

## INTERIM RESULTS ANNOUNCEMENT: PENTANET CONTINUES SUBSCRIBER GROWTH

### Key Financial and Operational Metrics:

- Subscriber numbers up 160% during H1 FY2020 to 9,538 at 31 December 2020, and have since surpassed 10,000
- Revenue of \$4.8 million, up by 49% vs previous half and up 164% on the prior corresponding period (H1 FY2020)
- Overall gross profit margin<sup>1</sup> of 41%
  - On-net gross profit margin for Pentanet Fixed Wireless subscribers (ie. non NBN) of 80%
  - Off-net gross profit margin of 3% (principally NBN users)
- NLAT of \$11.2 million as Pentanet continues to invest in network rollout and expenses one-off IPO-driven staff equity costs and retires pre-IPO funding

Pentanet Limited (ASX:5GG, Pentanet or Company) is pleased to announce its results for the six months ended 31 December 2020 (H1 FY2021), which featured a compound annual growth rate in subscribers of 160%. This was powered by Pentanet's growing brand awareness, the attractiveness of the fixed wireless product to consumers, effective marketing campaigns, and continued customer satisfaction resulting in a very low average monthly customer churn rate of 0.83%.

Revenue for the half of \$4.8 million increased by \$1.6 million (up 49%) over the previous half (H2 FY2020), and up 164% against the prior corresponding period (H1 FY2020), with revenues driven by continued subscriber growth.

Gross profit (GP) margin<sup>1</sup> for the half was 41%, made up of an on-net GP margin of 80% and off-net GP margin of 3%. Pentanet expects to hold these margins in the near term as the Company rolls out new owned network infrastructure, with the overall GP margin strongly influenced by the percentage of the customer base on-net.

The statutory net loss after tax (NLAT) of \$11.2 million was driven by one off non-cash Initial Public Offering (IPO) related expenses including a \$4.5 million share based payment representing options issued to founding employees and stakeholders, and \$3.8 million finance cost relating to the exercise of convertible note options.

<sup>1</sup> Gross Profit Margin is a measure of profitability that shows the percentage of revenue that exceeds the cost of goods sold (COGS). Cost of goods sold consist of network, carrier and hardware expenses.

## Strategy and Outlook

Pentanet Managing Director, Mr Stephen Cornish, said that the key strategy for Pentanet centred on expansion of the fixed-wireless network in coverage and services offered, and converting off-net users to the fixed-wireless network.

"These results demonstrate both our ability to rapidly add new subscribers to Pentanet, growing revenue with superior margins whilst delivering superior technical performance for subscribers across our own fixed-wireless network. With the new capital from the recent \$22.5 million IPO, we will upgrade and expand our fixed-wireless network across the Perth metropolitan area.

"The expansion of our network will focus on rolling out new mmWave technology that allows us to create an innovative mesh network between our subscribers and fibre-backed telecommunications towers. The increase in fixed-wireless coverage will allow us to add more subscribers on-net, and bring more off-net subscribers onto our own last-mile network."

Pentanet is championing the rollout of next-generation subscription-based entertainment services in Australia – cloud gaming. The Company's Alliance 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 during 2021. Registrations of interest to join GeForce NOW in Australia have begun following the launch of a landing page online, which will capture expressions of interest for the platform ([gfn.pentanet.gg](http://gfn.pentanet.gg)), and provide a good understanding of potential market demand across Australia.

*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 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.