PENTANET

2024
Annual Report

Pentanet Limited
ASX: 5GG

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At Pentanet, our vision is to carve our own path by **leading the digital edge**, not only contributing to the creation of **Australia’s digital future** but also improving and increasing the **ways we connect digitally and IRL** (in real life).

From our growing telco network in Perth, to partnering with NVIDIA to bring its cloud computing power to Australia and NZ, we’re working hard to **deliver next-level experiences across every touchpoint**.

STEPHEN CORNISH

Managing Director

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Chairman and **Managing Director's** Address

Dear Shareholder,

Welcome to Pentanet's Annual Report for the Financial Year ended 30 June 2024. This year has been marked by some important achievements across the Company's key operational segments, coupled with a tougher regulatory and competitive environment for Pentanet's main telecommunications segment.

The Australian telecommunications sector experienced a significant surge in investment from the nbn® through 2023 and into 2024 to provide free Fibre to the Premises (FTTP) upgrades through nbn service providers in the major metropolitan areas of Australia. This expansion, when coupled with repriced wholesale rates that favour higher-speed usage, has allowed nbn service providers to offer significantly increased speeds without needing to invest capital nor increase end-customer prices. Consequently, the difference in service speed between the nbn and other alternative technologies such as Fixed Wireless and Mobile has narrowed dramatically and impacted the ability of these competitive technologies to grow.

In response to these challenges, Pentanet simplified its wireless internet plans, launched new 5G higher-speed plans and commenced its Fibre Connect campaign toward the end of 2023. In addition, the Company diversified its nbn product offering to include higher-speed FTTP plans, and adjusted prices to better align with the changed competitive landscape. Pleasingly, these initiatives have begun to yield positive results, with reduced churn and increased sales volumes in the second half of FY24. Churn decreased for three consecutive quarters, from 1.42% to 1.31% by Q4FY24. Pentanet closed the year with 17,383 subscribers, 39% of whom were high-margin on-net subscribers.

Investment in the Company's 5G network enabled the roll-out of new 5G infrastructure to ten wireless towers in areas of high customer demand across Perth where traditional fixed wireless has been unable to grow due to capacity restrictions. Since the launch of its 5G Fixed Wireless service in October 2023, Pentanet has connected 400 net new on-net subscribers.

The current return on investment (ROI) for these towers is 110% with the potential to reach up to 254% if these towers become fully utilised by additional subscribers. Market demand is trending towards higher-speed tiers, which 5G can competitively deliver within existing and potential future coverage areas. Pentanet's 5G coverage is currently at 19% of its existing tower footprint across Perth, and the Company will be looking at expanding this coverage in the next financial year. The Company's Network as a Service (NaaS) financing agreement with Cambium Networks Ltd will facilitate a balanced CapEx expense profile over four years with flexible deployment and limited upfront capital expenditure.

Demand for Pentanet's on-net services continues to grow and the Company remains focused on the strategic expansion of coverage and capacity to deliver higher-speed tiers at attractive price points to existing and new subscribers.

In the gaming segment, Pentanet's exclusive GeForce NOW Alliance Partner Agreement with NVIDIA Corporation continues to evolve and strengthen. Initially, Pentanet's offering was launched in Australia with Gen 2 NVIDIA infrastructure, supporting only 1080p at 60 frames per second (FPS). With additional investment and technological improvements, Pentanet's plans now support 1080p, 1440p and 4K resolution cloud gaming at high refresh rates, graphically surpassing the capabilities of most home gaming computers.

A significant advancement for Pentanet's Graphics Processing Units (GPUs) was made by joining NVIDIA's Graphics Delivery Network (GDN), which will extend the Company's service capabilities beyond gaming into broader commercial computing services. Integration with GDN will allow the Company to introduce commercial and enterprise usage onto idle GPU capacity, with potential opportunities brought by direct local sales channels and from NVIDIA globally. In time, this will provide opportunities to diversify revenue on Pentanet's fixed infrastructure and cost base. Pentanet also announced the extension of its NVIDIA Alliance Partner Agreement in the financial year to include New Zealand as a serviceable territory and a non-exclusive pathway to providing services in Indonesia.

In FY25, the gaming segment will increase plan prices to improve profitability and introduce new ways to trial higher-end plans, as well as increase marketing and awareness of the platform to encourage higher Average Revenue Per User (ARPU) plan adoption.

Looking forward more broadly, the management team will aim to accelerate revenue growth by leveraging the Company's 5G growth opportunities and optimising its NVIDIA GPU capacity.

To close, we would like to express our gratitude to our passionate and dedicated staff, whose efforts have been the driving force behind our success. We also thank our board of directors and shareholders for their unwavering support. We are excited about the opportunities ahead and remain confident in Pentanet's abilities to deliver value to all stakeholders.

Thank you for your continued support as we embark on this exciting journey in FY25 and beyond.

David Buckingham

Non Executive Chairman
29 August 2024

Stephen Cornish

Managing Director
29 August 2024

> Investment in the Company's 5G network enabled the roll-out of **new 5G infrastructure to ten wireless towers** in areas of high customer demand across Perth where traditional fixed wireless has been unable to grow due to capacity restrictions.

Our **Values**

Impactful Innovation

We dare to introduce new ideas and technology that can positively impact the world around us, not just the screens in front of us.

Good Connections

We bring people together both digitally and IRL for shared experiences and memorable moments. Next level service is just a given.

We Meme Business

Genuinely hyped on what we do, we take fun stuff seriously, and make serious stuff fun. Unapologetically us, we use our unique attributes and abilities to get shit done.

PentaFam First

We do whatever it takes for our team and community to know they are safe, protected, and valued as part of the Pentanet family.

Be The Supercar

The world moves fast, so we move faster with our speed, agility and expertise. High performance is in our DNA, and we bet on ourselves every time.

Operational and **Financial Review**

Pentanet is more than a telecommunications company. We enhance infrastructure, connectivity, and entertainment through **innovative cutting-edge technology** we're fiercely passionate about. We bring people and customers together to share unforgettable experiences and moments. **Next level service is a given**.

Technology is evolving at lightning speed, but with our innovative spirit and unwavering expertise, we don't just match the pace, we set it.

At the heart of our mission is a relentless drive to advance technology to improve the lives of those around us. We bring next-generation technologies to the people of Perth, creating positive social and lifestyle impacts that go beyond digital experiences.

Our passion isn't limited to gaming and internet technologies; we're committed to translating strong network performance into growth and positive returns for our shareholders.

Looking ahead, our strategy remains clear: attract and nurture customers across our internet and cloud gaming services, and continually enhance our offerings with cutting-edge technologies to take their experience to the next level.

Key Milestones for FY24

July 2023

- Canopus Networks, in partnership with Pentanet Limited and UNSW Sydney, secured a $2 million federal grant for AI-enhanced cloud gaming network performance solutions, of which Pentanet will receive $500k.

August 2023

- Together with NVIDIA, we made GeForce NOW accessible on the Samsung Gaming Hub Australia.

September 2023

- Rebranded our cloud gaming service to GeForce NOW Powered by CloudGG.
- Completed rollout of GeForce NOW RTX 3080 'Gen 3' cloud gaming infrastructure in Australia, introducing the new 'Ultra' membership tier for 4K immersive gameplay in the cloud.

October 2023

- Welcomed Mr. Dominic O'Hanlon as Non-Executive Director.
- Launched a new, in-house custom built Pentanet website.
- Upgraded our seventh tower with 5G infrastructure.
- Established a new Fixed Wireless tower in Perth's southern corridor.

November 2023

- Upgraded our eighth tower with 5G infrastructure.
- Established a new 5G tower in Perth's northern corridor.
- Launched GeForce NOW Powered by CloudGG on Optus SubHub.

December 2023

- Executed a Network as a Service (NaaS) Agreement with Cambium Networks Ltd.

March 2024

- Extended GeForce NOW Alliance Partner Agreement with NVIDIA to include New Zealand with a non-exclusive pathway into Indonesia.
- Upgraded GeForce NOW infrastructure to NVIDIA L40 GPUs.
- Secured $4.28m in placements to fund NVIDIA cloud server infrastructure and working capital.

May 2024

- Completed deployment of upgraded NVIDIA Gen 3 infrastructure.
- Launched new 'Ultimate' cloud gaming membership, replacing the previous 'Ultra' membership (RTX 3080) with GeForce RTX 4080-class performance.
- Joined NVIDIA's global Graphics Delivery Network (GDN).

Operational Advancements and Future Growth Outlook

FY24 saw significant advancements and strategic initiatives aimed at enhancing our service offerings and expanding our market presence. We focused on simplifying our on-net product suite and expanding network coverage, including the continued rollout of 5G Fixed Wireless technology.

The rising demand for high-speed internet was met with encouraging uptake of 5G Fixed Wireless in available areas. This growth was further supported by regular tower upgrades and new tower establishments, and we renegotiated multiple network contracts to improve performance and margin.

Throughout FY24, we focused on growing top-line revenue and reducing churn.

In Q4, we launched a promotional offer to test the price sensitivity with 5G run-rates and collected data to identify areas and service types where 5G could compete. We also ensured our off-net pricing remained in line with the competitive landscape. As a result, we saw net new subscribers increase by 263, up from 20 in Q3.

As of 30 June 2024, the average Return on Investment (ROI)[1] on 5G coverage was 110%. While 5G customers represented only 2% of our subscriber base, they already contributed approximately 4% of recurring gross profit. The trend towards higher-speed tiers, which 5G can deliver, is growing, and we're well-positioned to service this market competitively within our existing and future 5G coverage. Currently, 5G extends across approximately 19% of our tower footprint.

Looking ahead to FY25, our telco strategy will continue to focus on 5G (on-net) subscriber growth by expanding coverage to multiply demonstrated run rates. We'll leverage vendor financing (NaaS) to reduce upfront cash deployment costs for 5G growth, and we'll decrease Customer Acquisition Cost (CAC) over time through increased coverage, reducing the need for geotargeted marketing. We'll remain competitive in market with lower acquisition cost off-net services, and aim to improve customer experience to reduce churn to 1.2%.

In the cloud gaming sector, we achieved a significant milestone by deploying NVIDIA Gen 3 infrastructure with upgraded L40 GPUs, offering RTX 4080-class performance and reaching parity with NVIDIA-controlled regions. We comfortably have the largest NVIDIA GPU deployment operating in Australia.

[1] ROI: The ROI formula is calculated as Net Profit divided by Investment Cost multiplied by 100, where Net Profit is Total Revenue minus Total Costs.

Our partnership with Optus made it easier for users to access GeForce NOW Powered by CloudGG through by integrating with Optus SubHub. In March 2024, we expanded our Principal Alliance Partnership Agreement with NVIDIA to include New Zealand, while maintaining our exclusive distributor status in Australia.

These initiatives led to significant membership growth in our gaming segment. CloudGG paid subscriptions increased by 79% year-on-year (YoY), and gaming segment gross profit grew by 199% YoY, reaching $0.4 million.

By the end of FY24, GeForce NOW Powered by CloudGG had over 589,000 registrations and over 2,000 playable games, with new titles added weekly.

“Fundamentally, we'll continue running the company with financial discipline and operational rigour. We aim to **re-accelerate top-line growth**, leveraging the 5G growth opportunities and **optimising our GPU capacity**.”

Financial Performance

Revenue

▲ **6%**

Recurring Revenue

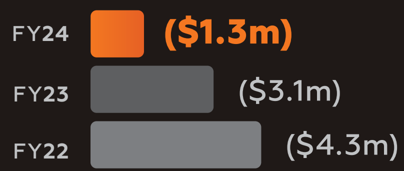
▲ **7%**

Gross Profit

▲ **13%**

EBITDA

▲ **59%**



Key Milestones

Revenue is up by **6%** YoY to $20.9m

Underlying EBITDA loss decreased by 65% to **$1.1m**

Gross profit increased 13% YoY to **$9.6m**

$5.3m closing cash balance

Results Overview

	30-Jun-24 $'000	30-Jun-23 $'000	% Change
Revenue	20,882	19,733	6%
Gross profit	9,610	8,468	13%
Gross margin [1]	46%	43%	7%
Other income	636	1,223	(48%)
Operating expenses	(11,513)	(12,805)	10%
Underlying EBITDA	(1,127)	(3,114)	65%
Share-based payments	(171)	-	0%
Reported EBITDA [2]	(1,267)	(3,114)	59%
Depreciation and amortisation	(4,486)	(4,088)	(10%)
EBIT	(5,753)	(7,202)	20%
Net finance cost	(631)	(367)	(72%)
Net loss before tax	(6,384)	(7,569)	16%
Other comprehensive loss for the year, net of tax	(3,180)	(820)	(288%)
Total comprehensive loss for the year	(9,564)	(8,389)	14%

[1] Gross margin is revenue less network operating cost and hardware expenses, representing the margin generated from customers before the costs of marketing, sales, support and administration cost.

[2] EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. Underlying EBITDA excludes share-based payments.

YoY consolidated Revenue increased 6% to $20.9 million across Pentanet's two product segments. Recurring revenue now constitutes 96% of total revenue.

Telecommunications revenue has increased by 2% YoY to $19 million, reflecting a 2% YoY growth in subscribers.

GeForce NOW revenue increased 80% YoY to $1.8 million, in line with a 79% YoY increase in paid GeForce NOW cloud gaming memberships. Total CloudGG membership is up 54% YoY, reaching over 589,000 users.

YoY consolidated gross profit increased by 13% to $9.6 million, and the gross margin improved from 43% to 46%. This improvement was driven mainly by the gaming segment, which has a solid paying subscriber base that effectively covers the platform's fixed monthly recurring cost. The gross profit of the gaming segment increased by 199% YoY to $0.4 million.

The Telecommunication Gross Profit increased by 5% YoY to $9.2 million, and the margin increased from 47% to 48% due to subscribers opting for higher-speed and revenue plans.

Operating expenses decreased significantly by 10% YoY to $11.5 million, with marginal reductions in employee-related costs, marketing, and general overheads.

The EBITDA loss was $1.3m, down 59% YoY. The EBITDA loss includes a $0.2 million long service leave provision and a $0.2 million movement in the employee share incentive scheme. The underlying EBITDA loss was $1.1m down 65% YoY.

Up until Q3, the Company's Telecommunications and Gaming segments maintained EBITDA breakeven, reflecting steady financial improvements. However, in Q4, costs were increased in the Telco segment for EOFY promotions, while operating costs in the gaming segment increased due to capacity expansion with the installation of NVIDIA RTX 4080 servers. All these initiatives are geared towards future growth despite the short-term financial impact.

In Q3FY24, the Company successfully completed a share placement to raise funds of $4.28m before costs. This allowed further investment in growing the cloud gaming segment through the purchase of NVIDIA RTX 4080 servers and assisted with working capital requirements.

Telecommunications Segment

Key Metrics	FY24	FY23	% Change
Recurring revenue	96%	95%	1%
Blended ARPU	$92	$91	1%
On-net ARPU	$88	$89	(1%)
Off-net ARPU	$80	$79	1%
On-net GM%	89%	87%	2%
Off-net GM%[1]	19%	20%	(5%)
Subscribers	17,383	17,054	2%
On-net	39%	39%	
Off-net	61%	61%	
Churn	1.39%	1.30%	(6%)
On-net churn	1.31%	1.00%	(24%)
Off-net churn	1.44%	1.50%	4%

Telecommunications Segment	FY24 $'000	FY23 $'000	% Change
Recurring revenue	18,195	17,718	3%
Non-recurring revenue	823	984	(20%)
Total revenue	19,018	18,701	2%
Cost of sales	(9,818)	(9,931)	1%
Gross profit	9,200	8,770	5%
Gross margin	48%	47%	3%
EBITDA[2]	(767)	(2,053)	63%

[1] Gross margin is revenue less network operating cost and hardware expenses, representing the margin generated from customers before the costs of marketing, sales, support and administration cost.

