APPENDIX 4E 2020

Over the Wire Holdings Limited
ACN 151 872 730

Share Register

Auditor

Solicitors

APPENDIX 4E

PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 30 JUNE 2019)

RESULTS FOR ANNOUNCEMENT TO THE MARKET:

Key Information:

	Consolidated			
	2020	**2019 (restated)**	**Change**	**Change**
	$,000	$,000	$,000	%
Revenue from Ordinary Activities	87,611	79,589	8,022	10%
Profit / (Loss) after Tax from Ordinary Activities Attributable to Members	5,033	10,162	5,129	(50%)
Profit / (Loss) Attributable to Members	5,033	10,162	5,129	(50%)

Dividends Paid	Amount per Security	Franked Amount per Security
	Cents	Cents
Ordinary Shares		
2019 Final - Paid 10 October 2019	2.00	2.00
2020 Interim - Paid 7 April 2020	1.50	1.50

NPAT decreased predominately due the recognition of $4,058K of other income in the prior year relating to a reduction in stretch target earnout payable for the acquisition of Comlinx, as well as a delay in non-recurring sales resulting from the impact of COVID-19.

June 2019 results were restated as a result of the Company adopting AASB 16: Leases. Profit after tax for the period ended 30 June 2019 before restatement was $10,137K. For details on the prior period impact of adopting AASB 16, please refer to Note 3 in the accompanying financial statements. The adoption of AASB 16 did not have any impact on revenue.

SUBSEQUENT EVENT - DIVIDEND DECLARED

On 20 August 2020, the Company declared a fully franked final dividend of 2.25 cents per share, for the year ended 30 June 2020. The dates of the dividend are as follows:

Ex date	– 14 September 2020
Record Date	– 15 September 2020
DRP Election Close Date	– 16 September 2020
Payment Date	– 15 October 2020

As this final dividend was declared subsequent to year-end, no provision has been made in the accounts for the dividend.

The Company operates a dividend reinvestment plan (DRP) that is available to holders of fully paid ordinary shares who have a registered address in Australia or New Zealand. Shareholders who wish to commence participation in the DRP, or to vary their current participation election, must do so by 5:00pm (AEST) on 16 September 2020.

SUBSEQUENT EVENT - ACQUISITION OF J2 AUSTRALIA CLOUD CONNECT AND ZINTEL COMMUNICATIONS

On 11 August 2020, the Group signed a share purchase agreement to acquire 100% of the share capital in J2 Australia Cloud Connect Pty Ltd and 100% of the share capital in Zintel Communications Limited, for upfront consideration of $36,000K plus an adjustment for working capital. The vendor provided a warranty that both companies would be free of all debt at completion.

The acquisition of both companies will be settled concurrently and will be funded through debt provided by the Group's financial institution.

The acquisition of J2 Australia Cloud Connect and Zintel Communications will deliver approximately 9000 business customers to Over the Wire and extends Over the Wire's inbound voice capability, along with expediting the Group's geographic expansion plans in New Zealand.

The strategic rationale for acquiring J2 Australia Cloud Connect and Zintel Communications are:

- Acquisition of a leading platform provider of inbound telecommunication services in Australia and New Zealand, delivering proven solutions to the corporate and small / medium enterprise (SME) market;
- Introduces new solution capability to Over the Wire in the areas of inbound telephony services including call routing intelligence, data intelligence, call management and analytics reporting, via a proprietary technology platform;
- Customer base offers cross sell opportunities, particularly in outbound voice and Hosted Telephony services;
- Highly capable team led by experienced management that will be able to deliver a whole of business voice offering to the Australian and New Zealand SME market with complimentary capabilities, when combined with Over the Wire subsidiary Faktortel;
- Delivers platform capability to Over the Wire that further complements our growth objectives within the Cloud Voice, Mobility and Communications Platform as a Service (CPaaS) market; and
- EBITDA and EPS accretive transaction.

COMMENTARY ON RESULTS FOR THE PERIOD

SIGNIFICANT FEATURES OF OPERATING PERFORMANCE:

Refer to the attached consolidated financial report of Over the Wire Holdings Limited (the "Company") and the entities it controlled during the year (the "Group"), and accompanying media release and investor presentation.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

CORONAVIRUS (COVID-19) PANDEMIC:

The Group actively managed the impact of COVID-19 on its team and business through H2 of 2020, and continues to monitor the impact going forward. Our key focus throughout lockdowns was and continues to remain the health and safety of our team and maintaining a high level of service and reliability for our customers, to support them through these unprecedented times.

Overall financial impact on business

Recurring Revenue

Due to social distancing restrictions, the current pandemic generated greater demand for voice and collaboration technologies, which saw strong demand for our voice offering, resulting in higher volumes in the second half of the financial year. The increase in voice volumes positively offset delayed delivery of some data services that had resulted from customer site access restrictions during the initial lockdown period. While voice volume is expected to reduce as social distancing restrictions ease, the reduction is not anticipated to be close to the initial increase as businesses and our customers continue to embrace remote working through use of our voice and collaboration offerings.

Non-recurring Revenue

With customers looking to manage working capital during Government lockdowns, there was a reduction in the number of non-recurring opportunities with customers.

Working Capital

During the lockdown period between March and June 2020, given the degree of uncertainty COVID-19 created, the Group took a number of measures to ensure sufficient working capital was available to continue operations. Measures included:

- Discussions with the Group's financial institutions around deferred payment terms for borrowings. While this was discussed and able to be put in place, the Group did not take up any deferred terms;
- Deferral of non-essential capital expenditure. Approximately $900K of capital expenditure planned for 2020 was deferred until 2021; and
- Reduction in full time staff hours by 10% between 1 April 2020 and 30 June 2020.

Expected credit losses

Our exposure to customers in industries hardest hit by the current pandemic (retail, hospitality and travel) is limited and those most affected represent a small portion of our recurring base.

To support our customers during this period, we provided extended terms to a number of businesses that had been impacted and were not able to operate or were at a reduced capacity over lockdown periods.

The Group increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay in the current environment. As a result, we have increased our allowance of expected credit losses as at 30 June 2020.

Business continuity

The Group has implemented a COVIDSafe plan based on the the Australian Governments 3-Step framework and each State's roadmap to a COVIDSafe Australia.

EXPLANATION OF KEY INFORMATION AND DIVIDENDS

The commentary on the results for the period is contained in the review of operations included within the Director's Report.

	2020 $,000	**2019 (restated)** $,000
Net Assets	68,945	65,020
Net Tangible Assets	(11,629)	(13,298)
Net Tangible Assets Per Security	Cents	Cents
Net tangible asset per share	(22.52)	(25.77)

Net Tangible Assets per share has increased over the year to June 2020 predominately due to a decrease in tangible liabilities. Restatement of balances due to the adoption of AASB 16: Leases overall resulted in a significant decrease in Net Tangible Assets due to all right of use assets recognised under AASB 16 being considered intangible in nature, while requiring the corresponding lease liabilities to be included in the net tangible asset calculation.

	2020 Cents	**2019 (restated)** Cents
Earnings Per Share		
Basic Earnings Per Share	9.749	20.713
Diluted Earnings Per Share	9.716	20.647

Earnings per share decreased predominately due the recognition of $4,058K of other income in the prior year relating to a reduction in stretch target earnout payable for the acquisition of Comlinx, as well as a delay in non-recurring sales resulting from the impact of COVID-19.

