



APPENDIX 4D

26 FEBRUARY 2025

Pentanet Limited
ASX: 5GG

PENTANET LTD
APPENDIX 4D
31 DECEMBER 2024
HALF-YEAR REPORT

1. Company details

Name of entity:	Pentanet Limited
ABN:	29 617 506 279
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				Change	31 Dec 24	31 Dec 23
				%	\$'000	\$'000
Revenues from ordinary activities	up	6%	to		11,070	10,402
EBITDA ¹	up	N/A	to		152	(241)
Loss from ordinary activities after tax attributable to the owners of Pentanet Ltd	up	12%	to		(3,089)	(2,748)
Loss for the half-year attributable to the owners of Pentanet Ltd	up	12%	to		(3,089) ²	(2,748)

3. Dividends

No dividends were paid during the half-year and the directors have not recommended a dividend in respect of the 2024 financial period (2023: Nil.)

4. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.04</u>	<u>0.06</u>

5. Control gained over entities

Not applicable.

6. Loss of control over entities

Not applicable.

7. Details of associates and joint venture entities

Not applicable

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.

² Included in the loss for the half-year is a \$648,000 impairment loss. Refer to Note 4 Consolidated notes to the financial statements.

PENTANET LTD
APPENDIX 4D
HALF-YEAR REPORT

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

Details of attachments (if any):

The Interim Report of Pentanet Ltd for the half-year ended 31 December 2024 is attached.

Review of Operations

Pentanet Ltd is pleased to report its interim results for the half-year ended 31 December 2024. Consolidated revenue for H1 FY25 increased by 6% year on year (YoY) to \$11.1m. This growth reflects strong performance across both the Telecommunications and Gaming segments.

Telecommunications recurring revenue continued its steady upward trend, growing by 4% YoY to \$9.9m. This growth arose from the ongoing expansion of the subscriber base and increased network coverage. Non-recurring telecommunications revenue increased by 15% YoY.

Gaming revenue growth is up 31% YoY to \$1.1m. This was driven by membership growth and the successful implementation of pricing adjustments across key monthly plans, which increased ARPU from \$15 to \$16 YoY.

Gross profit improved in line with revenue growth by 6% to \$5.2m YoY. This reflects strong operational performance and effective cost management initiatives driven by organic growth in both the telecommunications and gaming segments. Telecommunications gross profit grew steadily during the year, supported by recurring revenue growth and successful NBN margin optimisation efforts.

Gross margin in the telecommunications segment remained steady at 47% YoY. GeForce NOW gross profit recorded significant improvements, benefiting from higher ARPU and cost optimisation strategies that increased profitability. This resulted in a 14pp increase in gross margin YoY to 44%.

Pentanet delivered a \$0.4m YoY EBITDA improvement, moving from a H1 FY24 loss of \$0.2m to \$0.2m positive EBITDA in H1 FY25 and EBITDA positive YTD. This improvement was mainly due to ongoing cost-reduction initiatives and disciplined financial management.

Cost efficiencies played a critical role in this outcome, with platform subscription optimisations, lower quarterly employee overheads, and lower supplier costs significantly reducing overall expenses. These measures have streamlined operations while maintaining service quality across the Telecommunications and GeForce NOW segments. Additionally, marketing expenses were closely managed, with a refined focus on high-impact campaigns and reduced reliance on broader promotional efforts.

These combined efforts highlight Pentanet's commitment to sustainable expense management as it continues to invest in strategic initiatives to improve profitability.

The company closed the half-year with a cash balance of \$2.2m, available financing facilities of \$6.8m and significant 5G equipment stock for telecommunications network growth in FY25.

PENTANET LTD
APPENDIX 4D
HALF-YEAR REPORT

10. Signed

Signed  _____

David Buckingham
Non-Executive Chairman
Perth
26th February 2025

INTERIM FINANCIAL REPORT – 31 DECEMBER 2024

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Director's report	1
Auditors' independence declaration	3
Consolidated statement of profit and loss and other comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 – 16
Directors' declaration	17
Independent auditors review report to the members of Pentanet Ltd	18 – 19

General Information

The financial statements cover Pentanet Ltd as a consolidated entity consisting of Pentanet Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Pentanet Ltd's functional and presentation currency.

Pentanet Ltd is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue on 26th February 2025, in accordance with a resolution of directors.

