provision by TPG of telecommunications services. TPG services utilised by the Company primarily include wholesale NBN services, enterprise fibre and fibre links.

Under the TPG Agreement, the Company is required to pay monthly fees for the various services supplied. Each service is supplied under a separate service schedule and is subject to minimum terms ranging from 1 month to 48 months. After the minimum term, the order for service will remain in effect for the initial period and will be automatically renewed month to month until terminated by either party providing 30 days' notice. The agreement will terminate automatically on termination of all individual service schedules.

The Company may terminate all or any individual services under the TPG Agreement by notice in writing to TPG if TPG materially breaches the TPG Agreement and fails to remedy the breach within 14 days of receipt of written notice.

TPG may terminate the TPG Agreement or any individual service where:

- (a) the Company has committed an act of default under the TPG Agreement, which includes failure to pay a sum due, breach of a provision of the agreement which is not remedied or capable of remedy, an insolvency event or change of control event;
- (b) the Company fails to provide a cash deposit security;
- (c) it believes it necessary to do so to comply with a law or order to protect any person, equipment or TPG network, and/or to attend any emergency;
- (d) TPG is unable to supply the services; or
- (e) a force majeure event prevents either party from performing or substantially performing all of its obligations.

The TPG Agreement otherwise contains terms and conditions that are considered standard for agreements of this nature.

7.11 Virtutel Agreement

The Company is a party to a master services agreement with Virtutel dated 15 November 2019 (**Virtutel Agreement**) for the provision by Virtutel of wholesale nbn™ services. The Virtutel Agreement has an initial term of two years. Each individual service under the Virtutel Agreement is ordered under a separate service schedule and is not subject to a minimum or a maximum term. The Company is required to pay fees for each service supplied, which includes service and bundled CVC (Connectivity Virtual Circuit).

After the initial term, the Virtutel Agreement will continue in force until either party terminates the Virtutel Agreement by providing 30 days' written notice. Virtutel may terminate the Virtutel Agreement or one or more of the service schedules immediately by written notice if:

- (a) following a suspension for breach of failure to pay, the breach is not remedied;
- (b) if a services suspension notice is issued on four separate occasions for the same or similar breaches;
- (c) if there is a change of control event in respect of the Company without the prior consent of Virtutel;
- (d) the Company is in breach of a licence, permit or authorisation relating to the use of or connection of equipment to the relevant access line, or the use of services;
- (e) Virtutel reasonably suspects that the Company has suspended payments of its debts;
- (f) Virtutel reasonably suspects fraud in respect of, or misuse of the services by the Company or an end user;
- (g) a licence, permit or authorisation required by the Company to conduct the business of providing telecommunications services are terminated, revoked or expires; or
- (h) a force majeure event occurs and continues for more than 20 business days.

The Virtutel Agreement otherwise contains terms and conditions that are considered standard for agreements of this nature.

7.12 Carrier Licence

As the Company is the owner of network units (as defined under the Telecommunications Act) the Company is required to hold a carrier licence. The Company holds a carrier licence, which was issued on 13 October 2017 under subsection 56(1) of the Telecommunications Act. The Company is required to pay annual licence fees and levies based on its annual revenue. The carrier licence is subject to conditions set out in the Telecommunications Act and other legislation. These include obligations regarding access to facilities and network information of other carriers. Under these conditions, the Company must provide other carriers with:

- (a) access to the Company's facilities for the purpose of enabling them to provide competitive facilities and competitive carriage services or to establish their own facilities;
- (b) access to telecommunications transmission towers, the sites of transmission towers and underground facilities that are designed to hold lines; and
- (c) access to certain information relating to the operation of telecommunications networks.

All fees due in relation to the carrier licence have been paid and the Company is not aware of any default or breach that would cause revocation, non-renewal or the imposition of a penalty in relation to the carrier licence.

7.13 Superloop Agreement

The Company has entered into a number of services orders with Superloop, to which the terms of a master services agreement applies (**Superloop Agreement**) for the provision of fibre optic capacity and ethernet services. Each service is ordered under a separate service order and has a term of 35 or 36 months. The Company is charged a monthly fee for provision of the services.

After the expiry of the term of the service order, the service order automatically continues unless terminated by either party by giving 30 days' written notice. Either Superloop or the Company may terminate the Superloop Agreement by immediate effect:

- (a) by giving written notice where either party breaches a material provision of the Superloop Agreement and does remedy within 21 Business Days of being requested to do so by the other party; or
- (b) where either party suffers an insolvency event.

Superloop may also terminate the Superloop agreement by giving written notice where the Company fails to pay an amount due and does not remedy within 20 Business Days of being requested to do so by Superloop.

The Superloop Agreement otherwise contains terms and conditions that are considered standard for agreements of this nature.

7.14 Lease agreement

The Company has entered into a lease agreement with Cornish Property Trust, an entity controlled by the parents of Directors Stephen Cornish and Timothy Cornish, for the lease of the Company's office premises at Unit 2, 8 Corbusier Place, Balcatta WA 6021 for a term of 5 years (ending on 30 May 2023). The premises will be used by the Company for commercial purposes. Under the terms of the lease, the Company must pay to Cornish Property Trust monthly rent of \$6,231.50 including GST. The lease agreement otherwise contains terms and conditions that are considered standard for agreements of this nature.

7.15 Deeds of indemnity, insurance and access

The Company is a party to a deed of indemnity, insurance and access with each of the Directors and the Company Secretary. Under these deeds, the Company indemnifies each Director and officer to the extent permitted by law against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must allow the Directors to inspect board papers in certain circumstances. The deeds are considered customary for deeds of this nature.



Additional Information

8.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) (Ranking of Shares): At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) (**Voting rights**): Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:
 - (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
 - (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
 - (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).
- (c) (**Dividend rights**): Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.
 - Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.
- (d) (**Variation of rights**): The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) (**Transfer of Shares**): Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

(f) (**General meetings**): Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) (Unmarketable parcels): The Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.
- (h) (Rights on winding up): If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares (subject to, and assuming that the Company becomes admitted to the official list of ASX).
- (i) (**Restricted securities**): a holder of restricted securities (as defined in the Listing Rules) must comply with the requirements imposed by the Listing Rules in respect of restricted securities.

8.2 Rights attaching to Staff Options

Please refer to Annexure A for a summary of the terms and conditions of the Staff Options.

8.3 Rights attaching to Consultant Options

Please refer to Annexure B for a summary of the terms and conditions of the Consultant Options.

8.4 Rights attaching to Employee Options

Please refer to Annexure C for a summary of the terms and conditions of the Employee Options.

8.5 Summary of the Plan

The Board has adopted an employee securities incentive plan. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. It is intended that both the Executive and Non-Executive Directors will participate in the Plan. As at the date of this Prospectus, the Company has issued a total of 4,350,000 Securities under the Plan. This Prospectus also includes a separate offer of 160,000 Shares and 1,560,000 Employee Options to the Participating Employees (or their respective nominees) under the Plan.

A summary of the terms of the Plan is set out in Annexure D.

8.6 Effects of the Offers on control and substantial Shareholders

Those Shareholders (and their associates) holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows.

