

ASX RELEASE

24 FEBRUARY 2021

OVER THE WIRE HOLDINGS LIMITED
HALF YEAR RESULTS TO 31 DECEMBER 2020

Over the Wire Holdings Limited (ASX:OTW) (“Over the Wire” or “Company”) is pleased to announce its financial results for the half-year ended 31 December 2020 (H1 2021). A summary of the financial results is set out below:

	H1 2021	H1 2020	% Change
Total Revenue	\$50.3m	\$42.9m	17%
EBITDA	\$10.5m	\$8.2m	28%
NPATA	\$4.7m	\$4.0m	12%
NPAT	\$1.8m	\$2.3m	(23%)

Commenting on the H1 2021 results, Managing Director Michael Omeros said, “We are pleased to deliver our half year result with profitability (EBITDA) being at the top end of the guidance that we provided in our Business Update late last year. The strength of our current sales pipeline and the orders being provisioned from last quarter, our most successful quarter to-date, gives us confidence of a second half result in line with our expectations. We continue to deliver high rates of recurring revenue (greater than 90% of total revenue), with a strong conversion of the profitability to cash, a good indicator of the future strength of our business.

This quarter will also see the finalising of our tier one voice provider (carrier interconnect) project. This is a strategic asset in our infrastructure portfolio that will help drive further growth in our Collaboration pillar. Our continued investment ensures that we remain committed to delivering on our strategy, and simplifying technology to empower business.”

Business Performance (Recurring)

Recurring revenue grew 25% to \$45.9M for the half and represents greater than 90% of Over the Wire’s total revenue. The result demonstrates demand from customers across all four product lines including:

	H1 2021	H1 2020	% Change
Data Networks	\$17.9m	\$19.1m	(6%)
Voice	\$16.0m	\$9.2m	71%
Hosting	\$8.0m	\$5.1m	54%
Security & Services	\$4.1m	\$3.2m	34%
Total Recurring	\$45.9m	\$36.6m	25%

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Over the Wire remains focused on delivering strong organic growth and profitability in its recurring revenue streams. The pipeline of Recurring Revenue sales remains strong and operational efficiencies are also being seen, with EBITDA margins strengthening.

The Company continues to remain a strong converter of EBITDA into positive operating cashflows, and with \$17.6m in cash and cash equivalents at half-year end, net Debt to FY21 Consensus EBITDA ratios less than 1, the balance sheet remains strong and able to support the Company's organic and inorganic growth strategy.

Dividends

The Board has declared an interim dividend of 1.75 cents per share fully franked, to be paid in April 2021.

Business Outlook

Our business is tracking well against our strategy and we continue to generate positive operational cash flow and maintain a strong balance sheet. We remain well positioned to continue to deliver organic growth and pursue further accretive acquisitions.

The Company remains confident about prospects for H2 2021 and beyond this, as we continue to invest heavily to strengthen our competitive position, build on the positive sales results from the first half and deliver sustainable profit growth for shareholders.

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This document was authorised for release by the Over the Wire Holdings Limited Board.

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About Over the Wire Holdings Limited

Over the Wire Holdings Limited (ASX: OTW) is an ASX listed telecommunications, cloud and IT solutions provider that has a national network with points of presence in all major Australian capital cities and Auckland, NZ. The company offers an integrated suite of products and services to business customers including Data Networks and Internet, Voice, Data Centre co-location, Cloud and Managed Services.

Over the Wire Holdings Limited companies include Over the Wire, NetSIP, Faktortel, Sanity Technology, Telarus, VPN Solutions, Access Digital Networks, Comlinx, Zintel Communications, Fonebox and Digital Sense.