STATUS OF AUDIT

The 30 June 2020 financial statements and accompanying notes for Over the Wire Holdings Limited and its controlled entities have been audited and the attached consolidated financial report contains the independent auditors report.

Simone Dejun
Company Secretary

Brisbane
20 August 2020

FINANCIAL REPORT 2020

Over the Wire Holdings Limited
ACN 151 872 730

Share Register

LINK MARKET SERVICES

Auditor

PKF

Solicitors

Lawyers McCullough Robertson

TABLE OF CONTENTS

GENERAL INFORMATION

The financial report covers Over the Wire Holdings Limited as a consolidated entity consisting of Over the Wire Holdings Limited and the entities it controls.

The report is presented in Australian dollars, which is Over the Wire Holdings Limited's functional and presentational currency.

Over the Wire Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office & Principal Place of Business
Level 24, 100 Creek Street
Brisbane QLD 4000

A description of the nature of the Group's operations and its principal activities are included in the directors' report.

The financial statements were authorised for issue, in accordance with a resolution of directors on 20 August 2020. The directors have the power to amend and/or reissue the financial report.

CORPORATE DIRECTORY

DIRECTORS

JOHN PUTTICK DUNIV QUT, FACS, ACA
Chair

MICHAEL OMEROS MAICD, BE(ELECTRONICS), BINFOTECH
Managing Director
Group Chief Executive Officer

BRENT PADDON BINFOTECH, GRADDIPBUSADMIN
Executive Director (Non-Executive Director from 1 July 2020)

SUSAN FORRESTER AM BA, LLB (HONS), EMBA, FAICD
Non-Executive Director

CATHY ASTON BEC, MCOMM, GAICD, FFIN
Non-Executive Director (appointed 1 July 2020)

SECRETARY

MIKE STABB FCA, MAICD, BBUS(ACCY,BUSLAW), RTA
Chief Financial Officer (ceased CFO role 9 March 2020)
(ceased Company Secretary role 26 June 2020)

SIMONE DEJUN LLM, GRAD DIP LEGAL PRACTICE, LLB, BBUS(ADVERTISING)
Group General Counsel
(appointed to Company Secretary role 1 April 2020)

KEY MANAGEMENT

SCOTT SMITH
Chief Executive Officer (appointed 9 March 2020)

BEN CORNISH
Chief Technology Officer

GARY PITTORINO
Chief Operating Officer

BEN MELVILLE
Chief Financial Officer (appointed 9 March 2020)

Registered Office and Principal Place of Business
Level 24, 100 Creek Street
Brisbane QLD 4000

Share Register
Link Market Services
10 Eagle St
Brisbane QLD 4000

Auditor
PKF Brisbane Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000

Solicitors
McCullough Robertson Lawyers
Level 11, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000

Bankers
Westpac
260 Queen Street
Brisbane QLD 4000

National Australia Bank
259 Queen Street
Brisbane QLD 4000

Stock Exchange Listings
Over the Wire Holdings Limited (OTW) shares are listed on the Australian Securities Exchange (ASX)

Website Address
www.overthewire.com.au

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Over the Wire Holdings Limited ("the Company") and the entities it controlled ("the Group") for the year ended 30 June 2020.

DIRECTORS AND COMPANY SECRETARY

The name of the directors who held office during or since the end of the year.

JOHN PUTTICK
Non-Executive Chairman
(appointed 1 December 2015)

MICHAEL OMEROS
Managing Director and Group Chief Executive Officer
(appointed 1 July 2011)

BRENT PADDON
Executive Director
(appointed 1 July 2011)

SUSAN FORRESTER AM
Non-Executive Director
(appointed 1 December 2015)

CATHY ASTON
Non-Executive Director
(appointed 1 July 2020)

MIKE STABB
Company Secretary
(appointed 9 July 2012)
(ceased Company Secretary role 26 June 2020)

SIMONE DEJUN
Company Secretary
(appointed 1 April 2020)

PRINCIPAL ACTIVITIES

The Group is a profitable, high-growth provider of telecommunications, cloud and IT solutions.

It has a national network with Points of Presence (POPs) in all major Australian capital cities and Auckland, New Zealand.

During the year, the principal continuing activities of the Group consisted of offering an integrated product suite of the following services to businesses in Australia and New Zealand:

- Data Networks and Internet
- Voice
- Hosting and
- Security & Managed Services

There has been no significant change to the principal activities of the Group during the year.

REVIEW OF OPERATIONS

Total revenue from ordinary activities for the year was $87,611K (2019: $79,589K), representing an increase of 10% on the corresponding year. The result demonstrates demand from customers across all four product lines including:

- Data Networks and Internet revenue of $37,531K (2019: $36,959K), representing an increase of 2% on the corresponding year;
- Voice revenue of $19,597K (2019: $16,417K), representing an increase of 19% on the corresponding year;
- Hosting revenue of $10,134K (2019: $9,075K), representing an increase of 12% on the corresponding year;
- Security & Managed Services revenue of $20,349K (2019: $17,138K), representing an increase of 19% on the corresponding year.

The Group continued to build upon its geographic expansion strategy.

The below table shows revenue-growth figures from 2019 to 2020:

	Revenue Growth 2019 to 2020 (Statutory)
Geographic Area	
Queensland	7%
New South Wales	8%
Victoria	8%
South Australia	31%

FINANCIAL POSITION

The financial position of the Group remains strong with net assets increasing by $3,925K to $68,945K from $65,020K. This increase includes the recognition of $8,515K of lease liabilities and right of use assets during the year.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA refers to earnings before interest, tax, depreciation and amortisation, and is an important metric to the Group because it shows the strong gross profit and expenditure management delivered by the Group and correlates well with operating cash flow. Set out below is a reconciliation of Profit before Income Tax Expense and EBITDA.

	Consolidated	
	2020 $,000	**2019** $,000
Profit before Income Tax Expense	**7,214**	**12,805**
Depreciation & Amortisation	9,756	7,956
Finance Costs	426	579
EBITDA	**17,396**	**21,340**

EBITDA was $17,396K (2019: $21,340K), representing a decrease of 18% on the corresponding year. Net Profit after Income Tax Expense (NPAT) was $5,033K (2019: $10,162K), representing a decrease of 50% on the corresponding year. The reduction in EBITDA and NPAT was predominately due to the recognition of $4,058K of other income in 2019 relating to the release of the stretch target earnout payable on the acquisition of Comlinx, as well as a reduction in Non-recurring sales resulting from the impact of COVID-19.

As at 30 June 2020, the Group had $10,435K in cash or cash equivalents. Net cash flow from Operating Activities (before Interest and Tax) for the 2020 year was $15,705K ($17,150K in 2019) demonstrating continued strong cash conversion. The Group's continued sound management of overhead expenses in the underlying business, maintaining net debtor days metrics, recognising cost synergies in the acquired entities, and when combined with revenue growth of 10%, has generated the positive Cash from Operating Activities outlined in the Consolidated Statement of Cash flows.

DIVIDENDS PAID AND PROPOSED

A final dividend for 30 June 2019 of 2.00 cents per share fully franked was paid in October 2019.

An interim dividend of 1.50 cents per share fully franked, for the six months ended 31 December 2019, was paid in April 2020.

