



5GG INVESTOR UPDATE

FY24 ANNUAL REPORT



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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

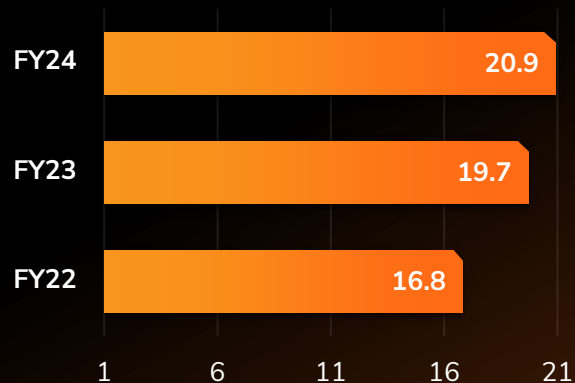


SOFTWARE

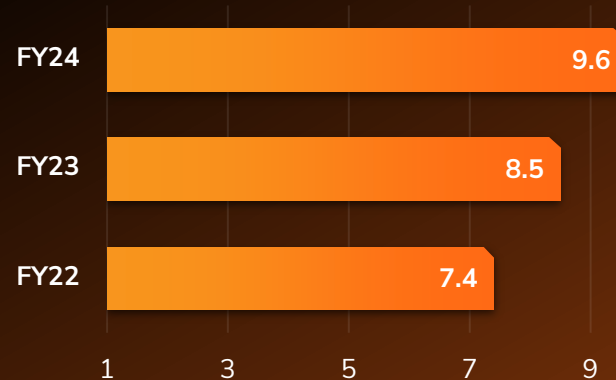
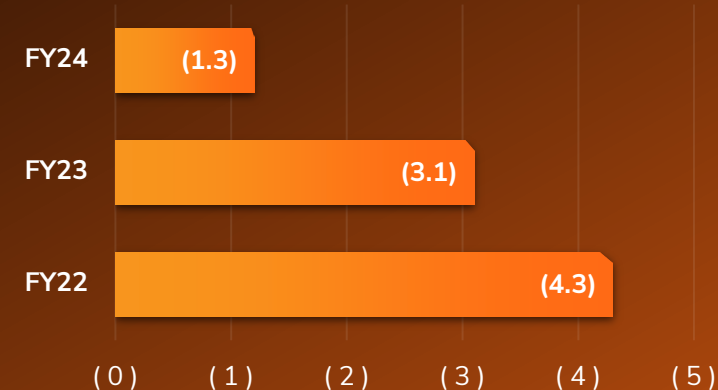
- CloudGG – user management platform for NVIDIA GeForce NOW
- Enterprise Application Software, currently named Mission Control (MC-CRM), that provides an end-to-end solution for operating a next-gen wireless network, including Customer Relationship Management (CRM) capabilities.

Consolidated Financial Update

REVENUE \$'M



GROSS PROFIT \$'M

EBITDA \$'M ⁽¹⁾

- 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
- Gaming revenue up 80% 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
- Gaming gross profit up 199% YoY to \$0.4m

- Consolidated EBITDA loss down by 59% to \$1.3m
- Increased marketing expenditure on EOFY promotion, incorporating upfront campaign costs
- Focus on initiatives aimed at long-term growth despite short-term financial impact

(1) 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.

Profit and Loss

SUMMARY

- Revenue increased 6% YoY to \$20.9M; recurring revenue is now 96% of total revenue.
- Telecommunications revenue up 2% YoY to \$19M, driven by a 2% increase in subscribers.
- Gaming segment revenue up 80% YoY to \$1.8M
- Gross profit increased 13% YoY to \$9.6M; margin improved from 43% to 46%.
- Gaming gross profit rose 199% YoY to \$0.4M; Telecommunications gross profit up 5% YoY to \$9.2M, with margins improving from 47% to 48%.
- Operating expenses decreased 10% YoY to \$11.5M, with reductions in employee costs, marketing, and overheads.
- EBITDA loss decreased 59% YoY to \$1.3M, including provisions for long service leave and employee share incentives.
- Costs increased in Telecommunications due to promotions and in Gaming due to NVIDIA RTX 4080 server expansion, aimed at future growth.

Profit and Loss	30-Jun-24	30-Jun-23	
	\$'000	\$'000	% Change
Revenue	20,882	19,733	6%
Gross Profit	9,610	8,468	13%
Gross margin	46%	43%	7%
Other income	636	1,223	(48%)
Operating Expenses	(11,513)	(12,805)	10%
Underlying EBITDA ⁽¹⁾	(1,127)	(3,114)	65%
Share-based payments	(171)	-	0%
Reported EBITDA ⁽¹⁾	(1,267)	(3,114)	59%
Depreciation and amortisation	(4,486)	(4,088)	(10%)
EBIT	(5,753)	(7,202)	20%
Net finance cost	(631)	(367)	(72%)
Net loss before tax	(6,384)	(7,569)	16%

(1) 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.