Name	Number of Shares	% of Shares¹
Stephen Cornish²	49,458,137	28.6%
Peter and Susan Cornish³	17,869,547	10.3%
Timothy Cornish⁴	12,053,137	7%
Sharon White and associated entities ⁵	10,000,000	5.8%
Thorney Investment Group and associated entities ⁶	9,514,105	5.5%

Notes:

- 1. Assumes that there are 173,169,935 Shares on issue and no further Shares are issued or Options exercised.
- 2. Mr Stephen Cornish has a relevant interest in the following Securities:
 - (a) 30,000 Shares are held directly;
 - (b) 605,000 Shares are held by Gemma White;
 - (c) 41,570,000 Shares and 10,900,000 Options are held by Stephen Cornish ATF Stemma Investment Trust; and
 - (d) 7,253,135 Shares are held by Peter John Cornish ATF Cornish Family Trust.
- 3. Peter and Susan Cornish have a relevant interest in the following Securities:
 - (a) 1,000,000 shares are held directly
 - (b) 7,253,137 Shares are held by Peter John Cornish ATF Cornish Family Trust;
 - (c) 1,800,000 Shares are held by FFF International Pty Ltd; and
 - (d) 7,816,410 Shares are held by Peter John Cornish & Susan Margaret Cornish ATF Cornish Super Fund.
- 4. Mr Timothy Cornish has a relevant interest in the following Securities:
 - (a) 5,000 Shares are held directly;

- (b) 3,595,000 Shares and 7,950,000 Options are held by Timothy John Cornish ATF Timothy Cornish Family Trust;
- (c) 1,200,000 Shares are held by TJ Cornish Nominees Pty Ltd ATF TJ Cornish Super Fund; and
- (d) 7,253,135 Shares are held by Peter John Cornish ATF Cornish Family Trust.
- 5. Sharon White has a relevant interest in the following Securities:
 - (a) 5,000,000 Shares are held directly;
 - (b) 2,000,000 Shares are held by April Cove Pty Ltd ATF Mainstar Super Fund; and
 - (c) 3,000,000 Shares are held by McWhite Pty Ltd ATF McWhite Unit Trust.
- 6. Thorney Investment Group has a relevant interest in the following Securities:
 - (a) 2,267,950 Shares are held by Jasforce Pty Ltd;
 - (b) 2,707,693 Shares are held by Urban Land Nominees Pty Ltd; and
 - (c) 4,538,462 Shares are held by Thorney Investment Group ATF Thorney Technologies Ltd.

Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue:

Name	Number of Shares	% Shareholding¹
Stephen Cornish	49,458,137	18.8%
Peter and Susan Cornish ²	18,269,547	6.9%
Thorney Investment Group and related entities	14,314,105	5.4%

Notes:

- 1. Assumes that there are 263,169,935 Shares on issue and no further Shares are issued or Options exercised.
- 2. As at the date of this Prospectus, Peter and Susan Cornish (and their associates) intend to subscribe for 400,000 Shares pursuant to the IPO Offer.
- 3. As at the date of this Prospectus, Thorney Investment Group (and its associates) intend to subscribe for 4,800,000 Shares pursuant to the IPO Offer.

8.7 Interests of Promoters, Experts and Advisers

(a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no:

- (i) persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (ii) promoter of the Company; or
- (iii) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds at the date of this Prospectus, or has held at any time during the last 2 years, any interest in:

- (iv) the formation or promotion of the Company;
- (v) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (vi) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

(b) **Share registry**

Automic has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus. The Company estimates it will pay Automic \$10,000 (excluding GST) for these services.

(c) Auditor

BDO Audit has been appointed to act as auditor to the Group. The Company estimates it will pay BDO Audit a total of \$22,500 (excluding GST) for these services.

(d) Legal adviser

HWL Ebsworth Lawyers (**HWLE**) has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay HWLE \$140,000 (excluding GST) for these services.

(e) Investigating Accountant

BDO Corporate Finance has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report which is included in Annexure E of this Prospectus. The Company estimates it will pay BDO Corporate Finance a total of \$12,000 (excluding GST) for these services.

(f) Lead Manager and Underwriter

Euroz Hartleys has been appointed to act as the Lead Manager and Underwriter to the IPO Offer. Details of the payments to be made to Euroz Hartleys are set out in Sections 1.8 and 7.1.

8.8 Consents

- (a) Each of the parties referred to below:
 - (i) does not make the Offers;
 - (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;

- (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear:

Name	Capacity
Automic	Share Registry
BDO Audit	Auditor
HWL Ebsworth	Legal Adviser
BDO Corporate Finance	Investigating Accountant
Euroz Hartleys	Lead Manager and Underwriter

(b) **Investigating Accountant**

BDO Corporate Finance has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included in this Prospectus.

(c) Auditor

BDO Audit has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion of the audited accounts of the Company in the form and context in which they are included in this Prospectus.

8.9 Expenses of Offer

The total approximate expenses of the Offers payable by the Company are:

	\$
ASIC Lodgement Fee	3,206
ASX Quotation Fee	132,891
Registry Fees	10,000
Legal Fees	140,000
Investigating Accountant Fees	12,000
Payment to Lead Manager and Underwriter ¹	1,125,000

	\$
Printing, Postage and Administration Fees	20,000
Total	1,443,097

Notes:

Details of the payments to be made to the Lead Manager and Underwriter are set out in Section 7.1.

8.10 Continuous Disclosure Obligations

Following Admission, the Company will be a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.11 Litigation

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

8.12 ASIC Relief and ASX Waivers

The Company has obtained a waiver from Listing Rule 1.1 condition 12 to permit the Company to have options on issue, as detailed in Section 1.9, with an exercise price of less than \$0.20 at the time of Admission.

Other than set out above, no ASIC relief or ASX waivers have been obtained and relied upon in relation to the Offers.

8.13 Electronic Prospectus

In Regulatory Guide 107, ASIC confirms that the use of electronic disclosure documents and electronic application forms is permitted under Chapter 6D of the Corporations Act without relief. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the relevant electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