CORPORATE DIRECTORY 31 DECEMBER 2024

Directors	David Buckingham	Non-Executive Chairman
	Stephen Cornish	Managing Director
	Timothy Cornish	Non-Executive Director
	Dalton Gooding	Non-Executive Director
	Dominic O'Hanlon	Non-Executive Director
Company Secretaries	Patrick Holywell	
	Arron Canicaïs (resigned 30 September 2024)	
Registered Office	Suite 25, 257 Balcatta Road, Balcatta, 6021 WA	
Principal Place of Business	Suite 25, 257 Balcatta Road, Balcatta, 6021 WA	
Share Register	Automic Group	
	Level 5, 191 St Georges Terrace, Perth, 6000, WA	
Auditors	BDO Audit Pty Ltd	
	Level 9, Mia Yellagonga Tower 2, 5 Spring St, Perth WA, 6000	
Stock Exchange Listing	Pentanet Ltd shares are listed on the Australian Securities Exchange (ASX code: 5GG)	

PENTANET LTD
Directors' report
31 December 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' consisting of Pentanet Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were directors of Pentanet Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Buckingham (Chairman)
Dalton Gooding
Stephen Cornish
Timothy Cornish
Dominic O'Hanlon

Principal activities

During the financial period the principal continuing activities of the consolidated entity consisted of the provision of internet and associated telecommunications products and services and gaming technology services.

Review of operations

Pentanet Ltd is pleased to report its interim results for the half-year ended 31 December 2024. Consolidated revenue for H1 FY25 increased by 6% year on year (YoY) to \$11.1m. This growth reflects strong performance across both the Telecommunications and Gaming segments.

Telecommunications recurring revenue continued its steady upward trend, growing by 4% YoY. This growth arose from the ongoing expansion of the subscriber base and increased network coverage. Non-recurring telecommunications revenue increased by 15% YoY.

Gaming revenue growth is up 27% YoY to \$1.1m. This was driven by membership growth and the successful implementation of pricing adjustments across key monthly plans, which increased ARPU from \$13 to \$16 YoY.

Gross profit improved in line with revenue growth by 7% to \$5.2m YoY. This reflects strong operational performance and effective cost management initiatives driven by organic growth in both the telecommunications and gaming segments. Telecommunications gross profit grew steadily during the year, supported by recurring revenue growth and successful NBN margin optimisation efforts.

Gross margin in the telecommunications segment remained steady at 47% YoY. GeForce NOW gross profit recorded significant improvements, benefiting from higher ARPU and cost optimisation strategies that increased profitability. This resulted in a 14pp increase in gross margin YoY to 44.

Pentanet delivered a \$0.4m YoY EBITDA improvement, moving from a H1 FY24 loss of \$0.2m to \$0.2m positive EBITDA in H1 FY25 and EBITDA positive YTD. This improvement was mainly due to ongoing cost-reduction initiatives and disciplined financial management.

Cost efficiencies played a critical role in this outcome, with platform subscription optimisations, lower quarterly employee overheads, and lower supplier costs significantly reducing overall expenses. These measures have streamlined operations while maintaining service quality across the Telecommunications and GeForce NOW segments. Additionally, marketing expenses were closely managed, with a refined focus on high-impact campaigns and reduced reliance on broader promotional efforts.

These combined efforts highlight Pentanet's commitment to sustainable expense management as it continues to invest in strategic initiatives to improve profitability.

The company closed the half-year with a cash balance of \$2.2m, available financing facilities of \$6.8m and significant 5G equipment stock for telecommunications network growth in FY25.

PENTANET LTD
Directors' report
31 December 2024

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the half-year.

Matters subsequent to the end of the half-year

No matters or circumstances have arisen since 31 December 2024 that have materially affected, or may materially affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of Amounts

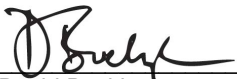
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



David Buckingham
Non-Executive Chairman

26th February 2025
Perth

PENTANET LTD
Auditor's independence declaration



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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF PENTANET LIMITED

As lead auditor for the review of Pentanet Limited for the half-year ended 31 December 2024,
I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pentanet Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J Prue', is written in a cursive style.