[2] EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

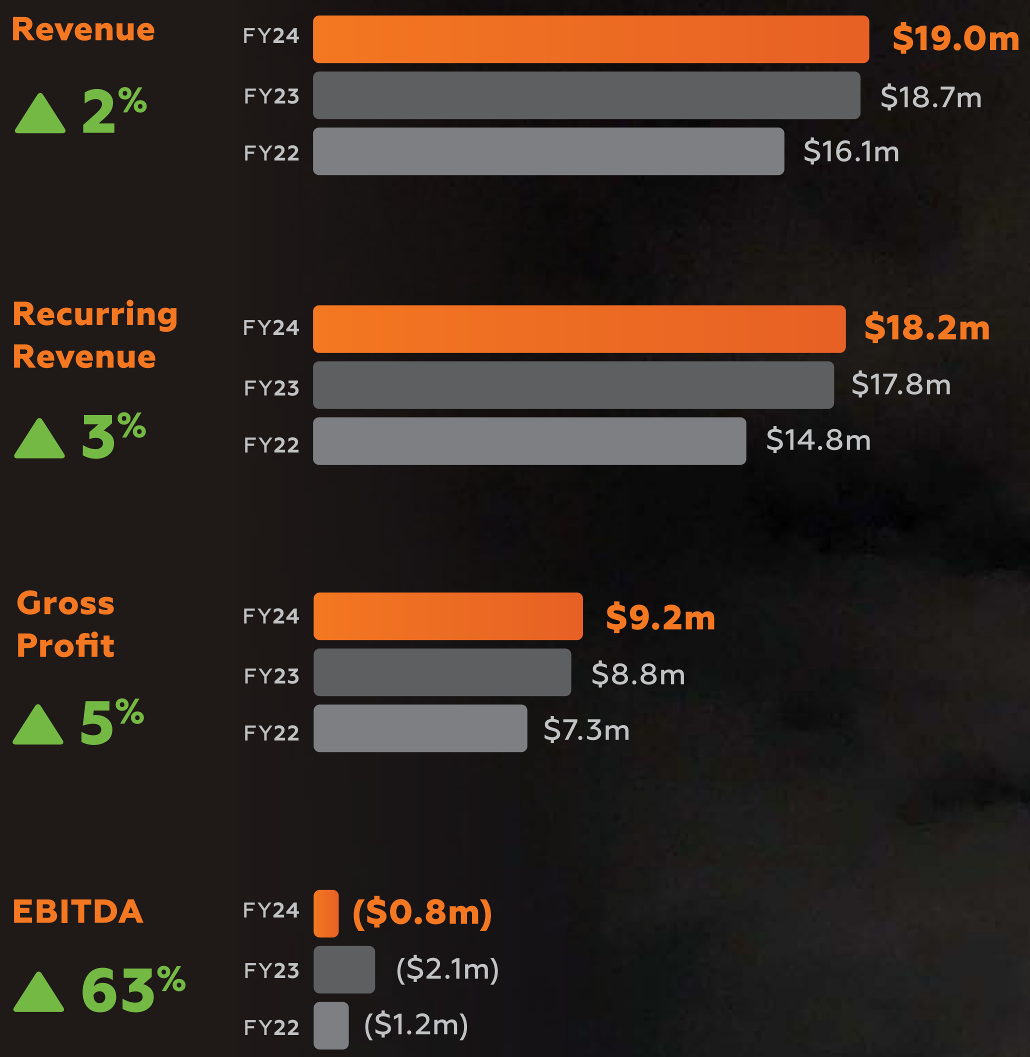
Key Milestones

10
5G tower upgrades completed

50+
Towers in Perth with 10 towers 5G enabled ~19% of the footprint

Current ROI[(3)] on 5G coverage is
110%,
with potential to exceed 250% fully utilised

[(3)] ROI: The ROI formula is calculated as Net Profit divided by Investment Cost multiplied by 100, where Net Profit is Total Revenue minus Total Costs.



400
5G subscribers

The trend for market demand moving to **higher-speed tiers**, which 5G can deliver, is increasing.

Telecommunications Update

Telecommunication growth was slower than anticipated in a more competitive environment off the launch of wholesale FTTP offers by the nbn®.

In response, Pentanet launched a 'Fibre Connect' campaign, simplified its wireless plans, and adjusted nbn prices to align more closely with the competitive landscape. The new plan structure is better positioned to meet market demands.

These initiatives are already yielding positive results, with reduced churn and increased sales volumes. A noticeable trend in H2 FY24 shows subscribers opting for higher-speed on-net and off-net plans.

The Telecommunication Gross Profit increased by 5% YoY to $9.2 million, and the margin increased from 47% to 48% due to subscribers opting for higher-speed and revenue plans.

5G Fixed Wireless

In FY24, we continued to expand our 5G Fixed Wireless network, which operates on our licensed mmWave Spectrum, giving us total control of the network.

This calendar year, we upgraded two more Fixed Wireless towers with 5G technology to meet the increasing demand for high-speed, reliable connectivity at a competitive price point.

In FY25, we'll continue expanding the 5G capabilities of our Fixed Wireless network to other areas. This expansion will make use of our $5.23 million Network as a Service (NaaS) agreement with Cambium Networks Ltd, entered into in December 2023.

We anticipate continued growth for the network's subscriber base and are focused on decreasing churn, increasing off-net conversion, and refining new subscriber acquisition strategies.

neXus

Pentanet neXus is a unique Terragraph-based mesh network that complements traditional Fixed Wireless technology, delivering higher-speed, reliable connections in dense suburban environments.

With speeds comparable to Fibre to the Premises, neXus excels in greenfield rollouts, where an entire mesh can be activated at once, offering a superior user experience over incremental rollouts that may lead to staggered serviceability.

In FY24, we refined the neXus technology and our rollout processes, achieving its most stable state yet. Looking ahead to FY25, we plan to expand the network sustainably, anticipating continued performance and experience improvements for our subscribers.

Key metrics across the telecommunications segment:

- Telecommunications revenue up 2% YoY to $19m in line with subscriber growth.
- Recurring revenue makes up 96% of total revenue.
- The telecommunications segment's gross profit is up 5% YoY to $9.2m, with users opting for higher ARPU and margin plans.
- Reduced churn from 1.42% in Q1FY24 to 1.31% in Q4FY24 with improved customer experience and expanding retention offers.
- Blended ARPU increased to $92 YoY as subscribers shifted towards higher-speed plans.
- Product suite aligned with the competitive landscape.
- FY24 closed with a total of 17,383 subscribers.

Cloud Gaming Update

Our exclusive regional Alliance Partnership with NVIDIA has enabled us to bring GeForce NOW to Australia, serving a rapidly growing membership base of 589,000+ users.

FY24 was a milestone year for our cloud gaming sector. We rebranded as **GeForce NOW Powered by CloudGG** and launched a wholesale partnership with Optus, making GeForce NOW accessible to Optus customers through its SubHub platform and expanding our audience.

We secured $4.28 million in placements to fund cloud server infrastructure and working capital to support our service expansion efforts. We also extended the GeForce NOW Alliance Partner Agreement with NVIDIA to include New Zealand, setting the stage for substantial membership growth with an entire nation added to our serviceable area.

In H1FY24, we deployed the GeForce NOW RTX 3080 'Gen 3' cloud gaming infrastructure and launched the 'Ultra' membership. In H2FY24, we upgraded to NVIDIA L40 GPUs, bringing Australian cloud gaming up to parity with NVIDIA-controlled regions. This upgrade introduced the ‘Ultimate’ membership tier, replacing ‘Ultra’ and providing members with RTX 4080 performance and up to 4K visuals at 120fps.

The ‘Ultra’ and ‘Ultimate’ membership plans prompted a 79% growth in paid memberships and a 80% increase in YoY revenue to $1.8m as new and existing members converted to higher-margin plans.

With over 2,000 titles now available on the platform and access to RTX 4080 performance, GeForce NOW has become a premier cloud gaming solution in Australia. More than 550 million minutes have been played, demonstrating clear demand for the service. We’re well positioned to meet that demand as we move into the new financial year.

Key metrics across the gaming segment:

- FY24 $2.7m of $3.6m cash used in investing activities allocated to the purchase of NVIDIA RTX 4080 servers
- EBITDA loss of $0.6 million in FY24 due to increasing operating costs, preparing capacity for commercial workloads
- Gaming ARPU remained consistent at $13
- Gaming revenue up 80% to $1.8m YoY
- Gaming segment gross profit increased 199% YoY to $0.4m
- CloudGG paid subscriptions increased by 79% YoY
- CloudGG total membership growth up 54% YoY to 589,000+ capacity

In FY25, we plan to **utilise newly acquired capital and expanded service region**, along with the new **high-tier membership plan**, to continue refining user acquisition, expanding our membership base, and converting existing free members to paid memberships.

Key milestones

- **Rolled out GeForce NOW RTX 3080 'Gen 3' cloud gaming infrastructure.**
- **GeForce NOW Powered by Pentanet rebranded to GeForce NOW Powered by CloudGG.**
- **Upgraded GeForce RTX 3080 'Gen 3' cloud infrastructure with NVIDIA L40 GPUs.**
- **Made the GeForce NOW Powered by CloudGG 'Ultimate' membership available.**
- **Secured $4.28m in placements to fund NVIDIA cloud server infrastructure and working capital.**
- **Extended Pentanet's GeForce NOW Alliance Partner Agreement with NVIDIA to include New Zealand.**
- **GeForce NOW Powered by CloudGG passed 589,000 users.**

Ongoing **Strategy**

The three pillars of Pentanet's strategy:

Grow the Telco subscriber base.

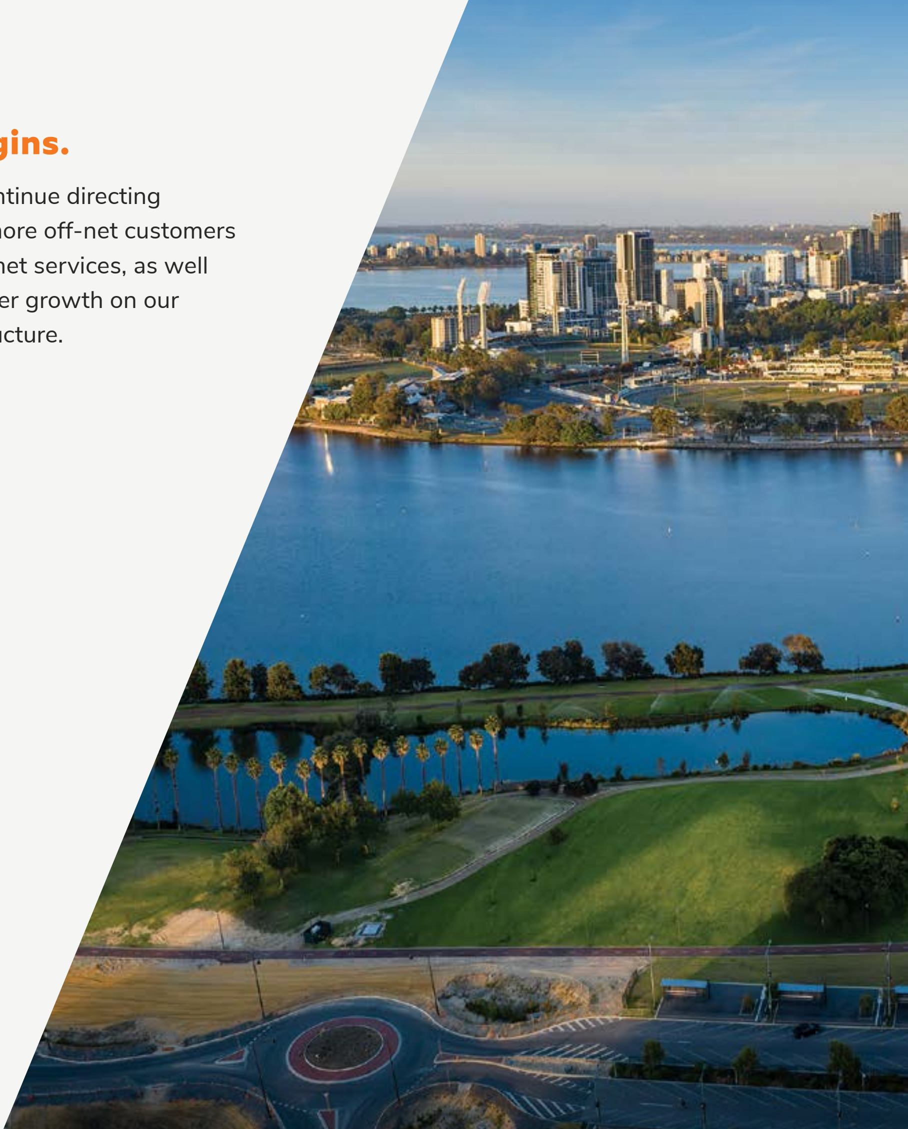
The introduction of more 5G on-net coverage to expand and grow our high-margin subscriber base.

Grow Revenue on our NVIDIA GPU infrastructure.

Continue to capture more cloud gaming users on the NVIDIA GeForce NOW platform, as well as introduce commercial and enterprise opportunities for the compute power.

Increase margins.

The Company will continue directing resources to attract more off-net customers to higher-margin on-net services, as well as steer more paid user growth on our NVIDIA GPU infrastructure.



People, Performance, and **Culture**

Our path to success is forged by our exceptional team: **our 'PentaFam'**. We're lucky to have nearly **70 passionate specialists** working hard to elevate Perth internet services and Australian cloud gaming in FY25 and beyond.

We couldn't be prouder of our people. Even as our business has evolved over the years, they've stayed true to our core principle of delivering next-level service. Our team is a vital pillar in our company ethos and a key part of what makes Pentanet unique.

A New Home for Our PentaFam

The lease on our former office came to an end in 2024, prompting us to find a new base. We seized this opportunity to find new premises that brought our whole team together on one level, with room to grow.

As part of this move, the majority of our team returned to the office full-time in June. This shift has optimised our ways of working, fostering greater collaboration and strategic execution as we head into FY25.

Our new home in Balcatta has been a huge cultural and strategic win for Pentanet, with greater visibility of leaders and more organic cross-team collaboration evident from the first week.

And of course, our vibrant retail space – the famous 'Pentahouse' - continues to deliver a strong brand presence in the Perth CBD. It enables existing and prospective customers to drop by for assistance and hardware collection, and provides a space for our channel partners to operate from.

Empowering Our Team to Elevate Our Business

As Pentanet evolves, we're committed to keeping it a positive, welcoming, and fulfilling place to work.

We consistently encourage our people to 'Be the Supercar' in line with our company values, providing on-the-job training, site tours, one-on-one coaching, and annual performance reviews.

In FY24, we introduced a comprehensive Learning Management System (LMS) that has improved training, interdepartmental knowledge, and industry expertise. Team leaders report a 25% reduction in onboarding time, allowing new arrivals to quickly contribute to our company's growth.

Welcoming Waheed

As FY24 came to a close, we were delighted to welcome a new member to our Executive Team: Waheed Khan.

Joining us in the newly created role of Executive General Manager Telecommunications, Waheed brings over 26 years of distinguished experience in telecommunications, IT, management consulting, insurance, and health sectors.

Waheed's career began in IT, with two significant tenures at IBM Australia. In 2022, he served as the Chief Technology Officer and Country Head for a UAE-based digital company. From 2015 to 2021, he held the role of GM/VP of Planning & Transformation at the second-largest telecom operator in Saudi Arabia. Prior to that, he spent four years as a Director at Jazz, Pakistan's largest telecom operator with 71 million subscribers.

Waheed's global experience spans Australia, Africa, the Middle East, and Pakistan. His extensive technical and business expertise is complemented by strong academic qualifications, including an MBA from the University of Melbourne, a Master of Applied Science in IT from RMIT University, and a Master of Research in Management from Macquarie University.

His diverse and rich background underscores Waheed's capability as a corporate leader and strategist in various industries, and we're thrilled to have him as part of the PentaFam.

Driving Change: Advancing Female Representation in Tech

In a traditionally male-dominated industry, we're proud to have grown our female staff base by 27% in FY24.

We believe diversity in our workplace drives innovation, and we're dedicated to breaking down barriers and attracting more women into the tech industry.

Celebrating Our 2023 MVPs

Every month, our team collectively elects a Most Valuable Player (MVP), voting for who they think has best exemplified the values of Pentanet.

We also celebrate annual MVPs, putting the spotlight on those who went above and beyond as valued members of our team. The MVP program aims to give our people the recognition they deserve, and encourages them to celebrate these wins and champion one another.