Subsequent to year-end, on 20 August 2020, the Group declared a fully franked final dividend of 2.25 cents per share, for the year ended 30 June 2020. The dates of the dividend are as follows:

Ex Date	14 September 2020
Record Date	15 September 2020
DRP Election Close Date	16 September 2020
Payment Date	15 October 2020

As this final dividend was declared subsequent to year-end, no provision has been made in the accounts for the dividend.

BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The primary objective of the Group is to continue adding value for shareholders through a combination of organic growth, and strategic acquisitions.

The Group operates four product lines: Data Networks, Voice, Security & Managed Services and Hosting. Each product line is capable of being delivered stand-alone or bundled with one or more other product lines to deliver a complete solution.

The Group will continue its business development and marketing initiatives, and leverage its investment in the four product lines to grow organically, both through the acquisition of new customers and selling additional products and services to existing customers and partner channel.

The Group will continue to look to grow through identifying and acquiring suitable businesses that deliver a strategic fit, readily achievable synergies and add shareholder value.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

CORONAVIRUS (COVID-19) PANDEMIC

The Group actively managed the impact of COVID-19 on its team and business through H2 of 2020, and continues to monitor the impact going forward. Our key focus throughout lockdowns was and continues to remain the health and safety of our team and maintaining a high level of service and reliability for our customers, to support them through these unprecedented times.

Overall financial impact on business

Recurring Revenue

Due to social distancing restrictions, the current pandemic generated greater demand for voice and collaboration technologies, which saw strong demand for our voice offering, resulting in higher volumes in the second half of the financial year.

The increase in voice volumes partially offset delayed delivery of some data services that had resulted from customer site access restrictions during the initial lockdown period. While voice volume is expected to reduce as social distancing restrictions ease, the reduction is not anticipated to be close to the initial increase as businesses and our customers continue to embrace remote working through use of our voice and collaboration offerings.

Non-recurring Revenue

With customers looking to manage working capital during Government lockdowns, there was a reduction in the number of non-recurring opportunities with customers.

Working Capital

During the lockdown period between March and June 2020, given the degree of uncertainty COVID-19 created, the Group took a number of measures to ensure sufficient working capital was available to continue operations. Measures included:

- Discussions with the Group's financial institutions around deferred payment terms for borrowings. While this was discussed and able to be put in place, the Group did not take up any deferred terms.
- Deferral of non-essential capital expenditure. Approximately $900K of capital expenditure planned for 2020 was deferred until 2021.
- Reduction in full time staff hours by 10% between 1 April 2020 and 30 June 2020.

Expected Credit Losses

Our exposure to customers in industries hardest hit by the current pandemic (retail, hospitality and travel) is limited and those most affected represent a small portion of our recurring base.

To support our customers during this period, we provided extended terms to a number of businesses that had been impacted and were not able to operate or were at a reduced capacity over lockdown periods.

The Group increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay in the current environment. As a result, we have increased our allowance of expected credit losses as at 30 June 2020.

Business Continuity

The Group has implemented a COVIDSafe plan based on the Australian Governments 3-Step framework and each State's roadmap to a COVIDSafe Australia.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

Dividend Declared

On 20 August 2020, the Company declared a fully franked final dividend of 2.25 cents per share, for the year ended 30 June 2020. The dates of the dividend are as follows:

Ex Date	14 September 2020
Record Date	15 September 2020
DRP Election Close Date	16 September 2020
Payment Date	15 October 2020

As this final dividend was declared subsequent to year-end, no provision has been made in the accounts for the dividend.

Acquisitions

On 11 August 2020, the Group signed a share purchase agreement to acquire 100% of the share capital in J2 Australia Cloud Connect Pty Ltd and 100% of the share capital in Zintel Communications Limited.

The acquisition is due to settle on 31 August 2020, for consideration of $36,000K plus an adjustment for working capital.

The acquisition of both of the above businesses will strengthen the Group's inbound call capability, while also providing significant opportunities when combined with our existing outbound and hosted telephony platforms.

Details regarding the assets and liabilities acquired is not available at the date of this report as the transfer of ownership of the business will be on 31 August 2020.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue its focus on growing organically through geographic expansion, cross-selling of complementary products and new or enhanced product and service initiatives within its existing product lines.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has been an impact to the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continuing to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, customer site access, quarantine, travel restrictions and any economic stimulus that may be provided.

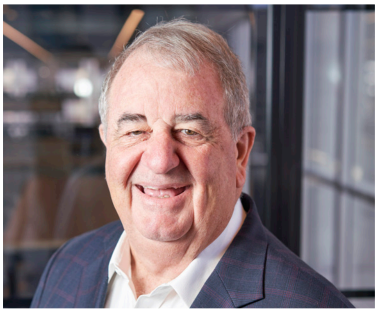
Acquisitions will continue to be targeted where they provide synergies, complement the current offering and add shareholder value.

ENVIRONMENTAL REGULATION

The Group's operations are not currently subject to significant environmental regulation under the law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS & COMPANY SECRETARY

The following information is current as at the date of this report.



JOHN PUTTICK

DUNIV QUT, FACS, ACA

Non-Executive Chairman

John was appointed as Chairman of the company in December 2015. He was the founder and chairman of GBST Holdings Limited.

John holds an Honorary Doctorate from The Queensland University of Technology and a Chartered Accounting qualification from Auckland University of Technology.

John has over forty years of experience in building commercial systems with information technology, over thirty of which were in developing financial services solutions at GBST Holdings Limited.

Other Current Directorships
None

Former Directorships in last 3 years
None

Special Responsibilities
- Chair of the Board
- Chair of remuneration and nominations committee
- Member of audit and risk committee

Direct and indirect interest in shares and options
Ordinary Shares
Over the Wire Holdings **171,889**

MICHAEL OMEROS

MAICD, BE(ELECTRONICS)(HONS), BINFOTECH

Managing Director
Chief Executive Officer

Michael is a co-founder and the Managing Director of the company.

He has over twenty years of experience in the telecommunications and IT services sectors, and graduated from QUT in 1994 with a Bachelor of Engineering – Electronics (First Class Honours) and Bachelor of IT (with Distinction).

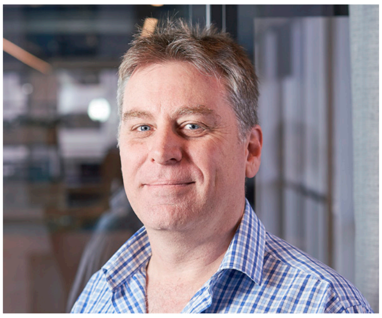
Prior to Over the Wire, Michael held a Senior Management role at GBST, worked for Zurich Insurance in the UK and founded Celentia which has now been absorbed by Over the Wire.

Other Current Directorships
None

Former Directorships in last 3 years
None

Special Responsibilities
- Member of audit and risk committee

Direct and indirect interest in shares and options
Ordinary Shares
Over the Wire Holdings **13,025,297**



BRENT PADDON

BINFOTECH, GRADDIPBUSADMIN

Executive Director

(Non-Executive Director from 1 July 2020)

Brent is a co-founder and Director of the company.

He has over twenty years of experience in telecommunications and IT services sectors and graduated from QUT in 1996 with a bachelor of IT. He also completed a Graduate Diploma in Business Administration from QUT in 2008.

