



PENTANET

INVESTOR UPDATE

Q2 FY23 Report

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neXus update

neXus is a go!

As previously signalled to market, when we reached a certain level of scale with neXus we encountered some new technical hurdles which inhibited further deployment and onboarding.

One of the larger issues was overcome with the discovery of a low level firmware bug that related to signal synchronisation timing. This required collaboration between Pentanet and multiple vendors/partners to resolve.

All major issues have now been identified and resolved, and onboarding and installations have resumed using substantial stock on hand.

As a result of this journey, we now have a powerful understanding of this new technology and are seeing user sentiment shift to net positive.

727

neXus units installed as at 31 Dec.

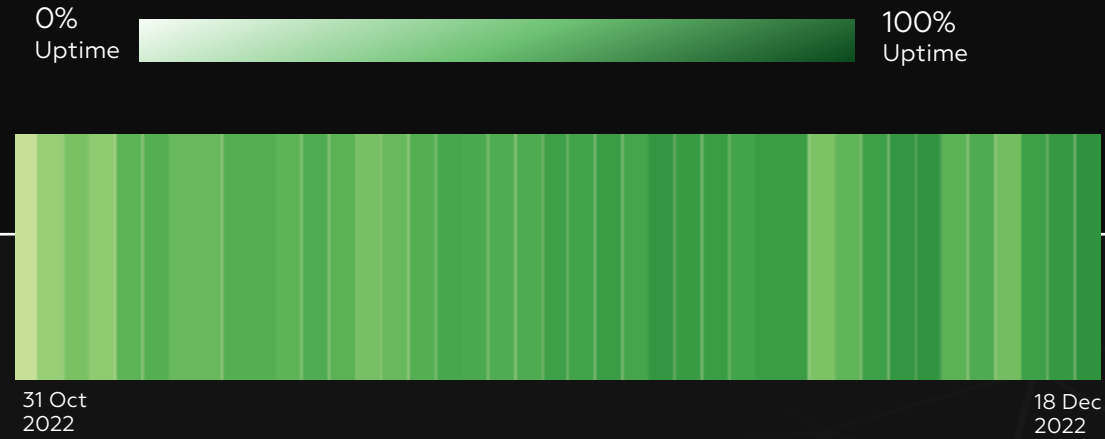
As at 31 Jan, 44% units activated with more coming online each day.

98.8%

uptime on installed devices as at 31 Jan - and increasing.

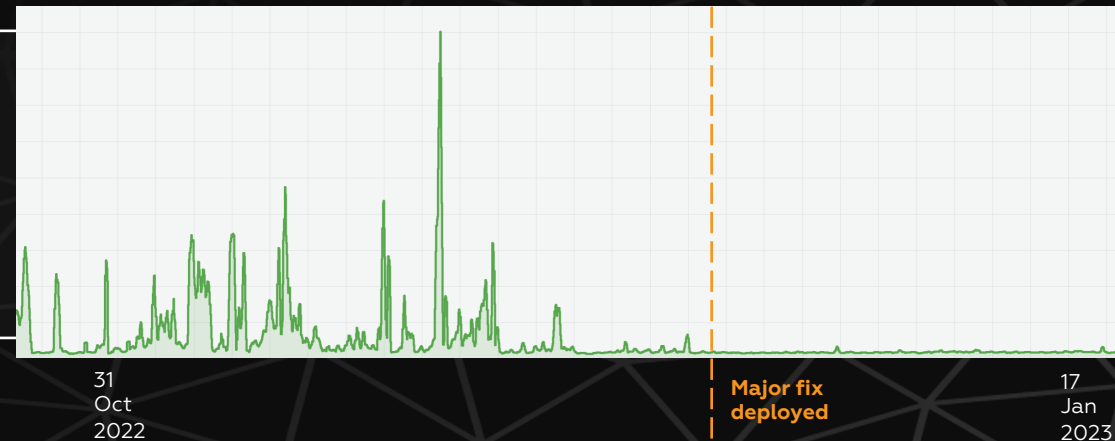
NEXUS HEAT MAP

This shows neXus availability and health six months ago versus today.



MEAN OF LATENCY

All services moving average, last 90 days





5G update

Pentacore's first 5G enabled tower is now online and undergoing internal testing, with initial reports indicating the service will be ready for commercial launch this financial year.