2023 MVP of the Year

Tayla Sheahan, Sales Team Leader

"Working at Pentanet for the past four years has been an incredibly rewarding experience. The team's support and our shared passion for innovation have made every day exciting and fulfilling. Being honoured as the 2023 MVP was a testament to our collective dedication and hard work. I'm grateful to be part of such an inspiring and dynamic environment."

2023 Outstanding Contribution Award

Dylan Ryan, Network Engineering Team Lead

"I was deeply honoured and incredibly grateful to receive the Outstanding Contribution Award. Looking back on my journey at Pentanet over the last three years, I see this not as a personal achievement but a reflection of the positive environment and incredible team I've been fortunate enough to work alongside. Looking ahead, I'm excited to see how Pentanet continues to evolve into the future and how I can contribute to that growth."

Enriching Our Culture: Social and Wellbeing Highlights

We love our vibrant company culture, and our new HQ has made our social calendar more exciting than ever.

Along with regular team get-togethers, social club run after-work barbeques, and company 'town halls,' we take pride in offering wellbeing initiatives such as Employee Assistance Program, mindfulness courses, and physical and mental health first aid training.

Powering the *Intern*-et Through Workplace Learning

We're passionate about supporting up-and-coming talent. That's why we love making new connections through our internship programs with Curtin University and Edith Cowan University.

"I applied for an internship at Pentanet because I heard great things about the business and wanted to gain experience in a corporate environment. My placement has been incredible. The Software Development Team is well-organised and productive, collaborating with departments across the business to drive innovation and process improvement. The people are friendly and welcoming, and everyone has been very supportive."

Anuk Salgado, studying a Bachelor of Computing at Curtin University

Kicking Goals with West Perth Football Club

Our partnership with the Falcons soared in FY24.

Together, we brought game days to life, boosted Pentanet Stadium with a next-level internet connection, and launched the GeForce NOW Powered by CloudGG gaming hub. The hub was a huge hit with visitors, giving them free access to dive into cloud gaming in a fun, interactive environment.

Falcons fans also enjoy special deals and exclusive codes through Pentanet.

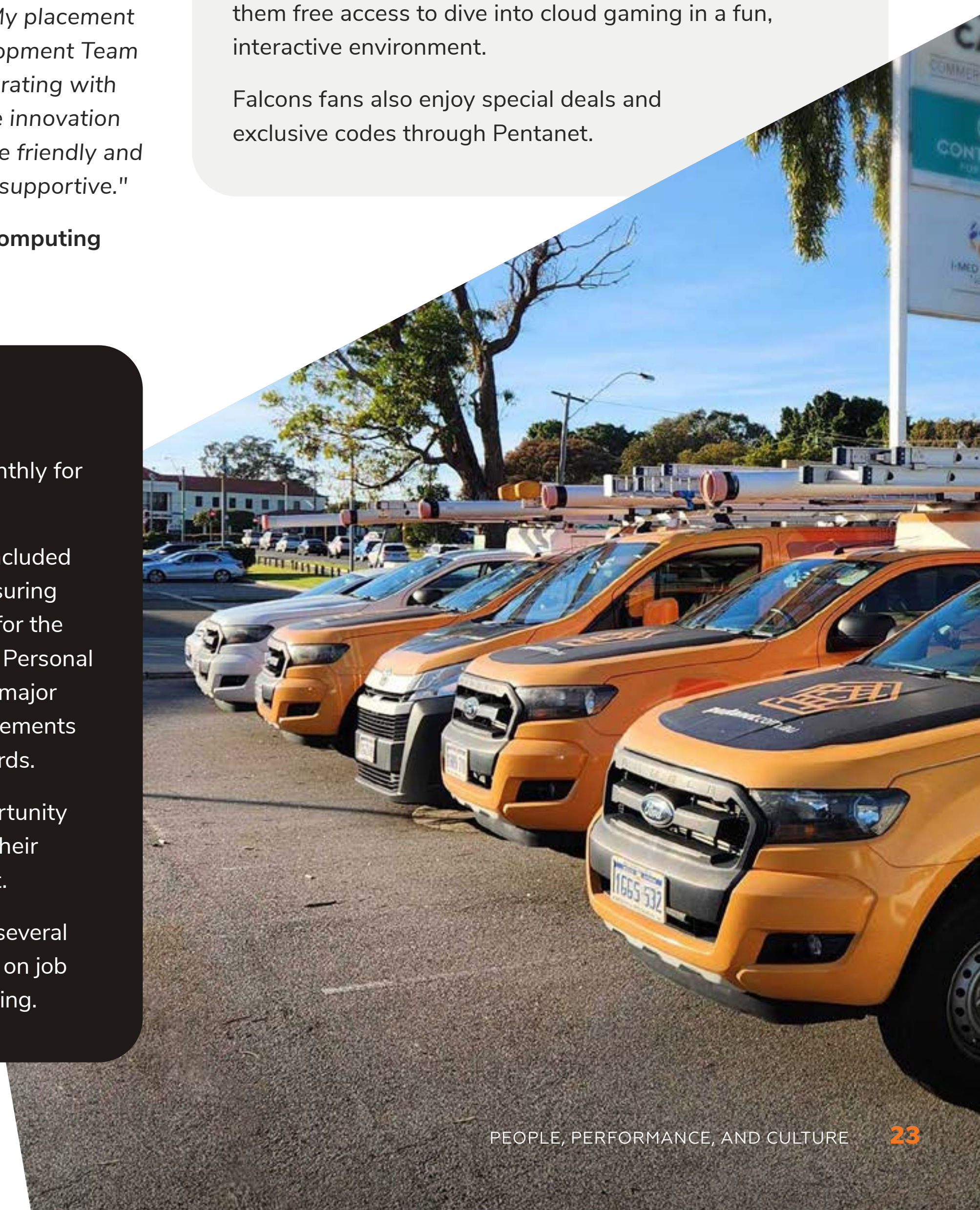
Safety First

Our Field Operations Team convenes monthly for safety-focused toolbox meetings.

At our final meeting of FY24, key topics included vehicle inspections and safety checks, ensuring our equipment is always in top condition for the high-risk work we perform. Cold weather Personal Protective Equipment (PPE) was another major focus, equipping our staff to handle the elements while maintaining our strict safety standards.

These meetings are also a fantastic opportunity for our field team members to reflect on their achievements and areas for improvement.

On a company-wide level, we introduced several new policies to protect our team, focusing on job safety, mental health, and personal wellbeing.



Corporate Directory

David Buckingham
Non-Executive Chairman

Stephen Cornish
Managing Director

Timothy Cornish
Executive Director

Dalton Gooding
Non-Executive Director

Dominic O'Hanlon
Non-Executive Director
(appointed 6 October 2023)

Company secretaries

Patrick Holywell
Arron Canicais (appointed 13 September 2023)

Registered office

Suite 25, 257 Balcatta Road, Balcatta, 6021 WA
Telephone number: (08) 9466 2670

Principal place of business

Suite 25, 257 Balcatta Road, Balcatta, 6021 WA

Principal banker

Commonwealth Bank
95 William Street, Perth, 6000 WA

Share register

Automic Group
Level 5, 191 St Georges Terrace, Perth, 6000 WA
Telephone number: 1300 288 664

Auditor

BDO Audit Pty Ltd
Level 9, Mia Yellagonga Tower 2,
5 Spring St, Perth, 6000 WA

Stock exchange listing

Pentanet Ltd shares are listed on the
Australian Securities Exchange
ASX code: 5GG

Director's Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or group) consisting of Pentanet Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

David Buckingham (Non-Executive Chairman)
Stephen Cornish
Timothy Cornish
Dalton Gooding
Dominic O'Hanlon (appointed 6 October 2023)

Company Secretaries

Patrick Holywell
Arron Canicais (appointed 13 September 2023)

Principal Activities

The principal activities of the group consisted of the provision of internet and associated telecommunications products and services, and gaming and gaming technology services.

Dividends

There were no dividends paid, recommended, or declared during the current or previous financial year.

Operating and **Financial** Review

Pentanet's Business Model and Objective

Pentanet is proud to be Perth's own telco, dedicated to delivering exceptional internet connectivity to the community.

Pentanet's innovative Fixed Wireless network and cutting-edge Meta Terragraph-based neXus network set Pentanet apart. For those beyond the company's network reach, we offer nbn® and Opticomm services.

Since its launch, Pentanet's Fixed Wireless network has become a favourite among consumers and investors. Unlike other telcos that mainly rely on reselling nbn and other fixed-line services, Pentanet delivers a reliable, high-speed connection through the company's private infrastructure. In doing so, the Company provides subscribers with exceptional internet experiences while achieving notably higher margins compared to typical nbn services.

What is Meta Terragraph technology?

Meta Terragraph is a **cutting-edge wireless technology** designed to simplify the deployment of **gigabit connectivity**.

It's particularly suited for markets where laying fibre is challenging and expensive.

The NVIDIA business is also evolving.

Pentanet's Alliance Partner Agreement with NASDAQ-listed NVIDIA – one of the world's leading producers of specialised graphics chips used in gaming – enabled the Company to be the first to introduce NVIDIA's GeForce NOW technology to Australia back in 2021.

In March 2024, the Company extended the Agreement and launched **GeForce NOW Powered by CloudGG** in New Zealand, while maintaining our exclusive distributor status in Australia.

GeForce NOW cloud gaming instantly transforms nearly any laptop, desktop, smartphone, or smart TV into a high-performance gaming rig, allowing users to play games without the need for expensive gaming hardware.

Since launching the cloud gaming offering, Pentanet has proven itself a valuable partner, quickly matching NVIDIA-controlled regions in available streaming technologies.

Pentanet also integrated its existing infrastructure into the NVIDIA Graphics Delivery Network (GDN). Graphics Delivery Network delivers seamless access to high-fidelity, 3D interactive experiences, expanding the platform's capabilities beyond gaming to opportunities in new emerging markets.

- **Capabilities expansion:** Ideal for intensive real-time rendering tasks, the GDN supports advanced applications including digital twins, photorealistic 3D models, high-resolution augmented reality wearables, and interactive 3D experiences.
- **Market expansion:** This move broadens Pentanet's operational scope beyond our GeForce NOW cloud gaming service, venturing into new industrial and commercial markets. This expansion can diversify our revenue streams and strategically position Pentanet within the supply ecosystem of a growing industry.

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to $6.4 million (30 June 2023 $7.6 million).

The Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was -$1.3 million (30 June 2023 -$3.1 million).

The Company closed the year with $5.3 million in cash reserves on its balance sheet. It plans to continue to increase top-line growth by leveraging the 5G growth opportunities and optimising its GPU capacity.

Detailed commentary on the results for the year can be found in the Operating and Financial Review section.

Risk Management

The Company take a proactive approach to risk management. The Board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that our objectives and activities are aligned with the risks and opportunities identified by the Board.

Material Business Risk

Material business risk that could affect the achievement of the disclosed financial performance or outcomes include:

Competitive Environment Risk

Operating in a competitive landscape with nbn® fibre, fixed wireless, and other technologies requires continuously delivering high-quality services, compelling product offerings, and a strong brand presence. Failure to maintain these aspects may result in weakened market positioning and competitiveness.

Network Expansion Risk

Expanding the Pentanet wireless network is necessary to meet the increasing bandwidth demands for the Company's on-net services. Achieving this objective requires the Company to invest in next-generation wireless infrastructure to increase coverage and deliver higher bandwidth services. Delays or inefficiencies in this expansion could directly impact the company's ability to fulfil customer demand and limit potential revenue and subscriber growth.

Cloud Gaming Commercialisation Risk

Successful commercialisation of the cloud gaming opportunity involves uncertainties concerning market acceptance, technological readiness, and execution. An ineffective commercialisation approach could lead to missed revenue streams and a competitive disadvantage. Additionally, the expansion into wholesale digital distribution comes with associated risks related to market penetration and successful partnership integration.

Capital Access Risk

The Company's growth strategy relies on securing adequate capital to invest in expansion plans. Limited access to capital could restrict its ability to fund essential growth initiatives, delaying growth potential and adversely impacting Pentanet's strategic objectives. Future equity financing could dilute shareholder interests if it is at a lower market price or has restrictive covenants affecting the company's operations and business strategy. Debt financing, if attainable, might impose restrictions on financing and operational activities. Failure to secure necessary financing could force the Company to limit operations, materially impacting its activities and challenging continued operation.

Field Staff Safety Risk

Pentanet's operational staff, including employees and contractors, face multiple hazards during field operations. Failure to ensure a safe work environment can interrupt operations and expose the Company to potential legal and financial repercussions.

The Board has several mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Existence of an Audit and Risk Committee and monthly board meeting reviews of risk. This ensures that an appropriate risk-management framework is in place and is operating properly along with regular reviews and monitoring of legal and policy compliance systems and issues; and
- Implementation of Board approved budgets and Board monitoring of progress against budget, including the establishment and monitoring of financial KPI's.
- For more information on risk management please refer to: **pentanet.com.au/investor-centre/** containing our latest Risk Management Policy under Corporate Governance.

Significant Changes in the State of Affairs

In September 2023, Pentanet completed the rollout of NVIDIA GeForce NOW RTX 3080 'Gen 3' cloud gaming infrastructure in Australia. The Company rebranded its cloud gaming service as **GeForce NOW Powered by CloudGG** and introduced the new 'Ultra' membership, giving access to 4K immersive gameplay in the cloud.

In October 2023, Pentanet welcomed Mr. Dominic O'Hanlon, a seasoned technology entrepreneur with extensive global experience, as a Non-Executive Director.

In November 2023, Pentanet launched NVIDIA GeForce NOW Powered by CloudGG on Optus SubHub, a subscription bundling service. The partnership with Optus expands high-performance gaming access to more users in Australia.

In December 2023, Pentanet executed a binding Network as a Service (NaaS) Agreement with Cambium Networks Ltd, with the terms commencing upon the placement of the first order.

In March 2024, Pentanet extended the GeForce NOW Alliance Partner Agreement with NVIDIA to include New Zealand, while maintaining exclusive distributor status in Australia. Pentanet has upgraded its GeForce NOW Powered by CloudGG Gen 3 cloud infrastructure with NVIDIA L40 GPUs, integrating the Company into NVIDIA's global Graphics Delivery Network (GDN). This enhancement expands Pentanet's compute capabilities beyond cloud gaming, enabling industrial and commercial applications.

In March 2024 Pentanet secured $4.28 million in placements, supported by institutional and high-net-worth investors to fund the NVIDIA cloud server infrastructure and working capital.

In May 2024, Pentanet completed the deployment of its upgraded NVIDIA Gen 3 infrastructure and launched a new 'Ultimate' cloud gaming membership offering GeForce RTX 4080-class performance, replacing the previous 'Ultra' membership.

There were no other significant changes in the state of affairs in the consolidated entity during the financial year.

Matters Subsequent to the End of the Financial Year

On July 10, 2024, the $2.5 million term deposit matured and was paid to the company net of the $376k loan which was settled in full. No other matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

Telecommunication Segment

In line with the Group's outlined strategic direction, Pentanet continues to focus on expanding 5G (on-net) subscriber growth by enhancing coverage to increase demonstrated run rates. The Company will be allocating internal resources towards this 5G coverage expansion and leveraging vendor financing (NaaS) to minimise upfront cash deployment costs. By expanding 5G coverage, Pentanet aims to reduce Customer Acquisition Cost (CAC) over time, thereby easing the need for geo-targeted marketing. Additionally, Pentanet will seek to maintain its competitive edge with lower acquisition costs for off-net services and is striving to enhance the customer experience, targeting a reduction in churn to 1.2%.

Cloud Gaming Segment

Pentanet has upgraded its GeForce NOW Powered by CloudGG Gen 3 cloud infrastructure with NVIDIA L40 GPUs, integrating the Company into NVIDIA's global Graphics Delivery Network (GDN). Pentanet's recent inclusion in the NVIDIA GDN marks a future potential strategic expansion. Pentanet can extend its reach beyond its existing GeForce NOW cloud gaming operations, exploring new industrial and commercial markets to diversify revenue streams and solidify Pentanet's position within the growing industry supply ecosystem.

Pentanet will be able 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.

