



ASX : 5GG

INVESTOR UPDATE FY25 Q2

22 JANUARY 2025

"You can't change the direction of the wind, but you can adjust the sails, and if the wind will not serve, take to the oars" - Latin proverb

DISCLAIMER

IMPORTANT: You must read the following before continuing.

Summary information in relation to Pentanet Limited.

This presentation contains summary information about Pentanet Limited (ACN 617 506 279) (“Company”), its subsidiaries and their activities which is current as at the date of this presentation, unless otherwise indicated. The information in this presentation remains subject to change without notice, and the Company is not responsible for updating, nor does it undertake to update it.

Industry data - Certain market and industry data used in connection with or referenced in this presentation, including in relation to other companies in the Company’s peer group, may have been obtained from public filings, research, surveys or studies made or conducted by third parties, including as published in industry-specific or general publications. Neither the Company nor its advisors or their respective representatives, have independently verified any such market or industry data.

Not financial product advice - This presentation, and the information provided in it, does not constitute, and is not intended to constitute, investment or financial product advice (nor tax, accounting or legal advice). This presentation should not be relied upon as advice to investors or potential investors and has been prepared without taking account of any person’s individual investment objectives, financial situation or particular needs. Any investment decision should be made based solely upon appropriate due diligence. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Recipients of this presentation are advised to consult their own professional advisers. An investment in the Company is subject to significant risks, both known and unknown and including (without limitation) risks of loss of income and capital. A number of risks are beyond the control of the Company.

Future performance, forward-looking statements and key risks - This presentation contains certain “forward-looking statements”. Forward-looking statements can generally be identified by the use of forward looking words such as “forecast”, “likely”, “believe”, “future”, “project”, “opinion”, “guidance”, “should”, “could”, “target”, “propose”, “to be”, “foresee”, “aim”, “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, “indicative” and “guidance”, and other similar words and expressions, which may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated dates, expected costs or outputs for the Company. To the extent that this presentation contains forward-looking information (including forward-looking statements, opinions or estimates), the forward-looking information is subject to a number of risk factors, including those generally associated with the telecommunications industry. Any such forward-looking statement also inherently involves known and unknown risks, uncertainties and other factors that may cause actual results, performance and achievements to be materially greater or less than estimated.

Any forward-looking statements are also based on assumptions and contingencies which are subject to change without notice and which may ultimately prove to be materially incorrect, as are statements about market and industry trends, which are based on interpretations of current market conditions. Investors should consider the forward-looking statements contained in this presentation in light of those disclosures and not place reliance on such statements. The forward-looking statements in this presentation are not guarantees or predictions of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. As a result, there can be no assurance that actual outcomes will not materially differ from these forward-looking statements. The forward-looking statements are based on information available to the Company as at the date of this presentation. Except as required by law or regulation, the Company undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Indications of, and guidance on, future performance are also forward-looking statements, and include statements in this presentation regarding expected or indicative costs, indicative revenues, indicative outputs and anticipated dates. To the maximum extent permitted by law, the Company, its advisors and their respective directors, officers, employees, advisers, agents and intermediaries (together, “Relevant Parties”) disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, or any change in events, conditions or circumstances on which any such information or statement is based. Nothing in this presentation will, under any circumstances (including by reason of this presentation remaining available and not being superseded or replaced by any other presentation or publication with respect to the Company or the subject matter of this presentation), create an implication that there has been no change in the affairs of the Company since the date of this presentation.

To the maximum extent permitted by law, the Relevant Parties make no representation or warranty (express or implied) as to the fairness, accuracy, reliability, currency, reasonableness or completeness of the contents of this presentation or any other information (whether written or verbal) that the Relevant Parties otherwise provide to the recipient. The recipient may not rely on the contents of the presentation or any information in it in making any decision to invest or acquire an interest in the Company or its assets. To the maximum extent permitted by law, the Relevant Parties are not liable for any direct, indirect or consequential loss or damage suffered (whether foreseeable or not) by any person (whether arising from negligence or otherwise) as a result of relying on this presentation or the information in it, any errors therein or omissions therefrom, or any other written or oral communications transmitted to the recipient in the course of its evaluation of the Company, or otherwise in connection with this presentation or the information in it.

Investment risk - As noted above, an investment in the Company’s securities is subject to investment and other known and unknown risks, a number of which are beyond the control of the Company. The Company (nor its related bodies corporate) does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Prospective investors should make their own enquiries and investigations regarding all information in this presentation, including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Company and the impact that different future outcomes may have on the Company.

Not an offer - This presentation is for information purposes only and does not constitute or form any part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities in the Company in any jurisdiction. This presentation and its contents must not be distributed, transmitted or viewed by any person in any jurisdiction where the distribution, transmission or viewing of this document would be unlawful under the securities or other laws of that or any other jurisdiction.

AGENDA

01 INTRODUCTION AND KEY HIGHLIGHTS



STEPHEN CORNISH
MANAGING DIRECTOR

02 STRATEGY UPDATE



03 FINANCIAL RESULTS



MART DERMAN
CHIEF FINANCIAL OFFICER

04 Q&A



INTRODUCTION AND SUMMARY OF RESULTS



We're excited to share a significant turning point in our business journey, marking the fruition of our strategic focus over the past several quarters. Our commitment this year to double our 5G coverage is on schedule, and not only bolsters our ultrafast bandwidth capabilities but also set the stage for sustainable competitive growth and profitability for our Telco division, capitalising on our 5G spectrum.

As we continue to build and expand our 5G capacity, we've simultaneously increased optimisation of our NVIDIA Cloud division, showcasing our ability to increase monetisation of our CloudGG platform in stages effectively. This achievement is built on the foundation of scaling up from our freemium service strategy, and we're now positioned to leverage our enhanced capacity to deliver even greater value to our customers and further growth for stakeholders. This pivotal moment underscores our dedication to innovation and our readiness to lead in the digital landscape.



STEPHEN CORNISH
FOUNDER & MANAGING DIRECTOR

Key Financial Highlights from H1FY25

- ✓ Delivering First EBITDA^① Quarter and EBITDA+ YTD
- ✓ ~\$1m EBITDA^② improvement Q1FY25 to Q2FY25
- ✓ Consolidated Revenue increase of 7% PcP and 6% QoQ
- ✓ Consolidated gross profit increased 6% on PcP and 17% QoQ
- ✓ Gaming revenue up 31% on PcP and 27% QoQ

① EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

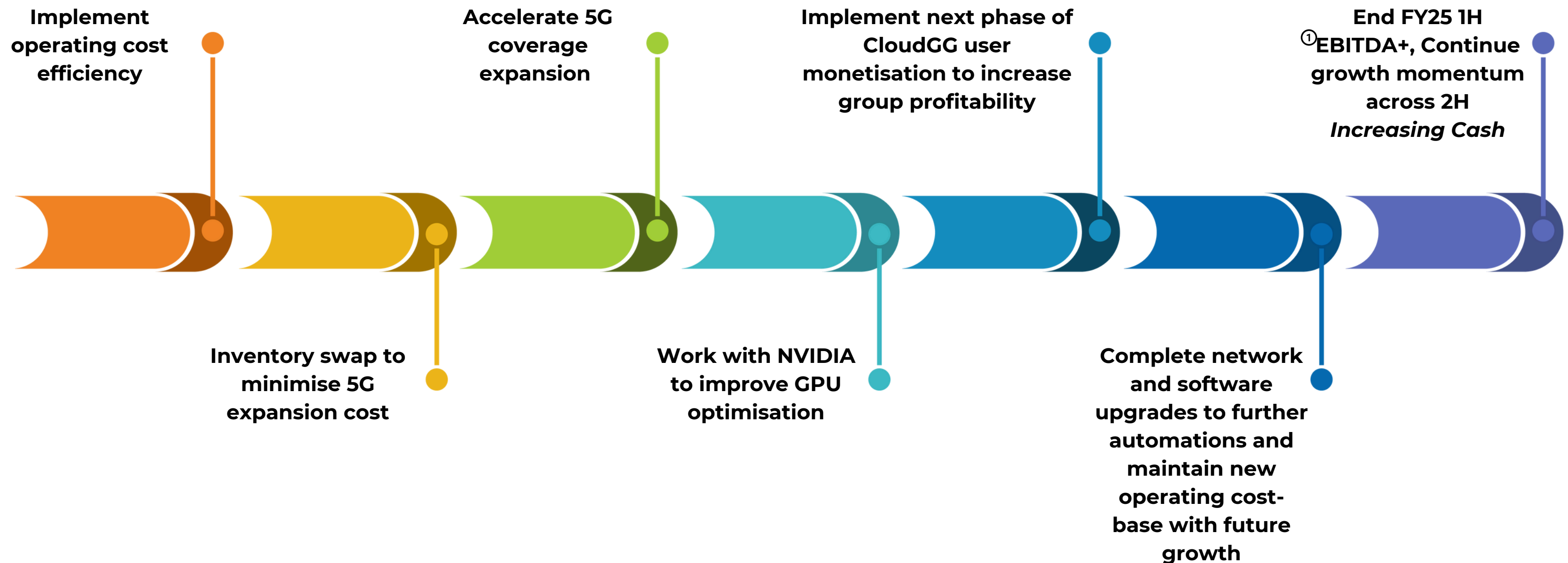
② Q1FY25 EBITDA included one-off restructuring costs of \$0.25m

Key Operational Updates

- ✓ Aim of doubling 5G coverage across FY25 is on track
- ✓ Improved Telco Operating Efficiencies
- ✓ 709 5G subscribers added to date
- ✓ Increased NVIDIA Cloud GPU Optimisation
- ✓ Furthered CloudGG Monetisation Strategy

FY25 1H Strategy Recap

Amidst other operational initiatives, these were the **key** objectives completed which underpinned our forward strategy



① EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

On track with aim to double our 5G coverage across FY25

Telco is focused on building 5G coverage before launching a new competitive offering at scale

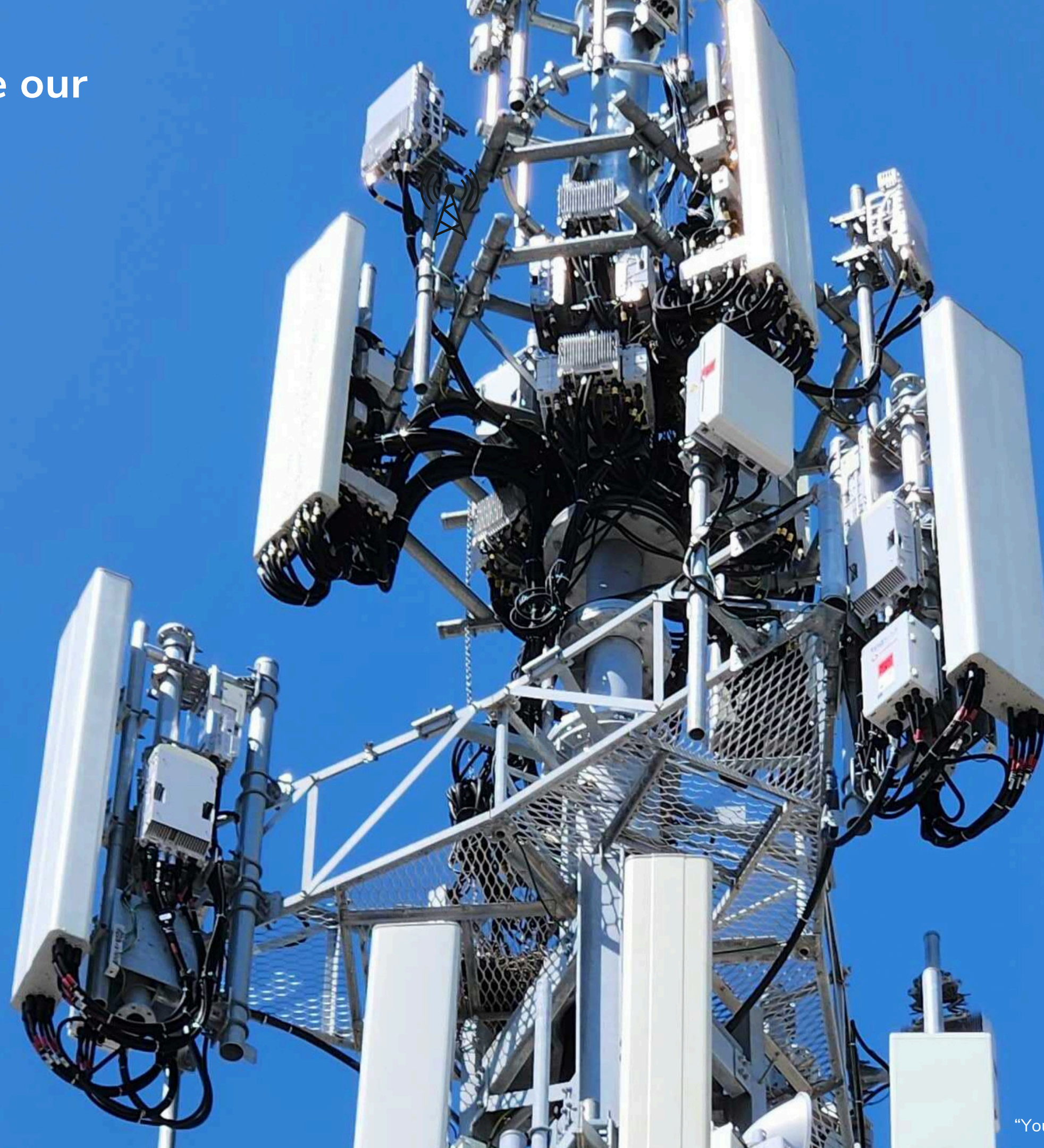
Fourteen towers upgraded to 5G, and on-track to complete an additional five in 2HFY25

Upon completion of FY25 upgrade program, roughly half of our tower footprint will have 5G coverage