Balance Sheet

SUMMARY

- Included in trade and other receivables for FY23 was a \$2.5M term deposit, now reclassified to cash & cash equivalents.
- The increase in plant and equipment is primarily due to the purchase of NVIDIA RTX 4080 servers.
- The increase in right of use assets is due to a new office lease as the majority of the team returned to the office full-time in June, optimizing collaboration and strategic execution heading into FY25.
- During the financial year ended 30 June 2024, the investment in Canopus Network Pty Ltd was written down to nil, reflecting a loss of \$3.18M. This write-down was based on management's best estimate of the investment's fair value as of 30 June 2024. Future developments could result in further adjustments to the valuation. The write-down was due to Canopus not yet generating meaningful revenues, although it is fully funded for FY25.
- Other liabilities include a 15-year Spectrum license acquired in the April 2021 ACMA auction for \$8M. The remaining instalment will be paid in July 2025.

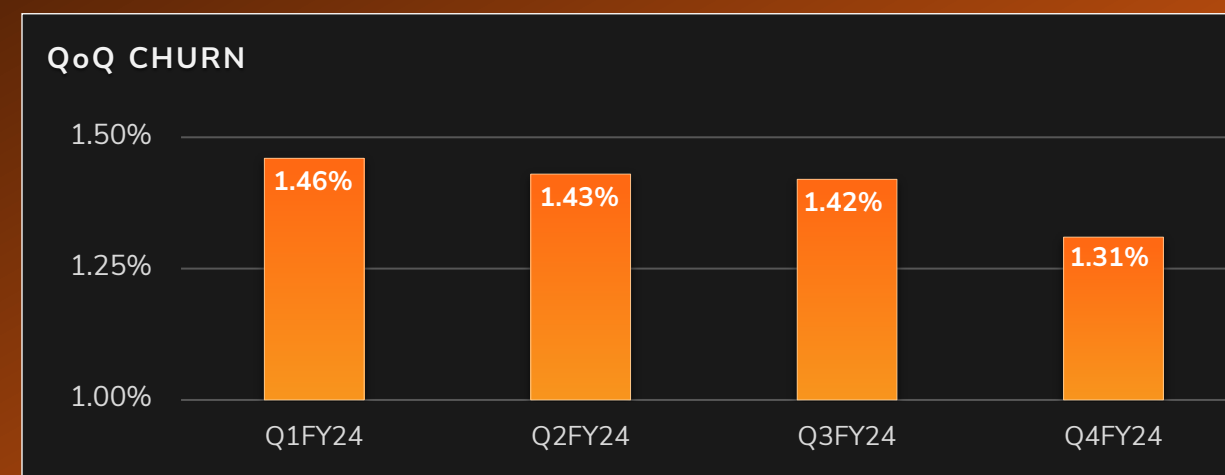
	Jun-24	Jun-23	
Assets	\$'000	\$'000	% Change
Cash and cash equivalents	5,302	7,368	(28%)
Trade and other receivables	737	3,875	(81%)
Inventories	288	406	(29%)
Deposits and prepayments	694	483	44%
Plant and equipment	21,496	19,647	9%
Right of use assets	5,744	5,171	11%
Intangible assets	7,320	7,967	(8%)
Investment	-	3,180	(100%)
Total Assets	41,581	48,097	
Liabilities			
Trade and other payables	4,123	3,870	7%
Contract liabilities	130	81	60%
Employee benefits	540	339	59%
Other liabilities	2,227	4,555	(51%)
Lease liabilities	6,280	5,492	14%
Borrowings	2,540	2,606	(3%)
Total liabilities	15,840	16,942	(7%)
Net assets	25,741	31,155	(17%)

Telecommunications Update

KEY METRICS

- FY24 closed with a total of 17,383 subscribers
- On-net customers constitute 39% of total subscribers
- 400 5G subscribers added since launch in late Sep 23
- Our 5G services are proving to be our most competitive on-net offering in-market for speed, service, and pace to deploy
- Churn improving through FY24 down to 1.31% for Q4
- Strategies are in place to further reduce churn, including retention initiatives and promotional offers
- Blended ARPU increase to \$92 (FY23: \$91)
- On-net ARPU increased to \$88 (FY23: \$88)
- On-net margin increased to 89% (FY23: 87%)
- Off-net margin increased to 19% (FY23: 17%)
- All key metrics improved as subscribers shifted to higher-speed and higher-revenue plans

	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 FY24

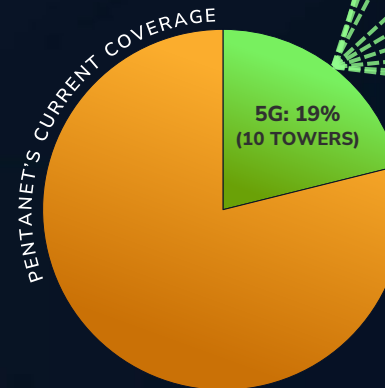
- Continued focused on growing top line revenue growth.
- Launched promotional 5G deal, testing the price relationship with 5G run-rates.
- Collected data around what areas and other service types 5G can be more competitive against.
- Kept off-net offering in line with competitive pricing landscape.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

WHAT WAS THE OUTCOME

- 5G subscriber now 400 total on-net subscribers.
- Current average ROI⁽¹⁾ on existing 5G coverage is at 110% and can reach as high as 250% when fully utilised.
- 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 Customer Acquisition Cost over time 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%.