The Company aims to uplift cloud margins by increasing revenue on the fixed infrastructure, including raising plan prices to improve profitability. Strategies to trial higher-end plans more effectively, increase marketing and awareness of the NVIDIA GeForce NOW platform, and encourage a higher level of paid plan conversion are also in development. By optimising capacity and oversubscription with scaled infrastructure deployment, Pentanet seeks to increase margins and further optimise available capacity through commercial and enterprise revenue.

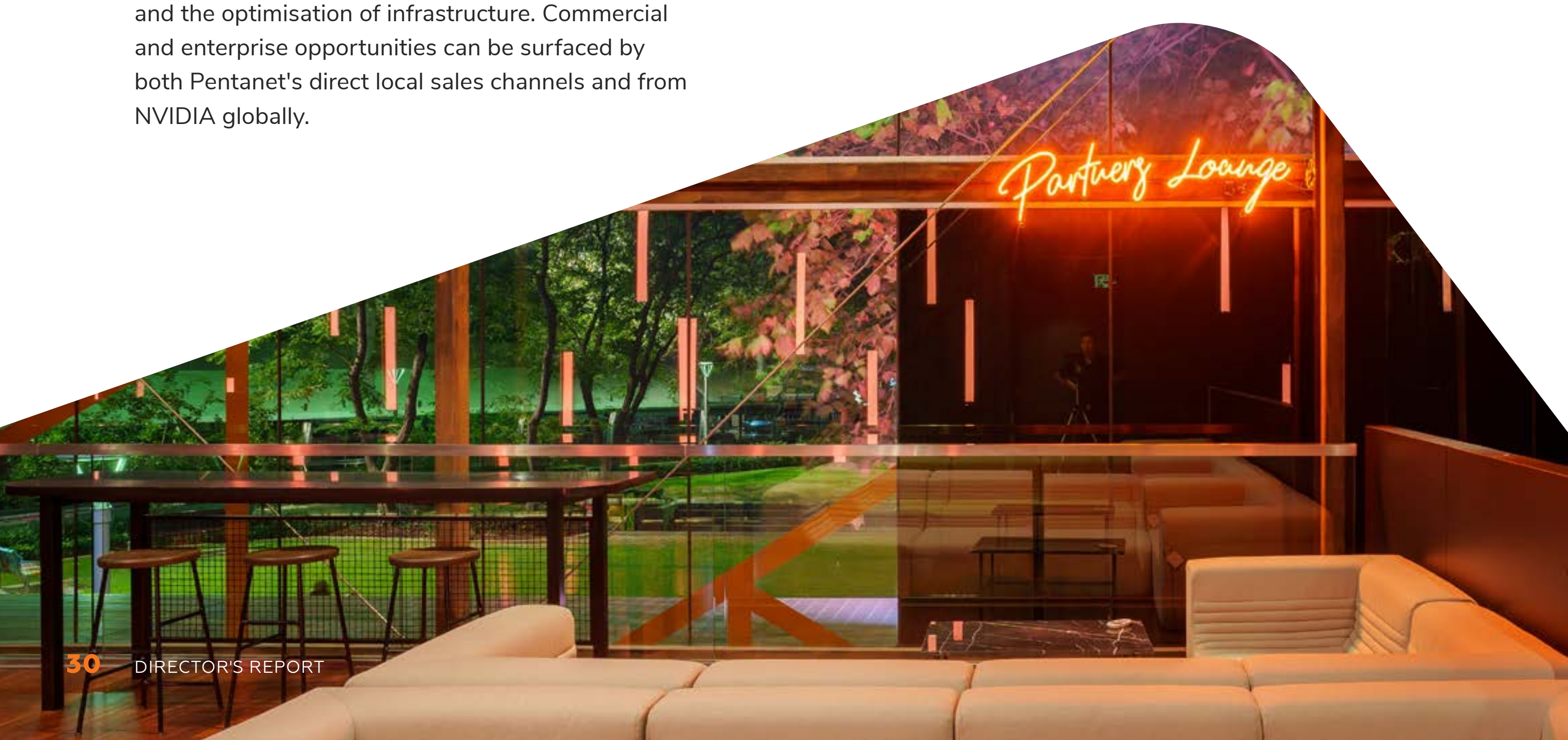
Environmental Regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law. The Company identifies and manages material exposure to environmental risks in line with its Risk Management Policy, available on the Corporate Governance page of the Company's website: https://investorhub.pentanet.com.au

Share Options

	Number of unlisted options	Exercise price	Expiry date
1	3,405,524	$0.093	30 June 2026
2	6,309,900	$0.124	30 June 2027
3	1,000,000	$0.120	22 December 2026
	Total: 10,715,424		

investorhub.pentanet.com.au



Information on Directors

David Buckingham

Non-Executive Chairman

David Buckingham has over thirty years of experience as a corporate leader in telecommunications, media, technology, IT and education. Mr Buckingham began his career at Price Waterhouse Coopers in the UK and Australia.

Most recently, Mr Buckingham served as both Chief Executive Officer and Chief Financial Officer of Navitas Limited (ASX:NVT), a global education provider with over 120 colleges and campuses across 31 countries.

Prior to Navitas, David worked for Telewest Global as the Group Treasurer and Director of Financial Planning; for Virginmedia as Finance Director, Business Division; and for iiNet (ASX:IIN), where he held the roles of Chief Financial Officer and Chief Executive Officer between 2008 and 2015. He was the Chief Executive Officer of iiNet when the company was acquired by TPG Limited in September 2015.

Mr Buckingham holds a Bachelor of Technology (Hons) from the Loughborough University of Technology and is a qualified ACA Chartered Accountant in England & Wales and a member of the Australian Institute of Company Directors.

Other current directorships:

- **Nuheara Ltd** – appointed 1 November 2019
- **Hiremii Ltd** – appointed 3 May 2021
- **Way2VAT Ltd** – appointed 15 September 2021

Former directorships (last 3 years):

- **Openlearning Ltd** – appointed 9 September 2019, resigned 23 May 2022

Ordinary shares: 557,055

Options over ordinary shares: Nil

Committee Membership: Chairman of the Board, Chairman of the Remuneration and Nomination Committee, and Member of the Audit and Risk Committee

Stephen Cornish

Managing Director and Founder

Stephen Cornish is the founder and managing director of Pentanet (ASX:5GG). Stephen founded Pentanet in 2017 to bring Perth's internet quality up to speed with ultra-fast wireless solutions backed by local customer service and support.

After building the largest and fastest growing fixed wireless network in Perth and delivering on his initial vision for Pentanet, Stephen set his sights on diversifying the Company's footprint through the development of innovative complementary services including neXus, Pentanet's next generation wireless mesh network, and GeForce NOW Powered by CloudGG, though an exclusive Alliance Partnership with global tech giant NVIDIA.

After steering Pentanet through its IPO and January 2021 listing on the ASX, Stephen continues to lead the Company from strength to strength. He was recognised as one of Western Australia's leading entrepreneurs in the Business News 40under40 2019, a double finalist in the 2021 CEO Magazine Executive of the Year Awards, and the Cambium Networks Global Connectivity Hero of the Year 2021.

Other current directorships: None

Former directorships (last 3 years): None

Ordinary shares: 50,482,233

Options over ordinary shares: 3,918,145

Committee Membership: None

Information on Directors (continued)

Timothy Cornish

Executive Director

Timothy Cornish is a founding director of Pentanet and has various interests in resources, mining technology and international trade. He is an experienced and successful business leader with extensive involvement in private enterprise for over 20 years.

Having spent a significant amount of time in China and throughout Asia, Mr Cornish has built an extensive network of contacts, opportunities, and experience. Mr Cornish's early career in accounting and finance involved roles with Grant Thornton as well as an international strategic sourcing specialist. He has built sales and distribution channels into Asia-Pacific engineering and mining service industries as well as accompanying global supply chains including Europe, USA and Asia.

Mr Cornish has completed a Bachelor of Commerce at UWA and a Graduate Diploma of Chartered Accounting with the Institute of Chartered Accountants Australia & New Zealand.

In 2021 Mr Cornish was recognised as one of WA's forty leading business entrepreneurs in the Business News 40under40 Awards, as well as being awarded Start-Up Category winner.

Other current directorships: None

Former directorships (last 3 years): None

Ordinary shares: 13,531,377

Options over ordinary shares: 1,193,593

Committee Membership: None

Dalton Gooding

Non-Executive Director

Dalton Gooding has over 45 years' experience and is currently the senior partner of DFK Gooding Partners, where he advises on a wide range of businesses with particular emphasis relating to accounting issues, taxation, due diligence, feasibilities and general business advice.

He was a long-standing Partner at Ernst & Young and is a Fellow of the Institute of Chartered Accountants Australia & New Zealand. Mr Gooding also holds director positions on a number of public and private company boards in various sectors.

Other current directorships: Katana Capital Ltd - appointed: 10 November 2005

Former directorships (last 3 years): None

Ordinary shares: 3,816,604

Options over ordinary shares: Nil

Committee Membership: Chairman of the Audit and Risk Committee and member of the Remuneration and Nomination Committee

Dominic O'Hanlon

Non-Executive Director

Dominic O'Hanlon is a well-known and successful technology entrepreneur, business executive, professional director, and investor with extensive experience and knowledge of the Information Technology industry built up over a career spanning over 30 years. He brings extensive domestic and global experience across the start-up and technology sectors to his role as a non-executive director.

Mr. O'Hanlon was the managing director and CEO of rhipe Limited (ASX: RHP) for over seven years. During his time as CEO, the business grew sales from AUD $74.5M to $377.4M (26.6% CAGR) and EBITDA from AUD $1.5M to $16.6M (41% CAGR). rhipe had approximately 600 staff across 10 countries. He also led the sale of rhipe to Norwegian-based Crayon in November 2021 for AUD $408 million.

Prior to rhipe, Mr. O'Hanlon had multiple technology build, scale, and exit experiences, including as CEO of Haley Limited (sold to Oracle in 2008) and as Chief Strategy Officer of MYOB (sold to Bain Capital in 2011).

Dominic is a Fellow of the Australasian Institute of Company Directors.

Other current directorship: None

Former directorships (last 3 years): None

Ordinary shares: Nil

Options over ordinary shares: 1,000,000

Committee Membership: Member of the Audit and Risk Committee and member of the Remuneration and Nomination Committee

Patrick Holywell

Joint Company Secretary

Patrick Holywell has twenty years of experience in accounting, finance and corporate governance, including employment at Deloitte and Patersons (now Canaccord Genuity) as well as director, company secretary and CFO roles.

He has held roles with various companies particularly in the resources, technology and health sectors.

Mr Holywell is a Chartered Accountant, Fellow of the Governance Institute of Australia, and Graduate of the Australian Institute of Company Directors.

Other current directorships:

- Norfolk Metals Ltd appointed 8 October 2021

Former directorships (last 3 years):

- Si6 Metals Ltd, appointed 25 November 2019, resigned, 15 August 2022
- Redcastle Resources Ltd (formerly Transcendence Technologies Ltd), appointed 20 November 2019, resigned 31 July 2023

Ordinary shares: 821,278

Options over ordinary shares: Nil

Committee Membership: Company secretary of the Audit and Risk Committee and Remuneration and Nomination Committee

Arron Canicais

Joint Company Secretary

Mr Canicais is an experienced finance professional who holds Company Secretary and Chief Financial Officer positions with public and private companies across several sectors.

He is an associate of the Governance Institute of Australia and Chartered Accountants Australia and New Zealand.

Other current directorships: None

Former directorships (last 3 years): None

Ordinary shares: Nil

Options over ordinary shares: Nil

Committee Membership: Company secretary of the Audit and Risk Committee and Remuneration and Nomination Committee

'Other current directorships' refer to current directorships for listed entities only and exclude directorships of all other types of entities unless otherwise stated.

'Former directorships (last 3 years)' refer to directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities unless otherwise stated.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director was:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
David Buckingham	12	12	2	2	2	2
Stephen Cornish	12	12	-	-	2	2
Timothy Cornish	12	12	-	-	2	2
Dalton Gooding	11	12	2	2	1	2
Dominic O'Hanlon	8	9	-	-	0	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity through acting in fairness and without prejudice. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

For the financial year ended 30 June 2024, the Company had not yet formalised a policy which outlines measurable objectives for achieving gender diversity. Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measurable objectives in relation to gender diversity.

The Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.

For the financial year ended 30 June 2024, the Company had 71 staff (which includes directors and executive management) and that number includes 13 females. The Company had 8 Key Management Personnel at 30 June 2024, of which 1 is female.

Remuneration Report (Audited)

The Remuneration Report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations. This information has been audited as required by section 308(3C) of the Act.

This Remuneration Report sets out remuneration information for Pentanet's Key Management Personnel (KMP) (as defined in AASB 124 Related Party Disclosures), including Non-Executive Directors, Executive Directors and other senior executives who have authority for planning, directing and controlling the activities of the Company.

For the year ended 30 June 2024, the following people were assessed to be KMP:

Name	Role	Appointed
David Buckingham	Non-Executive Chairman of the Board and Remuneration and Nomination Committee	10 September 2020
Dalton Gooding	Non-Executive Director of the Board and Chairman of the Audit and Risk Committee	26 November 2018
Dominic O'Hanlon	Non-Executive Director of the Board	6 October 2023
Stephen Cornish	Managing Director	20 February 2017
Timothy Cornish	Executive Director	20 February 2017
Patrick Holywell	Joint Company Secretary	20 November 2019
Arron Canicais	Joint Company Secretary	13 September 2023
Mart-Marie Derman	Chief Financial Officer	11 September 2020

The Remuneration Report is designed to provide shareholders with comprehensive information on the structure of Pentanet's remuneration framework and the basis on which it aligns with shareholders and other key stakeholders' interests while ensuring rewards are aligned with strategic objectives and value creation for Pentanet.

The Remuneration Report is set out under the following main headings:

1. **Remuneration governance**
    - 1.1 Remuneration committee
    - 1.2 Use of remuneration consultants
2. **Executive remuneration approach and structure**
    - 2.1 Remuneration philosophy
    - 2.2 Executive remuneration structure
    - 2.3 Remuneration practices
    - 2.4 Short term incentive plan
    - 2.5 Long term incentive plan
3. **Link between Company performance and executive remuneration**
4. **Employment contracts of directors and senior executives**
5. **Non-Executive Director fee arrangements**
6. **Details of remuneration**

1. Remuneration Governance

1.1 Remuneration and Nomination Committee

The key purpose of the Remuneration and Nomination Committee is to ensure that the level and composition of remuneration is appropriately balanced between the need to attract and retain high-quality directors and attract, retain, and motivate senior executives and the need to ensure that the incentives for executive directors and senior executives encourage them to pursue the growth and success of the entity without rewarding conduct that is contrary to the Company's values or risk appetite.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis. The assessment is made with reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

1.2 Use of remuneration consultants

The Board of Directors employs the services of an independent and specialist contractor for remuneration advice. An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant does not communicate with affected key management personnel without a member of the Remuneration and Nomination Committee being present and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed, and as such, there was no undue influence.

For the purposes of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2001* (the Act), any guidance provided by remuneration consultants throughout the financial year was not considered a remuneration recommendation in relation to KMP as defined by Division 1 of Part 1.2 of Chapter 1 of the Act.

2. Executive Remuneration Approach and Structure

2.1 Remuneration philosophy

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to market best practice for the delivery of the reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' above), the Remuneration and Nomination Committee is in the process of structuring an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity. Historically, remuneration has not been linked to performance.

The reward framework is designed to align executive rewards to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- Having economic profit as a core component of plan design
- Focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering a constant or increasing return on assets, as well as focusing the executive on key non-financial drivers of value
- Attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- Rewarding capability and experience
- Reflecting competitive reward for contribution to growth in shareholder wealth
- Providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

2.2 Executive remuneration structure

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including experience, qualifications, job level, and overall performance of the Company. The service agreements between the Company and specified directors and executives are on a continuing basis which is not expected to change in the immediate future.

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components. The combination of these comprises the executive's total remuneration. Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the consolidated entity, and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example, motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

2.3 Remuneration practices

The Company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities, and performance within the business and aligned with market practice. The Board exercises its discretion in relation to approving incentives, bonuses, rights, and shares.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the Government, which during the year was 10% (subject to the statutory cap), and do not receive any other retirement benefits. Upon retirement, specified directors and executives are paid employee entitlements and incentives accrued to the date of their retirement. All remuneration paid to directors and executives is valued at cost to the Company and expensed. Where performance rights and shares are given to directors and executives, they are valued according to the accounting standards.