25 5G Base Stations and 423 CPEs secured via stock swap, minimising upgrade CAPEX cash cost

5G Coverage live

Traditional Fixed-wireless



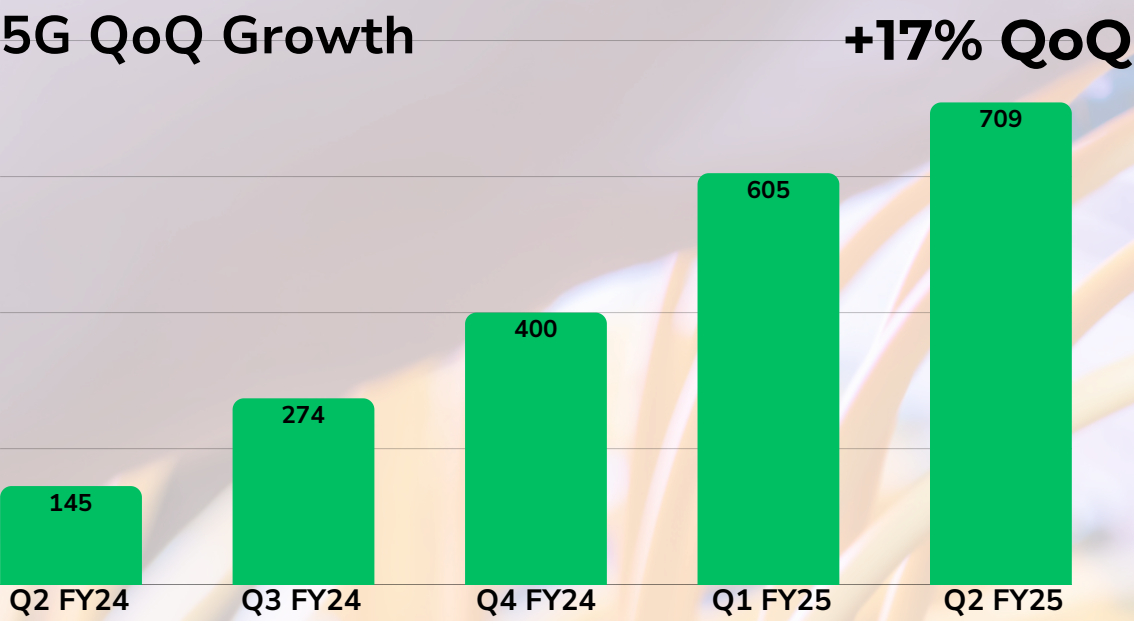
"You're gonna need a bigger boat" - Martin Brody

Still adding new users incrementally as we build 5G coverage

- Resources are focused on coverage and capacity expansion to facilitate returning to high growth
- To drive a competitive on-net offering in market, we need the Ultrafast capability of 5G
- The strategy is to cast a wider coverage net, to allow for broader marketing whilst further reducing CAC
- 5G subscribers are still being added as we go, with targeted marketing initiatives

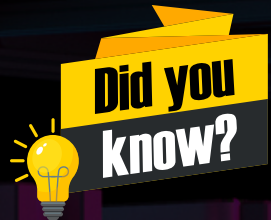
	On-net		Off-net		Total	
	Q1FY25	Q2FY25	Q1FY25	Q2FY25	Q1FY25	Q2FY25
Opening Balance	6,794	6,936	10,589	10,796	17,383	17,732
Gross New Subscribers	394	220	658	571	1,052	791
Churn	(252)	(231)	(451)	(436)	(703)	(667)
Closing Balance	6,936	6,925	10,796	10,931	17,732	17,856
Average Monthly Churn	1.2%	1.1%	1.4%	1.3%	1.3%	1.2%

5G QoQ Growth



Churn has reduced QoQ to our target of 1.2%.
Net subscriber growth is still present, but we must expand our catchment/coverage, and launch 5G at scale in market to return Telco to high growth.

NVIDIA Cloud Strategy



Every month, our free users play for over 20 million minutes on our infrastructure. That would equate to one person gaming 24 hours a day for **FOURTY YEARS**.



- Own & Operate the Largest Commercial Deployment of NVIDIA GPU's in the Country, Profitably
- Profitable Gaming Platform
- Evolve Freemium to Paid conversion, as Captured Userbase Matures
- Demonstrate Margin Uplift at Each Optimisation inflection
- Oversubscription Efficiency & Margin Continually improves with Scale
- Scale Existing Infrastructure and expand Offering to enable 4K high FPS
- Freemium adoption to grow market awareness - Currently 670,000 Users
- Deploy and Launch service in Australia, Retaining exclusivity



I WONDER IF THERE WILL BE OTHER USE CASES FOR RUNNING HIGH-END NVIDIA GPU'S AT SCALE IN THE NEAR FUTURE?



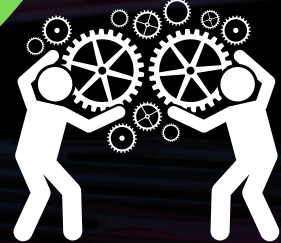
Increase Market Awareness



Adopt & Convert Users



Increase value offering to gamers. Layer commercial GPU revenue on idle capacity.