Jarrad Prue
Director

BDO Audit Pty Ltd
Perth
26 February 2025

PENTANET LTD**Consolidated statement of profit or loss and other comprehensive income****For the half-year ended 31 December 2024**

		Consolidated	
	Note	31 Dec 2024	31 Dec 2023
		\$'000	\$'000
Revenue	3	11,070	10,402
Other income		189	375
Expenses	4		
Network, carrier and hardware expenses		(5,875)	(5,532)
Employee benefits expense		(3,512)	(3,622)
Share based payments		11	(47)
Other expenses		(1,731)	(1,817)
Profit/(Loss) before finance costs, depreciation and amortisation and impairment expenses		<u>152</u>	<u>(241)</u>
Finance costs	4	(256)	(363)
Depreciation, amortisation and impairment expense	4	<u>(2,985)</u>	<u>(2,144)</u>
Loss before income tax expense for the half-year		<u>(3,089)</u>	<u>(2,748)</u>
Income tax expense		-	-
Loss after income tax for the half-year attributable to the owners of Pentanet Ltd		<u>(3,089)</u>	<u>(2,748)</u>
Other comprehensive income			
Changes in fair value of equity investments at fair value through other comprehensive income		-	-
Total comprehensive loss for the half-year attributable to the owners of Pentanet Ltd		<u><u>(3,089)</u></u>	<u><u>(2,748)</u></u>
		Cents	Cents
Basic loss per share attributable to owners of Pentanet Ltd	14	(0.01)	(0.01)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

PENTANET LTD
Consolidated statement of financial position
As at 31 December 2024

		Consolidated	
	Note	31 Dec 2024	30 June 2024
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	5	2,220	5,302
Trade and other receivables		457	737
Inventories		236	288
Deposits and prepayments		462	694
Total current assets		<u>3,375</u>	<u>7,021</u>
Non-current assets			
Right-of-use assets		5,208	5,744
Plant and equipment	6	19,820	21,496
Intangible assets	7	7,055	7,320
Total non-current assets		<u>32,083</u>	<u>34,560</u>
Total assets		<u>35,458</u>	<u>41,581</u>
Liabilities			
Current liabilities			
Trade and other payables	8	2,495	4,123
Contract liabilities		200	129
Employee benefits		309	378
Lease liabilities		947	1,018
Other liabilities		1,859	2,099
Borrowings		647	984
Total current liabilities		<u>6,457</u>	<u>8,731</u>
Non-current liabilities			
Contract liabilities		22	1
Employee benefits		162	162
Lease liabilities		4,785	5,262
Other liabilities		79	128
Borrowings		1,312	1,556
Total non-current liabilities		<u>6,360</u>	<u>7,109</u>
Total liabilities		<u>12,817</u>	<u>15,840</u>
Net assets		<u>22,641</u>	<u>25,741</u>
Equity			
Share capital	9	67,310	67,310
Reserves		1,390	1,401
Accumulated losses		(42,059)	(38,970)
Accumulated other comprehensive income		(4,000)	(4,000)
Total equity		<u>22,641</u>	<u>25,741</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

PENTANET LTD
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Accumulated Other comprehensive income/(loss) \$'000	Total Equity \$'000
Consolidated					
Balance at 1 July 2023	63,331	5,568	(36,924)	(820)	31,155
Loss after income tax expense for the half-year	-	-	(2,748)	-	(2,748)
Other comprehensive loss for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,748)	-	(2,748)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	-	-	-	-	-
Share issue costs	(42)	-	-	-	(42)
Share-based payments	-	47	-	-	47
Balance at 31 December 2023	63,289	5,615	(39,672)	(820)	28,412

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Accumulated Other comprehensive income/(loss) \$'000	Total Equity \$'000
Consolidated					
Balance at 1 July 2024	67,310	1,401	(38,970)	(4,000)	25,741
Loss after income tax expense for the half-year	-	-	(3,089)	-	(3,089)
Other comprehensive loss for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,089)	-	(3,089)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share-based payments	-	(11)	-	-	(11)
Balance at 31 December 2024	67,310	1,390	(42,059)	(4,000)	22,641

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

PENTANET LTD
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Consolidated	
Note	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	11,358	10,516
Payments to suppliers and employees (inclusive of GST)	(11,091)	(10,099)
Cash generated/(used in) operations	267	417
Other income	215	-
Interest received	8	27
Interest and other finance costs paid	(256)	(363)
Net cash generated from operating activities	234	81
Cash flows from investing activities		
Payments for property, plant and equipment	(502)	(1,381)
Payments for intangible assets	(1,764)	(1,794)
Reclassification of term deposit to cash and cash equivalents	-	2,500
Net cash used in investing activities	(2,266)	(675)
Cash flows from financing activities		
Repayment of borrowings	(570)	(166)
Payments of lease liabilities	(480)	(228)
Share issue transaction cost	-	(35)
Net cash used in financing activities	(1,050)	(429)
Net decrease in cash and cash equivalents	(3,082)	(1,023)
Cash and cash equivalents at the beginning of the financial half-year	5,302	7,368
Cash and cash equivalents at the end of the financial half-year	2,220	6,345

The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.

