



# 5GG INVESTOR UPDATE

Q4FY24



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# Quick Recap of What We Do



PENTANET

## TELECOMMUNICATIONS

- Private high-speed wireless network across Perth
- Multiple wireless technologies are used to connect users, including our licensed 5G
- Users on our wireless network are high-margin 'on-net' services and have a higher upfront CAPEX cost to the business
- Pentanet also connects users via the nbn® and Opticomm networks, where our wireless coverage is unavailable
- nbn and Opticomm users are 'off-net' services with lower margin, but lower cost to connect



GEFORCE  
NOW

POWERED BY

CLOUDGG

## CLOUD GAMING

- NVIDIA Alliance Partner for GeForce NOW (GFN) cloud gaming in Australia & New Zealand
- GFN instantly transforms nearly any laptop, desktop, smartphone, or smart TV into a high-performance gaming rig, democratising gaming for the masses
- 589,000+ members across Australia and New Zealand
- The service can currently be accessed for free, while we increase market awareness of cloud gaming in our adoption phase
- Users convert to paid premium plans to become revenue-generating
- Infrastructure is in place to support significantly more paid users
- Pentanet has joined the NVIDIA global Graphics Delivery Network (GDN) to introduce new enterprise revenue streams to our existing infrastructure

MissionControl



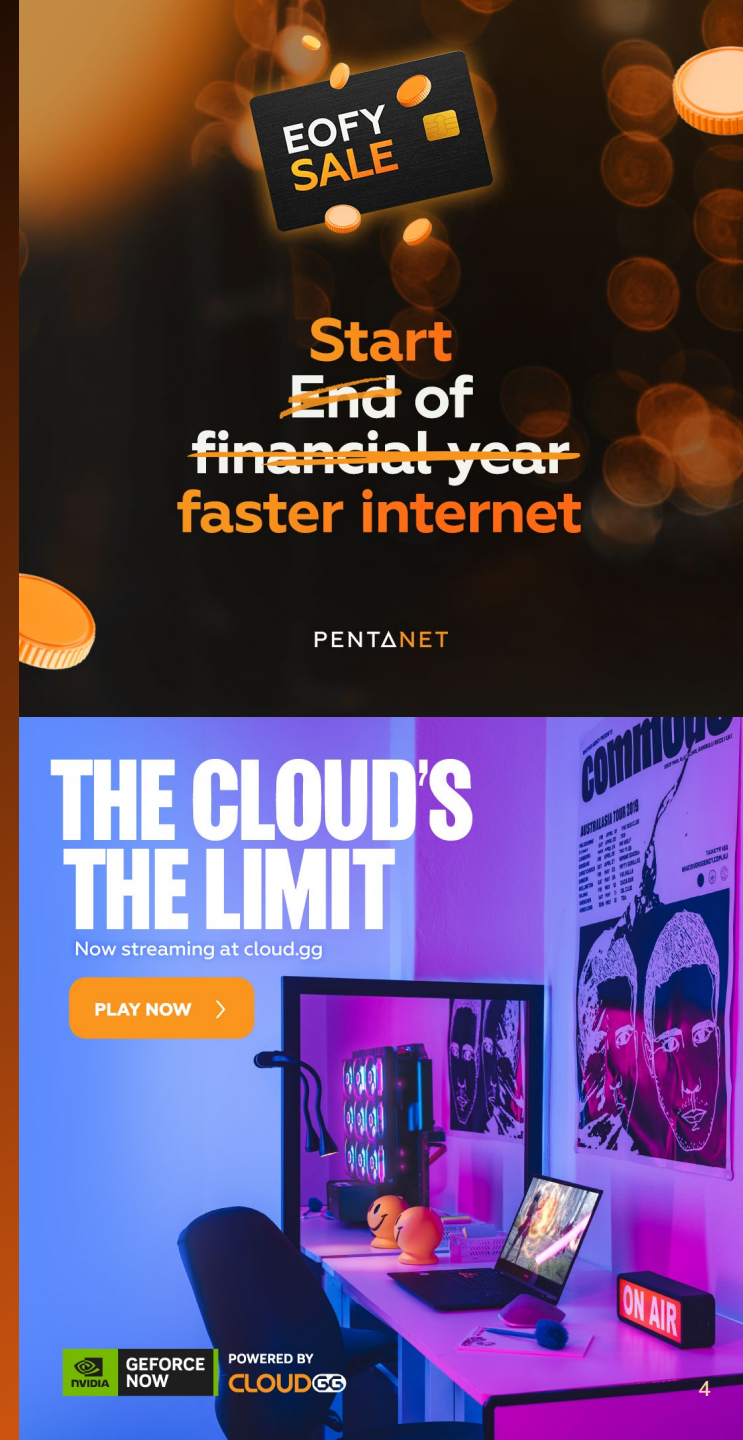
CLOUDGG

## SOFTWARE

- CloudGG – user management platform for NVIDIA GeForce NOW
- Enterprise Application Software currently named Mission Control (MC-CRM) that provides an end-to-end solution for operating a next-gen wireless network

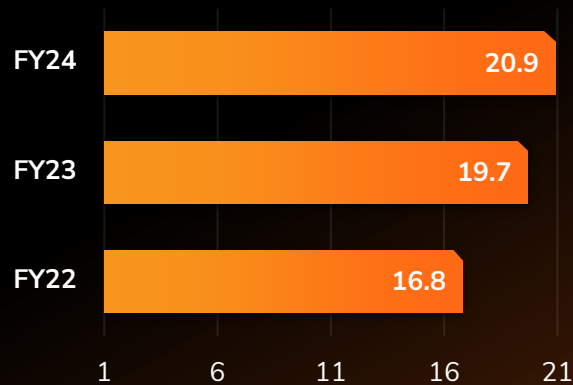
# Q4 Highlights

- Gross Telco sales increased by **26%** QoQ, driven by the EOFY campaign
- Gaming subscription revenue growth up **114%** YoY to \$1.7m
- Gaming subscription gross profit increased by **195%** YoY to \$0.4m
- CloudGG paid membership growth up **79%** YoY
- CloudGG membership growth up **54%** to over 589,000

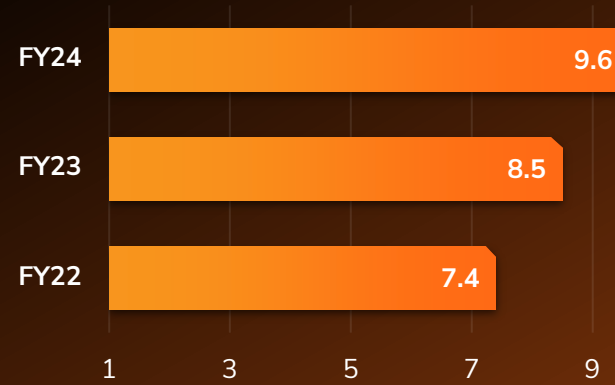
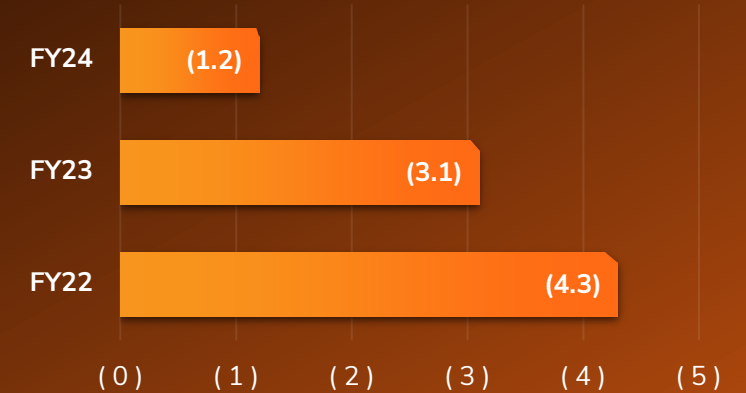


# Consolidated Financial Update

REVENUE \$'M



GROSS PROFIT \$'M

EBITDA \$'M <sup>(1)</sup>

- Consolidated revenue up by 6% YoY to \$20.9m
- Recurring revenue now constitutes 96% of total revenue
- Telco revenue up 2% YoY to \$19m in line with subscriber growth
- Cloud gaming revenue up 120% YoY to \$1.8m, in line with 79% increase in paid memberships

- Consolidated gross profit increased by 13% YoY to \$9.6m
- Gross margin at 46%, up from 43%
- Telecommunications segment gross profit up 5% YoY to \$9.2m
- Cloud gaming gross profit up 195% YoY to \$0.4m