The following table illustrates the executive remuneration elements, including how each element aligns to the Company's remuneration strategy and links remuneration outcomes to performance.

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration	Comprise base salary, superannuation contributions and other benefits.	To provide competitive fixed remuneration for senior executives as determined by the scope of their position and the knowledge, skill and experience required to perform the role.	Company and individual performance are considered during the annual remuneration review.
STI	The STI component of the KMP Remuneration is paid in cash.	Reward executives for short term achievement of: • Financial and operational key performance indicators. • Progress with the delivery of the Company's business plan and strategic objectives, and • Specific goals in relation to the development of people within the Company and its profile within the business community.	Examples of key performance indicators include: • Achievement of financial targets such as revenue, gross profit, and operational targets such as subscriber Growth. • Achievement of network expansion targets to ensure capacity ahead of the demand curve. • Overheads and cost control targets. • Targets set in relation to the Group business plan such as meeting targeted launch dates, and • Targets set for safety performance based on Total Recordable Injury Frequency Rates.
LTI	LTI Executives are entitled to participate in the employee securities incentive plan. Options issued under the plan do not attract dividends or voting rights.	To better align executives to the interests of shareholders and provide a reward based on long term growth in share price and earnings.	Retains key staff to help grow long-term value for shareholders. Pre-IPO awards were based on continued employment. In the 2024 financial year, the Board introduced a new post-IPO LTI scheme appropriate for the stage of the Company's development.

2.4 Short Term Incentive plan ('STI')

The STI program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include revenue and gross profit growth, subscriber growth and new product launches, customer satisfaction, leadership contribution, and network capacity and capability.

General terms of the STI plan

How is it paid?
Generally, in cash.

How much can executives earn?
Executives can earn up to a maximum of 30% of their total fixed remuneration as an STI incentive. The Board has discretion for potential overperformance.

How is performance measured?
Through a balance scorecard of financial, operational, and organisation development KPI's set prior to the commencement of each financial year. Financial measures are assessed based on the Group's audited financial results.

When is it paid?
In the third quarter of the calendar year.

What happens if an executive leaves or there is a change of control?
The payment of any accrued or part STI benefit in these circumstances is at the discretion of the Board.

The STI award opportunity is based on a percentage of an individual's base salary. For the Managing Director, a maximum award opportunity of 30% of total fixed remuneration is available. The STI is based on the previous financial year's base salary earnings to 30 June before performance-based remuneration reviews.

2.5 Long Term Incentive plan ('LTI')

The LTI program offered to key executives forms a key part of their remuneration and assists in aligning their interests with the long-term interests of shareholders. The purpose of the LTI Scheme is to reward key executives for attaining results over a long measurable period and for staying with the organisation. The LTI Scheme is currently a share-based incentive plan consisting of share options issued in January 2021 at the date of the Company's IPO.

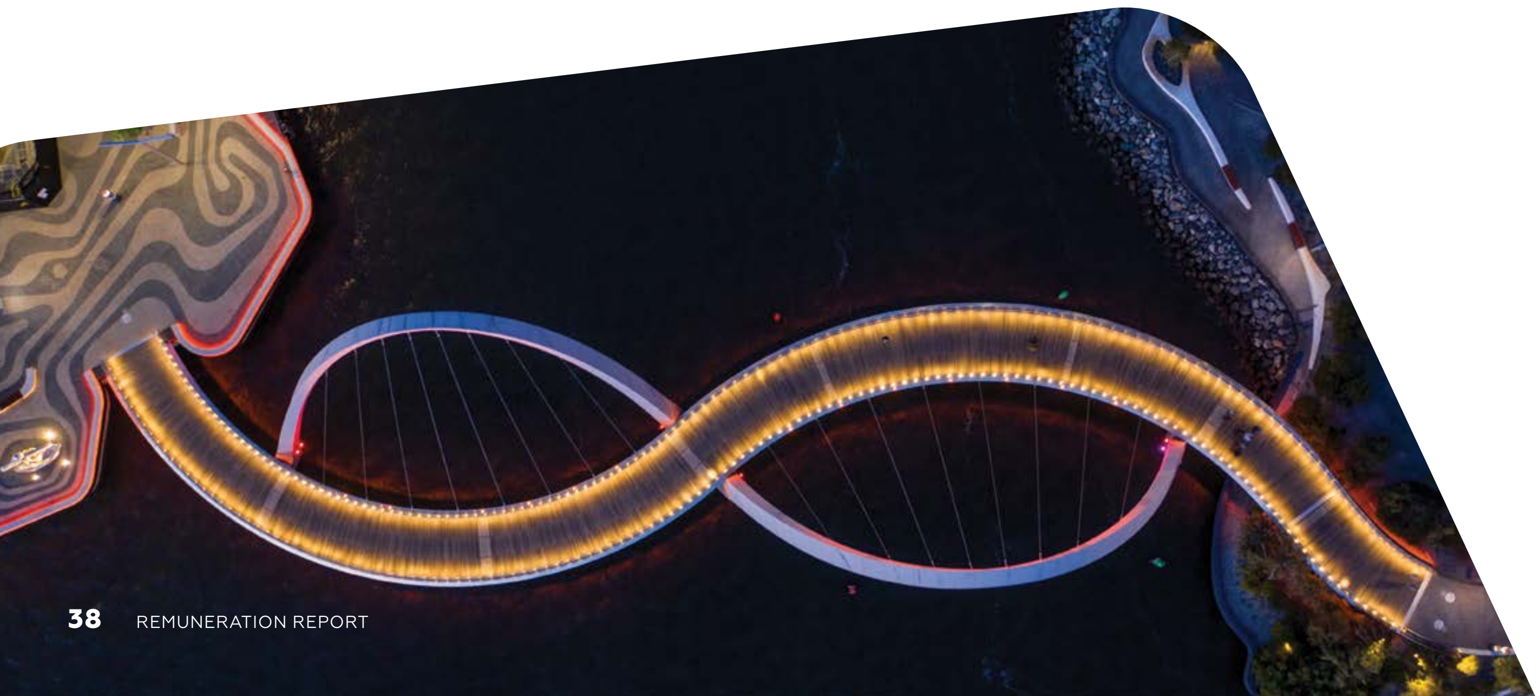
The LTI includes long service leave and share-based payments.

In the 2024 financial year, the Board introduced a new post-IPO LTI scheme appropriate for the stage of the Company's development.

3. Link Between Company Performance and Executive Remuneration

Remuneration for executives is directly linked to the performance of the consolidated entity. A portion of a cash bonus and incentive payments are dependent on defined earnings per financial and operational targets being met. Any remaining portion of the cash bonus and incentive payments are at the discretion of the Remuneration and Nomination Committee.

The remuneration policy has been tailored to increase goal congruence between shareholders, directors, and executives. There have been two methods applied in achieving this aim, the first being a performance-based short-term incentive based on key performance indicators, and the second being the issue of options to executive directors and executives to encourage the alignment of personal and shareholder interests.



Additional information:

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024 $'000	2023 $'000	2022 $'000	2021 $'000	2020 $'000
Revenue	$20,882	$19,733	$16,829	$10,917	$4,997
EBITDA[1]	($1,267)	($3,114)	($4,398)	($8,290)	($3,926)
EBIT	($5,753)	($7,202)	($7,779)	($9,798)	($4,956)
Loss after income tax	($6,384)	($7,569)	($7,925)	($13,697)	($5,111)
	2024	**2023**	**2022**	**2021**	**2020**
Share price at financial year end	$0.046	$0.078	$0.270	$0.675	$0.132[2]
Basic loss per share (cents per share)	(0.02)	(0.02)	(0.03)	(0.07)	(0.04)

[1] EBITDA is a financial measure that is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest, and tax.

[2] The share price in subsequent financial years ended 30 June 2018 to 30 June 2020 relate to seed round fundings raised prior to the IPO.

4. Employment Contracts of Key Management Personnel

Name:	**Stephen Cornish**
Title:	**Managing Director**
Agreement commenced:	**1 November 2017**

Details:

The Company has entered into an executive services agreement with Mr Stephen Cornish effective from 1 November 2017, pursuant to which Mr Cornish will serve as Managing Director of the Company on a full-time basis (MD Agreement).

Base salary for the year ended 30 June 2024 of $350,000 plus superannuation, to be reviewed annually by the Remuneration and Nomination Committee.

The MD Agreement is for an indefinite term, continuing until terminated by either Mr Stephen Cornish giving not less than 2 months' notice or the Company giving not less than 6 months' written notice of termination (or shorter periods in limited circumstances).

On termination of the MD Agreement, however occurring, Mr Stephen Cornish is required to resign without claim for compensation from any office held by Mr Stephen Cornish in the Company or any member of the Group.

Mr Stephen Cornish is entitled to participate in bonus and/or other incentive schemes as determined by the Remuneration and Nomination Committee approval and KPI achievement.

The service agreement contains standard non-solicitation and non-compete clauses.

Name:	**Timothy Cornish**
Title:	**Executive Director**
Agreement commenced:	**1 July 2018**

Details:

The Company has entered into an executive services agreement with Mr Timothy Cornish, effective from 1 July 2018, pursuant to which Mr Timothy Cornish will serve as an Executive Director of the Company on a full-time basis (ED Agreement).

Base salary for the year ended 30 June 2024 of $191,250 plus superannuation, to be reviewed annually by the Remuneration and Nomination Committee.

The ED Agreement is for an indefinite term, continuing until terminated by either Mr Timothy Cornish giving not less than 2 months' notice or the Company giving not less than 6 months' written notice of termination (or shorter periods in limited circumstances).

On termination of the ED Agreement, however occurring, Mr Timothy Cornish is required to resign without claim for compensation from any office held by Mr Timothy Cornish in the Company or any member of the Group.

Mr Timothy Cornish is entitled to participate in bonus and/or other incentive schemes as determined by the Remuneration and Nomination Committee approval and KPI achievement.

The service agreement contains standard non-solicitation and non-compete clauses.

Name:	**David Buckingham**
Title:	**Non-Executive Chairman**
Agreement commenced:	**10 September 2020**
Term of agreement:	**Ongoing until terminated**

Details:

Base salary for the year ended 30 June 2024 of $75,000 plus superannuation.

The terms of the appointment are subject to the provision of the constitution relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which the non-executive director is not re-elected by shareholders.

Name:	**Dalton Gooding**
Title:	**Non-Executive Director**
Agreement commenced:	**26 November 2018**
Term of agreement:	**Ongoing until terminated**

Details:

Base salary for the year ended 30 June 2024 of $50,000 plus superannuation.

The terms of the appointment are subject to the provision of the constitution relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which the non-executive director is not re-elected by shareholders.

Name:	**Dominic O'Hanlon**
Title:	**Non-Executive Director**
Agreement commenced:	**6 October 2023**
Term of agreement:	**Ongoing until terminated**

Details:

Base salary for the year ended 30 June 2024 of $70,000 plus superannuation.

The terms of the appointment are subject to the provision of the constitution relating to retirement by rotation and re-election of directors and will automatically cease at the end of any meeting at which the non-executive director is not re-elected by shareholders.

Name:	**Mart-Marie Derman**
Title:	**Chief Financial Officer**
Agreement commenced:	**1 May 2019**
Term of agreement:	**Ongoing until terminated**

Details:

The Company has entered into a services agreement with Mrs Mart-Marie Derman on 1 May 2019. Subsequently, effective from 11 September 2019, Mrs Mart-Marie Derman was promoted to the position of Chief Financial Officer of the Company on a full-time basis.

Base salary for the year ended 30 June 2024 of $230,000 plus superannuation, to be reviewed annually by the Remuneration and Nomination Committee.

The Agreement is for an indefinite term, continuing until terminated by either Mrs Mart-Marie Derman giving not less than 2 months' notice or the Company giving not less than 6 months' written notice of termination (or shorter periods in limited circumstances).

On termination of the Agreement, however occurring, Mrs Mart-Marie Derman is required to resign without claim for compensation from any office held by Mrs Mart-Marie Derman in the Company or any member of the Group.

Mrs Mart-Marie Derman is entitled to participate in bonus and/or other incentive schemes as determined by the Remuneration and Nomination Committee approval and KPI achievement.

The service agreement contains standard non-solicitation and non-compete clauses.

Name:	**Patrick Holywell**
Title:	**Joint Company Secretary**
Agreement commenced:	**20 November 2019**

Details:

The hourly rate for services rendered is $150.
The agreement is for an indefinite term until terminated.

Name:	**Arron Canicais**
Title:	**Joint Company Secretary**
Agreement commenced:	**13 September 2023**

Details:

The hourly rate for services rendered is $150.
The agreement is for an indefinite term until terminated.

5. Non-Executive Director Fee Arrangements

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment, and responsibilities. The Board approves payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability.

Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders during a general meeting and currently stands at a maximum pool of $300,000.

Fees for Non-Executive Directors are not linked to the performance of the consolidated entity; however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

6. Details of Remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables:

	Short-term benefits		Post-employment benefits	Share-based payments	% Performance related	
2024	**Cash salary & fees $**	**Cash bonus $**	**Super-annuation $**	**Equity-settled $**		**Total $**
Non-Executive Directors						
David Buckingham	75,000	-	8,250	-	-	83,250
Dalton Gooding	50,000	-	5,500	-	-	55,500
Dominic O'Hanlon[1]	52,500	-	5,775	21,525	27%	79,800
Executive Directors						
Stephen Cornish	351,771	-	22,030	51,984	12%	425,785
Timothy Cornish	191,250	-	21,037	16,043	7%	228,330
Other Key Management Personnel						
Patrick Holywell	20,625	-	-	-	-	20,625
Arron Canicais[2]	29,675	-	-	-	-	29,675
Mart-Marie Derman	230,000	13,064	25,790	20,852	12%	289,706
	1,000,821	**13,064**	**88,382**	**110,404**	**10%**	**1,212,671**

[1] Dominic O'Hanlon was appointed 6 October 2023
[2] Arron Canicais was appointed 13 September 2023

	Short-term benefits		Post-employment benefits	Share-based payments	% Performance related	
2023	**Cash salary & fees $**	**Cash bonus $**	**Super-annuation $**	**Equity-settled $**		**Total $**
Non-Executive Directors						
David Buckingham	75,000	-	7,875	-	-	82,875
Dalton Gooding	50,000	-	5,250	-	-	55,250
Sian Whyte*	41,667	-	4,167	-	-	43,834
Executive Directors						
Stephen Cornish	372,849	70,350	28,621	-	15%	471,820
Timothy Cornish	191,188	15,300	21,758	-	7%	228,245
Other Key Management Personnel						
Patrick Holywell	69,750	-		-		69,750
Mart-Marie Derman	229,885	18,400	24,886	-	7%	273,171
	1,030,338	**104,050**	**92,557**	-	**9%**	**1,226,945**

*resigned 24 April 2023

On the 24th of November 2023, Pentanet Ltd issued the following options to directors and key management:

Key management personnel	Capacity	Tranche 1	Tranche 2	Tranche 3	Total options granted
Stephen Cornish	Managing Director	1,373,418	2,544,727	-	3,918,145
Timothy Cornish	Executive Director	418,387	775,206	-	1,193,593
Dominic O'Hanlon	Non-executive Director	-	-	1,000,000	1,000,000
Mart-Marie Derman	Chief Financial Officer	415,162	769,231	-	1,184,393
		2,206,967	**4,089,164**	**1,000,000**	**7,296,131[1]**

[1] Each Option (unless otherwise specified) will have an exercise price as set out below (Exercise Price) and will expire at 5.00pm (AWST) on the date set out below (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Key management personnel	Capacity	Fair value at Grant date: Tranche 1	Fair value at Grant date: Tranche 2	Fair value at Grant date: Tranche 3	Total fair value of options granted
Stephen Cornish	Managing Director	35,082	69,694	-	104,776
Timothy Cornish	Executive Director	10,687	21,231	-	31,918
Dominic O'Hanlon	Non-executive Director	-	-	21,525	21,525
Mart-Marie Derman	Chief Financial Officer	10,605	21,067	-	31,672
		56,374	**111,992**	**21,525**	**189,891**