Brent held a senior management role at Web Central, worked for Pipe Networks and founded Brisbane Internet Technology, which was sold to Asia Online.

Other Current Directorships
None

Former Directorships in last 3 years
None

Special Responsibilities
- Member of remuneration and nominations committee
- Member of audit and risk committee (appointed 29 July 2020)

Direct and indirect interest in shares and options
Ordinary Shares
Over the Wire Holdings **11,500,000**

SUSAN FORRESTER AM

BA, LLB (HONS), EMBA, FAICD

Non-Executive Director

Susan was appointed as Non-Executive Director in December 2015.

She is an accomplished company director, with significant experience as non-executive director across a range of listed and unlisted company boards, spanning the professional services, health and technology sectors. In particular, she has chaired, or being a member of various audit, risk management and remuneration committees.

With a Bachelor of Laws (Honours) and a Bachelor of Arts (Japanese) from the University of Queensland, Susan completed an executive Masters of Business Administration (EMBA) from the Melbourne Business School. She is also a Fellow of the Australian Institute of Company Directors (FAICD).

Other Current Directorships
Non-Executive Director of G8 Education Limited (ASX:GEM) (appointed November 2011)

Non-Executive Director of Viva Leisure Limited (ASX:VVA) (appointed 18 October 2018)

Non-Executive Director of National Veterinary Care Ltd (ASX:NVL) (appointed February 2015, resigned 7 April 2020)

Former Directorships in last 3 years
Non-Executive Director of Xenith IP Group Limited (ASX:XIP) (appointed October 2015)

Special Responsibilities
- Chair of audit and risk committee
- Member of remuneration and nominations committee

Direct and indirect interest in shares and options
Ordinary Shares
Over the Wire Holdings: **185,000**

CATHY ASTON

BEC. MCOMM, GAICD, FFIN

Non-Executive Director

Cathy was appointed as an independent director of Over The Wire effective 1 July 2020.

She is an experienced Chair and non-executive director of telecommunications, digital and financial services businesses in Australia and greater Asia. Senior executive experience includes CEO/ Managing Director, Mobitel Pvt Ltd (Sri Lanka) and Finance Director for Telstra International (Hong Kong).

Cathy holds a Bachelor of Economics from Macquarie University and a Master of Commerce from the University of NSW. She is a graduate of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australia.

Other Current Directorships
Non-Executive Director, IMB Ltd (appointed September 2016), Chair of Risk Committee

Non-Executive Director, Macquarie Investment Management Limited (appointed December 2017)

Advisor, Avanseus Holdings Pty Ltd, (Singapore) (appointed October 2015)

Former Directorships in last 3 years
Non-Executive Director, Southern Phone Ltd, Chair of Governance, Risk and Remuneration Committee (appointed November 2015)

Non-Executive Director, Financial Services Institute of Australasia (appointed 2015), Chair of Audit and Risk Committee

Special Responsibilities
- Member of audit and risk committee (appointed 29 July 2020)
- Member of remuneration and nominations committee (appointed 1 July 2020)

Direct and indirect interest in shares and options
None

MIKE STABB

FCA, MAICD, BBUS(ACCY,BUSLAW), RTA

Company Secretary
(ceased Company Secretary position 26 June 2020)

Chief Financial Officer
(ceased CFO position 9 March 2020)

Mike was appointed Company Secretary in July 2012.

He is a Fellow of the Institute of Chartered Accountants with over twenty years of experience, and graduated with Distinction from QUT in 1995 with a Bachelor of Business (Accy & BusLaw).

Mike worked for Deutsche Bank in London and on Wall Street, and held CFO and senior finance roles in the property, radio communications and banking industries in Australia.

Other Current Directorships
None

Former Directorships in last 3 years
None

Special Responsibilities
- Company Secretary (ceased 26 June 2020)
- Chief Financial Officer (ceased 9 March 2020)

Direct and indirect interest in shares and options
Ordinary Shares
Over the Wire Holdings: **378,980**

SIMONE DEJUN

LLM, GRAD DIP LEGAL PRACTICE, LLB, BBUS(ADVERTISING)

Company Secretary

General Counsel

Simone was appointed Company Secretary 1 April 2020.

She completed a Master of Laws, Bachelor of Laws, Bachelor of Business (Advertising) at QUT, and a Graduate Diploma of Legal Practice at the College of Law.

Simone is Over the Wire's General Counsel with 8 years post-admission experience. Simone was previously General Counsel at Superloop and has also worked as a lawyer for PIPE Networks. She has volunteered as Company Secretary at not-for-profit Australian Pet Welfare Foundation.

Other Current Directorships
None

Former Directorships in last 3 years
None

Special Responsibilities
- Company Secretary

Direct and indirect interest in shares and options
Ordinary Shares
Over the Wire Holdings: **416**

MEETINGS OF DIRECTORS

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2020, and the numbers attended by each director were:

	Full Meetings of directors		Meetings of committees			
			Audit		Nominations & Remuneration*	
	Held	Attended	Held	Attended	Held	Attended
John Puttick	7	7	4	4	4	4
Michael Omeros	7	7	4	4	NA	NA
Brent Paddon	7	6	NA	NA	4	4
Susan Forrester	7	7	4	4	4	4
Cathy Aston	NA	NA	NA	NA	NA	NA

* Effective from 24 June 2020, the Remuneration & Nominations Committee has been renamed to the People & Culture Committee.

INSURANCE OF OFFICERS AND INDEMNITIES

During the financial year, Over the Wire Holdings Limited maintained policies to insure the directors and secretaries of the Company and its Australian-based controlled entities, and the executives and general managers of each of the divisions of the Group. The terms of the insurance contracts prohibit disclosure of the premiums payable and other terms of the policies.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PKF Brisbane Audit) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermines the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2020 $,000	**2019** $,000
Taxation Services		
Tax Compliance Services	19	22
Total Remuneration for Taxation Services	19	22
Total Remuneration for Non-Audit Services	19	22

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 on page 22.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Legislative Instrument.

REMUNERATION REPORT

The directors present the Over the Wire Holdings Limited 2020 remuneration report, outlining key aspects of our remuneration policy and framework as well as remuneration awarded this year. It has also been audited as required by section 308(3C) of the *Corporations Act (2001)*.

The Report is structured as follows:

(A) Key management personnel (KMP) covered in this report
(B) Remuneration policy and link to performance
(C) Elements of remuneration
(D) Remuneration expenses for executive KMP
(E) Non-executive director arrangements
(F) Other statutory information
(G) Options and Performance Rights

(A) KEY MANAGEMENT PERSONNEL (KMP) COVERED IN THIS REPORT

John Puttick
Non-Executive Chairman
(appointed 1 December 2015)

Michael Omeros
Managing Director and Group Chief Executive Officer
(appointed 1 July 2011)

Brent Paddon
Executive Director
(appointed 1 July 2011)
(Non-Executive Director from 1 July 2020)

Susan Forrester
Non-Executive Director
(appointed 1 December 2015)

Other key management personnel:

Scott Smith
Chief Executive Officer
(appointed 9 March 2020)

Mike Stabb
Company Secretary and Chief Financial Officer
(ceased CFO position 9 March 2020)
(ceased Company Secretary role 26 June 2020)

Ben Cornish
Chief Technology Officer

Gary Pittorino
Chief Operating Officer

Ben Melville
Chief Financial Officer
(appointed 9 March 2020)

From 1 July 2020 Brent Paddon and Cathy Aston were appointed as Non-exectuive Directors of the Group.