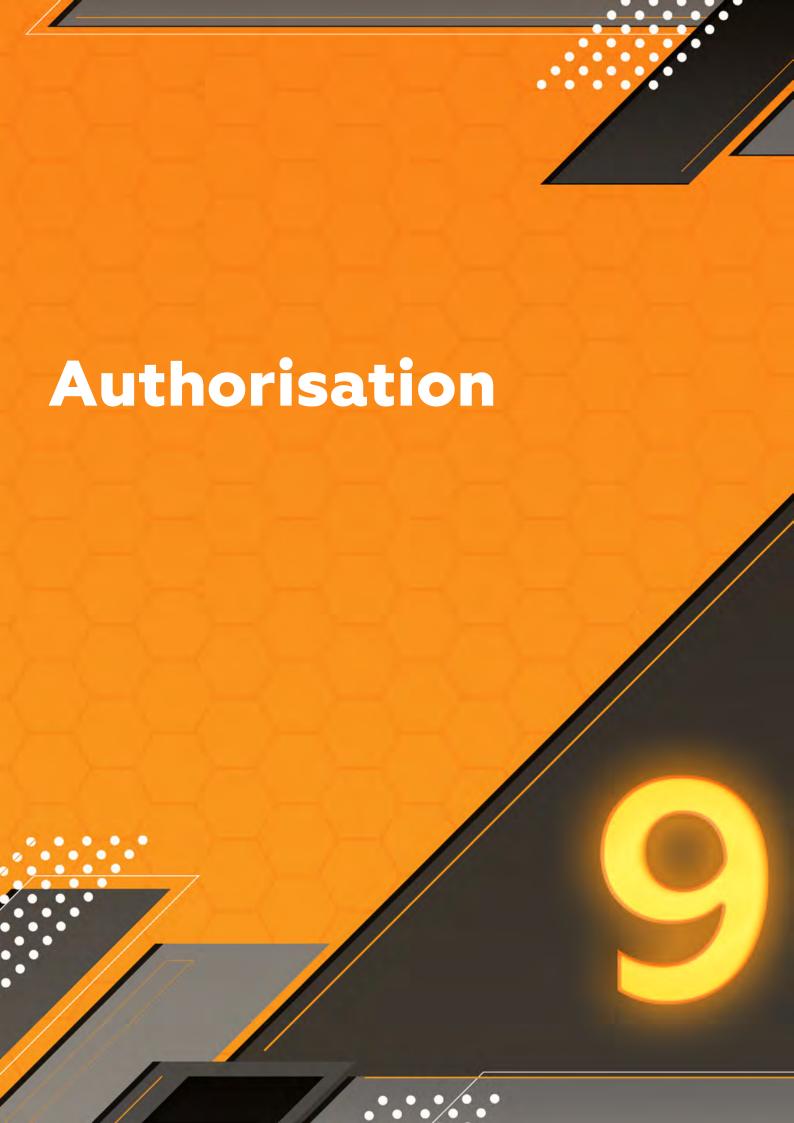
8.14 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution;
- (c) the Company's corporate governance policies; and
- (d) the consents referred to in Section 8.8 of this Prospectus.

8.15 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 6 and Annexure E, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.



9. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

David Buckingham

DEvely

Non-Executive Chairman Dated: 11 December 2020



Glossary of Terms 10.

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

AS or S means Australian dollars.

ACCC means the Australian Competition and Consumer Commission.

ACMA means the Australian Communications and Media Authority.

Admission means admission of the Company to the Official List, following

completion of the Offers.

Annexure means an annexure to this Prospectus.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities pursuant to this Prospectus.

Application Form means the relevant application form for an Offer provided with a

copy of this Prospectus.

Application Monies means application monies for Securities under the Offers received

and banked by the Company.

ARPU means average revenue per user.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires,

the financial market operated by it.

ASX

means a modification to or exemption (including, without limitation, **Modifications** any 'no action' letter) required to be obtained by the Company

from ASIC to enable it to conduct the Offers in compliance with the

Corporations Act and as described in the Offer Documents.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement

Rules

means ASX Settlement Operating Rules of ASX Settlement.

ASX Waivers means any waivers, confirmations and / or approvals required to

be obtained by the Company from ASX to enable the Company to conduct the Offers, and for the Company to achieve a listing on ASX, in compliance with the Listing Rules and as described in the Offer Documents, including but not limited to the ASX waiver referred to

in Section 8.12.

Automic means Automic Pty Ltd ACN 152 260 814.

Axicom means Axicom Pty Ltd ABN 34 090 873 019. **BDO Audit** means BDO Audit (WA) Pty Ltd ACN 112 284 787.

BDO Corporate means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.

Finance Board means the board of Directors of the Company.

Bookbuild means the bookbuild process undertaken prior to the date of the

Underwriting Agreement that determined the Institutional Investor

and Broker demand for the Offer Shares at the Offer Price.

Broker means an ASX participating organisation selected by the Lead

Manager and Underwriter in consultation with the Company to

participate in the Broker Firm Offer.

Broker Firm Application Form means the Application Form in respect of the Broker Firm Offer.

Broker Firm Offer means the offer of Shares under the IPO Offer to Australian and New

Zealand resident retail clients of Brokers who have received a firm

allocation from their Broker.

Business Day means a day on which:

(a) ASX is open for trading in securities; and

(b) banks are open for general banking business in Perth,

Western Australia.

Chair means the chairperson of the Board.

CHESS means the Clearing House Electronic Subregister System operated

by ASX Settlement.

Claim means any allegation, debt, cause of action, judgment, order,

liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

Closing Certificate means a certificate executed by the Company and delivered to the

Lead Manage and Underwriter in accordance with the Underwriting

Agreement and which certifies (amongst other things) the

Company's compliance with its obligations under the Underwriting

Agreement and the Offers.

Closing Date means the date that the Offers close, which is 5.00pm (WST)

on 22 December 2020 or such other time and date as the Board

determines.

Company or Pentanet means Pentanet Limited ACN 617 506 279.

Constitution means the constitution of the Company.

Consultant Options means the 1,000,000 Options issued to a consultant of the Company

on the terms and conditions set out in Annexure B.

Corporations Act

means the Corporations Act 2001 (Cth).

Customer Offer

means the offer of Shares under the IPO Offer to Eligible Customers

as described in Section 1.10(c).

Customer Offer Closing Date

means the date on which the Customer Offer is expected to close, being 5:00pm (WST) on 22 December 2020, or such other date and

time determined by the Board.

Customer Offer Shortfall has the meaning given in Section 1.11(c).

Customer Offer Shortfall Bookbuild has the meaning given in Section 1.11(c).

Customer Portal

means the online customer portal where Eligible Customers may

access this Prospectus and the Application Form.

Directors

means the directors of the Company.

Due Diligence

means the due diligence committee formed by the Company in

connection with the Offer as described in the Due Diligence Planning

Memorandum.

Committee
Due Diligence
Planning
Memorandum

means the document which documents the Due Diligence Process as adopted by the Due Diligence Committee and the board of the

Company.

Due Diligence Process means the due diligence process and procedures established in relation to the Offers and the Offer Documents and documented in the Due Diligence Planning Memorandum adopted by the Due Diligence Committee and, where appropriate, includes reports and findings resulting from the due diligence process and procedures.

Due Diligence Report means the report of the Due Diligence Committee to the directors of the Company and each of the Due Diligence Committee members,

including all the attachments to that report.

Electronic Prospectus

means the electronic copy of this Prospectus located at the

Company's website www.pentanet.com.au.

Eligible Customer means persons

means persons residing in Australia who holds an active subscription with an account in good standing for the Company's products or services, which product or service is active as at 5:00pm on 11 December 2020 (please refer to Section 1.10(c) for more information).

Employee Offer

means the offer of 1,560,000 Employee Options and 160,000 Shares

to be issued to the Participating Employees (or their respective

nominees).

Employee Options means the Options offered to the Participating Employees under the Employee Offer on the terms and conditions set out in Annexure C.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of

security, security interest, title retention, preferential right or trust arrangement, Claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the

same effect.

Escrowed Persons means, together, the persons:

(a) subject to any voluntary escrow as described in this Prospectus; and

(b) determined by ASX to be a holder of restricted securities in accordance with the Listing Rules.

