

## PENTANET BUILDS GROWTH MOMENTUM WITH FOCUS ON 5G EXPANSION AND STRATEGIC TOWER INVESTMENTS

### KEY HIGHLIGHTS Q1FY25

- Negotiated a stock swap agreement securing equipment for nine additional 5G tower upgrades doubling footprint, together with CPE for over 400 customer premises, allowing 5G rollout and growth with minimal cash impact in FY25.
- 5G subscribers up 51% QoQ to 605 in total
- On-net churn down 1.43% to 1.21%
- Consolidated revenue increased 3% QoQ to \$5.4m
- EBITDA loss decreased by 52% QoQ to \$0.4m
- Telco recurring revenue up 3% QoQ, in line with 2% subscriber growth
- Gaming revenue growth up 10% QoQ to \$0.5m
- Cloud Gaming ARPU increased by 7% to \$14
- Increase in cash receipts from customers by 2% QoQ to \$5.4m
- Telco business restructure to sharpen focus on 5G strategy, improving profitability from Q2 onwards.

**Pentanet Managing Director Mr Stephen Cornish said,** “In Q1, we maintained our growth trajectory, led by the telecommunications business, with a 51% QoQ increase in net new 5G subscribers. We successfully negotiated a stock swap to change the inventory on our balance sheet to accommodate more 5G expansion. This will allow us to double our 5G coverage this financial year, securing BTS for nine 5G tower upgrades and 423 CPE, allowing us to continue the 5G rollout with low cash impact. We’ve restructured the business to sharpen our focus on expanding our 5G coverage too. This strategic approach will help reduce our cash burn significantly, while supporting both network expansion and on-net subscriber growth.

Gaming revenue grew 10% QoQ, driven by the removal of the Basic plan and ad-supported queue revenue. As users shifted toward higher revenue tiers, we saw a 7% increase in ARPU to \$14, which further contributed to the overall revenue uplift in our gaming segment.

Financially, we saw a 3% QoQ increase in consolidated revenue to \$5.4 million, and our EBITDA loss reduced 52% QoQ to \$0.4 million.

Looking ahead, we remain focused on expanding our 5G network and increasing on-net subscribers while managing costs through disciplined capex and operational efficiencies. The restructuring of our

business sharpens our focus on 5G, positioning us for sustained growth. In addition, the gaming segment continues to show strong potential, with increasing ARPU and higher revenue tiers contributing to profitability. As we progress through FY25, our efforts remain centred on driving top-line growth and aiming to achieve EBITDA breakeven in the second half of the financial year.”

## OPERATIONAL UPDATE

### Telecommunications

| Telecommunications    | Q4FY24 |         |        | Q1FY25 |         |        | Change |         |
|-----------------------|--------|---------|--------|--------|---------|--------|--------|---------|
| Subscribers           | On-net | Off-net | Total  | On-net | Off-net | Total  | On-net | Off-net |
| Opening Balance       | 6,844  | 10,276  | 17,120 | 6,794  | 10,589  | 17,383 |        |         |
| Sales                 | 242    | 702     | 944    | 394    | 658     | 1,052  | 63%    | (6%)    |
| Churn                 | (292)  | (389)   | (681)  | (252)  | (451)   | (703)  | (14%)  | 16%     |
| Average Monthly Churn | 1.43%  | 1.22%   | 1.31%  | 1.21%  | 1.39%   | 1.32%  | 15%    | (14%)   |
| Closing Balance       | 6,794  | 10,589  | 17,383 | 6,936  | 10,796  | 17,732 |        |         |
| Subscriber Split      | 39%    | 61%     |        | 39%    | 61%     |        |        |         |

In Q1FY25, Pentanet extended its promotions, resulting in the addition of 349 net new subscribers, a 33% increase from Q4FY24. 5G subscriber growth increased by 51% QoQ, from 400 to 605. To meet the strong demand with limited coverage, Pentanet negotiated a stock swap with a supplier to secure more 5G tower equipment, enabling expansion of the 5G network in the next 6 months. The Company have identified nine new tower sites, which will be upgraded starting from Q2FY25, with minimal cash impact. As part of the stock swap arrangement, Pentanet also secured 423 CPE units in the swap, further reducing capital expenditure as more users are added to the network. A total of 25 BTS's will be deployed across nine high-demand tower sites, increasing the existing 5G coverage and creating approximately 3,000 additional capacity.

Churn remained flat at 1.32%. On-net churn improved, decreasing from 1.43% to 1.21%. Overall churn was slightly impacted by off-net services, where churn increased from 1.22% to 1.39%, primarily driven by price adjustments on lower-speed tier off-net services following wholesale price changes.

Blended average revenue per user (ARPU) remained stable at \$93, with subscriber growth shifting toward higher-speed plans. The average recurring revenue per user (ARRPU) increased to \$89, up from \$88 in Q4FY24.

Pentanet continues to prioritise the expansion of its 5G network and improving customer retention. The planned upgrades and additional coverage will support future subscriber growth while maintaining cost efficiency and conserving capital. The Company remains focused on optimising its offerings to align with the demand for higher-speed plans, ensuring a strong foundation for sustained growth in the telecommunications segment.

## GeForce NOW Cloud Gaming

GeForce NOW's gaming revenue grew by 10% QoQ to \$0.5 million, driven by the introduction of ad-supported queue revenue and the strategic removal of the Basic plan. This change led to increased uptake in higher-tier plans, resulting in a 7% increase in ARPU to \$14.