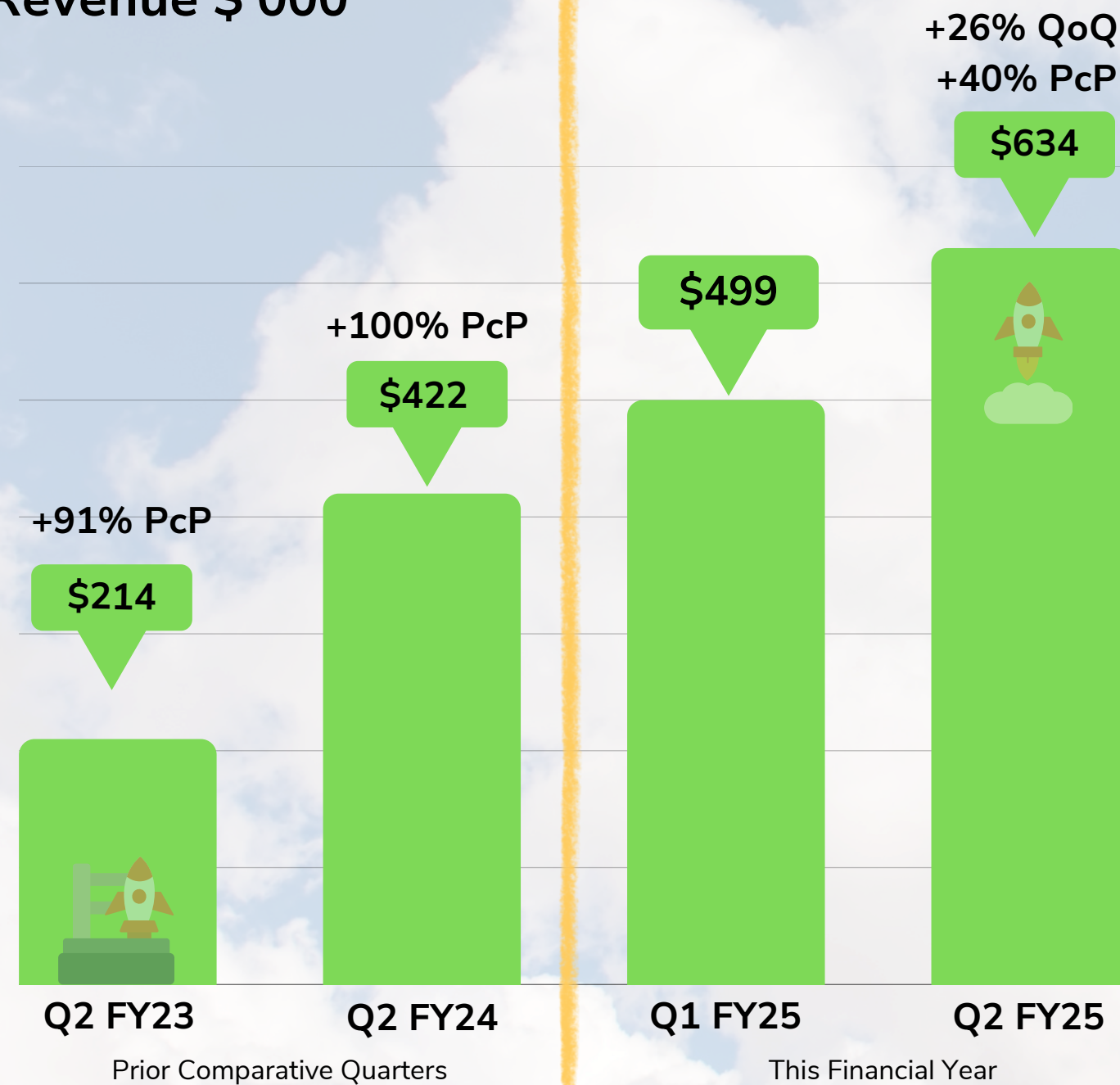


Scale. Expand. Optimise.