PENTANET LTD
Consolidated notes to the financial statements
31 December 2024

Note 1. Material accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going Concern

The Directors have prepared the financial report on a 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 half-year ended 31 December 2024 the Group held cash and cash equivalents of \$2.2m (30 June 2024: \$5.3m), a net current liability of \$3.1m (30 June 2024: \$1.7m), recorded a total comprehensive loss of \$3.1m (31 December 2023: \$2.7m), had net cash inflow from operating activities of \$0.2m (31 December 2023: \$0.1m) and had net cash outflow from investing activities of \$2.2m (31 December 2023: \$3.1m excluding realised term deposit of \$2.5m).

The Directors remain committed to the long-term business plan that is contributing to improved results as the business progresses from start-up phase into a more established business operation. The Directors believe there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- Strong cost-reduction initiatives and disciplined financial management, resulting in a positive EBITDA of \$0.2 million for H1 FY25, compared to a loss of \$0.2 million in H1 FY24
- Further active management of discretionary expenditure in line with the funds available to the Group;
- The Company holds significant 5G equipment stock to support telecommunications network growth without additional cash outlays; and
- The potential to raise additional working capital through the issue of debt or equity securities.

However, these events and conditions indicate a material uncertainty exist which may cast significant doubt on the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The consolidated entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: provision of internet and telecommunication services and gaming technology within Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation) as the key measure of operating profitability for the business. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Major customers

There were no major customers in 2024 or 2023 that contributed more than 5% of revenue.

Operating segments

The directors have chosen to organise the group around the two main business units in which the group operates. Specifically, the group's reportable segments under AASB 8 are as follows:

- Internet and related services
- Gaming technology within Australia

The reportable segments represent the group's cash-generating units for impairment testing purposes, with corporate income (interest) and costs being allocated to the two cash-generating units.

PENTANET LTD
Notes to the financial statements
31 December 2024

Note 2. Operating segments (continued)

Operating revenues and results

	Internet Services \$'000	Gaming and technology services \$'000	Total \$'000
Consolidated – 31 December 2024			
Revenue			
Total revenue	9,937	1,133	11,070
Other revenue	-	189	189
Total segment revenue	<u>9,937</u>	<u>1,322</u>	<u>11,259</u>
EBITDA	(214)	366	152
Depreciation and amortisation	(2,564)	(421)	(2,985)
Finance costs	(194)	(62)	(256)
Loss before income tax expense	(2,972)	(117)	(3,089)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Pentanet Ltd	<u>(2,972)</u>	<u>(117)</u>	<u>(3,089)</u>
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-
Total comprehensive loss for the half-year attributable to the owners of Pentanet Ltd	<u>(2,972)</u>	<u>(117)</u>	<u>(3,089)</u>
Consolidated – 31 December 2023			
Revenue			
Total revenue	9,513	889	10,402
Other revenue	32	343	375
Total segment revenue	<u>9,545</u>	<u>1,232</u>	<u>10,777</u>
EBITDA	(123)	(118)	(241)
Depreciation and amortisation	(1,781)	(363)	(2,144)
Finance costs	(277)	(86)	(363)
Loss before income tax expense	(2,181)	(567)	(2,748)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Pentanet Ltd	<u>(2,181)</u>	<u>(567)</u>	<u>(2,748)</u>
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-
Total comprehensive loss for the half-year attributable to the owners of Pentanet Ltd	<u>(2,181)</u>	<u>(567)</u>	<u>(2,748)</u>
Total segment assets			
31 December 2024	25,226	10,232	35,458
30 June 2024	<u>31,400</u>	<u>10,181</u>	<u>41,581</u>
Total segment liabilities			
31 December 2024	10,927	1,890	12,817
30 June 2024	<u>13,610</u>	<u>2,230</u>	<u>15,840</u>

PENTANET LTD
Notes to the financial statements
31 December 2024

Note 3. Revenue

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
<i>Revenue from contracts with customers</i>		
Rendering a service – telecommunication service	216	159
Rendering a service – recurring network revenues	9,504	9,135
Gaming and gaming technology services	1,133	889
Sale of goods	217	219
Total revenue	11,070	10,402

Revenue from the contracts with customers is recognised over time, excluding the sale of goods.