Euroz Hartleys means Euroz Hartleys Securities Limited ACN 089 314 983.

Executive Directors means the executive directors of the Company, as appointed from

time to time.

Exposure Period means the period of seven days after the date of lodgement of this

Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to section 727(3) of the Corporations Act.

GFN has the meaning given in Section 7.8.

GFN Game Server means an NVIDIA GFN cloud gaming server that may be purchased

by the Company pursuant to the NVIDIA Agreement.

GFN Service has the meaning given in Section 7.8.

Gbps means Gigabits per second.

GP means gross profit.

Government means any gover

GovernmentMeans any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency, bureau, municipal, board, instrumentality

or entity.

Group means the Company and its subsidiaries.

Independent means the report contained in Annexure E. **Limited Assurance Report**

Indicative means the indicative timetable for the Offers on page viii of this

Timetable Prospectus.

Institutional means investors who are: **Investors**

(a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(8), 708(10) and 708(11) of the Corporations Act; or

(b) institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager and Underwriter, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply).

Institutional Offer

means the offer of Shares under the IPO Offer to Institutional Investors in Australia and a number of other eligible jurisdictions.

Investigating Accountant

means BDO Corporate Finance.

IPO

means initial public offer.

IPO Offer

means the initial public offer by the Company, pursuant to this Prospectus, of up to 89,840,000 Shares at the Offer Price to raise up to \$22,460,000 (before costs).

Issue Date

means the date, as determined by the Directors, on which the Securities offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.

Listing Rules

means the listing rules of the ASX.

Lead Manager and Underwriter

means Euroz Hartleys.

Lodgement Date

means the lodgement date of the Prospectus detailed in the Indicative Timetable.

Material Adverse Effect

means a material adverse change or effect in the:

- (a) general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, shareholder's equity, or results of operations of the Group (taken as a whole) from that disclosed in the Prospectus; or
- (b) the success, marketing or settlement of the Offers,

subject to, where there is a decrease in the revenue of the Group (taken as a whole), it must be to a level that is 80% or less of the respective level as stated in the Group's audited financial statements for the period ended 30 June 2020, in order to be considered a Material Adverse Effect.

Material Contract

means each of:

- (c) the Restriction Agreements; and
- (d) those contracts disclosed at section 7 of this Prospectus.

Mbps means Megabits per second.

MGIA means multi-gig internet access.

NBN means NBN, Australia's national broadband network.

NBN Co means NBN Co Limited ACN 136 533 741, a government business

enterprise.

Non-Executive Director

means a non-executive director of the Company, as appointed from

time to time.

NVIDIA means NVIDIA Corporation.

NVIDIA Agreement has the meaning given in Section 7.8.

Offer Period means the period of time commencing on the Opening Date and

ending on the Closing Date.

Offer Documents means the following documents issued or published by, or on behalf

of, the Company in respect of the Offers:

(a) the Pathfinder and any document which supplements or replaces the Pathfinder (including any addendum to the

Pathfinder);

(b) this Prospectus, any Application Form and any supplementary

prospectus;

(c) any cover email sent by or on behalf of the Company to eligible Institutional Investors outside of Australia in

connection with the Institutional Offer and Bookbuild; and

(d) the marketing roadshow presentation and/or public

announcements used by the Company in connection with the

Offers used or made after the Lodgement Date

Offers means the IPO Offer and Employee Offer.

Offer Price means \$0.25 per Share under the IPO Offer.

Offer Shares means the total 89,840,000 Shares to be issued as disclosed in this

Prospectus under the IPO Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing

Rules.

Opening Date means the date specified as the opening date in the Indicative

Timetable.

Option means an option to acquire a Share.

Pathfinder means a draft Prospectus for the Offers that has been provided

to certain Institutional Investors, co-managers, Brokers and subunderwriters for the purposes of the roadshow and Bookbuild.

Participating

Employees

Agreement

means nominated employees of the Company who are invited to apply for Shares and Employee Options pursuant to the Employee

Offer.

Pentanet.GG means Pentanet.GG Pty Ltd ACN 633 078 958, a wholly owned

subsidiary of the Company which operates in the business of

esports.

Plan means the Pentanet Limited Employee Securities Incentive Plan.

means this prospectus dated 11 December 2020. **Prospectus**

Relevant Interest has the meaning given in the Corporations Act.

Restriction means the agreement to be entered into by any Escrowed

> Persons under which the Escrowed Persons agree not to dispose of a specified number of Shares for the period described in this

Prospectus

Restriction Notice means the notice to be sent to any Escrowed Persons informing

> them that a specified number of Shares held by them are subject to disposal restrictions for a nominated period, and being a "restriction

notice" as defined in the Listing Rules.

Section means a section of this Prospectus.

Securities means any securities, including Shares, Options or performance

rights issued or granted by the Company.

means the settlement date detailed in the Indicative Timetable. **Settlement Date**

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Automic Pty Ltd ACN 152 260 814.

Shareholder means a holder of one or more Shares.

Shortfall

Notification Date

means the date of notification of shortfall pursuant to the

Underwriting Agreement.

Staff Options means the Options issued to staff, key management personnel and

Directors on the terms and conditions set out in Annexure A.

Superloop means Superloop Limited ACN 169 263 094.

Supplementary

means any supplementary or replacement Prospectus prepared or Prospectus

required to be prepared and lodged with ASIC under section 719 of

the Corporations Act.

Telecommunications means the *Telecommunications Act 1997* (Cth).

Act

TPG means AAPT Limited ACN 052 082 416.

Underwriting means the underwriting agreement between Euroz Hartleys

Agreement and the Company dated 10 December 2020

Virtutel means Virtutel Pty Ltd ABN 86 142 205 712

Vocus means Vocus Pty Ltd ACN 127 842 853.

Water Corporation means Water Corporation ABN 28 003 434 917.

WST means Western Standard Time, being the time in Perth,

Western Australia.





Annexure A. Terms and conditions of Staff Options

The terms and conditions of the Staff Options and Employee Options are set out below:

1. Entitlement

The Options entitle the Option holder (**Optionholder**) to subscribe for one Share upon the exercise of each Option.

2. Quotation of Options

The Company will not apply for official quotation of the Options on ASX.

3. Issue Price

The Options were issued for nil cash consideration.

4. Exercise price and Expiry date

Each Option (unless otherwise specified) has an exercise price of \$0.13 (**Exercise Price**) and expiry date of 5.00pm (WST) on 30 June 2021 (**Expiry Date**) as set out below. Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

5. Notice of Exercise

The Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (a) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (b) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (c) a cheque or electronic funds transfer for the Exercise Price for the number of Options being **exercised**. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

6. Timing of issue of Shares and quotation of Shares on exercise

As soon as practicable after the valid exercise of an Option by the Optionholder, the Company will:

- (a) issue, allocate or cause to be transferred to the Optionholder the number of Shares to which the Optionholder is entitled;
- (b) issue a substitute Certificate for any remaining unexercised Options held by the Optionholder;
- (c) if required and subject to paragraph 7, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; **and**

(d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

7. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

8. Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon exercise of the Options within 20 Business Days after the date of issue of those Shares.