For the options granted during the year ended 30 June 2024, the Black Scholes valuation model was used to determine the fair value at grant date using the following inputs:

	Grant date	Expiry date	Vesting date	Share price at grant date $	Exercise price $	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date $
Tranche 1	24/11/2023	30/06/2026	30/06/2025	0.06	0.093	85%	0	4.25%	0.0255
Tranche 2	24/11/2023	30/06/2027	30/06/2026	0.06	0.124	85%	0	4.24%	0.0274
Tranche 3	24/11/2023	24/11/2026	24/11/2023	0.06	0.12	85%	0	4.25%	0.0215

On the 24th of November 2023, Pentanet Ltd issued the following LTI performance rights to executives and directors:

Key management personnel	Capacity	Tranche 1	Tranche 2	Total performance rights granted
Stephen Cornish	Managing Director	737,427	737,427	1,474,854
Timothy Cornish	Executive Director	231,351	231,351	462,702
Mart-Marie Derman	Chief Financial Officer	389,517	389,517	779,034
Total performance rights issued to key management personnel		**1,358,295**	**1,358,295**	**2,716,590**

Key management personnel	Capacity	Fair value at grant date: Tranche 1 $	Fair value at grant date: Tranche 2 $	Total fair value of option granted $
Stephen Cornish	Managing Director	44,246	44,246	88,492
Timothy Cornish	Executive Director	13,881	13,881	27,762
Mart-Marie Derman	Chief Financial Officer	23,371	23,371	46,742
Total fair value of performance rights issued to key management personnel		**81,498**	**81,498**	**162,996**

For the performance rights granted during the year ended 30 June 2024, the share price at grant date was used to determine the fair value at grant date using the following inputs:

	Grant date	Vesting Date	Expiry date	Share price at grant date $	Probability of Vesting
Tranche 1	24/11/2023	31/10/2025	30/06/2026	0.06	100%
Tranche 2	24/11/2023	31/10/2026	30/06/2026	0.06	100%

Tranche	Weight	Performance Conditions
1	30%	Group revenue for the year ending 30 June 2025 meeting or exceeding the amount budgeted and approved by the Board.
1	20%	Gaming segment revenue for the year ending 30 June 2025 meeting or exceeding the amount budgeted and approved by the Board.
1	30%	EBITDA for the year ending 30 June 2025 meeting or exceeding the amount budgeted and approved by the Board.
1	20%	Minimum cash balance meeting or exceeding the amount budgeted and approved by the Board, at all times during the year ending 30 June 2025.
2	30%	Group revenue for the year ending 30 June 2026 meeting or exceeding the amount budgeted and approved by the Board.
2	20%	Gaming segment revenue for the year ending 30 June 2026 meeting or exceeding the amount budgeted and approved by the Board.
2	30%	EBITDA for the year ending 30 June 2026 meeting or exceeding the amount budgeted and approved by the Board.
2	20%	Minimum cash balance meeting or exceeding the amount budgeted and approved by the Board, at all times during the year ending 30 June 2026.

Performance rights on issue

This table shows how many performance rights were granted, vested and forfeited during the year.

			Performance rights			
Name	**Balance at start of year**	**Granted during year**	**Vested**	**Expired / forfeited / other**	**Balance at end of year (unvested)**	**Maximum value yet to vest* $**
Stephen Cornish	-	1,474,854	-	-	1,474,854	65,747
Timothy Cornish	-	462,702	-	-	462,702	20,627
Mart-Marie Derman	-	779,034	-	-	779,034	34,728
Total	**-**	**2,716,590**	**-**	**-**	**2,716,590**	**121,102**

*The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the performance rights that is yet to be expensed. For the 2024 grant, the maximum value yet to vest for this grant was estimated based on the share price of the company at the grant date. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

Additional disclosures relating to key management personnel

Shareholding*

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	**Received as part of remuneration**	**Additions**	**Disposals / other**	**Balance at the end of the year**
Ordinary shares					
David Buckingham	557,055	-	-	-	557,055
Dalton Gooding	3,816,604	-	-	-	3,816,604
Stephen Cornish	50,482,233	-	-	-	50,482,233
Timothy Cornish	13,531,377	-	-	-	13,531,377
Patrick Holywell	821,278	-	-	-	821,278
Mart-Marie Derman	1,170,000	-	-	-	1,170,000
	70,378,545	**-**	**-**	**-**	**70,378,547**

*Includes shares held directly, indirectly, and beneficially by KMP

Option holding*

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year
Options over ordinary shares					
David Buckingham	3,000,000	-	-	(3,000,000)	-
Dalton Gooding	2,400,000	-	-	(2,400,000)	-
Dominic O'Hanlon	-	1,000,000	-	-	1,000,000
Stephen Cornish	9,900,000	3,918,145	-	(9,900,000)	3,918,145
Timothy Cornish	6,600,000	1,193,593	-	(6,600,000)	1,193,593
Patrick Holywell	600,000	-	-	(600,000)	-
Mart-Marie Derman	1,500,000	1,184,393	-	(1,500,000)	1,184,393
	24,000,000	**7,296,131**	**-**	**(24,000,000)**	**7,296,131[1]**

*Includes options held directly, indirectly, and beneficially by KMP

[1] 1/3 of the Options will vest on 30 June 2025, subject and conditional upon the holder being employed by Company on that date; and 2/3 of the Options will vest on 30 June 2026, subject and conditional upon the holder being employed by the Company on that date.

Performance rights holding*

The number of performance rights held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired / forfeited / other	Balance at the end of the year
Options over ordinary shares					
Stephen Cornish	-	1,474,854	-	-	1,474,854
Timothy Cornish	-	462,702	-	-	462,702
Mart-Marie Derman	-	779,034	-	-	779,034
	-	**2,716,590**	**-**	**-**	**2,716,590[1]**

*Includes performance rights held directly, indirectly, and beneficially by KMP

[1] 1/2 of the performance rights will vest on 30 June 2025, subject and conditional upon the performance conditions set out above being met; and 1/2 of the Options will vest on 30 June 2026, subject and conditional upon the performance conditions set out above being met.

Other transactions with key management personnel and their related parties:

Pentanet Ltd spent $34,348 with DFK Gooding Partners for accounting and tax advisory services during the year, on commercial terms and market rates, which is a director related entity (Dalton Gooding), with a $2,723 balance relating to this fee outstanding as at 30 June 2024.

Pentanet Ltd spent $80,449 with The Cornish Property Trust for rent of commercial property during the 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 30 June 2024.

Pentanet Ltd received $4,950 with FFF Australia Pty Ltd during the 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 30 June 2024.

Voting of shareholders at last year's annual general meeting

Pentanet Ltd received more than 97% of "yes" votes on its remuneration report for the 2023 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

No amounts were paid to the auditor for non-audit services during the financial year. Audit services provided during the financial year by the auditor are outlined below:

	Consolidated	
	2024 $	2023 $
Audit services – BDO Audit Pty Ltd [1]	118,742	108,031
Audit or review of the financial statements	118,742	108,031

[1] During the period BDO Audit Pty Ltd was appointed as auditor of the Company following the resignation of BDO Audit (WA) Pty Ltd. The change of auditor arose as a result of BDO Audit (WA) Pty Ltd restructuring its audit practice, whereby audits will be conducted by BDO Audit Pty Ltd, an authorised audit company, rather than BDO Audit (WA) Pty Ltd.

The Directors are of the opinion that the services as disclosed in Note 26 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermines the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors,

David Buckingham
Non-executive Chairman

29 August 2024
Perth

Auditor's Independence Declaration

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Fax: +61 8 6382 4601
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5 Spring Street
Perth, WA 6000
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Australia

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

As lead auditor of Pentanet Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Jarrad Prue

Director

BDO Audit Pty Ltd

Perth

29 August 2024

Financial Report

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 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. Its registered office and principal place of business are:

Registered office

Suite 25, 257 Balcatta Road, Balcatta, 6021, WA

Principal place of business

Suite 25, 257 Balcatta Road, Balcatta, 6021, WA

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, in accordance with a resolution of directors, on 29 August 2024. The Directors have the power to amend and reissue the financial statements.

Consolidated Statement of **Profit or Loss and Other Comprehensive Income**

For the year ended 30 June 2024

		Consolidated	
	Note	2024 $'000	2023 $'000
Revenue	4	20,882	19,733
Other income	5	636	1,223
Total revenue		**21,518**	**20,956**
Expenses	6		
Network, carrier, and hardware expenses		(11,272)	(11,265)
Employee benefits expense		(7,550)	(7,864)
Share based payments		(171)	-
Other expenses		(3,792)	(4,941)
Earnings before finance cost, tax, depreciation, and amortisation expenses		**(1,267)**	**(3,114)**
Finance costs		(631)	(367)
Depreciation and amortisation expense	6	(4,486)	(4,088)
Loss before income tax expense		**(6,384)**	**(7,569)**
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Pentanet Ltd	27	**(6,384)**	**(7,569)**
Other comprehensive income			
Changes in fair value of equity investments at fair value through other comprehensive income	10	(3,180)	(820)
Total comprehensive income for the year attributable to the owners of Pentanet Ltd		**(9,564)**	**(8,389)**
		Cents	Cents
Basic and diluted (loss) per share attributable to owners of Pentanet Ltd	31	**(0.02)**	**(0.02)**

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

Consolidated Statement of **Financial Position**

As at 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	8	5,302	7,368
Trade and other receivables	9	737	3,875
Inventories		288	406
Deposits and prepayments		694	483
Total current assets		**7,021**	**12,132**
Non-current assets			
Property, plant, and equipment	11	21,496	19,647
Right-of-use assets	12	5,744	5,171
Intangibles	13	7,320	7,967
Investment	10	-	3,180
Total non-current assets		**34,560**	**35,965**
Total assets		**41,581**	**48,097**
Liabilities			
Current liabilities			
Trade and other payables	14	4,123	3,870
Contract liabilities		129	76
Employee benefits		378	339
Other liabilities	15	2,099	2,313
Lease liabilities	16	1,018	509
Borrowings	17	984	796
Total current liabilities		**8,731**	**7,902**
Non-current liabilities			
Contract liabilities		1	5
Employee benefits		162	-
Other liabilities	15	128	2,242
Lease liabilities	16	5,262	4,983
Borrowings	17	1,556	1,810
Total non-current liabilities		**7,109**	**9,040**
Total liabilities		**15,840**	**16,942**
Net assets		**25,741**	**31,155**
Equity			
Reserves	18	1,401	5,568
Issued capital	19	67,310	63,331
Accumulated losses	20	(38,970)	(36,924)
Accumulated other comprehensive income	21	(4,000)	(820)
Total equity		**25,741**	**31,155**

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

Consolidated Statement of **Changes in Equity**

For the year ended 30 June 2024

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Accumulated other comprehensive income/(loss) $'000	Total $'000
Balance at 1 July 2022	57,348	5,568	(29,355)	-	33,561
Loss after income tax expense for the year	-	-	(7,569)	-	(7,569)
Other comprehensive income for the year, net of tax	-	-	-	(820)	(820)
Total comprehensive loss for the year	**-**	**-**	**(7,569)**	**(820)**	**(8,389)**
Transactions with owners in their capacity as owners:					
Issue of shares	6,467	-	-	-	6,467
Share issue costs	(484)	-	-	-	(484)
Balance at 30 June 2023	**63,331**	**5,568**	**(36,924)**	**(820)**	**31,155**

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Accumulated other comprehensive income/(loss) $'000	Total $'000
Balance at 1 July 2023	63,331	5,568	(36,924)	(820)	31,155
Loss after income tax expense for the year	-	-	(6,384)	-	(6,384)
Other comprehensive income for the year, net of tax	-	-	-	(3,180)	(3,180)
Total comprehensive loss for the year	**-**	**-**	**(6,384)**	**(3,180)**	**(9,564)**
Transactions with owners in their capacity as owners:					
Issue of shares	4,280	-	-	-	4,280
Share issue costs	(301)	-	-	-	(301)
Share based payments	-	171	-	-	171
Expiration of options	-	(4,338)	4,338	-	-
Balance at 30 June 2024	**67,310**	**1,401**	**(38,970)**	**(4,000)**	**25,741**

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

Consolidated Statement of **Cash Flows**

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		21,277	19,952
Payments to suppliers and employees (inclusive of GST)		(21,431)	(23,991)
Cash used in operations		**(154)**	**(4,039)**
Other income		70	768
Interest received		81	14
Interest and other finance costs paid		(631)	(367)
Net cash used in operating activities	8	**(634)**	**(3,624)**
Cash flows from investing activities			
Payments for property, plant, and equipment	11	(5,253)	(5,383)
Payments for intangibles	13	(1,863)[1]	(1,887)
Reclassification of term deposit to cash and cash equivalents		2,500	-
Payment for deposits held by financial institutions		-	(2,500)
Net cash used in investing activities		**(4,616)**	**(9,770)**
Cash flows from financing activities			
Proceeds from issue of shares	18	4,280	6,467
Share issue transaction costs		(298)	(484)
Proceeds from borrowings		(67)	2,118
Payment of lease liabilities		(731)	(727)
Net cash from financing activities		**3,184**	**7,374**
Net (decrease)/increase in cash and cash equivalents		(2,066)	(6,020)
Cash and cash equivalents at the beginning of the financial year		7,368	13,388
Cash and cash equivalents at the end of the financial year	8	**5,302**	**7,368**

[1] Included in payments for intangibles is a $1.6m payment to ACMA for the 15-year Spectrum License. The full purchase amount of $7,986,200 is recognised in intangible assets and the group has elected to pay the license fee over five equal instalments per the ACMA's allocation determination.

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

Notes to the **Consolidated Financial Statements**

Note 1
Material Accounting Policies

The material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented 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 period ended 30 June 2024 the Group held cash and cash equivalents of $5.3m (30 June 2023: $7.4m), a negative working capital position of $1.7m (30 June 2023: positive working capital position of $4.2m), recorded a total comprehensive loss of $9.5m (30 June 2023: $8.4m), had net cash outflow from operating activities of $0.6m (30 June 2023: $3.6m) and had net cash outflow from investing activities of $7.1m excluding realised term deposit of $2.5m (30 June 2023: $7.3m).

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:

- Continued efforts to optimise operational efficiency and streamline processes, ensuring alignment with the Group's strategic objectives.
- Further active management of discretionary expenditure in line with the funds available to the Group;
- Lower capital expenditure costs for 5G Tower upgrades and the ability to fund future capital infrastructure investment through alternative financing arrangements; and
- The potential to raise additional working capital through the issue of debt or equity securities.

However, these conditions indicate a material uncertainty that may cast a significant doubt about the Consolidated Entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability 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.

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

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

Note 1
Material Accounting Policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pentanet Ltd ('Company' or 'parent entity') as at 30 June 2024, and the results of all subsidiaries for the year then ended. Pentanet Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Operating segment information

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The group operates in two segments: internet and telecommunication services and gaming technology within Australia.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer.

The consolidated entity principally generates revenue from providing wireless, fibre broadband and cloud gaming services. The provision of wireless communication services includes initial installation of associated network infrastructure. The typical length of a contract for wireless broadband services is 12-24 months. The provision of fibre communication services does not require the installation of network infrastructure.

The provision of cloud-gaming services provides the subscriber access to the cloud server allowing the subscriber to play games remotely from the cloud. The typical length of a contract is either a monthly or annual subscription contract.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

For bundled packages, the group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices.

Note 1
Material Accounting Policies (continued)

The stand-alone selling prices are determined based on the list prices at which the group sells the devices and services. For items that are not sold separately, the group estimates stand-alone selling prices using the adjusted market assessment approach.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on a fixed price. Revenue from the provision of wireless broadband services is recognised monthly over the expected life of the contract, including any expected extensions of the service. Installation of the internet service is not distinct from the provision of internet service as the customer cannot benefit from either the broadband service or installation alone. The installation and broadband service are therefore identified as a single performance obligation, and the associated revenue is recognised over time.

Revenue from the provision of fibre broadband services is recognised each month the service is made available to the consumer.

Revenue from the provision of telecommunication services relating to nbn® service is recognised each month the service is made available to the customer.

Revenue from the provision of cloud gaming services is from monthly or annual subscription fees. Subscription fees are billed in advance of the start of their monthly or annual membership with revenue being recognised each month as the service is provided to the subscriber.

