

PENTANET SECURES BINDING COMMITMENTS TO RAISE \$6.1 MILLION

Highlights:

- Pentanet has received binding commitments to raise approximately \$6.1 million (before costs) by way of a placement to sophisticated and professional investors, which will result in the issue of up to ~74 million shares.
- A share purchase plan offer will follow to raise up to \$2.5 million (before costs).
- Funds raised by the Company should enable it to reach operating break-even and cash flow positive.
- Proceeds of the placement (~\$6.1 million) and share purchase plan offer (\$2.5 million) will be applied towards:
 - Telecommunications infrastructure (\$4.9 million)
 - 5G spectrum (\$1.6 million)
 - Working capital and costs of the offer (\$2.1 million)

Pentanet Limited (ASX:5GG) (Pentanet or Company) is pleased to announce the receipt of binding commitments to raise approximately \$6.1 million (before costs) by way of a placement of shares to sophisticated and professional investors (**Placement**). Euroz Hartleys Limited and Shaw and Partners Limited were the Joint Lead Managers of the Placement. The Company will issue 73,952,677 new fully paid ordinary shares under the Placement at an issue price of \$0.083 per share (**Issue Price**).

Pentanet will make a share purchase plan offer to eligible shareholders at \$0.083 to raise up to \$2.5 million (before costs) (**SPP Offer**).

Proceeds of the Placement and SPP Offer will enable Pentanet to strategically allocate funds towards upgrading existing tower sites with 5G infrastructure, ultimately contributing to the growth and expansion of the on-net run rate.

The commercial launch of Pentanet's 5G Fixed Wireless service is expected to deliver operational and financial benefits to the Company. Leveraging 5G licensed spectrum acquired from the Australia Communications and Media Authority (ACMA), the Company will work to introduce higher speeds on the owned and operated on-net wireless network, extracting more value from existing infrastructure and increasing on-net coverage in key strategic areas.

Deploying 5G infrastructure on existing semi-fixed cost structures and existing tower sites will enable an increase in capacity on the Company's high-margin on-net services, utilising the recently announced Network-as-a-Service agreement to reduce the need for upfront capital expenditure.

Commenting on the Placement, Pentanet's Managing Director, Stephen Cornish, commented: "It's great to witness the strong backing from investors, which will enable Pentanet to resume our growth strategy and capitalise on various growth opportunities, particularly within our Fixed Wireless and Cloud Gaming services.

"Our team remains committed to showcasing our expertise in these emerging industries and delivering next-

generation connectivity and entertainment solutions to our subscribers.

"We are grateful to existing and new investors for their continued support and confidence in our business. Moving forward, we remain dedicated to fulfilling our growth plans for all stakeholders, while maintaining our focus on delivering excellent experiences for our valued and loyal customers."

BUSINESS UPDATE

Targeted 5G Capacity Upgrade

Pentanet is committed to expanding its on-net coverage by targeting to roll out 24 towers over the next 24 months. The objective is to expand on-net coverage by 20,000² premises, focusing on increasing capacity in key strategic sites³ first. Utilising the Company's extensive database of prospective subscribers and targeted marketing in areas of new capacity, the Company aims to expand our services rapidly throughout the existing network footprint.

The Company will continue to roll out neXus with the existing 2,000 units in stock that will be utilised to grow coverage from the areas in which the neXus mesh network is live. The combination of neXus and 5G Fixed Wireless will facilitate accelerated on-net growth and network expansion, bringing improved connectivity to more areas and subscribers. This approach will positively impact new and existing subscribers delivering access to faster next-generation internet connectivity as a considered alternative to the National Broadband Network.

The Company's on-net service offering has proven to be an attractive value proposition for customers. With a wide range of speed tiers, the on-net network technology mix caters to the varying needs of subscribers across the Perth metropolitan area. The services on Pentanet's owned and operated wireless network also maximise revenue and gross profit for the Company, yielding a solid Average Recurring Revenue per User (ARRPU) result of \$88 at an 88% gross margin as of February 2023, while maintaining a churn rate of approximately 1.11%. This speaks to the satisfaction of customers, who appreciate the benefits of subscribing to the Company's on-net services.

