

## INTERIM RESULTS ANNOUNCEMENT

### KEY FINANCIAL AND OPERATIONAL METRICS:

- Subscriber numbers up by 55% to 14,798 (pcp 9,538 subscribers)
- Revenue for the half-year increased by 67% to \$8.0m (pcp \$4.8m)
- Recurring network revenue increased by 66% to \$6.8m (pcp \$4.1m)
- Gross profit increased by 100% to \$3.9m (pcp \$1.9m)
- Gross margin expansion to 49% (pcp 41 %)
- neXus (gigabit wireless network) registrations exceed 7,200+
- GeForce NOW (cloud gaming) members reach 92,000+

#### \*pcp is prior corresponding period

Pentanet Ltd is pleased to announce its interim results for the half-year ended 31 December 2021 with continued revenue growth in both business segments. Revenue for the half-year increased by 67% to \$8m. In addition, year-on-year ("YoY") recurring network revenue increased by 66% to \$6.8m, supported by good YoY subscriber growth up by 55% to 14,798.

Cost efficiencies and operating leverage provided by the fixed wireless service offering underpinned gross profit increasing by 100% to \$3.8m and gross margin expansion to 49% (31 December 2020: 41%).

Net loss after tax for the half-year was \$3.3m (31 December 2020: \$11.2m including \$8.7 IPO related cost). This loss was mainly driven by higher growth-related investments in operating overheads to support growth across each service offering and, in particular brand advertising following the commercial launch in October 2021 of GeForce NOW Powered by Pentanet, NVIDIA's premier cloud-based game streaming service.

### UNDERLYING RESULTS OVERVIEW:

|                                | HY1 FY22 | HY1 FY21 |          |
|--------------------------------|----------|----------|----------|
|                                | \$'000   | \$'000   | % change |
| Revenue                        | 7,954    | 4,757    | 67%      |
| Gross profit                   | 3,882    | 1,944    | 100%     |
| Other income                   | 47       | 166      | (72%)    |
| Operating expenses             | (5,674)  | (4,215)  | (35%)    |
| Underlying EBITDA <sup>1</sup> | (1,745)  | (2,105)  | 17%      |
| Depreciation and amortisation  | (1,493)  | (717)    | (108%)   |
| Underlying EBIT                | (3,239)  | (2,821)  | (15%)    |
| Net finance cost               | (66)     | (51)     | (29%)    |
| Underlying net loss before tax | (3,305)  | (2,873)  | (15%)    |

<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.

## RECONCILIATION OF REPORTED UNDERLYING RESULTS:

|                               | HY1 FY22 | HY1 FY21 |          |
|-------------------------------|----------|----------|----------|
|                               | \$'000   | \$'000   | % change |
| Underlying EBITDA             | (1,745)  | (2,105)  | 17%      |
| Significant items             |          |          |          |
| Share-based payments          | -        | (4,460)  | 100%     |
| Reported EBITDA               | (1,745)  | (6,565)  | 73%      |
| Depreciation and amortisation | (1,493)  | (717)    | (108%)   |
| Net Finance cost              | (66)     | (3,874)  | 98%      |
| Reported net profit after tax | (3,305)  | (11,155) | 70%      |

## Telecommunications

The Company continued its growth with active subscribers up by 55% to 14,798, despite the temporary capacity constraints due to the wireless and core network upgrades, expansion, and optimisation for the launch of the new neXus network. In addition, the Company's monthly average churn rate was 0.87%, which is well below the industry average and indicative of the high-quality network and customer service that sets Pentanet apart from other internet service providers.

The total number of on-net subscribers on Pentanet's fixed wireless network grew by 49% to 6,046, accounting for 41% of total subscribers at the end of the period. The Average Revenue Per User (ARPU) for fixed wireless subscribers remained steady at \$87 per month for the half-year and their gross margins have increased by 8% to 86%. ARPU on nbnTM residential services remained consistent at \$72 for the half-year.

The Company's conversion of off-net customers to fixed wireless remains a key strategic objective. In addition, the planned upgrade and expansion of the Company's fixed wireless network with innovative mesh network technology through neXus will unlock a clear opportunity for margin growth in the second half of FY22 and beyond.

As a percentage of revenue, marketing cost remained at 10% for the half-year despite increased marketing resources for the launch of neXus and Geforce NOW, reflecting the ongoing strength of the Company's organic growth strategy and efficient and effective marketing effort. The Pentanet brand continues to build in-market, positioned around high-performance, speed, gaming, and next-generation technology.