The rollout of 5G infrastructure using owned hardware will enhance our wireless network coverage and elevate existing customer experience by alleviating capacity constraints on the traditional fixed wireless network. This will allow us to extract more value from existing infrastructure and increase coverage in key strategic areas.

5G services will join our suite of high-margin on-net wireless services, with capacity for an additional 1,000 subscribers with each 5G enabled tower.

Our tower footprint will be progressively upgraded to 5G in line with where the strongest demand lies.

1,000

subscriber capacity added with each 5G enabled tower

26Ghz

licensed mmWave spectrum

5km

range of 5G coverage around each tower delivering faster speeds than our legacy Fixed Wireless





In Q2FY23, GeForce NOW Powered by Pentanet delivered impressive growth metrics following the launch of four new subscription plans.

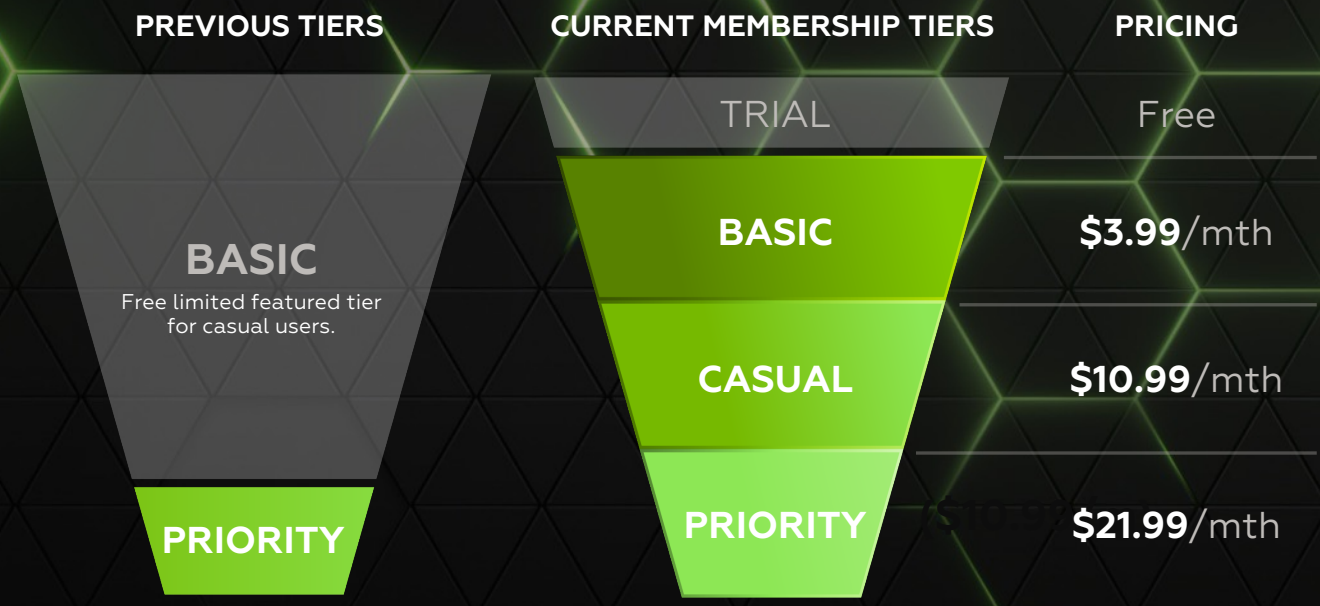
NVIDIA GeForce NOW is becoming increasingly accessible; with expanded device compatibility and a growing library of gaming options, we anticipate growing demand for this cutting-edge platform from gamers across Australia.

1,492
game titles
now available

+57%
QoQ growth in paid
memberships

222 million
minutes played

+405%
YoY growth in paid
memberships



Funnel graph for illustrative purposes only



POWERED BY
PENTANET

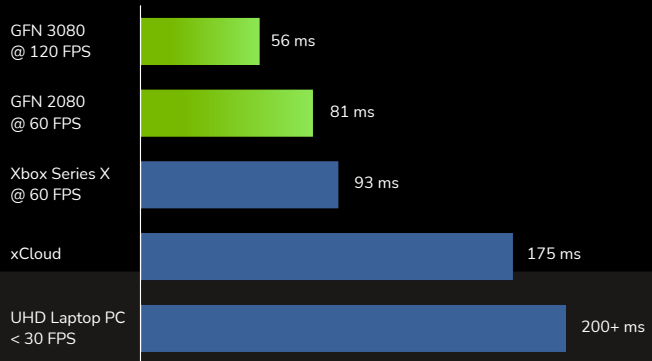
NVIDIA GeForce NOW Alliance Agreement and expansion plans



