

PENTANET ACHIEVES EBITDA POSITIVE MILESTONE WHILE DRIVING 5G EXPANSION AND CLOUD OPTIMISATION

KEY HIGHLIGHTS H1 FY25

- Positive EBITDA for H1FY25 with \$1m QoQ improvement from a Q1 EBITDA loss of \$0.4m to \$0.6m positive EBITDA in Q2
- Consolidated revenue increased 7% on PcP to \$11.1m and 6% QoQ to \$5.7m
- Consolidated gross profit increased 6% on PcP to \$5.2m and 17% QoQ to \$2.8m
- 5G subscribers up 17% QoQ to 709 in total
- On track to double 5G network coverage in FY25
- Churn down from 1.3% to 1.2% in Q2, with on-net churn down to 1.1%
- Gaming revenue growth up 31% on PcP to \$1.1m for H1FY25 and 27% QoQ
- Cloud Gaming ARPU up 23% QoQ to \$17
- Net operating cash flow increased to \$0.9m in Q2FY25, with net cash inflow at \$0.2m for H1FY25.

Pentanet Managing Director Mr Stephen Cornish said, “We're excited to share a significant turning point as our business turned EBITDA positive in the quarter and for the half, marking the fruition of our strategic focus over the past several quarters.

Our commitment this year to double our 5G coverage is on schedule and will bolster our ultrafast bandwidth capabilities and set the stage for sustainable competitive growth and profitability for our Telco division.

As we continue to build and expand our 5G capacity, we've simultaneously increased optimisation of our NVIDIA Cloud division, showing our ability to increase monetisation of our CloudGG platform in stages effectively. This achievement is built on the foundation of scaling up from our freemium service strategy, and we're now positioned to leverage our increased capacity to deliver even greater value to our customers and further growth for stakeholders.”

OPERATIONAL UPDATE

Telecommunications

Telecommunications	On-net		Off-net		Total		Change	
	Q1 FY25	Q2 FY25	Q1 FY25	Q2 FY25	Q1 FY25	Q2 FY25	On-net	Off-net
Subscribers								
Opening Balance	6,794	6,936	10,589	10,796	17,383	17,732	2%	2%

Sales	394	220	658	571	1,052	791	(44%)	(13%)
Churn	(252)	(231)	(451)	(436)	(703)	(667)	8%	3%
Closing Balance	6,936	6,925	10,796	10,931	17,732	17,856	-	1%
Average Monthly Churn	1.2%	1.1%	1.4%	1.3%	1.3%	1.2%	8%	4%
Subscriber Split	39%	61%		39%	61%			

In Q2 FY25, Pentanet focused on accelerating its 5G network expansion as a key element of its telecommunications strategy. To date, 14 towers have been successfully upgraded to 5G, with an additional five upgrades scheduled for completion in the second half of FY25 to double 5G coverage this financial year, laying the groundwork for the launch of an ultrafast, competitive on-net offering at scale.

5G Subscriber growth continued steadily, reaching 709 customers, a 17% quarter-on-quarter (QoQ) increase. This growth has been supported by targeted, more-efficient marketing as broader marketing campaigns are deferred until the coverage net is sufficiently expanded.

To support the 5G rollout with minimal cash impact, Pentanet secured 25 5G base stations and 423 Customer Premises Equipment units (CPEs) via a stock swap arrangement with its main equipment supplier. This has significantly reduced capital expenditure (CAPEX) requirements, improving the overall cash cost of the network upgrade program and allowing resources to remain focused on expanding coverage and capacity.

Operational efficiencies and retention strategies also contributed to a further reduction in churn, which decreased to 1.2% QoQ from 1.3% in Q1 FY25. On-net churn improved further, declining to 1.1%.

Blended average revenue per user (ARPU) increased to \$94, up from \$93 in Q1 FY25, driven by subscriber growth shifting toward higher-speed plans. The average recurring revenue per user (ARRPU) also increased to \$90, compared to \$89 in Q1 FY25.

Pentanet's telco strategy remains centred on casting a wider 5G coverage net to facilitate higher subscriber growth and broader marketing opportunities in the future. By focusing on ultrafast 5G capabilities, the company is positioning itself to deliver a competitive on-net offering, to drive on-net subscriber and revenue growth.

GeForce NOW Cloud Gaming

Pentanet continued to drive growth and optimise operations for GeForce NOW in Q2 FY25, advancing its strategy to monetise and expand the platform. Increased NVIDIA Cloud graphics processing unit (GPU) optimisation improved service delivery, enabling the company to reduce costs while improving user experience.

The introduction of mid-quarter pricing adjustments contributed to a significant 26% QoQ revenue increase, achieving another monthly all-time high of \$241k in December 2024. These pricing adjustments, alongside initiatives such as the retirement of the Basic membership and introduction of loyalty offerings, helped align the platform's operations with rising demand and operational costs.

Subscriber growth metrics were strong, with premium memberships increasing 7% QoQ and overall paid memberships increasing 12% QoQ, driven by targeted promotions and a focus on higher-value tiers. The "CloudGG Pioneer" campaign, launched in conjunction with the pricing updates, incentivised member retention, supporting long-term growth.