Pentanet is committed to providing its subscribers with enhanced access to high-quality services that are reliable and efficient. The lifetime value of these subscribers has been estimated at approximately ~\$7k⁴, reinforcing the value of the Company's existing on-net services which is expected to remain a key driver of revenue growth and customer satisfaction. The continued investment in on-net network technologies strongly indicates the Company's commitment to providing top-tier service and enhanced customer experience while creating a viable opportunity to capitalise on the ever-growing demand for faster connectivity.

Note ¹ – Lifetime value of an on-net customer based on 1.11% churn at ARRPU of \$88 and gross margin of 88%

Note ² – Upgraded tower sites are anticipated to offer coverage of between 300 and 1,600 premises. Sites with greater demand will approach the maximum number in this range, while those with lesser demand will stay closer to the lower range of 300.

Note ³ – Key strategic sites have been identified based on past demand for our fixed wireless service and locations that are currently at maximum capacity.

Note ⁴ – A customer's Lifetime Value (LTV) is calculated as follows: ARPU multiplied by Gross Margin, divided by Churn Rate — $\$88 \times 88\% / 1.11\%$.

Cloud gaming update

Pentanet has taken another step towards expanding its GeForce NOW cloud gaming services by signing a wholesale agreement with Optus Mobile Pty Limited (**Optus**). Under this agreement, Optus will integrate NVIDIA's cloud gaming service into its SubHub subscription platform, offering GeForce NOW to its customers across Australia. This strategic move is a significant milestone for the Company, as Pentanet aims to expand GeForce NOW commercial opportunities with its first large-scale wholesale customer.

Pentanet will remain the exclusive distributor of GeForce NOW within Australia and remains committed to bringing GeForce NOW next-level gaming experiences straight into gamers' homes across Australia.

By integrating GeForce NOW into Optus' SubHub subscription platform, Pentanet can introduce its cloud gaming to a more extensive membership base, thereby increasing the chances of converting more members to paying subscribers. Moreover, this expansion in reach provides the Company with an opportunity to gather valuable insights into gaming behaviour and preferences, which Pentanet can use to tailor and enhance its cloud gaming service to deliver a better experience for users and that will lead to higher levels of member satisfaction, driving growth for the Company in the long term.

On February 21, 2023, Microsoft and NVIDIA announced a 10-year strategic partnership² to bring popular Xbox PC games such as *Minecraft* and Activision Blizzard PC titles like *Call of Duty* to millions of users worldwide through the GeForce NOW cloud gaming platform. As a result, gamers can now play their favourite Xbox titles on multiple devices, including desktops, laptops, and mobile devices, which enhances accessibility and convenience. This collaboration marks an important milestone in expanding the gaming industry and increasing the earnings potential of the GeForce NOW cloud gaming platform.

The Company plans to deploy NVIDIA's next generation 'Gen 3' cloud gaming infrastructure in H2 FY23. With the deployment of the Company's GeForce NOW RTX3080 and the release of the next-gen RTX3080 higher-tier plans, gamers will have access to a dedicated 3080 GPU in the cloud, allowing games to run up to 4K 60fps or 1440p at 120fps on PC and Mac, 4K HDR at 60fps on NVIDIA SHIELD® TV, and up to 120fps on select Android devices.

With the deployment of new Gen 3 cloud gaming infrastructure and higher-tier plans, Pentanet is well-positioned to take advantage of this expanding opportunity and bring more value to users, driving sustainable growth in the long term.

Note² - <https://nvidianews.nvidia.com/news/microsoft-and-nvidia-announce-expansive-new-gaming-deal>

Placement Details

The Issue Price of \$0.083 per share under the Placement represents a 19.4% discount to the five-day volume weighted average price of Pentanet shares up to and including 12 April 2023 and a 17.0% discount to the last traded price of Pentanet shares on 12 April 2023.

Shares under the Placement will be issued under the Company's available ASX Listing Rule 7.1 (44,371,606 shares) and 7.1A (29,581,071 shares) placement capacity and will rank equally with existing shares on issue. Settlement of the Placement is expected to occur on or about Wednesday, 26 April 2023.