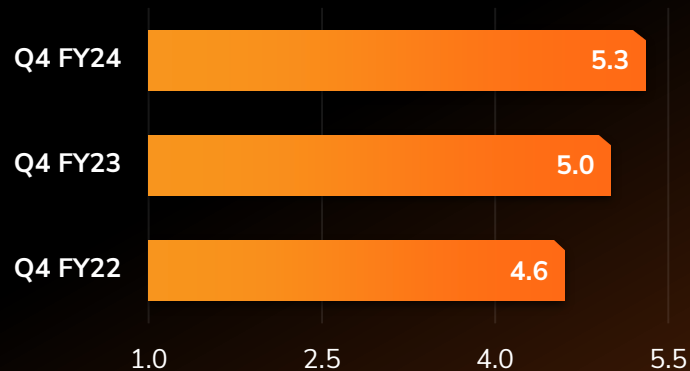
- Consolidated EBITDA loss down by 62% to \$1.2m
- Increased marketing expenditure on EOFY promotion, incorporating upfront campaign costs
- Focus on initiatives aimed at long-term growth despite short-term financial impact

<sup>(1)</sup> EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortization, interest and tax. Underlying EBITDA is EBITDA adjusted to exclude share-based payments, options exercised on behalf of employees and IPO cost.

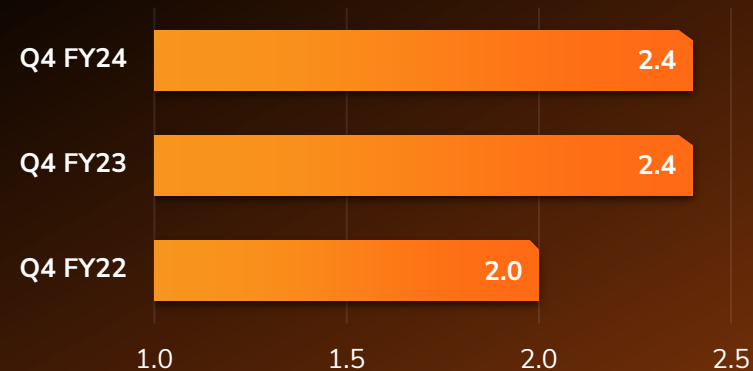


# Q4 Consolidated Financial Update

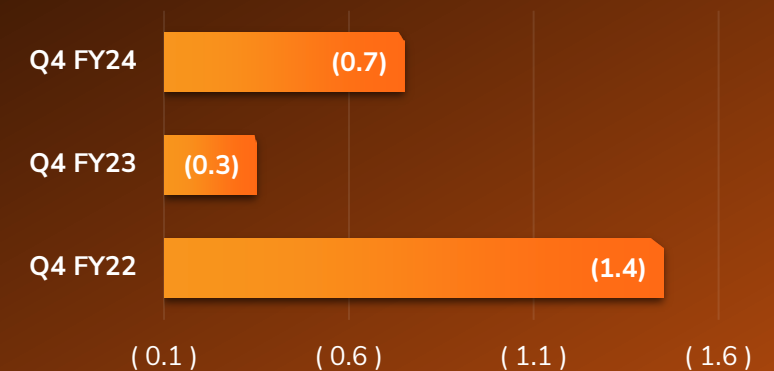
REVENUE \$'M



GROSS PROFIT \$'M



EBITDA \$'M



- Consolidated revenue up by 5% on PcP to \$5.3m
- Recurring revenue now constitutes 96% of total revenue
- Telco revenue up 2% on PcP to \$4.8m in line with subscriber growth
- Cloud gaming revenue up 103% on PcP to \$0.5m, in line with new paid memberships

- Consolidated gross profit remained at \$2.4m, down 1% on PcP
- Gross margin at 45%, down 6% on PcP
- Telecommunications segment gross profit up 2% on PcP to \$2.3 million, with gross margin of 48%
- Cloud gaming gross profit up 8% on PcP to \$0.06m

- Consolidated EBITDA loss of \$0.7m
- Overhead costs increased by 13% on PcP to \$2.7m, due to increased marketing, employee-related costs, and general overheads
- Advertising cost increased from 8% to 9% of revenue on PcP
- Focus on initiatives aimed at long-term growth despite short-term financial impact