9. Options transferrable

The Options will not be transferable (unless otherwise approved by the Board).

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the Optionholder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will not be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will not be adjusted following an entitlement offer.

13. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.





Annexure B. Terms and conditions of Consultant Options

The terms and conditions of the Consultant Options are set out below:

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon payment of \$0.13.

2. Expiry Date

The Options will expire at 5pm Australian Western Standard Time on 28 February 2022 (**Option Expiry Date**).

3. Lapse

Any unexercised Options shall lapse immediately if the holder terminates its consultancy with the Company, or if the Company terminates the holder's consultancy for serious misconduct, prior to the Company being admitted to the official list of the ASX.

4. Quotation of Options

The Company will not apply to the ASX for official quotation of the Options.

5. Participation in new issues

There are no participating rights or entitlements inherent in the Options and the holder of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.

The Option holder has the right to exercise the Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the currency of the Options, and subject to them having vested.

6. Notice of Exercise

The Options shall be exercisable at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the option-holders to the balance of Options held by him or her.

The Shares allotted from the exercise of any Options shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.

7. Participation in dividends

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

8. Transferability

The Options are not transferable, unless:

- (a) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
- (b) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.

9. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the holder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.





Annexure C.

The terms and conditions of the Employee Options are set out below:

1. Entitlement

The Options entitle the Option holder (**Optionholder**) to subscribe for one Share upon the exercise of each Option.

2. Quotation of Options

The Company will not apply for official quotation of the Options on ASX.

3. Issue Price

The Options will be issued for nil cash consideration per Option.

4. Exercise price and Expiry date

Each Option (unless otherwise specified) will have an exercise price as set out below (**Exercise Price**) and will expire at 5.00pm (AWST) on 30 June 2024 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Tranche	Exercise price
Tranche 1	\$0.30
Tranche 2	\$0.37
Tranche 3	\$0.50

5. Notice of Exercise

The Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (a) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (b) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (c) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

6. Timing of issue of Shares and quotation of Shares on exercise

As soon as practicable after the valid exercise of an Option by the Optionholder, the Company will:

- (a) issue, allocate or cause to be transferred to the Optionholder the number of Shares to which the Optionholder is entitled;
- (b) issue a substitute Certificate for any remaining unexercised Options held by the Optionholder;

- (c) if required and subject to paragraph 7, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

7. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

8. Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon exercise of the Options within 20 Business Days after the date of issue of those Shares.

9. Options transferrable

The Options will not be transferable (unless otherwise approved by the Board).

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the Optionholder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will not be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will not be adjusted following an entitlement offer.

13. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.



Annexure

Annexure D. Summary of Employee Securities Incentive Plan

A summary of the key terms of the Pentanet Limited Employee Securities Incentive Plan (**Plan**) is set out below:

- 1. (**Definitions**): In these terms and conditions, unless the context otherwise requires:
 - (a) Associated Body Corporate has the meaning given to that term in the Class Order.
 - (b) **ASX** means ASX Limited (ABN 98 008 624 691).
 - (c) **Board** means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or, in respect of a particular matter, any person who is provided with delegated authority by the board of directors of the Company in respect of that particular matter from time to time.
 - (d) Class Order means ASIC Class Order (CO 14/1000) which provides relief for employee incentive scheme offers from disclosure, licensing, advertising, hawking and on-sale in relation to listed bodies.
 - (e) **Company** means Pentanet Limited (ACN 617 506 279).
 - (f) **Convertible Security** means a Security exercisable for Plan Share(s) in accordance with the Plan Rules, including an Option, Performance Share or Performance Right.
 - (g) **Listing Rules** means the listing rules of the ASX.
 - (h) **Option** means an option granted under the Plan Rules to acquire one or more Shares by transfer or allotment.
 - (i) **Performance Right** means a right granted under the Plan Rules to acquire one or more Shares by transfer or allotment.
 - (j) **Performance Share** means a non-ordinary share granted under the Plan Rules to acquire one or more Shares by transfer or allotment, upon the achievement of performance based milestones.
 - (k) Plan Rules means the rules of the Plan.
 - (l) **Plan Shares** means all Shares issued or transferred to a Participant under the Plan Rules, including upon the valid exercise of a Security.
 - (m) **Security** means a security in the capital of the Company granted under the Plan Rules, including a Plan Share, Option, Performance Right, Performance Share or other Convertible Security.
 - (n) **Share** means a fully paid ordinary share in the capital of the Company.
 - (o) **Shareholder** means a holder of one or more Shares.
 - (p) Eligible Participant means a person that:
 - (i) is an 'eligible participant' (as that term is defined in the Class Order in relation to the Company or an Associated Body Corporate (as that term is defined in the Class Order); and

- (ii) has been determined by the Board to be eligible to participate in the Plan from time to time.
- (q) **Group** means the Company and each of its Associated Bodies Corporate from time to time.
- (r) **Participant** means an Eligible Participant who has been granted any Security under this Plan.
- 2. (**Purpose**): The purpose of the Plan is to:
 - (a) assist in the reward, retention and motivation of Eligible Participants;
 - (b) link the reward of Eligible Participants to Shareholder value creation; and
 - (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
- 3. **(Maximum allocation):** The maximum number of equity securities proposed to be issued under the Plan for the purposes of the Listing Rules is 13,158,497 (**ASX Limit**), meaning that the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder Approval and without reducing its placement capacity under Listing Rule 7.1.
- 4. **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan Rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
- 5. **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
- 6. **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan Rules and any ancillary documentation required.
- 7. **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an Option or Performance Right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

- 8. **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
- 9. **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation. At the time of exercise of the Convertible Securities, subject to Board approval at that time, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

'Market Value' means, at any given date, the volume weighted average price per Share traded on the ASX over the five trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan Rules, or such earlier date as set out in the Plan Rules.

- 10. **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan Rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
- 11. **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest. Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan Rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

- 12. **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- 13. **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
- 14. **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
- 15. **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation. If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised. Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
- 16. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
- 17. **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan Rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan Rules be given retrospective effect, immediate effect or future effect.