Note 4. Expenses

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Loss before tax includes the following specific expenses		
Network, carrier and hardware expenses	5,875	5,532
Depreciation		
Leasehold improvements	122	135
Plant and equipment	148	171
Right of use assets	501	436
Network infrastructure	1,147	1,025
Amortisation	419	377
Impairment ³	648	-
Total Depreciation, amortisation and impairment	2,985	2,144
Finance costs	256	363
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	3,207	3,284
Superannuation expense		
Defined contribution superannuation expense	305	338
Advertising and promotion	291	601
Legal and professional services	92	114
Operating expenses	1,348	1,102
Total other expenses	1,731	1,817

³ The Company has entered into an equipment swap transaction involving neXus equipment, which has a total carrying amount of \$1,393,000. These units have been exchanged for 5G equipment valued at \$745,000. An impairment loss of \$648,000 has been recognised, reducing the carrying amount of the neXus equipment prior to the asset swap.

PENTANET LTD
Notes to the financial statements
31 December 2024

Note 5. Cash and cash equivalents

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Cash at bank	1,880	2,403
Term deposits	340	2,899
Total cash and cash equivalents	2,220	5,302

Note 6. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Leasehold improvements - at cost	956	1,109
Less: Accumulated depreciation	(427)	(473)
	529	636
Plant and equipment - at cost	1,748	1,823
Less: Accumulated depreciation	(1,146)	(1,105)
	602	718
Network infrastructure - at cost	25,637	26,008
Less: Accumulated depreciation	(6,948)	(5,866)
	18,689	20,142
	19,820	21,496

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous period are set out below:

	Leasehold	Plant and	Network	
	improvements	equipment	infrastructure	Total
Consolidated	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024	636	718	20,142	21,496
Additions	25	83	1,346	1,454
Disposals	(10)	(51)	(1,004)	(1,065)
Impairment	-	-	(648)	(648)
Depreciation expense	(122)	(148)	(1,147)	(1,417)
Balance at 31 December 2024	529	602	18,689	19,820

PENTANET LTD
Notes to the financial statements
31 December 2024

Note 7. Non-current assets - intangibles

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Other intangible assets - at cost	961	962
Less: Accumulated amortisation and impairment	<u>(221)</u>	<u>(302)</u>
	<u>740</u>	<u>660</u>
Licenses - at cost	8,655	8,655
Less: Accumulated amortisation	<u>(2,340)</u>	<u>(1,995)</u>
	<u>6,315</u>	<u>6,660</u>
	<u>7,055</u>	<u>7,320</u>

Management have performed an impairment assessment with no indicators of impairment being identified.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Other	Licenses	Total
	Intangible assets	\$'000	\$'000
	\$'000	\$'000	\$'000
Balance at 1 July 2024	660	6,660	7,320
Additions	155	-	155
Disposals	(2)	-	(2)
Impairment	-	-	-
Amortisation expense	<u>(73)</u>	<u>(345)</u>	<u>(418)</u>
Balance at 31 December 2024	<u>740</u>	<u>6,315</u>	<u>7,055</u>

PENTANET LTD
Notes to the financial statements
31 December 2024

Note 8. Current liabilities – trade and other payables

	Consolidated	
	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Trade payables	1,212	2,670
BAS payable	503	452
Other payables	780	1,001
Total trade and other payables	2,495	4,123

Note 9. Equity – issued capital

	Consolidated			
	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Ordinary shares - fully paid	433,171,658	433,171,658	67,310	67,310

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2024	433,171,658		67,310
Shares issued	-	-	-	-
Share issue transaction costs	-	-	-	-
Balance	31 December 2024	433,171,658		67,310

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 10. Contingent Assets

There are no contingent assets at 31 December 2024.

Note 11. Contingent liabilities

Pentanet has guarantee facilities of \$417,855 (30 June 2024: \$404,698) available for utilisation. There are no material changes to the contingent liabilities from the 30 June 2024 Financial Statements.

Note 12. Commitments

The Company is a party to the NVIDIA GeForce NOW Alliance Partner Agreement (NVIDIA Agreement) with NVIDIA, originally dated 25 November 2020, and subsequently amended on 8 December 2020, 15 March 2024, and 8 August 2024. GeForce NOW (GFN) is NVIDIA's cloud-based gaming service that streams users' game libraries to their devices from the Company's data centres. The NVIDIA Agreement covers Australia and New Zealand.