There have been no further changes in KMP since the end of the reporting period other than those disclosed above.

(B) REMUNERATION POLICY AND LINK TO PERFORMANCE

During 2020 the remuneration committee was made up of two independent non-executive directors and one executive director. The committee will review and determine our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. As the Group now has a dedicated General Manager of Human Resources, our remuneration policy is now being developed and finalised through input by the remuneration committee and recommendations provided by externally engaged consultants.

Executive KMP Remuneration Policy Statement
Consistent with contemporary Corporate Governance standards, The Group's remuneration policy will aim to set employee and executive remuneration that is fair, competitive and appropriate for the markets in which it operates and is mindful of internal relativities. Over the Wire Holdings will aim to ensure that the mix and balance of remuneration is appropriate to reward fairly, attract, motivate and retain senior executives and other key employees.

Specific objectives of this policy will include the following:

- Provide a fair and competitive (internal and external) fixed annual remuneration for all positions under transparent policies and review procedures;
- Link executive KMP rewards to shareholder value accretion by providing appropriate equity (or equivalent) incentives to selected senior executives and employees linked to long-term Company performance and core values;
- Provide competitive total rewards to attract and retain appropriately skilled employees and executives;
- Have a meaningful portion of remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks, both short (annual), medium (deferred STI) and long term (+ 3 years); and
- Establish appropriate, demanding performance hurdles for any executive short or long term equity incentive remuneration.

This broad remuneration policy will be delivered by Over the Wire Holdings under a Total Targeted Remuneration (TTR) or Total Annual Remuneration (TAR) framework. Appropriate remuneration policy settings will be achieved by consistently applying a clear remuneration strategy directed at supporting the Board approved business strategy with appropriate and flexible processes, policies and procedures established by the Board from time to time.

(C) ELEMENTS OF REMUNERATION

Fixed Annual Remuneration
Executives may receive their fixed remuneration as cash, superannuation and fringe benefits such as mobile phones, car allowances and in house fringe benefits.

During 2020 there were no fixed remuneration increases given to executive KMP.

During 2020, two new members of the KMP were promoted from within the Group. Their fixed remuneration is as follows:

- **Scott Smith:**
  Base Salary $250,000

- **Ben Melville:**
  Base Salary $180,000

Short-term Incentives – Operational Bonuses
In 2020, elements of KMP remuneration were dependent on the satisfaction of operational performance conditions.

Short term incentive cash bonuses paid in relation to 2019:

- $68,986 for Michael Omeros linked to the achievement of operational KPIs.
- $26,795 for Brent Paddon linked to the achievement of operational KPIs.
- $52,615 for Mike Stabb linked to the achievement of operational KPIs.
- $50,390 for Ben Cornish linked to the achievement of operational KPIs.

Long-term Incentives
On 29 May 2020, the Group issued 115,387 performance rights to key management personnel and select senior staff as part of a Long Term Incentive (LTI) scheme under an Employee Share Plan as a means of rewarding and incentivising key employees.

Further details of the performance rights, including details of rights issued during the financial year, are set out in note 31.

The Long term incentive (LTI) scheme contains features that meets contemporary generally accepted market standards, and that:

- Encourage the long term retention of selected key executives and aligns the interests of the key executives with shareholders;
- Reward service and performance by these executives;
- Meet contemporary governance and executive remuneration standards; and
- Satisfy all executive employment contract obligations and meet all regulatory requirements.

Details of performance measures used in relation to performance rights issued to KMP can be located at note 31 of the accompanying financial statements.

(D) REMUNERATION EXPENSES FOR EXECUTIVE KMP

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards. Remuneration paid to directors and executives is valued at the cost to the Group.

(I) Key Management Personnel Remuneration

Name	Year	Fixed remuneration					Variable remuneration		Total	Performance Based
		Cash Salary*	Non-monetary Benefits*	Annual Leave*	Long service Leave **	Post-employment Benefits ***	Cash Bonus*	Share Based Payments ****		
		$	$	$	$	$	$	$	$	%
Executive Directors										
Michael Omeros	2020	255,691	45,768	22,500	4,875	24,392	61,390	-	414,617	15
	2019	263,170	45,768	23,077	5,000	20,531	99,237	-	456,783	22
Brent Paddon[1]	2020	244,213	3,990	18,750	4,063	21,090	24,556	-	316,662	8
	2019	244,327	5,244	18,794	4,072	20,531	39,695	-	332,663	12
Other Management Personnel										
Scott Smith[2]	2020	75,308	-	5,929	1,295	6,438	15,348	1,928	106,236	16
	2019	-	-	-	-	-	-	-	-	-
Mike Stabb[3]	2020	152,626	-	11,282	2,444	15,212	32,230	54,234	268,029	32
	2019	224,938	-	16,923	3,667	24,531	59,634	70,151	399,844	32
Ben Cornish	2020	196,523	22,430	16,500	3,575	21,723	42,973	65,771	369,496	29
	2019	207,520	17,724	16,923	3,667	20,531	53,364	70,151	389,880	32
Gary Pittorino	2020	215,109	-	16,500	3,575	20,804	42,973	25,009	323,970	21
	2019	174,608	-	13,397	2,903	15,399	-	2,784	209,091	1
Ben Melville[2]	2020	55,114	-	4,269	925	5,234	7,674	1,371	74,587	12
	2019	-	-	-	-	-	-	-	-	-
Total Executive Directors & Other KMPs	2020	1,194,585	72,188	95,731	20,742	114,894	227,144	148,314	1,873,598	20
	2019	1,114,563	68,736	89,114	19,309	101,523	251,930	143,086	1,788,261	22
Total NED Remuneration (see section (e) below)	2020	190,125	-	-	-	-	-	-	190,125	-
	2019	145,000	-	-	-	-	-	-	145,000	-
Total KMP remuneration Expensed	2020	1,384,710	72,188	95,731	20,742	114,894	227,144	148,314	2,063,723	18
	2019	1,259,563	68,736	89,114	19,309	101,523	251,930	143,086	1,933,261	20

1 Appointed as Non-executive Director from 1 July 2020

2 Appointed 9 March 2020

3 Ceased role as Chief Financial Officer on 9 March 2020

* Short-term benefits as per *Corporations Regulation* 2M.3.03(1) Item 6
Along with other full time staff, all KMP accepted a 10% reduction in hours over the period 1 April 2020 to 30 June 2020 to support working capital of the Group through the COVID-19 imposed lockdowns

** Other long-term benefits as per *Corporations Regulation* 2M.3.03(1) Item 8

*** Post-employment benefits are provided through contributions to a superannuation fund. The amounts disclosed as remuneration represent the amount contributed by the employer at the statutory rate 9.5%, plus any salary sacrificed amounts if applicable, measured in accordance with AASB 119 *Employee Benefits*.

**** Shares issued under an employee share scheme established by the Group on 30 November 2015 (re-approved 29 November 2018), as well as Performance Rights issued as set out at Note 31.