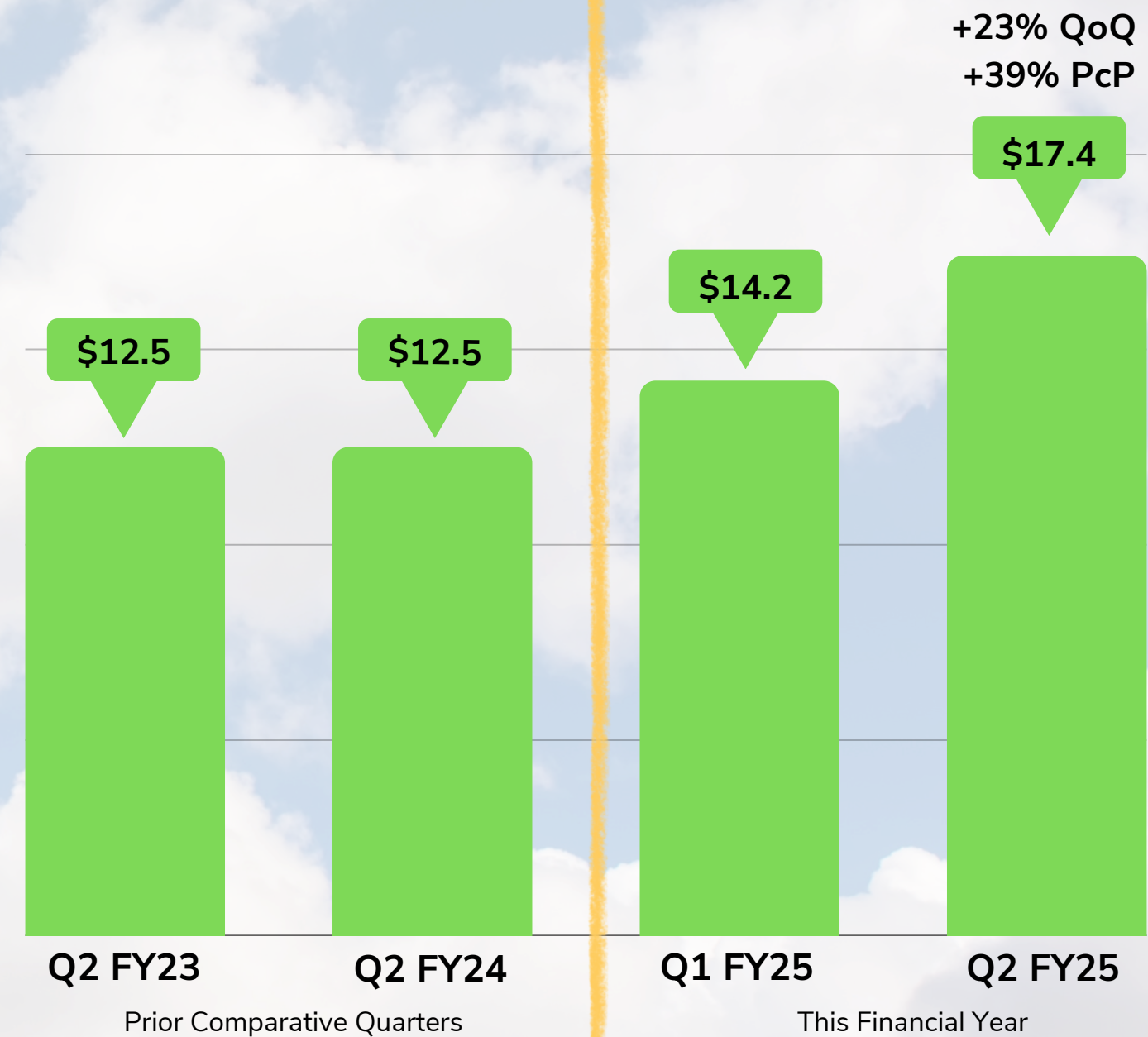


Cloud accretion, driving growth across all metrics

Quarterly
Revenue \$'000



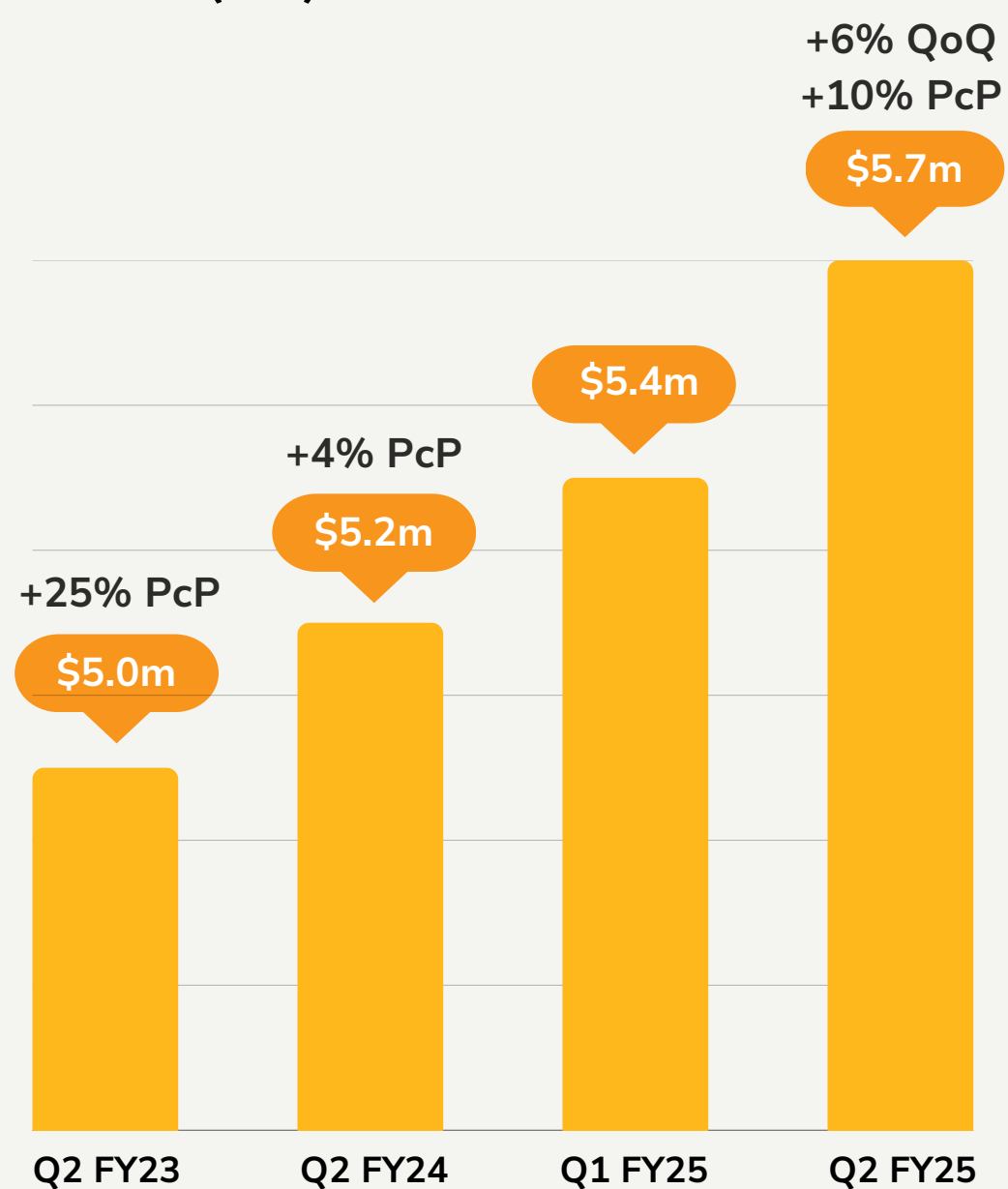
ARPU



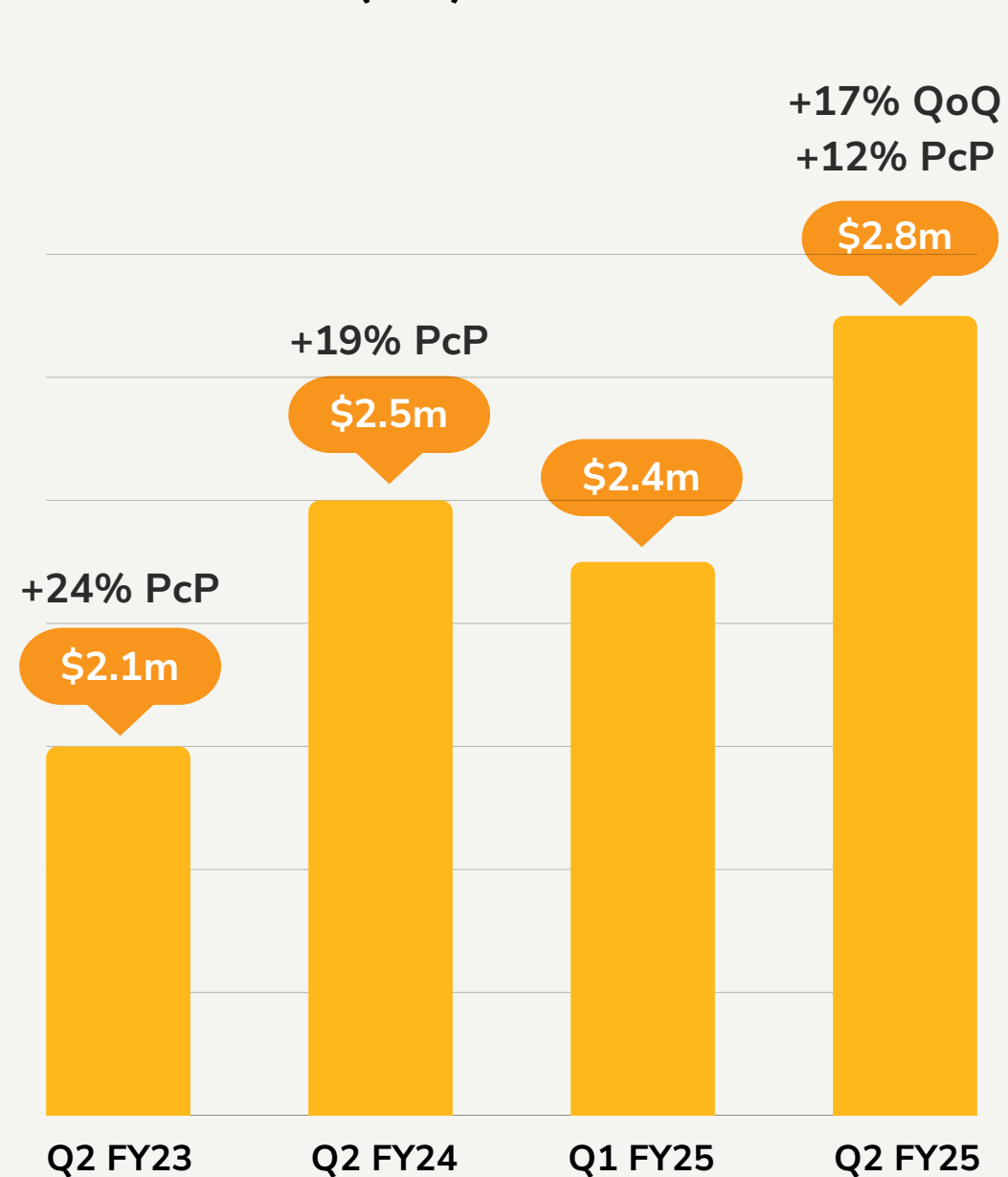
Moving our cloud gaming market monetisation strategy into its next phase.