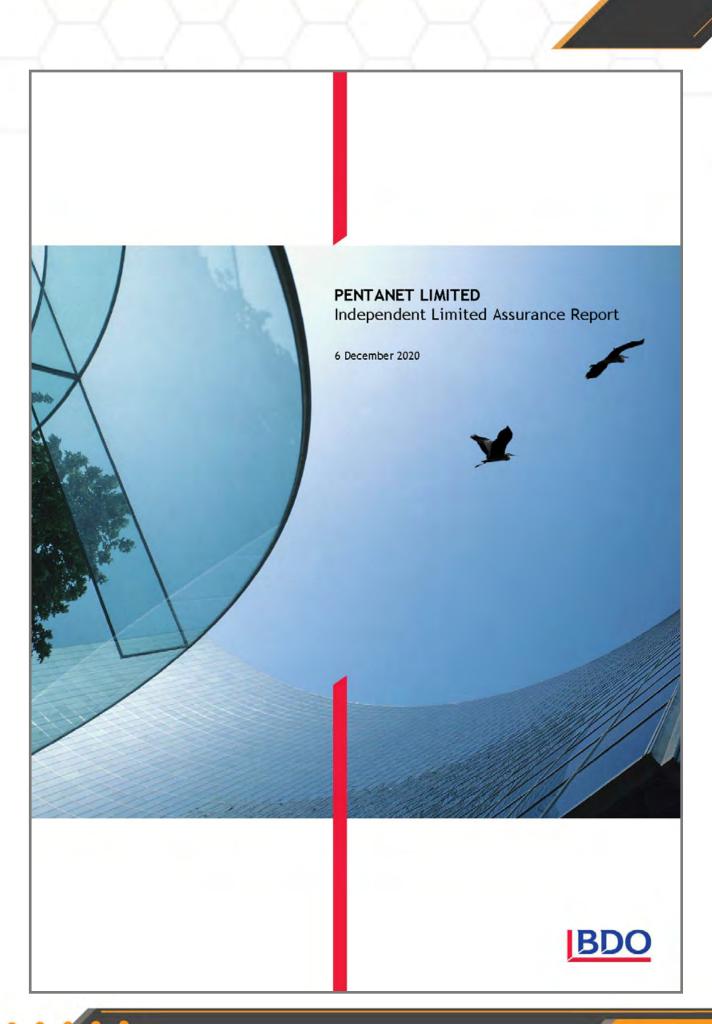
No amendment to any provision of the Plan Rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

18. **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.









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6 December 2020

The Directors
Pentanet Limited
2/8 Corbusier Place
Balcatta WA 6021

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by Pentanet Limited (**'Pentanet'** or **'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of Pentanet, for the Initial Public Offering of shares in Pentanet, for inclusion in the Prospectus. Broadly, the Prospectus will offer 89,840,000 Shares at an issue price of \$0.25 each to raise \$22,460,000 before costs (**'IPO Offer'**). The Prospectus also incorporates the offer of up to 160,000 Shares and 1,560,000 Options to be issued to Participating Employees (or their nominees) (**'Employee Offer'**).

The IPO Offer is fully underwritten by Euroz Hartleys Securities Limited

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158) and our Financial Services Guide ('FSG') has been included in this report in the event you are a retail investor. Our FSG provides you with information on how to contact us, our services, remuneration, associations, and relationships.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

BDO Corporate Finance (WA) Pty Ltd ABN 27124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards

The historical and pro-forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') of Pentanet included in the Prospectus:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 contained in Appendix 1 of this Report;
- the audited historical Statements of Cash Flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 contained in Appendix 4 of this Report; and
- the audited historical Statement of Financial Position as at 30 June 2020 contained in Appendix 2 of this Report.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies as disclosed in Appendix 3 of this Report.

The Historical Financial Information for Pentanet has been extracted from the financial report for the period from the period ended 30 June 2018 to 30 June 2020 which was audited by 800 Audit (WA) Pty Ltd ('BDO Audit') in accordance with the Australian Auditing Standards. BDO Audit expressed an unmodified audit opinion on the financial reports but noted an emphasis of matter in relation to going concern.

Pro Forma Statement of Financial Position

You have requested BDO to review the following pro forma statement of financial position (the 'Pro Forma Statement of Financial Position') of Pentanet. The Pro Forma Statement of Financial Position is based on the following historical statements of financial position:

 the pro-forma historical Statement of Financial Position as at 30 June 2020 contained in Appendix 2 of this Report.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Pentanet, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Pentanet to illustrate the impact of the event(s) or transaction(s) described in Section 6 and Section 7 of the Report on Pentanet's financial position as at 30 June 2020. As part of this process, information about Pentanet's financial position has been extracted by Pentanet from Pentanet's financial statements for the year ended 30 June 2020.

Directors' responsibility

The directors of Pentanet are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

3. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

4. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited historical Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2018, 30 June 2019 and 30 June 2020; and
- the audited historical Statement of Financial Position of Pentanet as at 30 June 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

the pro forma historical Statement of Financial Position of Pentanet as at 30 June 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

5. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2020:

- The accrual of interest post 30 June 2020 and the conversion of Convertible Notes to
 Equity following a re-measurement of the fair value of the instrument as a whole
 immediately prior to conversion with the value attributed to the shares and options
 issued as a result of conversion;
- The exercise of the options issued upon the conversion of the convertible notes for cash proceeds of \$813,336;
- The exercise of 11,775,000 options post 30 June 2020 on behalf of employees and the
 estimate of tax payable with cash proceeds being received in respect of non-employee
 options totaling \$225,000;
- Recognition of accelerated vesting and the recognition of the associated expense for employee options that were cancelled post 30 June 2020 and the recognition of the difference in the fair value of options which were subject to an extension of their expiry period; and
- The issue of a total of 28,050,000 options in three tranches, with exercise prices of 30 cents, 37 cents and 50 cents with an expiry date of 30 June 2024

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Pentanet not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

6. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2020, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 89,940,000 Shares at an offer price of \$0.25 each to raise \$22,460,000 before costs pursuant to the Prospectus;
- The issue of 160,000 Shares and 1,560,000 Options under the Employee Offer; and
 Costs of the Offer are estimated to be \$1,233,591 which are to be offset against the
 contributed equity and costs associated with the offer of \$209,506 which are recognised
 in accumulated losses.

7. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of Pentanet and from time to time, BDO also provides Pentanet with certain other professional services for which normal professional fees are received.

8. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Adam Myers

Director

APPENDIX 1 PENTANET CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited as at	Audited as at	Audited as at
Statement of Profit or Loss and Other Comprehensive Income	30-Jun-20	30-Jun-19	30-Jun-18
	\$	\$	\$
Revenue	5,097,034	1,777,816	296,551
Expenses			
Network, carrier and hardware expenses	(3,126,405)	(1,331,660)	(219,813)
Employee benefits expense	(2,660,495)	(895,634)	(197,079)
Share based payments	(1,107,903)	-	
Depreciation, amortisation and impairment expense	(1,030,784)	(466,026)	(47,894)
Other expenses	(2,127,510)	(1,209,252)	(267,319)
Finance costs	(155,198)	(60,478)	(1,023)
Loss before income tax expense	(5,111,261)	(2,185,234)	(436,577)
Income tax expense		-	
Net Loss	(5,111,261)	(2,185,234)	(436,577)
Total comprehensive income for the year	(5,111,261)	(2,185,234)	(436,577)