70x
Average Steam Laptop
(Intel UHD 620)

13x
Average Steam Desktop
(GTX 1060)

7x
Apple M1 MacBook Air
(Integrated)



3080 MEMBERSHIP TIERS COMING TO AUSTRALIA

Pentanet is pleased to confirm discussions are nearing completion to further the GeForce NOW Alliance Agreement and exclusivity in Australia under new commercial terms. These will allow the introduction of next-gen RTX3080 hardware and higher tier plans. New Zealand will also be formally recognised as a Pentanet serviceable territory with a pathway to include new additional neighbouring territories in the future.

NEW TERRITORY COMING

On the back of a successful launch into the Australian market, Pentanet has secured the expansion of the NVIDIA Alliance Agreement for GeForce NOW cloud gaming into New Zealand with a pathway to expansion into other nearby countries on a non-exclusive basis.

- NZ: 73% of population are gamers.
- Total 3.65m gamers in NZ. (Source: Brand, J. E., & Jervis, J. (2021). Digital New Zealand 2022. Eveleigh, IGEA.)

NEXT GENERATION GAMING ON ANY DEVICE

The GeForce NOW RTX 3080 membership tier provides gamers with access to the greatest-ever generational leap in GeForce® history, delivering cloud gaming’s highest resolutions and fastest frame rates, paired with the lowest latency.¹

Each cloud GeForce NOW pod consists of over 1,000 GPUs that deliver more than 39 petaflops of graphics horsepower. Each instance is 35 teraflops of performance, nearly 3x that of an Xbox Series X.

¹ <https://nvidianews.nvidia.com/news/nvidia-introduces-the-next-generation-in-cloud-gaming>

CLOUD.GG

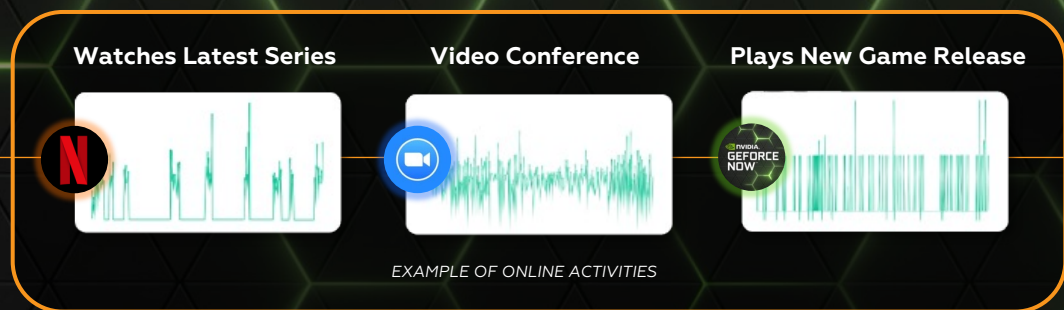
In Dec 2021, Pentanet acquired a 13.4% stake in CANOPUS, executing a MOU enabling exclusive co-development of Pentanet's unique gamified telecommunications and gaming loyalty platform, Cloud.GG, which will fully exploit CANOPUS' FlowPulse real-time gaming analytics capability

Pentanet are actively developing the Cloud.GG rewards program, and will begin drawing down on the \$1.5 million development fund in Q3FY23.

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 low cost.



Internet User
Does stuff online.



FlowPulse
Machine Learning enables deep visibility into network traffic, in real-time.



Cloud.GG
Data plugs in to Cloud.GG – creates gamified network with gaming loyalty and rewards platform to create our new telco meta currency.