Our Strategy Drove Revenue and GP Growth, with EBITDA Up \$1m QoQ

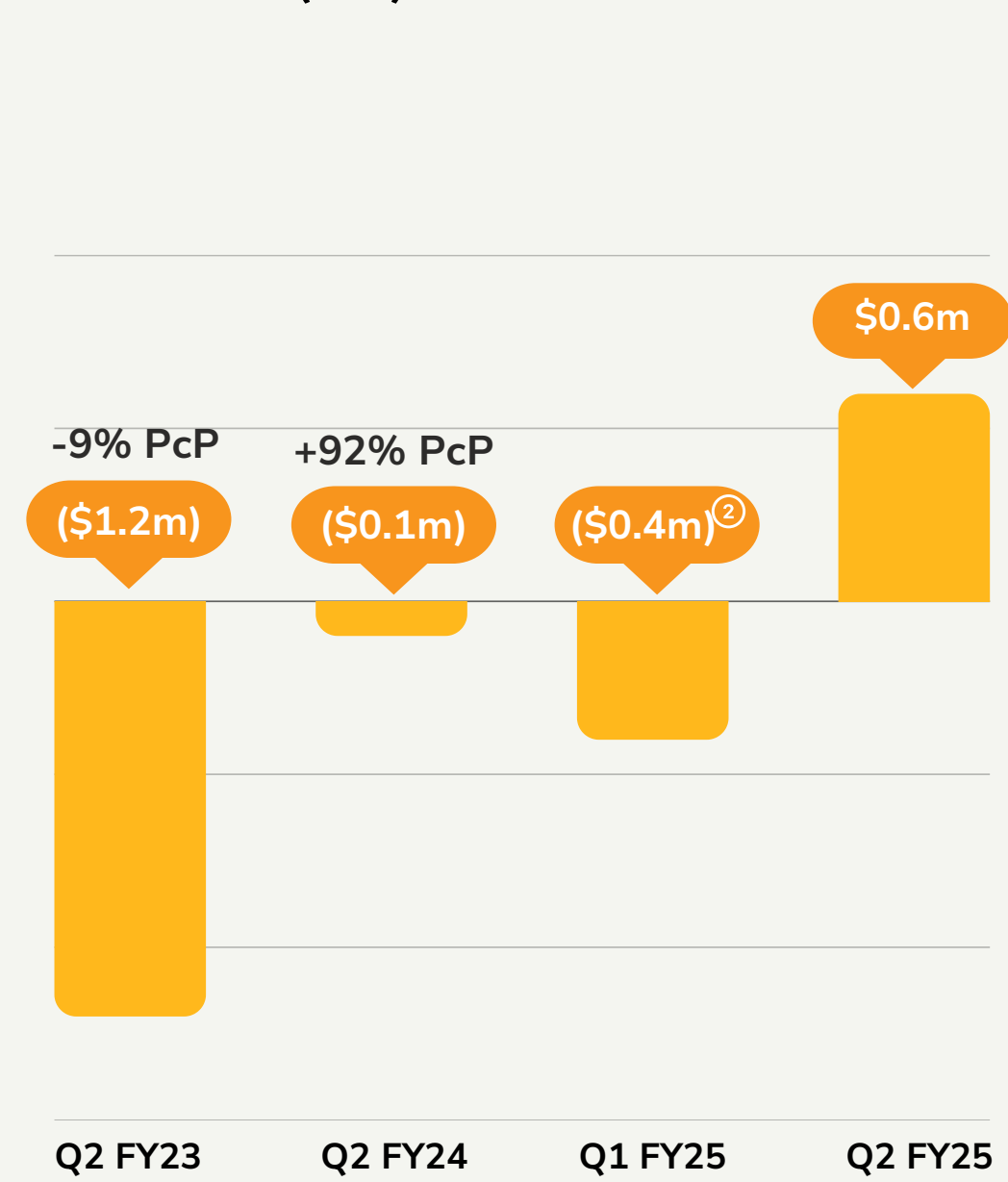
Revenue (\$m)



Gross Profit (\$m)



EBITDA^① (\$m)



Organic growth underpinned by optimised cost-efficiency and pricing strategies

①EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

②Q1 FY25 EBITDA includes one off cost of \$0.25

FINANCIAL RESULTS



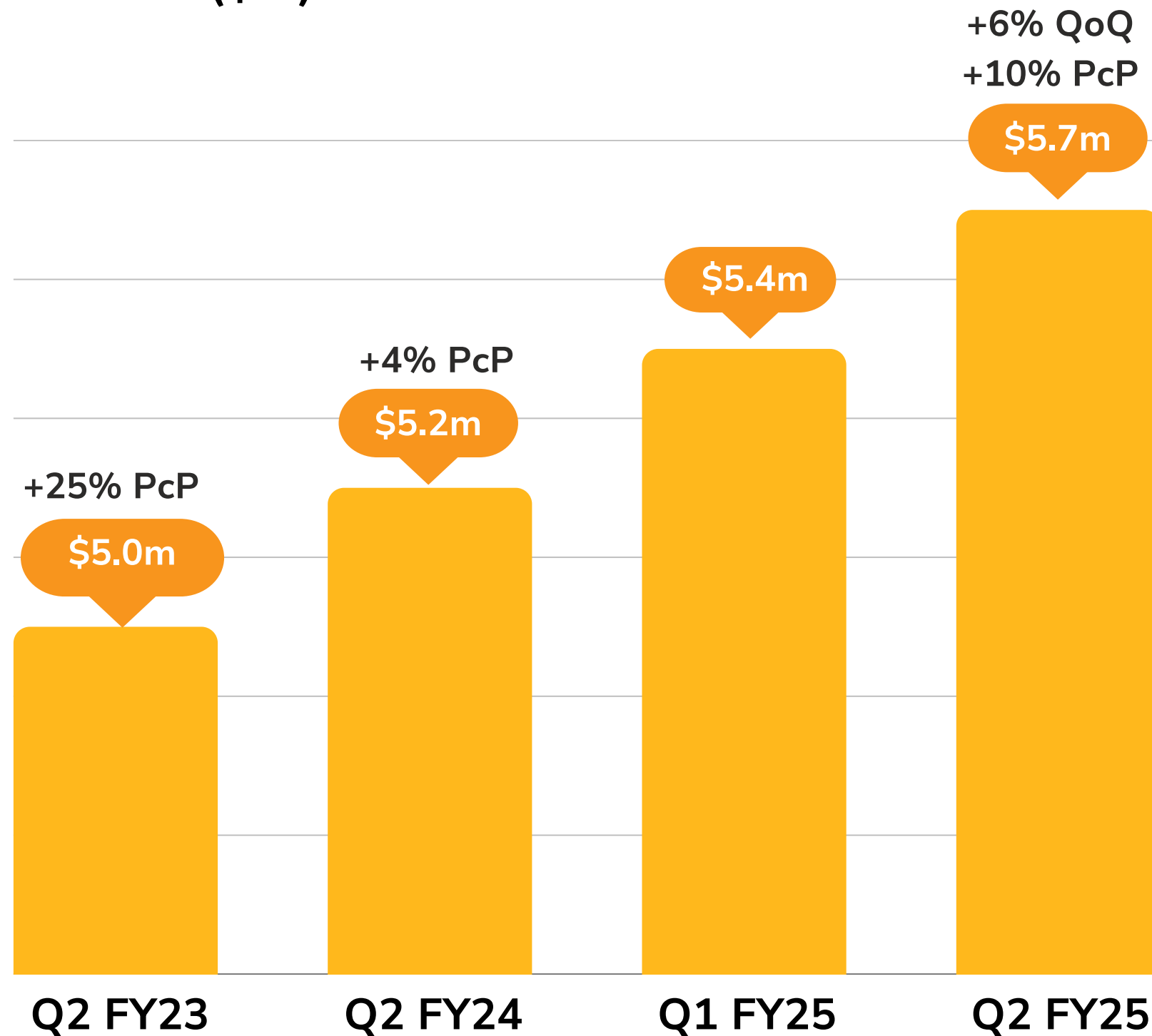
Implementing a robust first-half year strategy has proven instrumental in bolstering our business's financial position. By focusing on strategic direction, we identified and capitalized on key opportunities that enhanced our financial stability and growth. Through disciplined execution and adaptive management, we optimized our resources and streamlined operations, which resulted in increased revenue and profitability. As we look towards the remainder of the financial year, we are confident that our strengthened financial position will continue to grow.