| KEY METRICS                                     | HY1 FY22 | HY1 FY21 |          |
|---|----------|----------|----------|
|   | \$'000   | \$'000   | % change |
| Revenue from contracts with customers           | 7,954    | 4,757    | 67%      |
| Rendering a Service - Telecommunication Service | 308      | 310      | (1%)     |

|  |         |         |      |
|--|---------|---------|------|
| Rendering a Service - Recurring network revenues | 6,841   | 4,124   | 66%  |
| Gaming and gaming technology services            | 421     | -       | 100% |
| Sale of goods                                    | 384     | 324     | 19%  |
| Network, carrier and hardware expenses           | (4,072) | (2,813) | 45%  |
| Gross Profit                                     | 3,882   | 1,944   | 100% |
| Gross Margin                                     | 48%     | 41%     | 17%  |
| Subscribers                                      | 14,798  | 9,538   | 55%  |
| Average recurring revenue per subscriber         | \$82    | \$80    | 2.5% |
| Average recurring fixed wireless ARPU            | \$87    | \$87    | -    |
| Average recurring nbn™ ARPU                      | \$72    | \$72    | -    |

## GeForce NOW Cloud Gaming

In October 2021, Pentanet unleashed the full force of GeForce NOW, Powered by Pentanet, NVIDIA's premier cloud-based game streaming service, in Australia.

At launch, two limited-time Founders subscription tiers were released offering a 'Priority' membership at \$19.99 per month, or a 12-month subscription paid upfront in advance for \$17.99 per month and a 'Basic' membership allowing players to check out a limited version of the service for free with limiting features.

Interest in the platform has grown since the launch with over 92,000 registered players across all areas of Australia now regularly using the service each day. Initial feedback about the service and the player experience has been very positive and Pentanet is now positioned well to introduce new attractive mid-tier price plans to the service offer in the coming months. These will be targeted to maximise new revenue growth from the service as we look to right-size the subscription plans of registered players to their gaming needs.

The Company remains committed to delivering a superior gaming experience for its users and will continue to leverage its high-performance network and partner relationship with NVIDIA to continue to invest in building a significant and sustainable market share.

| GEFORCE NOW MEMBERS GROWTH | LAUNCH | NOV-21 | DEC-21 | FEB-22 |
|----------------------------|--------|--------|--------|--------|
| Members                    | 11,690 | 37,842 | 58,130 | 92,000 |
| % Growth                   |        | 224%   | 54%    | 58%    |

## Cloud.GG



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In December 2021, Pentanet has acquired a 13.4% stake in Canopus Networks Pty Limited (CANOPUS) for \$4.0m in cash and has executed a Memorandum of Understanding to enter a strategic partnership.

The agreement includes a commitment for CANOPUS to invest \$1.5m in the co-development of Pentanet Ltd's unique gamified telecommunications and gaming loyalty platform, Cloud.GG, using CANOPUS' FlowPulse analytics technology.

CANOPUS is a market leader in providing deep application-aware network visibility using Artificial Intelligence and Programmable Networking. It combines Programmable Networks with Machine Learning to enable deep visibility into network traffic, in real-time, at terabit scale, and for a low cost.

Additionally, Pentanet will use CANOPUS' AI-based Network Traffic Analytics software and encryption resistant application-aware network traffic analytics platform to optimise traffic flow across the network, utilise spectrum assets more efficiently and improve the quality of service.

The partnership aligns with Pentanet's strategy to create additional revenue-generating opportunities by further developing the Cloud.GG portal into a gamified network loyalty, rewards and incentive program to create Pentanet's new telco meta currency.

## STRATEGY AND OUTLOOK

The next strategic imperatives for Pentanet are to rollout the Company's new neXus network across Perth and to level up Cloud Gaming.

The initial campaign phase for neXus, named 'Operation neXus', was launched in December 2021 and continues to generate registrations from the community that will form the foundation for building fixed wireless service scale once the service launches in Q4FY22.

With the ongoing registration of over 7,200 expressions of interest received for neXus to date, Pentanet has established a framework to deliver scalable deployment of this next-generation technology, to build Perth's world-first gigabit mesh network.

For Cloud Gaming, the company expects the introduction of attractive new mid-tier price plans to convert more active members to paid subscribers, alongside continued growth in overall active members.

The Company is in a solid financial position with \$20.1m cash reserves on its balance sheet to scale and support network upgrades and product rollouts and to increase capacity and accelerate future revenue growth further.

Growth in demand for data and the number of connected devices is beyond what has ever been envisioned and neXus is designed to support that growth. As society continues to connect more digitally and consume more data, the outlook will be strong for Pentanet as a truly differentiated internet provider.

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

### FOR FURTHER INFORMATION, PLEASE CONTACT:

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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 them with next-generation internet speeds. This is achieved through Pentanet's market-leading private fixed-wireless network, the largest in Perth, as well as reselling fixed-line services such as NBN, where its wireless is not yet available.

Pentanet's flagship fixed 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 only resell the NBN.

Pentanet will also be part of the rollout of the next wave of subscription-based entertainment services – cloud gaming. The Company's Alliance Partner Agreement with NASDAQ listed NVIDIA – one of the world's largest producers of specialised graphic chips used in gaming – allows Pentanet to be the first to bring their GeForce NOW technology to Australia in 2021.

Pentanet was listed as #28 in the Deloitte Technology Fast 500™ Asia Pacific 2020, a ranking of the region's 500 fastest growing technology companies. On top of the Company's #28 overall ranking, Pentanet also ranked #3 for Australian companies on the list.