All revenue is stated net of the amount of goods and services tax (GST).

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1
Material Accounting Policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Property, plant, and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Network infrastructure:	2-10 years
Leasehold improvements:	5 years
Plant and equipment:	2-10 years

The residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

At the inception of a contract, the Group assesses whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

Note 1
Material Accounting Policies (continued)

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on a reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease and non-lease component on the basis of relative standalone prices.

Measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to an impairment or adjusted for any remeasurement of lease liabilities.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Class of right of use asset: Network infrastructure

Useful life:	2-10 years
Depreciation method:	Straight-line basis

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Licenses

Significant costs associated with licenses are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 1-15 years.

Other Intangible Assets

Other intangible assets that have finite lives are stated at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite lives are measured at cost less any accumulated impairment, where applicable, as indicated during annual impairment testing.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1
Material Accounting Policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-60 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of the lease unless the group is reasonably certain not to terminate early.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 1
Material Accounting Policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date, less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period;
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum, an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date, and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 1
Material Accounting Policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pentanet Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from or payable to the tax authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2
Critical Accounting Judgments, Estimates, and Assumptions

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements, estimates, and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates, and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, right of use assets and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to Note 24 for further information.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and a lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option or not to exercise a termination option are considered at the lease commencement date.

Note 2
Critical Accounting Judgments, Estimates, and Assumptions (continued)

Factors considered may include the importance of the asset to the group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; the existence of significant leasehold improvements; and the costs and disruption to replace the asset. The group reassesses whether it is reasonably certain to exercise an extension option or not to exercise a termination option if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security, and economic environment.

Impairment Indicators assessment

At each reporting period, the group assesses whether there are any indication of impairment that a non-current non-financial asset that might be impaired. This assessment takes into consideration various factors such as significant adverse changes to the market, technological, economic or legal environment where the asset is dedicated to, the condition of the asset as well as evaluating whether the asset or the CGU's performance is in line with expectations. The Group concluded that there were no indications of impairment as of 30 June 2024.

Note 3
Operating Segment Information

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). 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 three main business units in which the group operates. Specifically, the group's reportable segments under AASB 8 are as follows:

- Telecommunications and related services
- Gaming and gaming technology services

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

Consolidated - 2024	Telecommunications services $'000	Gaming and gaming technology services $'000	Total $'000
Revenue	19,028	1,854	20,882
Other income	85	551	636
Total revenue	**19,113**	**2,405**	**21,518**
EBITDA[1]	(709)	(558)	(1,267)
Finance costs	(462)	(169)	(631)
Depreciation and amortisation	(3,666)	(820)	(4,486)
Loss before income tax expense	(4,837)	(1,547)	(6,384)
Income tax expense	-	-	-
Loss after income tax expense	**(4,837)**	**(1,547)**	**(6,384)**
Assets			
Segment assets	31,400	10,181	41,581
Total assets	**31,400**	**10,181**	**41,581**
Liabilities			
Segment liabilities	13,610	2,230	15,840
Total liabilities	**13,610**	**2,230**	**15,840**

[1] EBITDA is a financial measure that is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

Note 3
Operating Segment Information (continued)

Consolidated - 2023	Telecommunications services $'000	Gaming and gaming technology services $'000	Total $'000
Revenue	18,701	1,032	19,733
Other Income	742	481	1,223
Total revenue	**19,443**	**1,513**	**20,956**
EBITDA[1]	(2,053)	(1,061)	(3,114)
Finance costs	(342)	(25)	(367)
Depreciation and amortisation	(3,569)	(519)	(4,088)
Loss before income tax expense	(5,964)	(1,605)	(7,569)
Income tax expense	-	-	-
Loss after income tax expense	**(5,964)**	**(1,605)**	**(7,569)**
Assets			
Segment assets	36,604	11,493	48,097
Total assets	**36,604**	**11,493**	**48,097**
Liabilities			
Segment liabilities	14,480	2,462	16,942
Total liabilities	**14,480**	**2,462**	**16,942**

[1] EBITDA is a financial measure that is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax.

Note 4
Revenue

	Consolidated	
	2024 $'000	**2023 $'000**
Rendering of services - telecommunication services	314	373
Rendering of services - recurring network revenue	18,278	17,880
Gaming and technology revenue	1,854	1,032
Sale of goods	436	448
Revenue	**20,882**	**19,733**
Timing of revenue recognition		
Services transferred overtime	20,446	19,285
Goods transferred at a point in time	436	448
Revenue	**20,882**	**19,733**

Note 5
Other Income

	Consolidated	
	2024 $'000	**2023 $'000**
Research and development grant	-	690
Interest income	81	34
Other income	555	499
Total	**636**	**1,223**

Note 6
Expenses

	Consolidated	
	2024 $'000	**2023 $'000**
Loss before income tax includes the following specific expenses:		
Network, carrier and hardware expenses	11,272	11,265
Depreciation		
Leasehold Improvements	262	191
Plant and Equipment	335	348
Network Infrastructure	2,157	1,718
Right of use assets	937	1,041
Total depreciation	**3,691**	**3,298**
Amortisation		
Amortisation	795	790
Total depreciation and amortisation	**4,486**	**4,088**
Finance costs		
Finance cost on loans	269	114
Finance cost on leases	362	253
Finance costs expensed	**631**	**367**
Share-based payments expense		
Share-based payments expense	171	-
Employee benefits expense excluding superannuation		
Employee benefits expense excluding superannuation	6,883	7,220
Superannuation expense		
Defined contribution superannuation expense	667	644
Total employee benefit expense including superannuation	**7,550**	**7,864**
Advertising and promotion	1,262	1,884
Legal and professional services	211	310
Other operating expenses	2,319	2,748
Other expenses	**3,792**	**4,941**

Note 7
Income Tax Expense

	Consolidated	
	2024 $'000	**2023 $'000**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(6,396)	(7,569)
Tax at the statutory tax rate of 25% (2023: 26%)	(1,599)	(1,892)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Add: other non-allowable items	(2)	158
Less: other deductible items	-	-
Current net deferred tax asset not recognised	(1,601)	(1,734)
Unrecognised deferred tax relating to tax losses	(1,601)	(1,683)
Unrecognised deferred tax relating to temporary differences	(324)	(902)
Total deferred tax asset not brought to account	**(1,925)**	**(2,585)**
Tax losses not recognised	(7,701)	(10,338)
Income tax expense	-	-
The applicable weighted average effective tax rates are as follows:	**0%**	**0%**

Tax losses carried forward to later income years are $46.0 million ($38.8 million on 30 June 2023).

Note 8
Cash and Cash Equivalents

	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash at bank	2,403	7,041[1]
Term deposits	2,899	327
Total	**5,302**	**7,368**

Reconciliation of loss after income tax to net cash used in operating activities:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Loss after income tax expense for the year	(6,384)	(7,569)
Adjustments for:		
Depreciation and amortisation	4,486	4,088
Interest expense	-	353
Share-based payments	171	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	638[1]	(722)
(Increase) in inventories	118	(73)
Decrease in prepayments	(211)	243
Increase in trade and other payables	298	(44)
Increase/(decrease) in contract liabilities	49	(19)
Increase in employee benefits	201	119
Net cash used in operating activities	**(634)**	**(3,624)**
Non-cash investing and financing activities		
Additions to the right-of use assets	1,114	4,103
Total	**1,114**	**5,269**

[1] This amount is net of a $2.5 million term deposit that was reclassified from trade and other receivables to cash and cash equivalents in the period. This amount is excluded from the movement in operating assets and liabilities as it is classified under investing activities in the cash flow statement.

Note 9
Current Assets – Trade and Other Receivables

	Consolidated 2024 $'000	Consolidated 2023 $'000
Trade receivables	507	413
Less: Allowance for expected credit losses	(47)	(29)
	460	384
Other receivables	277	3,491[1]
Total	**737**	**3,875**

[1] Included in other receivables is a $2.5 million term deposit that is scheduled to mature on July 10, 2024. This term deposit is held as security for the Westpac Business loan which was settled on July 10, 2024.

Additionally, included in other receivables is an amount of $570,000, representing the early settlement of an off-net telecommunications wholesale account bill. Originally due for payment in July 2023, this bill has been settled before its due date to take advantage of an early settlement discount.

Note 9
Current Assets – Trade and Other Receivables (continued)

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2024 %	Expected credit loss rate 2023 %	Carrying amount 2024 $'000	Carrying amount 2023 $'000	Allowance for expected credit losses 2024 $'000	Allowance for expected credit losses 2023 $'000
Not past due	1%	1%	228	112	1	1
0-30 days past due	0%	0%	35	64	-	-
31-60 days past due	6%	6%	37	26	2	2
61-90 days past due	47%	50%	27	18	13	9
More than 90 days past due	19%	9%	180	193	31	17
			507	**413**	**47**	**29**

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Opening balance	29	19
Additional provisions recognised	62	62
Receivables written off during the year as uncollectable	(44)	(52)
Closing balance	**47**	**29**

Allowance for expected credit losses:

The Consolidated Entity has recognised a loss of $47,406 ($29,033 as at 30 June 2023) in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

Note 10
Non-Current Assets – Financial Assets at Fair Value Through Other Comprehensive Income

	Consolidated 2024 $'000	Consolidated 2023 $'000
Unlisted ordinary shares		
Canopus Networks Pty Ltd	-	3,180
Opening Balance	3,180	4,000
Change in fair value of equity investment at fair value through other comprehensive income	(3,180)	(820)
Closing Balance:	**-**	**3,180**

Refer to note 24 for further information on fair value measurement.

Note 11
Non-Current Assets – Property, Plant and Equipment

	Consolidated 2024 $'000	Consolidated 2023 $'000
Leasehold improvements - at cost	1,109	1,098
Less: Accumulated depreciation	(473)	(217)
	636	**881**
Plant and equipment - at cost	1,823	1,725
Less: Accumulated depreciation	(1,105)	(794)
	718	**931**
Network infrastructure - at cost	26,008	21,693
Less: Accumulated depreciation	(5,866)	(3,858)
	20,142	**17,835**
	21,496	**19,647**

No impairment indicators have been identified as assessed by management.

Reconciliations

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

Consolidated	Leasehold improvements $'000	Plant and equipment $'000	Network infrastructure $'000	Total $'000
Balance at 30 June 2022	312	1,188	14,671	16,171
Additions	760	259	5,291	6,310
Disposals	-	(168)	(409)	(577)
Depreciation expense	(191)	(348)	(1,718)	(2,257)
Balance at 30 June 2023	881	931	17,835	19,647
Additions	17	146	4,810	4,973
Disposals	-	(24)	(346)	(370)
Depreciation expense	(262)	(335)	(2,157)	(2,754)
Balance at 30 June 2024	**636**	**718**	**20,142**	**21,496**

Note 12
Non-Current Assets – Right-of-use Assets

	Consolidated 2024 $'000	Consolidated 2023 $'000
Office lease - right-of-use	903	335
Less: Accumulated depreciation	(294)	(78)
	609	**257**
Network infrastructure - right-of-use	6,959	6,110
Less: Accumulated depreciation	(1,824)	(1,196)
	5,135	**4,914**
	5,744	**5,171**

Note 12
Non-Current Assets – Right-of-use Assets (continued)

Reconciliations

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

Consolidated	Network infrastructure $'000	Office lease $'000	Total $'000
Balance at 30 June 2023	4,914	257	5,171
Additions	546	568	1,114
Disposals	-	-	-
Modifications	396	-	396
Depreciation expense	(721)	(216)	(937)
Balance at 30 June 2024	**5,135**	**609**	**5,744**

Note 13
Non-Current Assets – Intangibles

	Consolidated	
	2024 $'000	2023 $'000
Other intangible assets - at cost	962	1,071
Less: Accumulated amortisation and impairment	(302)	(401)
	660	**670**
Licenses - at cost	8,655	8,620
Less: Accumulated amortisation	(1,995)	(1,323)
	6,660	**7,297**
	7,320	**7,967**

No impairment indicators have been identified as assessed by management.

Reconciliations

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

Consolidated	Licenses $'000	Other $'000	Total $'000
Balance at 30 June 2022	7,957	611	8,568
Additions	6	183	189
Amortisation expense	(666)	(124)	(790)
Balance at 30 June 2023	7,297	670	7,967
Additions	42	106	148
Amortisation expense	(679)	(116)	(795)
Balance at 30 June 2024	**6,660**	**660**	**7,320**

Note 14
Current Liabilities – Trade and Other Payables

	Consolidated	
	2024 $'000	**2023 $'000**
Trade payables	2,670	2,904
BAS payable	452	60
Other payables	1,001	906
	4,123	**3,870**

The carrying amounts of trade and other payables are the same as their fair values due to their short-term nature.

Refer to note 23 for further information on financial instruments.

Note 15
Other Liabilities

	Consolidated	
	2024 $'000	**2023 $'000**
Term purchases	354	590
Intangible asset finance[1]	1,745	1,722
Total current other liabilities	**2,099**	**2,312**
Term purchases	128	388
Intangible asset finance[1]	-	1,854
Total non-current other liabilities	**128**	**2,242**
	2,227	**4,554**

[1] Description of Intangible asset finance

The group purchased a 15-year Spectrum license in the April 2021 auction conducted by the ACMA for $7,986,200 (Cost). (Ref. Note 15. Non-current assets – Licenses). The group elected to pay the license fee over five equal instalments per the ACMA's allocation determination.

Refer to note 23 for further information on financial instruments.

Note 16
Lease Liabilities

	Consolidated	
	2024 $'000	**2023 $'000**
Current Lease liability	1,018	509
Non-current lease liabilities	5,262	4,983
Total lease liabilities	**6,280**	**5,492**

Description of Lease Arrangements

The group leases land and buildings for its office spaces as well as network infrastructure. The typical lease period of these leases is summarised below. Where leases include an option to renew the lease after the end of the contract term, the Group assesses whether it is reasonably certain to exercise the extension options at the lease commencement.
In addition, it reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Lease category	Term of lease	Renewal option available
Building	5 Years	2 Years
Network infrastructure	2-10 Years	5 Years

Refer to note 23 for further information on financial instruments.

Note 17
Borrowings

	Consolidated	
	2024 $'000	2023 $'000
Current		
Bank loan	847	636
Term purchase agreement	137	160
Total current borrowings	**984**	**796**
Non-current		
Bank loan	1,267	1,749
Term purchase agreement	289	61
Total non-current borrowings [1]	**1,556**	**1,810**

[1] Westpac Loan A: This loan amounts to $1.73m as at 30 June 2024. No assets are pledged as security for this loan.

Westpac Loan B: This loan amounts to $376k as at 30 June 2024, maturing on 10 July 2024. As at 30 June 2024, the loan secured against a term deposit of $2,500,000. As disclosed in note 29, on 10 July 2024, the facility has been closed and paid out when the Term Deposit matured on the same day.

Note 18
Equity – Reserves

	Consolidated	
	2024 $'000	2023 $'000
Share-based payments reserve	**1,401**	**5,568**

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Reserves $'000
Balance at 30 June 2022	5,568
Issue of shares	-
Share issue costs	-
Share-based payments expense	-
Balance at 30 June 2023	5,568
Issue of shares	-
Share issue costs	-
Share-based payments expense	171
Expiration of options	(4,338)
Balance at 30 June 2024	**1,401**

Nature and purpose of reserves

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Note 19
Equity – Issued Capital

	Consolidated			
	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares - fully paid	433,171,658	373,727,213	67,310	63,331

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	30 June 2022	295,810,713		57,348
Shares issued under share placement	27 April 2023	73,952,677	0.083	6,138
Shares issued under share purchase plan	31 May 2023	3,963,823	0.083	329
Share issue transaction cost				(484)
Balance	30 June 2023	**373,727,213**		**63,331**
Shares issued under share placement	2 April 2024	59,444,445	0.072	4,280
Share issue transaction cost				(301)
Balance	30 June 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.

Capital risk management

When managing capital, the consolidated entity's objectives are to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or Company was seen as value-adding relative to the current Company's share price at the time of the investment. However, the consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants, and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Financial Statements.