High-profile game releases, such as Path of Exile 2 and Call of Duty: Modern Warfare III, drove significant user activity during the quarter, particularly among Ultimate plan subscribers. These graphically intensive titles highlighted the Ultimate plan's capabilities, reinforcing its value and attracting strong engagement from users seeking top-tier gaming experiences.

GeForce NOW Powered by CloudGG continues to expand its game library, contributing to a 6% QoQ growth in CloudGG membership, which now exceeds 670,000 members.

The overall impact on revenue and subscriber engagement remained positive. Pentanet remains focused on scaling up GeForce NOW while enhancing profitability and subscriber value.

FINANCIAL UPDATE

Revenue

Consolidated revenue for Q2 FY25 increased by 7% on the prior corresponding period to \$11.1m and 6% QoQ to \$5.7m. This growth reflects strong performance across both the Telecommunications and GeForce NOW segments.

Telecommunications recurring revenue continued its steady upward trend, growing by 2% QoQ. This growth aligns with the ongoing expansion of the subscriber base and increased network coverage. Non-recurring telecommunications revenue increased by 9% QoQ.

Gaming revenue growth is up 31% on PcP to \$1.1m for H1FY25 and 27% QoQ. This was driven by membership growth and the successful implementation of pricing adjustments across key monthly plans, which increased ARPU from \$14 to \$17.

Gross Profit & Margins

Gross profit improved in line with revenue growth to \$2.8m QoQ and \$5.2m for the half. This reflects strong operational performance and effective cost management initiatives across the business.

Consolidated gross margin increased by 5 percentage points (pp) to 49%, driven by margin expansion in both the telecommunications and gaming segments.

Telecommunications gross profit grew steadily during the quarter, supported by recurring revenue growth and successful NBN margin optimisation efforts. Gross margin in the telecommunications segment increased by 1pp to 48% QoQ.

GeForce NOW gross profit recorded significant improvements, benefiting from higher ARPU and cost optimisation strategies that increased profitability. This resulted in a 51pp increase in gross margin, bringing it to 66%, showing the positive impact of pricing adjustments and operational efficiencies within the gaming segment.

Expenses

Pentanet delivered a \$1m QoQ EBITDA improvement, moving from a Q1FY25 loss of \$0.4m to \$0.6m positive EBITDA in Q2FY25 and EBITDA positive YTD. This improvement was mainly due to ongoing cost-reduction initiatives and disciplined financial management.

Cost efficiencies played a critical role in this outcome, with platform subscription optimisations, lower quarterly employee overheads, and lower supplier costs significantly reducing overall expenses. These measures have streamlined operations while maintaining service quality across the Telecommunications and GeForce NOW segments.

Additionally, marketing expenses were closely managed, with a refined focus on high-impact campaigns and reduced reliance on broader promotional efforts.

These combined efforts highlight Pentanet's commitment to sustainable expense management as it continues to invest in strategic initiatives to improve profitability.

Q2FY25 CASH FLOW

Cash flow improved during Q2 FY25, supported by strong operational and financial management. Net cash inflow from operating activities increased by \$1.5m QoQ, transitioning from an outflow of \$0.6m in Q1 to a positive \$0.9m in Q2. This improvement was driven by improved EBITDA growth and improved working capital management.

Cash flow from investing activities totalled \$0.3 million for the quarter, covering tower lease expenses, labour costs for tower upgrades, and traditional fixed wireless (FW) CPEs.

The company closed the quarter with a cash balance of \$2.2m, available financing facilities totalling \$6.8m and significant 5G equipment stock for telecommunications network growth in FY25.

USE OF FUNDS AND RELATED PARTY TRANSACTIONS

In accordance with ASX Listing Rule 4.7C.1, the major expenditure items, including product manufacturing and operating cost, staff cost and other non-current asset payments, have been addressed in the report.

In accordance with ASX Listing Rule 4.7C.3, payments in the December 2024 quarter to related parties (and their associates) of \$351,080 included in Item 6 in Appendix 4C consisted of directors' fees and director associate fees, rent paid, and accounting services paid to associates of directors.

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

For further information, please contact:

Mr. Stephen Cornish
Managing Director

Mr. Patrick Holywell
Company Secretary

Ms. Mart-Marie Derman
Chief Financial Officer

About Pentanet

Pentanet is a Perth-based, growth-focused telco delivering high-speed internet to a growing number of subscribers by providing next-generation internet speeds. This is achieved through Pentanet's market-leading private wireless network, the largest in Perth, as well as reselling fixed-line services such as nbn® and Opticomm.

The Company's flagship wireless network has benefits for both customers and investors, offering an outstanding customer experience and a fixed wireless product that is technically superior to most of the nbn with attractive margins for investors. This sets Pentanet apart from most broadband providers, which typically only resell the nbn.

Pentanet is also part of the rollout of the next wave of subscription-based entertainment services – cloud gaming. The Company's Alliance Partner Agreement with NVIDIA allowed Pentanet to be the first to bring their GeForce NOW technology to Australia in 2021. Since launch, the platform has amassed over 670,000 users.

Pentanet invites existing and prospective shareholders to join the conversation within the Company's interactive Investor Hub at <https://investorhub.pentanet.com.au/link/drL6jy>