MART DERMAN
CHIEF FINANCIAL OFFICER

Consolidated revenue update across segments

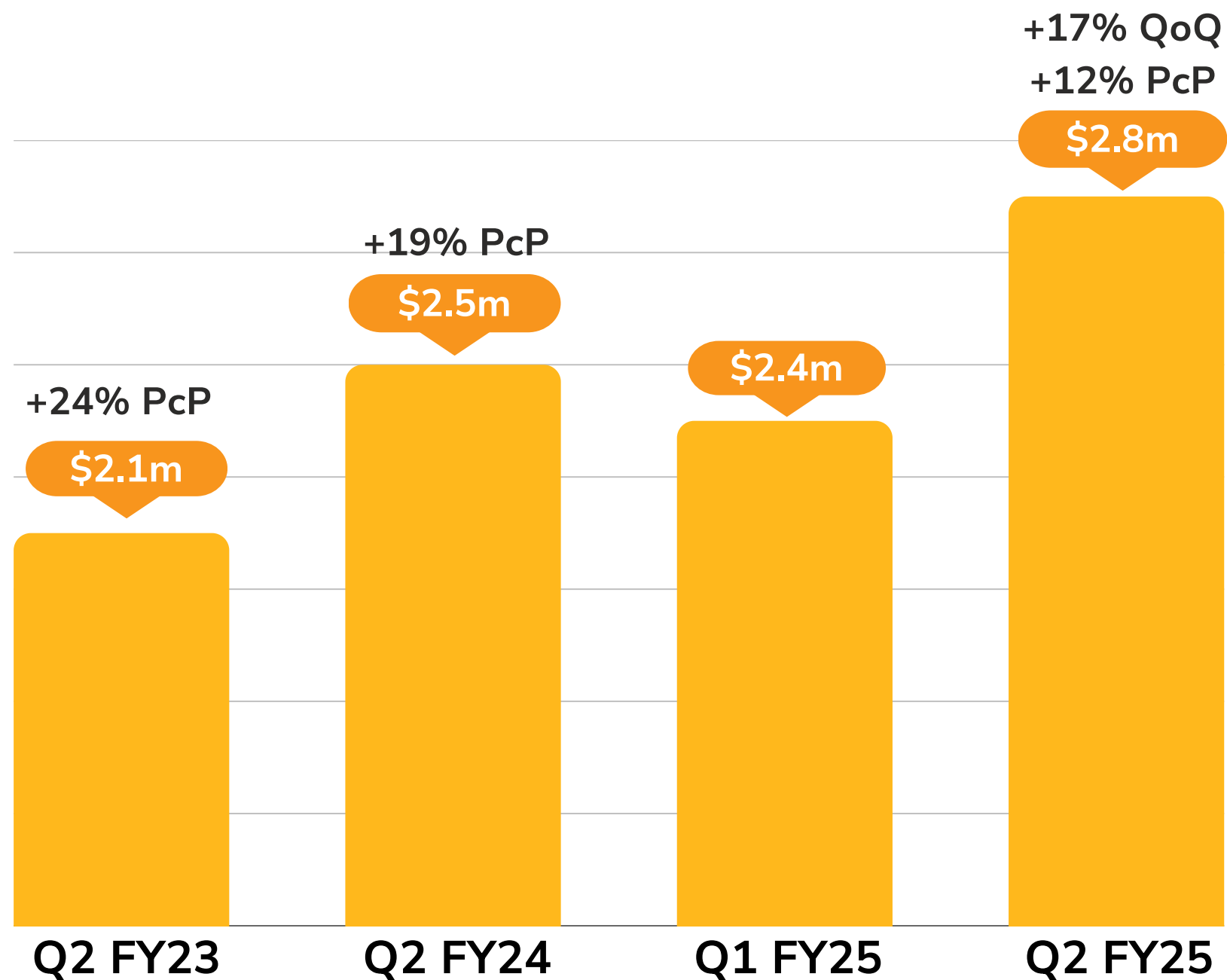
Revenue (\$m)



- **Group revenue** grew by 6% QoQ and 10% on PcP to \$5.7 million
- **GeForce NOW** revenue saw a significant increase, up 27% QoQ and 50% on PcP, driven by a combination of membership growth and the implementation of price increases across key monthly plans
- **Telecommunications recurring revenue** showed consistent performance, growing by 2% during the quarter, in line with ongoing subscriber growth across the network.
- **Non-recurring telecommunications revenue** increased by 9% QoQ, supported by increased hardware sales and setup fees during the period