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 2
PENTANET
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Statement of Financial Position		Audited as at 30-Jun-20	Subsequent Events	Pro-forma Adjustments	Pro-forma after Offer
Statement of Financial Position	Makas	30-Juli-20 \$	s Events	Adjustments \$	arter Orier \$
CURRENT ASSETS	Notes	*	*	7	7
Cash and cash equivalents	2	1,273,033	763,123	21,016,903	23,053,059
Trade and other receivables	-	132,798			132,798
Inventories		78,329		-	78,329
Deposits and prepayments		255,483		-	255,483
TOTAL CURRENT ASSETS		1,739,643	763,123	21,016,903	23,519,669
NON CURRENT ASSETS					
Right of use assets		1,668,014	-	-	1,668,014
Plant and equipment		3,828,944	-	-	3,828,944
Intangible assets		362,388			362,388
TOTAL NON CURRENT ASSETS		5,859,346		-	5,859,346
TOTAL ASSETS		7,598,989	763,123	21,016,903	29,379,015
CURRENT LIABILITIES					
Trade and other payables		1,270,565	-	-	1,270,565
Contract liabilities		149,056	-	-	149,056
Employee benefits		102,330	-	-	102,330
Loans and borrowings	3	3,269,784	(2,774,967)		494,817
TOTAL CURRENT LIABILITIES		4,791,735	(2,774,967)	-	2,016,768
NON CURRENT LIABILITIES					
Contract liabilities		27,118	-	-	27,118
Employee benefits		2,364	-	-	2,364
Loans and borrowings		1,264,068	-	-	1,264,068
TOTAL NON CURRENT LIABILITIES		1,293,550		-	1,293,550
TOTAL LIABILITIES		6,085,285	(2,774,967)	-	3,310,318
NET ASSETS		1,513,704	3,538,090	21,016,903	26,068,697
EQUITY					
Share capital	4	8,138,873	7,629,033	21,266,409	37,034,315
Accumulated losses	5	(7,733,072)	(10, 109, 518)	(478,073)	(18,320,663)
Reserves	6	1,107,903	6,018,575	228,567	7,355,045
TOTAL EQUITY		1,513,704	3,538,090	21,016,903	26,068,697

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4.

APPENDIX 3

PENTANET

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

Summary of Significant accounting policies

New or amended Accounting Standards and Interpretations adopted

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory.

AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 9 Financial Instruments have been early adopted by the Group with effect from 20 February 2017 (incorporation date). The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

Basis of Preparation

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going Concern

The Directors have prepared the financial report on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended June 30 2020 the Group recorded a loss of \$5,111,261 and had net cash outflows from operating activities of \$2,246,015. As at 30 June 2020, the Group had a working capital deficit, inclusive of Convertible Notes of \$2,777,968.

In March 2020 the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities.

Going Concern continued

The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on Group's activities and potentially impact on being able to raise capital in an uncertain market.

In context of this operating environment, the ability of the Group to continue as a going concern is dependent on refinancing finance facilities as indicated below and securing additional funding through debt or equity to continue to fund its operational activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Consolidated Entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Consolidated Entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- 1. The Directors believe that there is sufficient cash available for the Consolidated Entity to continue operating until it can raise sufficient further capital to fund its ongoing activities;
- The Directors believe that there is an ability to raise further capital, whether through debt or equity arrangements, to meet the funding requirements for the Consolidated Entity's operations;
- 3. The Consolidated Entity has the ability to reduce its expenditure to conserve cash. During the COVID-19 pandemic key management personnel and directors elected to take short term pay reduction of 20 : - 50 : as a precautionary measure. This was subsequently restored;
- 4. The Directors are continuing to explore alternative options in an effort to mitigate the possible impact of COVID-19. As outlined, there has not been a material impact to business operations and the Group continued to deliver growth despite the uncertainty arising from the pandemic. The Group have adapted quickly in a changing economic landscape with employees transitioning to working remotely during the pandemic and still delivering growth and ensuring minimal disruptions in business operations.

The Group has entered into an agreement with a stock-brokerage firm with an expectation to perform an initial public offering prior to January 2021. The Group will undertake further capital debt raising prior to this initial public offering if required.

Should the Group not be able to achieve any of the above, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pentanet Pty Limited ('company' or parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Pentanet Pty Limited and its subsidiaries together are referred to in these financial statements as the "Consolidated Entity".

Principles of consolidation continued

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries, where necessary, are consistent with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The Group operates in two segments being the provision of internet and telecommunication services and eSport within Australia.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The following is a description of principal activities from which the Group generates its revenue.

The Group principally generates revenue from providing wireless and fibre broadband services. The provision of wireless communication services includes initial installation of associated network infrastructure.

Revenue from contracts with customers

The typical length of a contract for wireless broadband services is 24 months. The provision of fibre communication services does not require installation of network infrastructure.

Revenue from rendering of services

Revenue from the provision of wireless broadband services is recognised monthly over the expected life of the contract, including any expected extensions of the service. Installation of the internet service is not distinct from the provision of internet service as the customer cannot benefit from either the broadband service or installation alone. The installation and broadband service are therefore identified as a single performance obligation and the associated revenue is recognised over time.

Revenue from the provision of fibre broadband services is recognised each month the service is made available to the customer.

Revenue from the provision of telecommunication services relating to NBN service is recognised each month the service is made available to the customer.

Sale of goods

For bundled packages, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the devices and services. For items that re not sold separately, the Group estimates stand-alone selling prices using the adjusted market assessment approach.

All revenue is stated net of the amount of goods and services tax (GST).

Other Income

Disposal of assets

Revenue from the disposal of other assets is recognised when the Group has transferred the risks and rewards of ownership to the buyer.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Research and Development

Research and Development incentives and other grant incentives are recognised when grant criteria are met.

Other items of Income

Oher items of income are recognised when they are received or when the right to receive payment is established.

Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a logally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.



Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is not unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contrast assets are treated as financial assets for impairment purposes.

Inventories

Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. Costs are assigned on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be receivable from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on both a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements5 yearsStraight Line BasisPlant and equipment5-10 yearsStraight Line BasisNetwork Infrastructure2-10 yearsStraight Line Basis

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gain and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases and Right of Use Assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly
 or implicitly, and should be physically distinct or represent substantially all of the
 capacity of a physically distinct asset.
 - If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when
 it has the decision-making rights that are most relevant to changing how and for
 what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of relative stand-alone prices.

Measurement

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are summarised below:

CLASS OF RIGHT OF USE ASSET

USEFUL LIFE

DEPRECIATION METHOD

Retwork Infrastructure

2 years to 10 years

Straight line basis

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the leas liability comprise:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or ate as the commencement date
- amounts expected to be payable under a residual value guarantee; and the exercise
 price under a purchase option that the Group is reasonably certain to exercise, lease
 payments in an optional renewal period if the Group is reasonably certain to exercise
 an extension option, and penalties for early termination of the lease unless the
 Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment I made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases a low-value assets (less US \$5,000), including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Trademarks

Trademarks owned by Group are carried at cost less accumulated impairment losses.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit being their finite life of 1-10 years.

Intellectual Property

Intellectual Property acquired through a separate acquisition is recorded at cost. Intangible assets with indefinite lives are measured at cost less any accumulated impairment, where indicated during annual impairment testing.

Other Intangible Assets

Other intangible assets that have finite lives are stated at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite lives are measured at cost less any accumulated impairment, where applicable, as indicated during annual impairment testing.

Impairment of non-financial assets

Other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which remain unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a share-based payment reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payments. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period;
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met. provided all other conditions are satisfied.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measure using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, and used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fir value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pentanet Itd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account that after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are sated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Coash Flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID 19) pandemic and forward looking information that is available. The allowance for expected credit losses, as disclosed in note 7, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down as the Group considers this to be a better estimation of likely useful life.