(II) Rights Granted As Remuneration - Long Term Incentive Plan

Name	Year Granted	Balance at Start of year	Granted during year	Rights to deferred shares				Balance at end of year (unvested)	Maximum value to vest*
				Vested		Forfeited			
KMP		**No.**	**No.**	**No.**	**%**	**No.**	**%**	**No.**	**$**
Scott Smith[1]	2020	-	8,362	-	-	-	-	8,362	23,136
Mike Stabb[2]	2020	-	20,067	-	-	-	-	20,067	55,222
	2019	13,333	-	-	-	-	-	13,333	34,866
	2018	29,920	-	-	-	-	-	29,920	8,608
Ben Cornish	2020	-	20,067	-	-	-	-	20,067	55,222
	2019	13,333	-	-	-	-	-	13,333	34,866
	2018	29,920	-	-	-	-	-	29,920	8,608
Gary Pittorino	2020	-	20,067	-	-	-	-	20,067	55,222
	2019	10,400	-	-	-	-	-	10,400	27,196
Ben Melville[1]	2020	-	3,345	-	-	-	-	3,345	9,255

1 Appointed 9 March 2020
2 Ceased role as Chief Financial Officer on 9 March 2020
* The maximum value of the deferred shares yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

Details of the performance rights granted as remuneration to those KMP in the above table are included in Note 31 to the financial statements.

(III) Performance Based Remuneration Granted and Forfeited During the Year

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in section (B) 'Remuneration Policy and Link to Performance'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Remuneration and Nomination Committee.

The proportion of the cash bonus paid/payable or forfeited is as follows:

30 June 2020	Total STI Cash bonus		
	Total Opportunity $	**Awarded** %	**Forfeited** %
Executive Directors:			
Michael Omeros	100,000	61%	39%
Brent Paddon[1]	40,000	61%	39%
Other Management Personnel:			
Scott Smith	25,000	61%	39%
Mike Stabb	52,500	61%	39%
Ben Cornish	70,000	61%	39%
Gary Pittorino	70,000	61%	39%
Ben Melville	12,500	61%	39%

1 Appointed as Non-executive Director from 1 July 2020

(E) NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Board fees are $117,000 ($75,000 in 2019) for John Puttick and $73,125 ($50,000 in 2019) for Susan Forrester. Board fees include a 10% reduction for the period 1 April 2020 to 30 June 2020. In addition, they are paid $10,000 for chairing their respective committees. There are no performance-based payments or retirement allowances. From 1 July 2020, base fees for Chair of the Board will increase from $120,000 to $150,000 and base fees for Non-Executive Directors from $75,000 to $80,000.

From 1 July 2020, Brent Paddon and Cathy Aston have been appointed as Non-executive Directors.

The table below represent the amounts paid for the periods in which their services were provided.

	Consolidated	
	2020 $	**2019** $
Base fees		
Chair	120,000	85,000
Other Non-executive Directors	75,000	60,000
Total	**195,000**	**145,000**

All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

(F) OTHER STATUTORY INFORMATION

Shareholdings
The numbers of shares in the Company held (directly, indirectly or beneficially) during the financial year by KMP, including their related parties, are set out below:

	Balance at 1/07/2019	Sold on Market	Share Purchase Plan	Employee Share Scheme	Vested Performance Rights	Bought on Market	Balance at 30/06/2020
Directors							
Michael Omeros	13,623,245	(650,000)	-	-	-	52,052	13,025,297
Brent Paddon[1]	12,150,000	(650,000)	-	-	-	-	11,500,000
John Puttick	78,778	-	-	-	-	93,111	171,889
Susan Forrester	161,738	-	-	-	-	23,262	185,000
Total Directors	**26,013,761**	**(1,300,000)**	**-**	**-**	**-**	**168,425**	**24,882,186**
Other Key Management Personnel (OKMP)							
Scott Smith[2]	358,032	-	-	212	-	9,226	367,470
Mike Stabb[3]	333,134	-	-	212	-	45,634	378,980
Ben Cornish	124,103	-	-	212	-	1,706	126,021
Gary Pittorino	204	-	-	212	-	5	421
Ben Melville[2]	-	-	-	212	-	2	214
Total OKMP	**815,473**	**-**	**-**	**1,060**	**-**	**56,573**	**873,106**
Group Total	**26,829,234**	**(1,300,000)**	**-**	**1,060**	**-**	**224,998**	**25,755,292**

1 Appointed as Non-executive Director from 1 July 2020
2 Appointed 9 March 2020
3 Ceased role as Chief Financial Officer on 9 March 2020

(G) OPTIONS AND PERFORMANCE RIGHTS

(i) Options
At the date of this report, there were no unissued shares of Over the Wire Holdings Limited under option. (2019: Nil)

(ii) Performance Rights
At the date of this report, there were 278,852 performance Rights over Over the Wire Holdings Limited shares. (2019: 163,465)

End of Remuneration Report

This report, incorporating the Remuneration Report is signed in accordance with a resolution of Directors.

Michael Omeros
Managing Director

Brisbane
20 August 2020

John Puttick
Chair Person

Brisbane
20 August 2020

PKF Brisbane Audit

PKF

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF OVER THE WIRE HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Over the Wire Holdings Limited and the entities it controlled during the year.

PKF BRISBANE AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

BRISBANE
20 AUGUST 2020

PKF Brisbane Audit
ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3839 9733
f +61 7 3832 1407

8 East Street, PO Box 862
Rockhampton QLD 4700
p +61 7 4927 2744
f +61 7 4927 4317

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For Year Ended 30 June 2020

		Consolidated	
	Note	**2020**	**2019 (restated)[1]**
		$,000	$,000
Revenue from Contracts with Customers	4	87,611	79,589
Other Income	5	50	4,123
Expenses			
Data Centre & Colocation Expense	6	(3,516)	(3,501)
Calls & Communications Expense	6	(27,157)	(24,846)
Other Cost of Goods Sold	6	(15,343)	(13,032)
Employee Benefits Expense	6	(20,711)	(18,511)
Depreciation & Amortisation Expense	6	(9,756)	(7,956)
Finance Costs	6	(426)	(579)
Other Expenses	6	(3,538)	(2,482)
Profit Before Income Tax Expense		**7,214**	**12,805**
Income Tax Expense	7	(2,181)	(2,643)
Profit After Income Tax Expense for the Year Attributable to members		**5,033**	**10,162**
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year, Net of Tax		-	-
Total Comprehensive Income for the Year Attributable to members		**5,033**	**10,162**
			Cents
Basic Earnings per Share	8	9.749	20.713
Diluted Earnings per Share	8	9.716	20.647