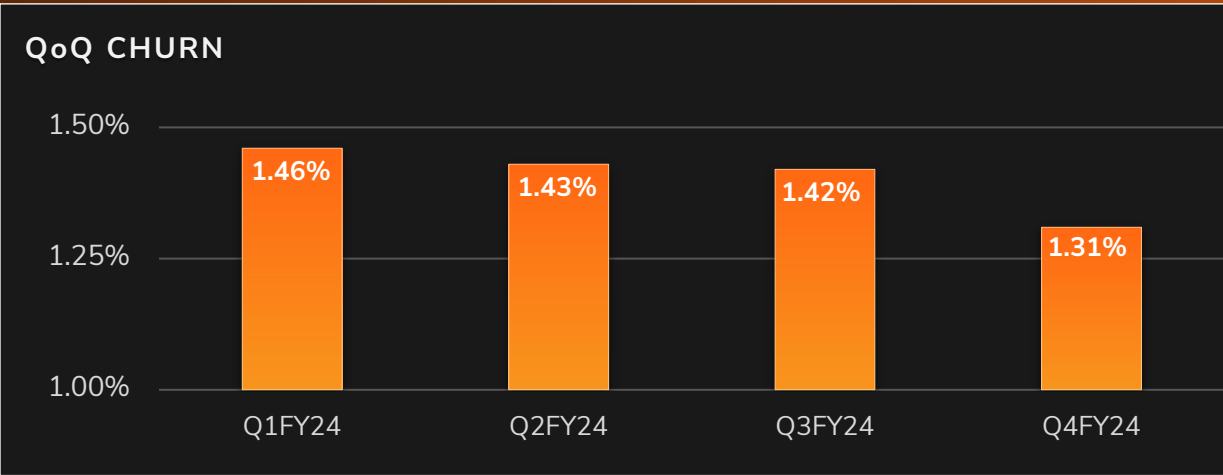
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# Telecommunications Update

## KEY METRICS

- Q4FY24 closed with a total of 17,383 subscribers
- Growth returned Q4FY24 with 263 subscribers added
- On-net customers constitute 39% of total subscribers
- 5G subscribers up 46% QoQ to 400
- Our 5G services are proving to be our most competitive on-net offering in-market for speed, service, and pace to deploy
- Churn rate decreased to 1.31% in Q4FY24
- Strategies are in place to further reduce churn, including retention initiatives and promotional offers
- Blended ARPU increase to \$93 (Q3FY24: \$92)
- On-net ARPU decreased to \$88 (Q3FY24: \$89)
- On-net margin decreased to 89% (Q3FY24: 90%)
- Off-net margin remained stable at 19% (Q3FY24: 19%)

	FY23	FY24	FY23	FY24	FY23	FY24
	ON-NET		OFF-NET		TOTAL	
Opening Balance	6,537	6,692	10,137	10,362	16,674	17,054
Gross New Subscribers	976	1,171	2,077	2,054	3,053	3,225
Churn	(821)	(1,069)	(1,852)	(1,827)	(2,673)	(2,896)
Average Monthly Churn	1.02%	1.31%	1.49%	1.44%	1.31%	1.39%
Closing Balance	6,692	6,794	10,362	10,589	17,054	17,383



# Telco Strategy Update

## WHAT WE SET OUT TO DO ACROSS Q4

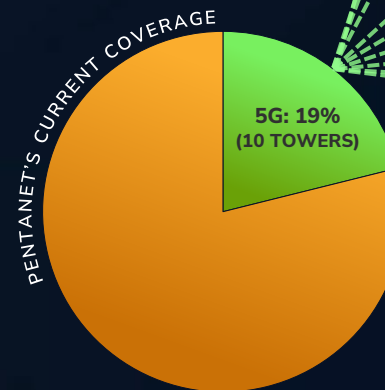
- Continued focused on growing top line revenue growth.
- Launched promotional 5G deal, testing the price relationship with 5G run-rates.
- Collected data around what areas and other service types 5G can be more competitive against.
- Kept off-net offering in line with competitive pricing landscape.
- Focused on reducing churn

## WHAT WAS THE OUTCOME

- Grew net new subscribers by 263, up from 20 in Q3FY24, with 5G subscriber growth up by 46% QoQ to now 400 total.
- Current average ROI<sup>(2)</sup> on existing 5G coverage is at 110%, targeting over 250%.
- 5G customers represent only 2% of the customer base and ~4% of recurring gross profit.
- The trend for market demand moving to higher speed tiers which 5G can deliver is increasing.
- Able to service this market competitively, within built and future 5G coverage (currently ~19% of the tower footprint).