Other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by sing the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 32 for further information.

Lease Term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates, incurrence of significant penalties; existence of significant lease hold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Fair value measurement hierarch

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Fair value measurement hierarch continued

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 24 for further information.

	Audited as at	Pro-forma
	30-Jun-20	after Offer
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$
Cash and cash equivalents	1,273,033	23,053,059
Adjustments to arise at the pro-forma balance:		
Audited balance of Pentanet at 30 June 2020		1,273,033
Subsequent events:		
Cash received for the exercise of convertible note options		813,336
Estimate of tax payable in respect of employee options		(275,213)
Cash received for the exercise of options		225,000
		763,123
Pro-forma adjustments:		
Proceeds from shares issued under this Prospectus		22,460,000
Capital raising costs		(1,443,097)
	,	21,016,903
Pro-forma Balance		23,053,059

NOTE 3. LOANS AND BORROWINGS Loans and borrowings	Audited as at 30-Jun-20 \$ 3,269,784	Pro-forma after Offer \$ 494,817
Adjustments to arise at the pro-forma balance: Audited balance of Pentanet at 30 June 2020		3,269,784
Subsequent events: Interest accrued post 30 June on convertible notes		183,168
Fair value movement of convertible notes prior to conversion Conversion of Convertible notes		4,032,418 (6,990,553) (2,774,967)
Pro-forma Balance		494,817

NOTE 4. CONTRIBUTED EQUITY Contributed equity	Audited as at 30-Jun-20 \$ 8,138,873	Pro-forma after Offer \$ 37,034,315
	Number of shares	\$
Adjustments to arise at the pro-forma balance:		
Fully paid ordinary share capital at 30 June 2020	131,750,999	8,138,873
Subsequent Events		
Conversion of convertible notes and accrued interest	23,387,509	5,846,877
Conversion of convertible note attaching options	6,256,427	813,336
Exercise of options post 30 June 2020	11,775,000	968,820
	41,418,936	7,629,033
Pro-forma adjustments:		
Proceeds from shares issued under this Prospectus	89,840,000	22,460,000
Issue of shares under the Employee offer	160,000	40,000
Capital raising costs		(1,233,591)
	90,000,000	21,266,409
Pro-forma Balance	263,169,935	37,034,315

	Audited as at	Pro-forma
	30-Jun-20	after Offer
NOTE 5. ACCUMULATED LOSSES	\$	\$
Accumulated losses	(7,733,072)	(18,320,663)
Adjustments to arise at the pro-forma balance:		
Audited balance of Pentanet at 30 June 2020		(7,733,072)
Subsequent events:		
Cancellation of options		(448, 782)
Modification of option expiry date		(87, 760)
Issue of options post 30 June 2020		(4,338,356)
Interest on convertible notes post 30 June 2020		(183,169)
Fair value movement of convertible notes prior to exercise		(4,032,418)
Estimate of tax payable in respect of employee options		(275,213)
Exercise of options by the Company on behalf of employees		(743,820)
		(10,109,518)
Pro-forma adjustments:		
Issue of Employee offer shares		(40,000)
Issue of options under the Employee Offer		(228,567)
Listing expenses		(209,506)
		(478,073)
Pro-forma Balance		(18,320,663)

	Audited as at	Pro-forma
	30-Jun-20	after Offer
NOTE 6. RESERVES	\$	\$
Reserves	1,107,903	7,355,045
Adjustments to arise at the pro-forma balance:		
Audited balance of Pentanet at 30 June 2020		1,107,903
Subsequent events:		
Cancellation of options		448,782
Modification of option expiry date		87,760
Issue of options post 30 June 2020		4,338,356
Issue of options on conversion of convertible note		1,143,677
		6,018,575
Pro-forma adjustments:		
Issue of options under the Employee Offer		228,567
		228,567
Pro-forma Balance		7,355,045

The options issued post 30 June 2020 were comprised of three tranches of 9,870,000 options with the following exercise prices of 30 cents, 37 cents and 50 cents. The options were valued using a black Scholes model with the following key inputs

Share price 25 cents

Estimated Volatility 100%

Expiry date 30 June 2024

This resulted in values per option of \$0.1575, \$0.1480 and \$0.1340 respectively.

The options under the Employee Offer were valued using the same model.

Post 30 June 1,000,000 options were modified to extend their expiry date to 28 February 2022, the key inputs above (other than expiry date) were used in the Black Scholes model and this resulted in an increase in the fair value of the options of approximately \$0.0877 per option.

The options issued upon conversion of the convertible note have a life of 3 years and an exercise price of 13 cents, resulting in a value per option of approximately \$0.183 using the Black Scholes Model

NOTE 7: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 8: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

APPENDIX 4 PENTANET CONSOLIDATED HISTORICAL STATEMENT OF CASH FLOWS

	Audited as at	Audited as at	Audited as at
Statements of Cash Flows	30-Jun-20	30-Jun-19	30-Jun-18
	\$	\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	5,062,383	1,899,507	246,984
Payments to suppliers and employees (inclusive of GST)	(7,153,454)	(3,411,500)	(428, 766)
Interest received	254	5,649	-
Interest and other finance costs paid	(155, 198)	(60,478)	(1,023)
Income taxes paid		-	-
Net cash from operating activities	(2,246,015)	(1,566,822)	(182,805)
Cash flows from investing activities			
Payments for plant and equipment	(2,052,978)	(1,661,055)	(1,053,335)
Payments for intangible assets	(181,877)	(73,491)	(107,020)
Net cash used in investing activities	(2,234,855)	(1,734,546)	(1,160,355)
Cash flows from financing activities			
Proceeds from borrowings	2 444 027	170,143	143,518
2	2,661,937		
Payments of lease liabilities Proceeds from issue of shares	(445,507)	(257,356)	(13, 177)
	3,120,001	4,085,000	1,273,054
Share issue transaction cost	(163,085)	(176,097)	4 402 205
Net cash used in financing activities	5,173,346	3,821,690	1,403,395
Net increase/(decrease) in cash and cash equivalents	692,476	520,322	60,235
Cash and cash equivalents at the beginning of the year	580,557	60,235	
Cash and cash equivalents at the end of the year	1,273,033	580,557	60,235

This consolidated statement of cash flows shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3.

Past performance is not a guide to future performance.

APPENDIX 5 FINANCIAL SERVICES GUIDE

5 December 2020

BDO Corporate Finance (WA) Pty Ltd A8N 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Pentanet Limited ('the Company') to provide an Independent Limited Assurance Report ['ILAR' 'our Report/s'] for inclusion in this Prospectus.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (*FSG*). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensee.

This FSG includes information about:

- · who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- · any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050-110-275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our Report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending

on the terms of the agreement. The fee payable to 600 Corporate Finance (WA) Pty Ltd for this engagement is approximately \$12,000 (exclusive of GST).

BDO Audit IWAI Pty Ltd has charged fees of approximately \$59,000 to the Company in respect of undertaking the audit of the historical financial statements.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overal, productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Pentanet for our professional services in provicing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001 Toll free: 1300 931 678 Website: www.afca.org.au

Contact details

You may contact us using the details set out on page 1 of our Report.