Note 20
Equity – Accumulated Losses

	Consolidated	
	2024 $'000	2023 $'000
Accumulated losses at the beginning of the financial year	(36,924)	(29,355)
Loss after income tax expense for the year	(6,384)	(7,569)
Expiration of options	4,338	-
Accumulated losses at the end of the financial year	**(38,970)**	**(36,924)**

Note 21
Equity – Accumulated Other Comprehensive Income

	Consolidated	
	2024 $'000	2023 $'000
Accumulated other comprehensive income/(loss) at the beginning of the financial year	(820)	-
Other comprehensive income for the year	(3,180)[1]	(820)
Accumulated other comprehensive income/(loss) at the end of the financial year	**(4,000)**	**(820)**

[1] Refer to note 24 for further information.

Note 22
Equity – Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23
Financial Instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls, and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board monthly.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The consolidated entity does not have any material future commercial transactions not denominated in the entity's functional currency.

Note 23
Financial Instruments (continued)

Price risk

The consolidated entity is not exposed to any significant price risk. The majority of customers in each entity sign up to a contract term with an agreed price.

Interest rate risk

The Consolidated Entity has limited Interest rate risk, with a fixed rate on loans.

Price risk exposure

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet at fair value through other comprehensive income (FVOCI).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

For banks and financial institutions, only independently rated parties with a minimum rating of 'AA' are accepted.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates, and available forward-looking information.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	**2024 %**	**2023 %**	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Not past due	1%	1%	228	112	1	1
0-30 days past due	0%	0%	35	64	-	-
31-60 days past due	6%	6%	37	26	2	2
61-90 days past due	47%	50%	27	18	13	9
More than 90 days past due	19%	9%	180	193	31	17
			507	**413**	**47**	**29**

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2024 $'000	**2023 $'000**
Opening balance	29	19
Additional provisions recognised	62	62
Receivables written off during the year as uncollectable	(44)	(52)
Closing balance	**47**	**29**

Note 23
Financial Instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities, and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables		2,670	-	-	-	2,670
Other payables		1,453	-	-	-	1,453
Contract liabilities		129	1	-	-	130
Interest bearing						
Term purchase and other finance arrangements	2.89%	2,236	1,809	233	-	4,278
Bank loans	7.63%	847	508	759	-	2,114
Lease liability	4.27%	1,018	752	2,245	1,595	5,610
Total non-derivatives		**8,353**	**3,070**	**3,237**	**1,595**	**16,255**

Consolidated - 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables		2,904	-	-	-	2,904
Other payables		966	-	-	-	966
Contract liabilities		76	4	1	-	81
Interest bearing						
Term purchase and other finance arrangements	1.76%	2,471	2,045	1,880	-	6,396
Bank loans	7.38%	640	440	1,305	-	2,385
Lease liability	4.41%	509	530	1,687	2,173	4,899
Total non-derivatives		**7,566**	**3,019**	**4,873**	**2,173**	**17,631**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24
Fair Value Measurement of Financial Instruments

The group holds the following financial instruments:

		Consolidated	
	Notes	2024 $'000	2023 $'000
Financial Assets			
Cash and cash equivalents	8	5,302	9,868
Trade and other receivables	9	737	1,375
Financial assets at fair value through other comprehensive income	12	-	3,180
		6,039	**14,423**

(a) Financial assets at fair value through other comprehensive income

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the group considers this classification to be more relevant.

	2024 $'000	2023 $'000
Non-current assets		
Unlisted securities		
Canopus Networks Pty Ltd	-	3,180
	-	**3,180**

(ii) Acquisition of equity investment:

Pentanet, on 20 December 2021, acquired a fully diluted 13.4% interest in Canopus Networks Pty Ltd for $4,000,000. Pentanet is entitled to appoint one director with Mr. Stephen Cornish providing his consent to act as a director of Canopus Networks Pty Ltd.

(b) Fair value measurement

Financial assets at initial recognition are measured at fair value, with the transaction price paid representing the fair value of the asset at initial recognition.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Note 24

Fair Value Measurement of Financial Instruments (continued)

Consolidated - 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Ordinary shares at fair value through other comprehensive income	-	-	-	-
Total assets	**-**	**-**	**-**	**-**

Consolidated - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Ordinary shares at fair value through other comprehensive income	-	-	3,180	3,180
Total assets	**-**	**-**	**3,180**	**3,180**

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 3

Unquoted investments have been valued using the most recent fair market value. Fair market value being defined as the price negotiated in an open market between a willing buyer and willing seller at an arm's length.

During the financial year ended 30 June 2024, management undertook a comprehensive review to determine the fair value of the investment in Canopus Network Pty Ltd. After careful consideration of available information, the fair value of the investment was adjusted down to nil, resulting in a loss of $3,179,566 recognised in other comprehensive income. The determination of the fair value of Level 3 financial instruments involves significant judgment, particularly in the absence of observable market data. The write-down of the investment reflects management's best estimate based on the information available as of 30 June 2024. Future developments could result in further adjustments to the valuation.

Note 25

Key Management Personnel Disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2024 $	2023 $
Short-term employee benefits	1,013,821	1,134,389
Post-employment benefits	88,382	92,557
Share-based payments	110,404	-
	1,212,671	**1,226,946**

Short-term Employee benefits

These amounts include all salary, paid leave benefits and fringe benefits paid to directors and key management personnel

Post-employment benefits

These amounts are the superannuation payment made during the year.

Note 26
Remuneration of Auditors

During the financial year, the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company, and unrelated firms:

	Consolidated	
	2024 $	**2023 $**
Audit services - BDO Audit Pty Ltd [1]		
Audit or review of the financial statements	118,742	108,031
Other services - BDO Corporate Finance (WA) Pty Ltd		
Independent limited assurance report	-	-
	118,742	**108,031**

[1] During the period BDO Audit Pty Ltd was appointed as auditor of the Company following the resignation of BDO Audit (WA) Pty Ltd. The change of auditor arose as a result of BDO Audit (WA) Pty Ltd restructuring its audit practice, whereby audits will be conducted by BDO Audit Pty Ltd, an authorised audit company, rather than BDO Audit (WA) Pty Ltd.

Note 27
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:

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

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Directors are listed in the directors’ report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2024 $	**2023 $**
Transactions:		
DFK Gooding Partners	34,348	31,460
FFF Australia Pty Ltd	4,950	19,800
The Cornish Property Trust	80,449	68,547
Current payables:		
Trade payables to other related party	**2,723**	**4,785**

Note 27
Related Party Transactions (continued)

Pentanet Ltd spent $34,348 with DFK Gooding Partners for accounting and tax advisory services during the year, on commercial terms and market rates, which is a director related entity (Dalton Gooding), with a $2,723 balance relating to this fee outstanding as at 30 June 2024.

Pentanet Ltd spent $80,449 with The Cornish Property Trust for rent of commercial property during the 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 30 June 2024.

Pentanet Ltd received $4,950 from FFF Australia Pty Ltd during the 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 30 June 2024.

Loans to/from related parties

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

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 28
Parent Entity Information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2023 $'000
Loss after income tax	(5,858)	(7,051)
Othe comprehensive loss	(3,718)	(2,471)
Total comprehensive loss	**(9,576)**	**(9,522)**

Statement of financial position

	Parent	
	2024 $'000	2023 $'000
Total current assets	**6,959**	**11,776**
Total assets	**41,500**	**47,667**
Total current liabilities	**7,936**	**6,959**
Total liabilities	**15,893**	**16,635**
Equity		
Issued capital	67,309	63,330
Share-based payments reserve	1,400	5,568
Accumulated losses	(43,102)	(37,866)
Total equity	**25,607**	**31,032**

Note 28
Parent Entity Information (continued)

Financial Assets at fair value through other comprehensive income

As of the reporting date, the intercompany loan to wholly-owned subsidiary Pentanet.GG stands at $166k, and the loan to wholly-owned subsidiary Pentatech Pty Ltd stands at $371k. The impairment assessment performed by the Company indicated that the carrying value of these loans might not be fully recoverable. Impairment indicators impacting the recoverability of this loan relate to Pentanet.GG's and Pentatech Pty Ltds operating cash flow projections. These projections, based on available forecasts, suggest insufficient cash flows to fully repay the intercompany loan.

In light of the above assessment, an impairment loss of $538k (2023: $1.6 million) has been recognised in the financial statements of the Parent entity for the reporting period in other comprehensive income.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity, and its receipt may be an indicator of an impairment of the investment.

Note 29
Events After the Reporting Period

On July 10, 2024, the $2.5 million term deposit matured and was paid to the company net of the $376k loan which was settled in full.

No other matters or circumstances have arisen since 30 June 2024 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30
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 31
Earnings Per Share

	Consolidated	
	2024 $'000	**2023 $'000**
Loss after income tax attributable to the owners of Pentanet Ltd	**(6,396)**	**(7,387)**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	**388,221,886**	**309,317,021**
Adjusted for calculation of diluted loss per share:		
Options over ordinary shares	10,715,424	29,597,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**398,937,310**	**338,914,021**
	Cents	**Cents**
Basic (loss) per share attributable to owners of Pentanet group	(0.02)	(0.02)

Consolidated Entity
Disclosure Statement

Entity name	Entity type	Place formed/ Country of incorporation	Ownership interest %	Tax residency
Pentanet Limited	Body corporate	Australia	100%	Australia
Pentanet.GG Pty Ltd	Body corporate	Australia	100%	Australia
Pentatech Pty Ltd	Body corporate	Australia	100%	Australia
Pentacomm Pty Ltd	Body corporate	Australia	100%	Australia

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

David Buckingham
Non-executive Chairman

29 August 2024
Perth

Independent Auditor's Report

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INDEPENDENT AUDITOR'S **REPORT**

To the members of Pentanet Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pentanet Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 4 of the financial report and Note 1 of the financial report for the accounting policy. Revenue from Internet and gaming services are key drivers by which the performance of the Group is measured. This is a key audit matter due to the volume of transactions and the total balance of revenue.	Our procedures included, but were not limited to, the following: • Assessing the Group's accounting policy for revenue to assess it has been correctly accounted for in accordance with the Australian Accounting Standards; • Performing analytical procedures to understand movements and trends in revenue for comparison against expectations; • Understanding and documenting the processes and controls used by the Group in recording revenue; • Testing a sample of transactions to supporting information to confirm the existence and accuracy of the revenue recognised and to confirm that performance obligations have been satisfied; • Performing cut-off procedures to evaluate that revenue was captured in the appropriate financial year; and • Assessing the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 46 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Pentanet Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 29 August 2024

Shareholder Information

Additional ASX Information

The following additional information is required by the Australian Securities Exchange. The information is current as at 31 July 2024.

Shareholding Information

The following information relates to fully paid ordinary shares in the Company. The Company has 433,171,658 fully paid ordinary shares on issue.

Shareholding Distribution

Holding Ranges	Holders	Total Shares	% Issued Share Capital
above 0 up to and including 1,000	555	399,646	0.09%
above 1,000 up to and including 5,000	1,216	3,171,885	0.73%
above 5,000 up to and including 10,000	921	7,232,187	1.67%
above 10,000 up to and including 100,000	1,220	43,297,497	10.00%
above 100,000	430	379,070,443	87.51%
Totals	**4,342**	**433,171,658**	**100%**

The number of holders holding less than a marketable parcel is 2,831 with a total of 12,406,076 fully paid ordinary shares amounting to 2.86% of issued share capital.

Twenty Largest Shareholders

Position	Holder Name	Holding	% of Issued Capital
1	STEPHEN CORNISH	43,229,096	9.98%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,192,445	8.36%
3	UBS NOMINEES PTY LTD	25,853,104	5.97%
4	BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	21,000,000	4.85%
5	ZERO NOMINEES PTY LTD	12,966,055	2.99%
6	PETER & SUSAN CORNISH	10,266,410	2.37%
7	HILLBOI NOMINEES PTY LTD	8,719,187	2.01%
8	MR PETER JOHN CORNISH <THE CORNISH FAMILY A/C>	7,253,137	1.67%
9	TIMOTHY CORNISH	6,278,240	1.45%
10	PRM PROPERTY HOLDINGS PTY LTD	5,512,821	1.27%
11	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	4,618,343	1.07%
12	LOMACOTT PTY LTD <THE KEOGH SUPER FUND A/C>	4,360,000	1.01%
13	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	4,350,195	1.00%
14	MR ROBERT EMMET O'HARA	4,226,798	0.98%
15	SPAR NOMINEES PTY LTD <THE DEVEREUX A/C>	3,850,000	0.89%
16	MRS SHARON LEONIE WHITE	3,659,949	0.84%
17	MR CRAIG LAWRENCE DARBY	3,487,590	0.81%
18	MR DAVINDER SINGH	3,196,507	0.74%
19	REGIONAL MANAGEMENT PTY LTD <CANCELLO SUPER FUND A/C>	3,000,000	0.69%
20	TIMIGEV NOMINEES PTY LTD <THE PAYNE SUPER FUND A/C>	2,929,752	0.68%
	Total Top Twenty	**214,949,629**	**49.63%**
	Total Issued Capital	**433,171,658**	**100%**

Substantial Shareholders

The following organisations have disclosed a substantial shareholder notice to the Company.

Shareholder	Number	% of Issued Share Capital	Date of Notice
STEPHEN CORNISH	50,482,233	11.65%	9 August 2024
TIGA TRADING PTY LTD	28,814,858	7.79%	28 April 2023
THORNEY TECHNOLOGIES LTD	28,814,858	7.79%	28 April 2023

Unquoted Option Holding Information

The following relates to options over fully paid ordinary shares in the Company. Options are exercisable at different amounts and have various expiry dates. The Company has 10,715,424 options on issue.

Unquoted option holding distribution

Holding Ranges	Holders	Total Options	% Issued Option Capital
Above 0 up to and including 1,000	-	-	-
Above 1,000 up to and including 5,000	-	-	-
Above 5,000 up to and including 10,000	-	-	-
Above 10,000 up to and including 100,000	-	-	-
Above 100,000	8	10,715,424	100%
Totals	**8**	**10,715,424**	**100%**

Unquoted Options Over Fully Paid Ordinary Shares

Class	Number of holders	Number
Unlisted Options – exercisable at 9.3 cents each on or before 30/06/2026 (vesting on 30/06/2025, subject to vesting criteria)	7	3,405,524
Unlisted Options – exercisable at 12 cents each on or before 22/12/2026	1	1,000,000
Unlisted Options – exercisable at 12.4 cents each on or before 30/06/2027 (vesting on 30/06/2026, subject to vesting criteria)	7	6,309,900
Total		**10,715,424**

Performance Rights Holding Information

The following relates to performance rights issued under Pentanet Limited Employee Securities Incentive Plan (Plan). Performance rights have different vesting conditions and expiry dates. The Company has 4,965,624 performance rights on issue.

Performance rights holding distribution

Holding Ranges	Number of holders	Total Performance Rights	% Held
Above 0 up to and including 1,000	-	-	-
Above 1,000 up to and including 5,000	-	-	-
Above 5,000 up to and including 10,000	-	-	-
Above 10,000 up to and including 100,000	-	-	-
Above 100,000	7	4,965,624	100%
Totals	**7**	**4,965,624**	**100%**

Performance rights

Class	Number of holders	Number
Performance rights under the Plan (vesting on 31/10/2025, subject to vesting criteria, expiry 30/06/2026)	7	2,482,812
Performance rights under the Plan (vesting on 31/10/2026, subject to vesting criteria, expiry 30/06/2027)	7	2,482,812
Total		**4,965,624**

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(i) Fully paid ordinary shares

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(ii) Options over fully paid ordinary shares and performance rights

No voting rights.

Corporate Governance

The Company and its Board of directors are committed to achieving and demonstrating the highest standards of corporate governance. The Board is responsible to its shareholders for the performance of the Company and seeks to communicate extensively with shareholders. The Board believes that sound corporate governance practices will assist in the creation of shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its corporate governance policies and its compliance with them on its website, rather than in this Annual Report. Accordingly, information about the Company's corporate governance practices is set out on the Company's website at www.pentanet.com.au/investor-centre/.

Other

There is no current on-market buy-back.

There are no securities approved for the purposes of item 7 section 611 of the Corporations Act which have not yet completed.

No securities were purchased on-market for the purposes of an employee incentive scheme during the reporting period.

Other than the Australian Securities Exchange, the Company is not listed on any other stock exchange.

PENTANET

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