## ONGOING STRATEGY IN FY25

- Continue internal telco resources focus towards 5G (on-net) subscriber growth.
- Expand 5G coverage to multiply demonstrated run rates in-line with increasing coverage.
- Leverage vendor financing (NaaS) for the 5G growth to reduce cash cost to deploy.
- Reduce CAC overtime through increased coverage, easing geo-targeted marketing requirements.
- Remain in-market and competitive with lower acquisition cost off-net services.
- Improve customer experience journey to target reduction of churn to 1.2%.



(2) **ROI:** The ROI formula is calculated as Net Profit divided by Investment Cost multiplied by 100, where Net Profit is Total Revenue minus Total Costs.



# NVIDIA investment recap



## GEFORCE NOW POWERED BY CLOUDGG

GeForce NOW cloud gaming instantly transforms nearly any laptop, desktop, smartphone, or smart TV into a high-performance gaming rig, allowing our users to play games without the need for any expensive gaming hardware.

- When we first launched, our offering consisted of 'Gen2' Nvidia GeForce NOW cloud gaming, which only supported 1080p resolution at 60FPS, in an unknown Australian market.
- With technology improvements, our offering can now support 1080, 1440, and 4K resolution cloud gaming at high refresh rates, servicing Australia and New Zealand.
- Our available plans can now graphically surpass the capability of most home gaming computers.
- The known cloud gaming market size is over 590,000 users within our CloudGG userbase and increases daily.
- We still allow free access to play on the platform while we adopt market awareness to the power of the technology.
- We anticipate that our user demographic will be shifting to afford a premium Cloud Gaming service over time.

## OUR NVIDIA BUSINESS IS ALSO EVOLVING

### NVIDIA Graphic Delivery Network (GDN)

We have integrated NVIDIA's Graphics Delivery Network, expanding our computing capabilities beyond gaming and unlocking new enterprise opportunities in emerging markets.

- **Capabilities expansion:** Ideal for intensive real-time rendering tasks, the GDN supports advanced applications including digital twins, photorealistic 3D models, high-resolution augmented reality wearables, and interactive 3D experiences.
- **Market expansion:** This move broadens Pentanet's operational scope beyond our GeForce NOW cloud gaming service, venturing into new industrial and commercial markets. This expansion can diversify our revenue streams and strategically position Pentanet within the supply ecosystem of a growing industry.

# NVIDIA Gaming Update



## KEY METRICS

- Q4FY24 \$2.7m of \$3.6m cash used in investing activities allocated to the purchase of NVIDIA RTX 4080 servers
- EBITDA loss of \$86k in Q4FY24 due to increasing operating costs, preparing capacity for commercial workloads.
- Gaming ARPU remained consistent at \$13
- Gaming subscription revenue up 114% to \$1.7m YoY
- Gaming subscription gross profit increased 195% YoY to \$0.4m
- CloudGG paid subscriptions increased by 79% YoY
- CloudGG total membership growth up 54% YoY to 590,000+ capacity

## REVENUE \$'M



## OUR FORWARD-LOOKING STRATEGY

- Increase plan prices to improve profitability
- Introduce better ways to trial higher end plans
- Increase marketing and awareness to the NVIDIA GeForce NOW platform
- Encourage an increased level of paid plan conversion
- Encourage users toward higher ARPU plans
- Optimise capacity and oversubscription with our scaled infrastructure deployment, increasing margins
- Introduce commercial and enterprise revenue to further optimise available capacity





# UNDERSTANDING GPU OPTIMISATION



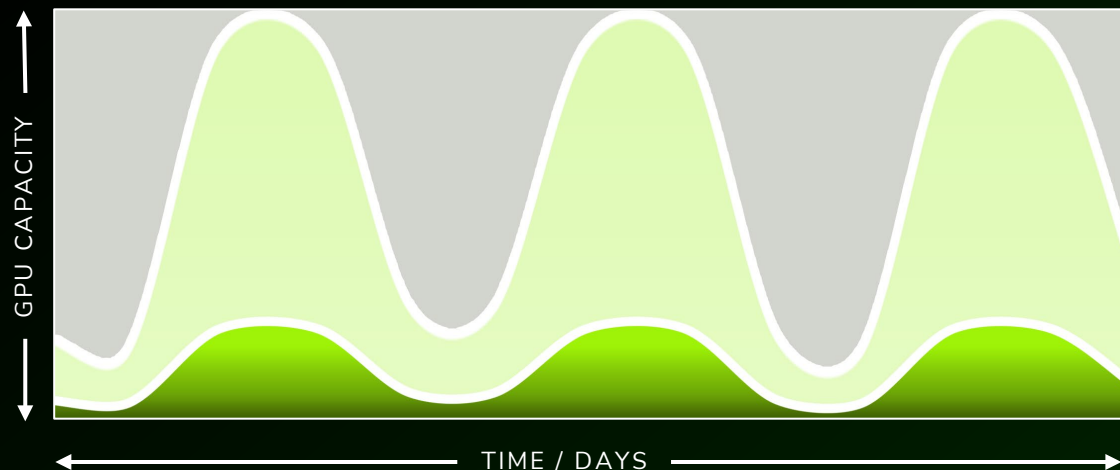
**Our optimisation is in early phases, but well underway toward the future capability.**