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2020

		Consolidated		
	Note	**2020**	**2019 (restated)[1]**	**1 July 2018 (restated)[1]**
		$,000	$,000	$,000
Assets				
Current Assets				
Cash & Cash Equivalents	9	10,435	10,325	7,013
Trade & Other Receivables	10	9,328	8,920	4,357
Inventories	11	292	217	263
Other Current Assets	12	2,658	2,253	857
Total Current Assets		**22,713**	**21,715**	**12,490**
Non-Current Assets				
Other Non-Current Assets	12	198	204	46
Property, Plant & Equipment	13	16,778	10,397	6,365
Intangibles	14	70,354	74,844	36,649
Total Non-Current Assets		**87,330**	**85,445**	**43,060**
Total Assets		**110,043**	**107,160**	**55,550**
Liabilities				
Current Liabilities				
Trade & Other Payables	15	9,310	10,732	6,283
Borrowings	16	3,925	3,924	3,924
Lease Liability	17	1,426	1,149	1,014
Current Tax Liability	18	987	1,046	977
Employee Benefits	19	1,954	1,872	1,293
Unearned Income	20	2,567	2,384	1,015
Deferred Consideration		-	1,392	1,968
Total Current Liabilities		**20,169**	**22,499**	**16,474**
Non-Current Liabilities				
Borrowings	16	1,600	5,626	9,128
Lease Liability	17	9,523	2,504	650
Employee Benefits	19	115	239	186
Unearned Income	20	342	256	-
Deferred Tax	21	9,349	11,016	4,381
Total Non-Current Liabilities		**20,929**	**19,641**	**14,345**
Total Liabilities		**41,098**	**42,140**	**30,819**
Net Assets		**68,945**	**65,020**	**24,731**
Equity				
Issued Capital	22	44,321	43,884	12,246
Reserves	31	416	155	361
Retained Profits	23	24,208	20,981	12,124
Total Equity		**68,945**	**65,020**	**24,731**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For Year Ended 30 June 2020

		Issued Capital	Share Based Payment Reserve	Retained Profits (restated)[1]	Total Equity
Consolidated	Note	$,000	$,000	$,000	$,000
Balance at 1 July 2018		12,246	361	12,124	24,731
Profit after Income Tax for the Year		-	-	10,162	10,162
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		-	-	10,162	10,162
Transactions with Owners, in their Capacity as Owners:					
Dividends Paid	24	-	-	(1,305)	(1,305)
Performance Rights Issued		-	11	-	11
Movements as a result of existing Performance Rights		327	(147)	-	180
Employee Share Plan	22	135	(70)	-	65
Shares Issued Net of Capital Raising Costs	22	31,235	-	-	31,235
Tax Effect of Capitalised Costs		(59)	-	-	(59)
Balance at 30 June 2019 (restated)[1]		**43,884**	**155**	**20,981**	**65,020**

		Issued Capital	Share Based Payment Reserve	Retained Profits	Total Equity
Consolidated	Note	$,000	$,000	$,000	$,000
Balance at 1 July 2019 (restated)[1]		43,884	155	20,981	65,020
Profit after Income Tax for the Year		-	-	5,033	5,033
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		-	-	5,033	5,033
Transactions with Owners, in their Capacity as Owners:					
Dividends Paid	24	-	-	(1,806)	(1,806)
Dividend Reinvestment Plan	22	45	-	-	45
Performance Rights Issued		-	13	-	13
Movements as a result of existing Performance Rights		-	248	-	248
Employee Share Plan	22	153	-	-	153
Tax Effect of Capitalised Costs		239	-	-	239
Balance at 30 June 2020		**44,321**	**416**	**24,208**	**68,945**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For Year Ended 30 June 2020

	Note	Consolidated 2020 $,000	2019 (restated)[1] $,000
Cash Flows from Operating Activities			
Receipts from Customers		96,396	83,224
Payments to Suppliers & Employees		(80,691)	(66,074)
		15,705	17,150
Interest Received		29	35
Interest Paid & Other Finance Costs Paid		(426)	(579)
Income Taxes Paid		(3,669)	(4,092)
Net Cash From / (Used In) Operating Activities	**29(a)**	**11,639**	**12,514**
Cash Flows from Investing Activities			
Payments for Business Combinations (net of cash acquired)		(1,427)	(24,821)
Payments for Property, Plant & Equipment		(4,404)	(2,602)
Payments for Intangible Assets		(864)	(896)
Proceeds from Sale of Property, Plant & Equipment		-	12
Net Cash From / (Used In) Investing Activities		**(6,695)**	**(28,307)**
Cash Flows from Financing Activities			
Proceeds from Issue of Shares (net of transaction costs)		-	25,441
Proceeds from Borrowings		2,170	-
Repayment of Borrowings		(4,025)	(3,502)
Repayment of Lease Liabilities		(1,219)	(1,529)
Dividends Paid		(1,760)	(1,305)
Net Cash From / (Used In) Financing Activities	**29(b)**	**(4,834)**	**19,105**
Net Increase (Decrease) in Cash & Cash Equivalents		110	3,312
Cash & Cash Equivalents at the Beginning of the Year		10,325	7,013
Cash & Cash Equivalents at the End of the Year	**9**	**10,435**	**10,325**
Non-Cash Financing Activities			
Shares Issued as Consideration for Business Acquisitions		-	5,810
Assets acquired through Finance Leases		-	1,353
Dividend Reinvestment plan		45	-

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Year Ended 30 June 2020

These consolidated financial statements and notes represent those of Over the Wire Holdings Limited (the "Company") and its controlled entities (the "Group").

The separate financial statements of the parent entity Over the Wire Holdings Limited have not been presented within the financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 20 August 2020 by the directors of the Company.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

A. NEW ACCOUNTING STANDARDS ADOPTED IN THE CURRENT FINANCIAL PERIOD

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- AASB 16: Leases.

The impact of the adoption of these standards and the respective accounting policies are disclosed in Note 3.

B. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

Revised Conceptual Framework for Financial Reporting (applicable to annual reporting periods beginning on or after 1 January 2020).

The revised Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

AASB 17: *Insurance Contracts* (applicable to annual reporting periods beginning on or after 1 January 2021).

When effective, this Standard will replace the current accounting requirements applicable to Insurance Contracts in AASB 4: *Insurance Contracts* and. The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in AASB 4 which are largely based on grandfathering previous local accounting policies. This standard is not applicable to the Group.

Amendments to AASB 3: Definition of a Business (applicable to annual reporting periods beginning on or after 1 January 2020).

The definition of a business has been amended to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to AASB 101 and 108: Definition of Material (applicable to annual reporting periods beginning on or after 1 January 2020).

The purpose of the amendments is to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

C. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group ('Company' or 'Parent Entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. The Group and its subsidiaries together are referred to in these financial statements as 'the Group'.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'Business Combinations' accounting policy for further details. 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.

Where the Group loses control over a subsidiary, it de-recognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

D. BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquirer's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest forms the cost of the investment.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

E. FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign Currency Transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

F. REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of Goods

Customers obtain control of products when the goods are delivered to their premises, unless otherwise stated in the contract. Revenue is recognised at this point in time. Any deposits taken as part of a contract with a customer are recorded as a contract liability and are only recognised as revenue once the relevant performance obligation is met, in this case being the delivery of goods. Invoices are usually payable within 14 to 30 days.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. No provision for returns is provided for by the Group given the historical low levels of returns.

All goods sold come with a manufacturer's warranty. As such, no provision for warranties is provided for by the Group.

Rendering of Services

Services to be provided to customers are described in each contract and revenue is recognised on the following basis:

Recurring services:

Recurring services (monthly services for data networks, data centre, colocation and cloud and managed services) are recognised as revenue on a monthly basis as services are provided over the term of the contract.

Non-recurring services:

For non-recurring services, where no breakdown of individual service performance obligations are outlined in a contract, services are taken to be provided to the customer at the conclusion of the contract, at which point revenue for these services will be recognised, otherwise revenue is recognised as each performance obligation is met based on either:

- The price allocated to each performance obligation under the contract; or
- Where no price has been allocated to individual performance obligations, the total revenue per the contract, allocated based on the weighted sales price for each performance obligation had they been sold individually.