FINANCIAL HIGHLIGHTS

TELECOMMUNICATIONS Q2FY23

TOTAL SUBSCRIBERS



On-net customers in Q2FY23

39%

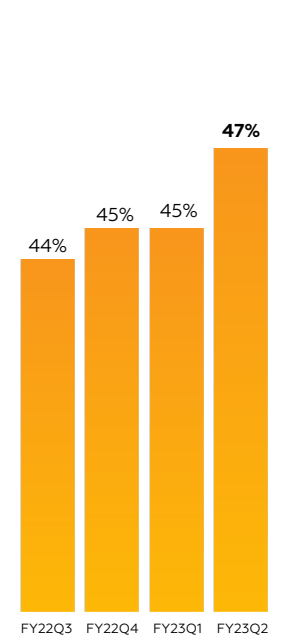
0.2%
QoQ

1.38%
Churn

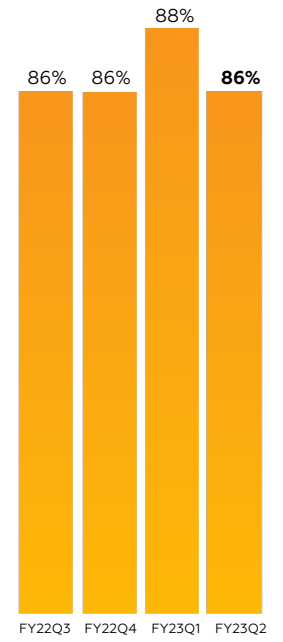
\$93
ARPU

GROSS MARGINS

Gross Margin
 4%
QoQ



Fixed Wireless Gross Margin
 2%
QoQ

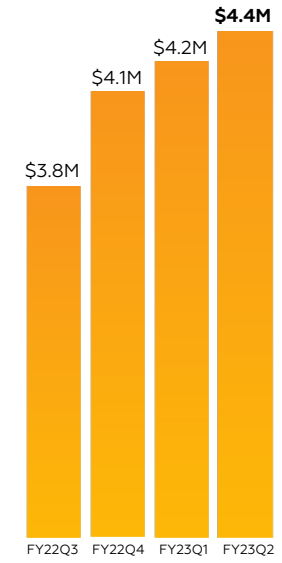


REVENUE & GROSS PROFIT

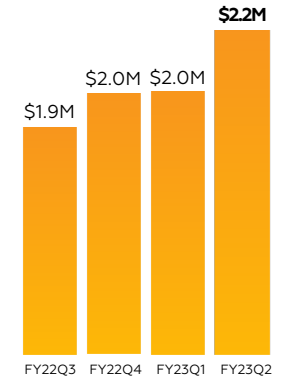
Total Sales Revenue
 7%
QoQ



Recurring Revenue
 5%
QoQ

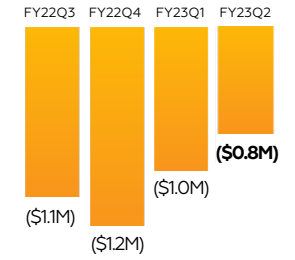


Gross Profit
 10%
QoQ



UNDERLYING EBITDA

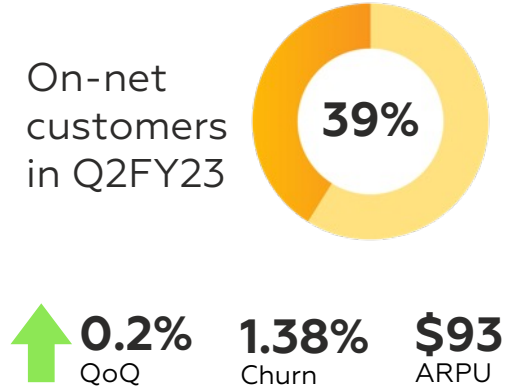
20%
QoQ



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. Underlying EBITDA is EBITDA adjusted to exclude share-based payments, options exercised on behalf of employees and IPO cost.

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.

TOTAL SUBSCRIBERS




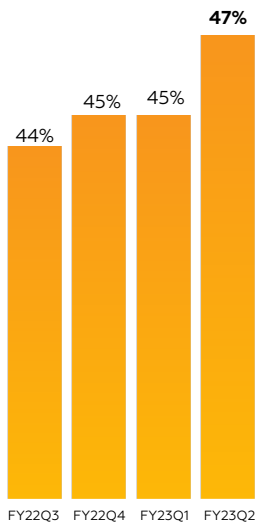
Total Subscribers

- 15% YoY increase in subscribers to 17,056 (+0.2% QoQ).
- Churn up to 1.38% mainly attributed to off-net price increase, which improved gross profit
- High-margin on-net customers made up 39% of total subscribers
- On-net subscriber growth was slower due to prioritisation of network remediation for neXus
- Blended ARPU improved by 6% to \$92 in Q2FY23
- Marginal 1% increase in on-net ARPU to \$88