SPP Offer Details

Pentanet will offer an opportunity to all eligible shareholders of the Company as at 5pm (AWST) on Friday, 14 April 2023 (**Record Date**) with a registered address in Australia or New Zealand, or any other jurisdiction where in the reasonable opinion of the Company it is lawful and practical for the Company to offer shares (**Eligible Shareholders**),

to subscribe for up to \$30,000 of fully paid ordinary shares in a share purchase plan, to raise up to \$2.5 million (before costs).

Shares under the SPP Offer will be offered at \$0.083 per share, being the same price as the Issue Price under the Placement. The Company reserves the right to reject or scale back any applications in whole or in part under the SPP Offer, at its absolute discretion.

No brokerage or commission is payable in respect of shares subscribed for under the SPP Offer.

The SPP Offer will be made pursuant to an SPP Offer Booklet, which will be dispatched to Eligible Shareholders on or about Tuesday, 2 May 2023. Any Eligible Shareholder who wishes to participate in the SPP Offer should consider the SPP Offer Booklet before deciding whether to apply for shares.

The SPP is not underwritten and there is no guarantee the Company will raise the targeted amount.

Each of Pentanet's Directors have indicated that, where eligible, they intend to participate in the SPP.

Sources and Uses of Funds

Sources of Funds	\$M
Existing cash (as at 31 December 2022)	6.1 million
Placement	6.1 million
Share Purchase Plan	2.5 million
Total	14.7 million

Proposed Use of Funds	\$M
Telecommunications infrastructure	4.9 million
5G spectrum	1.6 million
Working capital and costs of the offer	2.1 million
Total	8.6 million

The proposed use of funds may be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities and/or any number of other factors, actual expenditure levels may differ from that disclosed above.

Timetable of Key Dates

Below is an indicative timetable for key dates relating to the Placement and SPP Offer:

Record Date (5pm (WST))	Friday, 14 April 2023
Capital Raising Announcement and Appendix 3B	Monday, 17 April 2023
Allotment of Placement Shares	Thursday, 27 April 2023

Dispatch of SPP Offer Document and Application Form SPP Offer Opening Date	Tuesday, 2 May 2023
SPP Offer Closing Date (5pm (AWST))	Wednesday, 24 May 2023
Announcement of Results of SPP	Monday, 29 May 2023
Issue of shares under SPP Offer	Wednesday, 31 May 2023

These above dates are indicative only. The Company may vary the dates and times of the SPP Offer by lodging a revised notice with ASX.

If you require further information about the SPP Offer, Eligible Shareholders may contact the Company's share registry, Automic on 1300 288 664 or +61 2 9698 5414 between 8:30am and 5:00pm (WST).

Further Information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision.

An Appendix 3B for the proposed issue of shares under the Placement and the SPP Offer will follow this announcement.

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

Mr. Stephen Cornish
Managing Director

Mr. Patrick Holywell
Company Secretary

Ms. Mart-Marie Derman
Chief Financial Officer

About Pentanet

Pentanet (ASX: 5GG) is a Perth-based telecommunications cloud gaming provider delivering next-generation internet services and online experiences to a growing number of subscribers.

The Company's market-leading private fixed wireless network is the largest in Perth and remains unrivalled in terms of connection quality, reliability, and network design. With the network nearing capacity due to its popularity in Perth, the Company's focus is now the development and deployment of neXus — Pentanet's next-generation, gigabit-enabled wireless mesh network.

In 2021, Pentanet partnered with global tech giant NVIDIA (NASDAQ: NVDA) to democratise Australian access to cloud gaming and became the sole provider of NVIDIA's premier cloud gaming platform in Australia, co-branded GeForce NOW

Powered by Pentanet. GeForce NOW as a product offering aligns with Pentanet's evocative brand and gamer-focused identity, but the platform offers an added benefit in complementing the Company's expanding internet services and its vision for a better-connected Australia.

Pentanet was ranked #28 in the Deloitte Technology Fast 500™ Asia Pacific list of the region's 500 fastest growing technology companies in 2021, the third-highest rank achieved by an Australian company. The Company also ranked #19 in the 2021 AFR Fast Starters list of fastest-growing start-ups in Australia and #30 on the Deloitte Technology Fast 50 Australia 2022.