- Current revenue generation is from paid gaming subscriptions only.
- Excess capacity is being used for free users to increase adoption.
- Commercial & Enterprise revenue can be introduced onto idle GPU capacity.
- Commercial & Enterprise opportunities can be brought by both our direct local sales channels or from NVIDIA globally.
- Cloud margins uplift with increased revenue onto the fixed infrastructure.

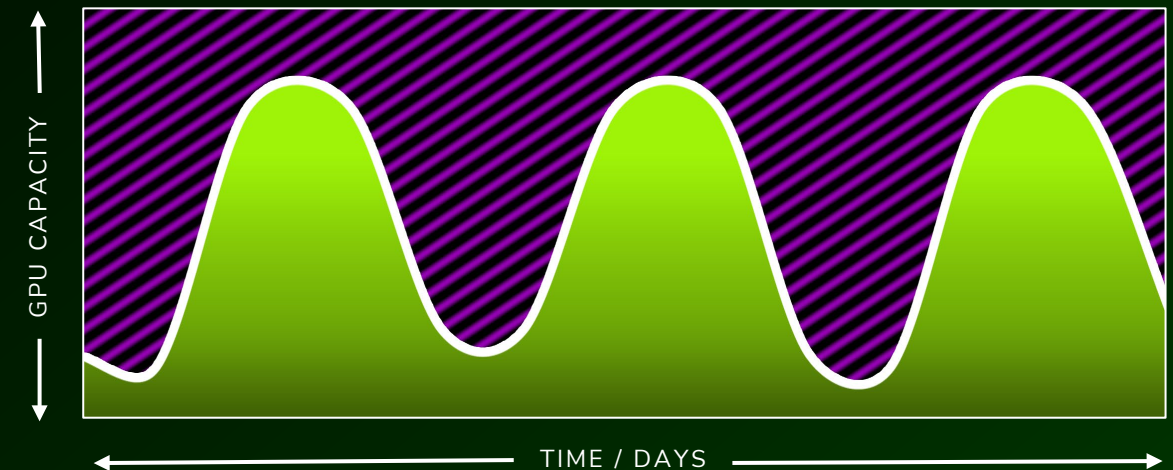
## WORKLOADS:

-  Available Capacity
-  Revenue Generating Gaming Users
-  Free Gaming Users
-  Commercial & Enterprise Revenue

**CURRENT STAGE OF OPTIMISATION / PAID UTILISATION**



**FUTURE OPTIMISATION / PAID UTILISATION**



# In Summary

- ✓ **Cash position:** Ended the quarter with a cash balance of \$5.3m and available financing facilities of \$8.9m for 5G growth.
- ✓ **Telecommunications infrastructure:** 5G towers have demonstrated strong ROI which can increase strongly with further 5G customer growth.
- ✓ **Telecommunications segment:** \$31m in assets, generating \$19m in revenue with capacity to support growth.
- ✓ **NVIDIA Compute:** \$13m invested in GPU servers, currently generating \$2.4m in annualised revenue from gaming with strong YoY growth.
- ✓ **Evolving GPU market opportunities:** Substantial infrastructure in place, and ready to increase revenue activities with NVIDIA outside of gaming.

Financial Statements <sup>(3)</sup>	30-Jun-24	Internet Service	Gaming
	\$'M	\$'M	\$'M
Total Assets	45	31.5	13.5
Revenue	21	19	2
Cash at bank: 30 June 2024	5.3		

<sup>(3)</sup> The figures provided in the above table are unaudited and preliminary only



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