GROSS MARGINS

Gross Margin

 **4%**
QoQ



Fixed Wireless Gross Margin

 **2%**
QoQ



Gross Margins

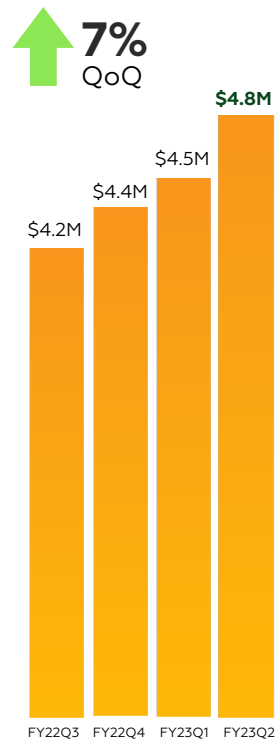
- 4% QoQ increase in gross margin to 47%
- Fixed Wireless service offering returned to gross margin of 86%
- Renegotiation of transit provider contracts impacted the uplift in gross margin
- Gains in gross margin impacted by off-net service price increase, which resulted in a 35% margin uplift on off-net services

Revenue & Gross Profit

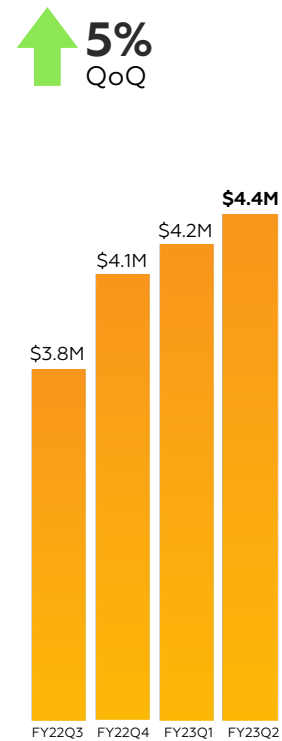
- 24% YoY revenue increase to \$4.8m (+7% QoQ)
- Marginal off-net price increase resulted in 44% uplift in gross profit for off-net services
- Total gross profit increased by 10% to \$2.2m

REVENUE & GROSS PROFIT

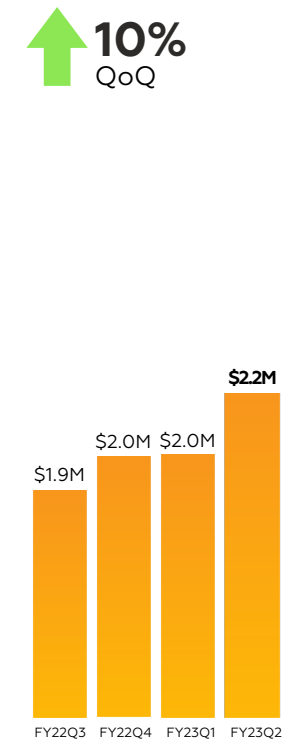
Total Sales Revenue



Recurring Revenue



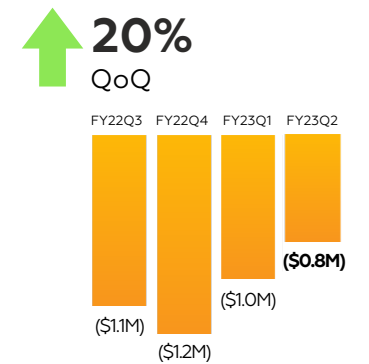
Gross Profit



Underlying EBITDA

- EBITDA losses saw a 20% decline QoQ, indicating successful progress towards closing the gap between overhead expenses and gross profit.
- Overheads decreased by 2%
- Advertising-to-revenue ratio decreased from 8% in Q1FY23 down to 5% in Q2FY23

UNDERLYING EBITDA



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. Underlying EBITDA is EBITDA adjusted to exclude share-based payments, options exercised on behalf of employees and IPO cost.

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This image was generated by AI software as a representation of a futuristic Perth with mesh connectivity.



THANK YOU

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