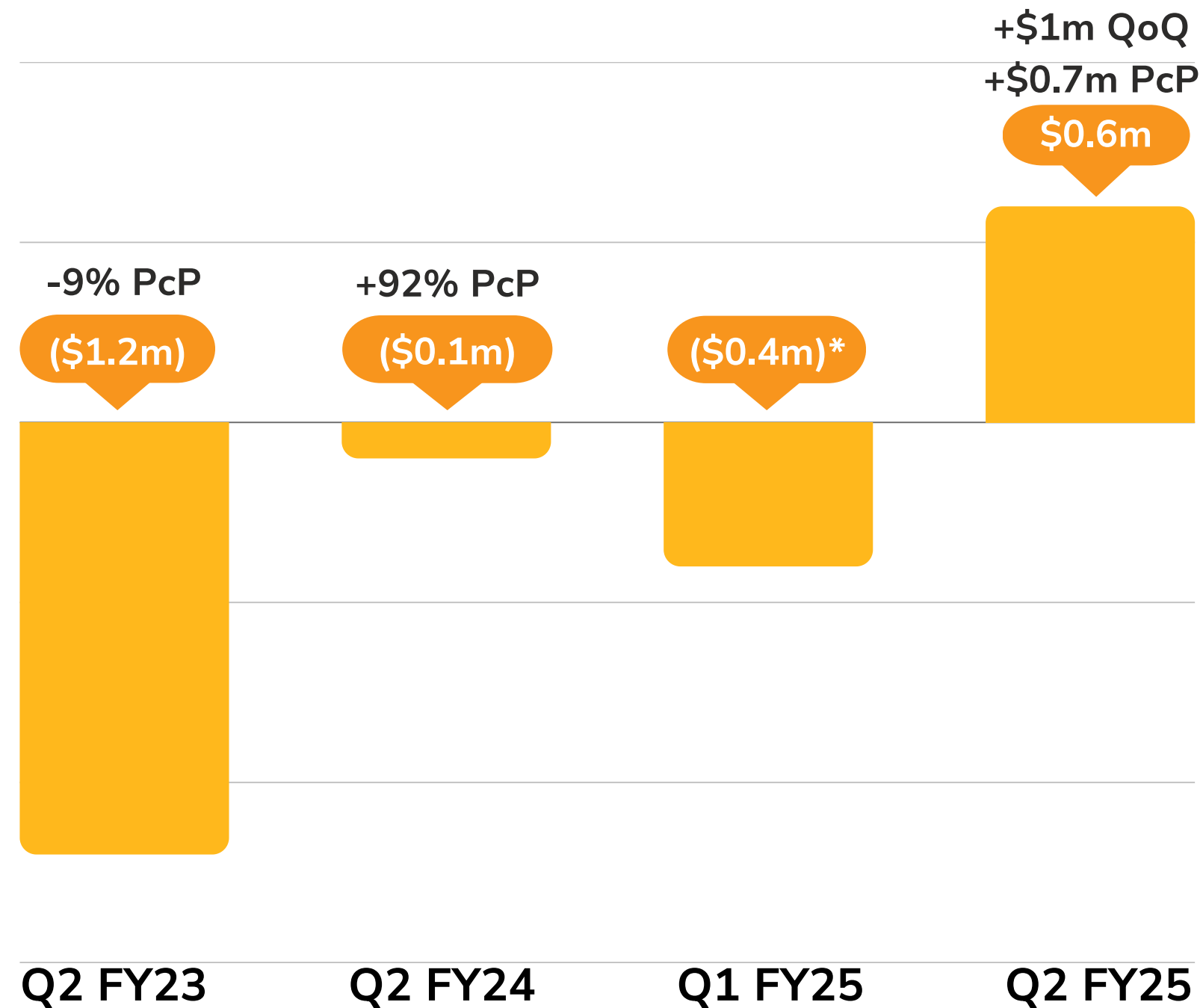
Consolidated gross profit update across segments

Gross Profit (\$m)



- **Gross profit improved** in line with revenue growth, reflecting strong operational performance and effective cost management initiatives across the business
- **Consolidated gross profit** of \$2.8 million for the quarter, driven by margin expansion in the telecommunications and gaming segments. Gross margin is up 5pp to 49%
- **GeForce NOW gross profit** recorded notable improvements, benefiting from higher ARPU and cost optimisation strategies that increased profitability. Gross margin is up 51pp to 66%
- **Telecommunications gross profit** grew steadily, supported by recurring revenue growth and NBN margin optimisation. Gross margin is up 1pp to 48% QoQ

EBITDA improvement driven by strategic priorities: revenue gains and cost optimisation



- **EBITDA** improved by \$1m QoQ, reaching \$0.6 million, marking a positive result for both Q2 and YTD
- **Revenue growth** across telecommunications and GeForce NOW contributed to the EBITDA uplift, reflecting good performance across both segments
- **Cost efficiencies**, achieved through platform subscription optimisations and supplier renegotiations, played a critical role in EBITDA improvement
- The company's restructuring efforts further improved operational efficiency, aligning resources with **strategic priorities in 5G expansion** and subscriber growth

*Adjusted for a one-off restructure cost of \$0.25 million, EBITDA shows a \$1.25m QoQ increase.

Positive operating cash flow, driven by improved EBITDA performance

- Net cash position improved by **\$0.4 million**, driven by positive cash flow from operating activities
- Operating cash flow increased significantly, moving from **-\$0.6 million** to **+\$0.9 million**, supported by strong EBITDA growth
- Closing cash balance as of 31 December 2024 was **\$2.2 million**



	FY25 Q1 \$'m	FY25 Q2 \$'m	Change QoQ \$'m
Cash and cash equivalents	1.8	2.2	+0.4
Net operating cash inflow	(0.6)	0.9	+1.5
Net cash used in investing activities	(2.4)*	(0.3)	+\$2.1
Net cash used in financing activities	(0.4)	(0.2)	+\$0.2
Net cash	(3.5)	0.4	3.9

*Investing cash flow was \$2.4 million, including the fourth \$1.6 million payment toward the \$8 million, 15-year high-band 5G Spectrum license, and a \$0.1 million annual spectrum fee.

Wrapping up, key takeaways

- ✓ Delivering First EBITDA^① Quarter and EBITDA^① H1FY25
- ✓ Aim to doubling of 5G coverage across FY25 is on track
- ✓ Increased NVIDIA Cloud GPU Optimisation
- ✓ We expect financial growth to continue across 2H FY25

① EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

Q & A



Glossary

ARPU (Average Revenue Per User)

A key performance indicator that calculates the average revenue generated per user or subscription over a specific period, often used to measure the revenue of individual customers. ARPU is calculated.

CAC (Customer Acquisition Cost)

The total marketing cost associated with acquiring a new customer, including expenses for marketing and other related efforts, is divided by the number of new customers gained.

CPE (Customer Premises Equipment)

Devices located at a customer's premises and used to access telecommunications or internet services, such as routers, modems, or set-top boxes.

Churn

Churn is the rate at which customers discontinue their subscriptions or services with the company over a specific period, often expressed as a percentage. It is calculated by dividing the number of customers lost during a period by the total number of customers for that period.

FPS (Frames Per Second)

A measurement of how many individual frames are displayed per second in a video or game. Higher FPS typically results in smoother motion and better visual performance.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation)

A financial metric measures a company's operational profitability by excluding the effects of financing and non-cash expenses. EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

GPU (Graphics Processing Unit)

A specialised electronic circuit designed to accelerate the rendering of images, video, and 3D graphics, widely used in gaming, AI, and cloud computing applications.

PcP (Prior Corresponding Period)

A comparison of a company's performance or metric in a given period to the same period in the previous year, providing insights into year-over-year trends.

pp (Percentage Points):

A unit used to describe the absolute difference between two percentages.

QoQ (Quarter-on-Quarter)

A comparison of a company's performance or metric between one fiscal quarter and the immediately preceding quarter, used to assess short-term trends.

Subscribers:

The number of individuals actively enrolled in and paying for a company's services on a recurring basis.

YTD (Year-to-Date):

A time-based metric that refers to the period starting from the beginning of the current calendar or fiscal year up to the present date. It is often used to measure performance or progress over the year.