(1) **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 60 frames per second 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

- In FY24 \$2.7m of \$3.6m cash used in investing activities allocated to the purchase of NVIDIA RTX 4080 servers
- EBITDA loss of \$0.6 million in FY24 due to increasing operating costs, preparing capacity for commercial workloads
- Gaming ARPU remained consistent at \$13
- Gaming revenue up 80% to \$1.8m YoY
- Gaming subscription gross profit increased 199% YoY to \$0.4m
- CloudGG paid subscriptions increased by 79% YoY
- CloudGG total membership growth up 54% YoY to 590,000+ capacity

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

REVENUE \$'M







UNDERSTANDING GPU OPTIMISATION



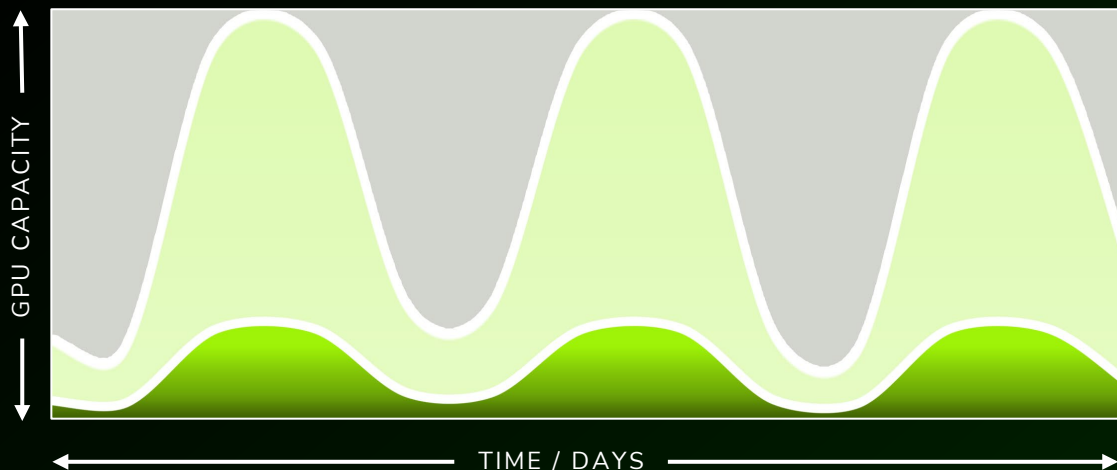
Our optimisation is in early phases, but well underway toward the future capability.

- 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 Graphics Processing Unit (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.

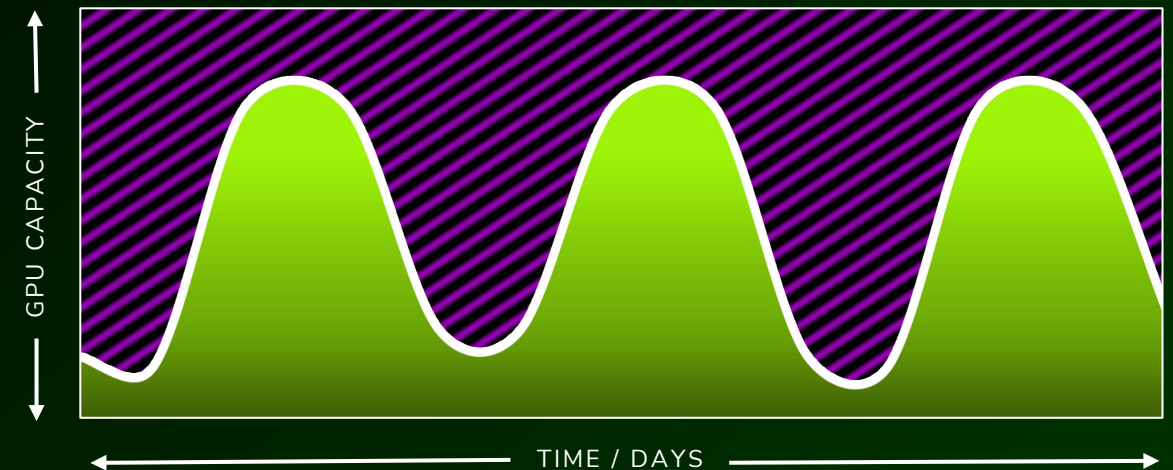
WORKLOADS:

-  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 year 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:** \$10m 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	30-Jun-24	Internet Service	Gaming
	\$'M	\$'M	\$'M
Total Assets	41.5	31.4	10.1
Revenue	21	19	2
Cash at bank: 30 June 2024	5.3		

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