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. The Company completed the purchase of 36 GFN Game Servers in financial year 2022.

The Company will pay NVIDIA a percentage revenue share (in USD). 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, it will automatically renew for further 1 year periods, indefinitely. The NVIDIA Agreement can be terminated by either party for the other's (uncertifiable or notified but unrectified) material breach.

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

In March 2024, Pentanet extended the GeForce NOW Alliance agreement with NVIDIA. Changes to key material terms as outlined in section 7.8 of the company's Prospectus dated 27 January 2021 included that the agreement between Pentanet Limited and NVIDIA is ongoing with no set expiration. Pentanet has the option to extend its exclusivity for GeForce NOW in Australia in six-month increments by making additional purchases of \$1.5 million USD in GFN POD infrastructure. If Pentanet chooses not to extend exclusivity, it retains the first right of refusal to re-establish exclusivity by placing a non-cancellable purchase order for GFN POD infrastructure within 30 days of receiving notice of a third-party's competing offer to deploy the GeForce NOW service in Australia.

The Agreement now formally recognises New Zealand as a serviceable territory, with a pathway to add neighboring territories. It also allows Pentanet to continue being the exclusive distributor of GeForce NOW in Australia.

In the Financial Year 2024, Pentanet acquired the next-generation cloud gaming infrastructure by purchasing RTX 3080 SuperPODs.

In August 2024, Pentanet Limited announced the Company executed a binding addendum to the NVIDIA GeForce NOWTM Alliance (GFNA) Partner Agreement (Agreement) to accommodate entry into NVIDIA's global Graphics Delivery Network (GDN).

The Agreement allows Pentanet to add the GDN service to the existing GFNA service and receive a revenue share based on global GDN pricing set by NVIDIA. This advances the Company's strategy with its NVIDIA investment, introducing potential additional revenue opportunities and the optimisation of infrastructure. Commercial and enterprise opportunities can be surfaced by both Pentanet's direct local sales channels and from NVIDIA globally.

Note 13. Related party transactions

Parent entity

Pentanet Ltd is the parent entity.

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiaries in accordance with the accounting policy described in Note 1:

Name of subsidiary	Principle place of business	Ownership interest held by the group	
		2024	2023
		%	%
Pentanet.GG Pty Ltd	Perth, Australia	100	100
Pentatech Pty Ltd	Perth, Australia	100	100
Pentacomm Pty Ltd	Perth, Australia	100	100

Directors are listed in the directors' report.

Pentanet Ltd spent \$13,335 with The Cornish Property Trust during the half-year on commercial terms and market rates, which is a related party of a director related entity (Stephen Cornish and Timothy Cornish), with no balance relating to this fee outstanding as at 31 December 2024.

Pentanet Ltd received \$744 from FFF Australia Pty Ltd during the half-year on commercial terms and market rates, which is a related party of a director related entity (Stephen Cornish and Timothy Cornish), with no balance relating to this fee outstanding as at 31 December 2024.

PENTANET LTD
Notes to the financial statements
31 December 2024

Note 13. Related party transactions (continued)

Pentanet Ltd accrued \$14,727 for accounting and tax advisory services by DFK Gooding Partners for the half-year, on commercial terms and market rates, which is a director related entity (Dalton Gooding), with \$14,727 balance relating to this fee outstanding as at 31 December 2024.

There have been no changes to the related party arrangements since 30 June 2024.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 14. Loss per share

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Loss per share for loss from continuing operations</i>		
Loss after income tax	(3,089)	(6,396)
Loss after income tax attributable to the owners of Pentanet Limited	<u>(3,089)</u>	<u>(6,396)</u>
<i>Weighted number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic EPS	<u>433,171,658</u>	<u>388,221,886</u>
	Cents	Cents
Basic (loss) per share attributable to owners of Pentanet Ltd	(0.01)	(0.02)

Note 15. Events after the reporting period

No matters or circumstances have arisen since 31 December 2024 that have materially affected, or may materially affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.


PENTANET LTD
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



David Buckingham
Non-Executive Director

26th February 2025
Perth



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the member of Pentanet Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pentanet Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO
A handwritten signature in dark ink, appearing to read 'J Prue', is written over the printed name.

Jarrad Prue

Director

Perth, 26 February 2025