Throughout the quarter, revenue growth remained consistent, primarily impacted by the shift of users from the Basic membership to higher-value tiers. This transition aligns with Pentanet's broader focus on driving profitability through premium memberships, with the removal of the Basic plan proving to be a key driver of increased ARPU and overall financial performance.

High-profile game releases, such as Black Myth: Wukong, and Space Marine 2, contributed significantly to increased user activity, particularly among Ultimate plan subscribers. These graphically demanding titles reinforced the value of the Ultimate plan, demonstrating strong engagement from users seeking high-performance gaming experiences.

While overall platform engagement showed some volatility, with lower playtime across entry-level memberships, Ultimate members consistently demonstrated increased playtime. This trend supports the strategic shift toward more profitable, higher-tier plans.

GeForce NOW Powered by CloudGG continues to expand its game library, contributing to a 5% QoQ growth in CloudGG membership, which now exceeds 621,000 members.

## FINANCIAL UPDATE

### Revenue

Consolidated revenue increased by 3% QoQ to \$5.4 million across Pentanet's two product segments. Telecommunications revenue grew by 2% QoQ to \$4.9 million, driven by a 2% increase in subscribers. Recurring revenue now represents 96% of total revenue, with a 3% QoQ increase attributed to price adjustments in lower-tier off-net services due to wholesale cost increases.

GeForce NOW revenue increased 10% QoQ to \$0.5 million, supported by the introduction of ad-supported queue revenue and a shift of users to higher-tier Ultimate plans with the discontinuation of the Basic plan.

### Gross Profit

Consolidated gross profit increased by 2% QoQ to \$2.4 million. Telecommunications gross profit remained steady at \$2.3 million, while gaming gross profit saw a significant 56% QoQ increase, reaching \$0.1 million.

The telecommunications margin decreased slightly from 48% to 47%, impacted by increased wholesale costs. However, the margin impact was minimised through price adjustments on lower-tier off-net plans.

### Expenses

Overhead costs decreased by 10% QoQ to \$2.8 million, driven by an 8% reduction in employee-related expenses and a 52% reduction in marketing costs, as most of the recent campaign spending was captured in the prior quarter. The quarter's EBITDA loss of \$0.4 million also includes a one-off \$0.25 million restructuring cost which will lead to lower quarterly employee overheads in the rest of FY25.

EBITDA loss improved by 52% QoQ to \$0.4 million, as the restructuring supports our ongoing efforts to focus on more profitable on-net customers and reach a net breakeven operating model.

### Q1 CASH FLOW

Cash receipts from customers increased by 2% QoQ to \$5.4 million. Net cash used in operating activities decreased by 15% QoQ to \$0.6 million. Cash in operating activities improved despite the quarter's \$0.25 million one-off restructuring cost. Without this restructuring cost, net cash used would have been \$0.4 million, including a 26% reduction in advertising expenses and an 18% reduction in administrative and corporate costs.

Cash flow from investing activities was \$2.4 million, including the fourth annual \$1.6 million payment for the 15-year, \$8 million high-band 5G Spectrum license, and an additional \$0.1 million for the annual spectrum license fee.

The \$0.7 million cash outflow from property, plant, and equipment includes a \$0.2 million 5G CPE equipment purchase funded through the Company's NaaS equipment finance facility. The available Cambium NaaS finance facility stands at \$5.5 million, strictly designated for capital expenditure on network infrastructure.

A one-off repayment of \$0.4 million, related to the repayment of the Westpac Business loan facility, is included in the repayment of borrowings of \$0.6 million.

The company closed the quarter with a cash balance of \$1.8 million, available financing facilities totaling \$6.8 million and significant 5G equipment stock for network growth in FY25.

### USE OF FUNDS AND RELATED PARTY TRANSACTIONS

In accordance with ASX Listing Rule 4.7C.1, the major expenditure items, including product manufacturing and operating cost, staff cost and other non-current asset payments, have been addressed in the report.

In accordance with ASX Listing Rule 4.7C.3, payments in the September 2024 quarter to related parties (and their associates) of \$316,575 included in Item 6 in Appendix 4C consisted of directors' fees and director associate fees, rent paid, and accounting services paid to associates of directors.

*This announcement has been authorised for release by the Managing Director of Pentanet Limited, Mr Stephen Cornish.*

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## About Pentanet

Pentanet is a Perth-based, growth-focused telco delivering high-speed internet to a growing number of subscribers by providing next-generation internet speeds. This is achieved through Pentanet's market-leading private wireless network, the largest in Perth, as well as reselling fixed-line services such as nbn® and Opticomm.

The Company's flagship wireless network has benefits for both customers and investors, offering an outstanding customer experience and a fixed wireless product that is technically superior to most of the nbn with attractive margins for investors. This sets Pentanet apart from most broadband providers, which typically only resell the nbn.

Pentanet is also part of the rollout of the next wave of subscription-based entertainment services – cloud gaming. The Company's Alliance Partner Agreement with NVIDIA allowed Pentanet to be the first to bring their GeForce NOW technology to Australia in 2021. Since launch, the platform has amassed over 621,000 users.

Pentanet invites existing and prospective shareholders to join the conversation within the Company's interactive Investor Hub at [investorhub.pentanet.com.au](https://investorhub.pentanet.com.au)