Where there is a difference in timing between payment milestones and completion of performance obligations the following will be recognised:

- A contract liability is recognised where a payment milestone is invoiced prior to the satisfaction of performance obligations.
- A contract asset is recognised where a performance obligation is met, however under the relevant contract the amount is not yet able to be invoiced.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is the method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

G. 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 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 apply 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 un-recognised deferred tax assets are reviewed 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 un-recognised 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.

Tax Consolidation

The Company and its wholly owned Australian subsidiaries have formed a tax consolidated group with effect from 1 November 2015. The head entity within the group is Over the Wire Holdings Limited.

The members of the tax-consolidated group are identified in Note 31. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by Over the Wire Holdings Limited (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by Over the Wire Holdings Limited and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

H. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings of current liabilities on the statement of financial position.

I. 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 loss allowance. Trade receivables are generally due for settlement within 14 to 30 days.

Details about the Group’s impairment policies and the calculation of the loss allowance are provided in note 25.

Other receivables are recognised at amortised cost, less any loss allowance.

J. INVENTORIES

Finished goods are stated at the lower of cost or net realisable value, on a first-in-first-out basis. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

K. CONTRACT ASSETS AND COSTS

Accrued revenue (contract assets) relate to contracts where the Group has recognised an asset for work performed and which the Group has a right to payment when performance obligations are completed. A contract asset is recognised for work previously performed. When invoicing takes place, any amount that has previously been classified as a contract asset will be reclassified to trade receivables. Contract assets are generally converted to sales invoices / trade receivable within 1-3 months of being recognised.

Details about the Group’s impairment policies and the calculation of the loss allowance are provided in note 25.

Contract costs (prepayments) represent external or staff costs incurred as part of satisfying a contract to a customer. Where the cost relates to a performance obligation that is satisfied at a point in time, it will be recognised in profit and loss on the date the performance obligation is met. Where the related performance obligation is satisfied over time, the cost will be amortised over the corresponding period.

L. CONTRACT LIABILITIES

The Group recognises two types of contract liabilities being accrued expenses and unearned income.

The Group recognises unearned income where it has received or is unconditionally entitled to receive consideration before there is a transfer of goods or services to a customer. Unearned income represents the Group’s obligation to transfer goods or services to a customer for which it has received consideration.

Accrued expenses are recognised when the Group has received a benefit from an employee or external source and has not yet been invoiced for the goods or services provided. The liability recognised is equal to the Group's estimate of the cost to be incurred for the goods or services received, but not yet invoiced.

M. 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 both a straight-line and diminishing value basis, depending on the asset. The depreciation method chosen is based on what is deemed the most reliable to write off the net cost of each item of property, plant and equipment over their expected useful lives.

The depreciation rates used for each class of depreciable assets are:

	Straight Line	Diminishing Value
Computer, Network & IT Plant & Equipment	13 - 33%	15 – 67%
Furniture and Fixtures	2½ - 33%	20 – 40%
Motor Vehicles	15%	N/A

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

Leasehold improvements and plant and equipment under lease 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 de-recognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

N. LEASES

At the commencement of a contract, the Group assesses whether a 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:

- The contract involves the use of an identified asset which may be specified explicitly or implicitly. The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor 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 operate the asset throughout the period of use, without the supplier having the right to change those operating instructions.

For leases that contain components, the Group allocates the consideration in the lease to each component based on their relative stand-alone prices.

A number of leases for office and data centre premises include options to extend the period of the lease. These options are included in the calculation of the lease liability and right of use asset where the Group is reasonably certain that the option will be exercised.

Lease liabilities

Lease liabilities are measured at the present value of lease payments, net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between principal repayments of the liability and finance charges using the Group's incremental borrowing rate, calculated at the commencement of the lease. Lease payments for office and data centre premises exclude service fees such as outgoings, electricity or cleaning costs.

Right of Use Assets

Leased assets are capitalised at the commencement date of the lease and comprise of the following:

- initial lease liability amount
- add: initial direct costs incurred when entering into the lease
- less: lease incentives received
- add: estimate of any make good or restoration costs per the lease agreement.

Right of use assets are depreciated on a straight-line basis over the useful life to the Group, commencing from the time the asset is ready for use.

O. INTANGIBLE ASSETS

Brand Value

Brands are acquired in a business combination. Some brands are not amortised, given the Board has assessed them to have indefinite useful lives due to the strength of the brand in the market and the intention to continue using the brand indefinitely into the future. These are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Some brands are amortised where the Board has identified the Brand as likely to be transitioned to an Over the Wire Brand in the future.

Right-to-Use Assets

Right-to-Use assets are acquired in a business combination, whereby a right to access a specified asset is conveyed, for a period of time, in exchange for consideration. Right-to-Use assets are amortised on a straight-line basis over the period of their expected benefit, generally being the expected finite life of the underlying lease which grants the access, including the period of any options where the option is considered likely to be exercised. Right-to-Use assets are carried at cost less any accumulated amortisation and impairment losses.

Goodwill

Goodwill arises on the acquisition of a business combination. Goodwill is calculated as the excess sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored.

Customer Contracts

Customer contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their expected finite life of approximately 10 years, based upon the Group's historical levels of customer retention. Customer contracts are carried at cost less any accumulated amortisation and impairment losses.

Internally Generated Computer Software

Costs that are clearly associated with an identifiable and unique product, which will be controlled by the Group and have a profitable benefit exceeding the cost beyond one year, are recognised as intangible assets. The following criteria are required to be met before the related expenses can be capitalised as an intangible asset:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The Group's ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Computer software development costs recognised as assets are amortised over their useful lives, not exceeding a period of five years.

P. IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

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.

Q. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group 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 days of recognition.

R. 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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

S. FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- Interest on short-term and long-term borrowings
- Interest on finance leases

T. FINANCIAL INSTRUMENTS

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sale of the asset (i e trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified as 'at fair value through profit or loss' in which case the transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and Subsequent Measurement

- **Financial Liabilities**
  Financial liabilities are subsequently measured at amortised cost or fair value through profit or loss. All financial liabilities are subsequently measured at amortised cost using the effective interest method except for:

  - contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies
  - held for trading financial liabilities; or
  - financial liabilities initially designated as at fair value through profit or loss.

  Financial liabilities cannot be reclassified.

- **Financial Assets**
  Financial assets are subsequently measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income. Measurement is on the basis of contractual cash flow characteristics of the financial asset and the business model for managing the financial assets.

  Financial assets that meet the following conditions are subsequently measured at amortised cost:

  - The financial asset is managed solely to collect contractual cash flows; and
  - the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

  Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

  - the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
  - the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

All other financial assets are measured at fair value through profit or loss.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire.

The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Credit-impaired Financial assets

At each reporting date the Group assesses whether the financial assets carried at amortised cost are credit-impaired. A financial assets is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

U. PROVISIONS

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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.

V. EMPLOYEE BENEFITS

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Based on past experience, the Group does not expect the full amount of annual leave classified as current to be settled within the next 12 months.

Long Service Leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Based on past experience, the Group does not expect the full amount of long service leave classified as current to be settled within the next 12 months.

Expected future payments are discounted using market yields at the reporting date on Australian corporate bonds (the Milliman G100 Australian Corporate bonds discount rate at the end of June) with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Equity-settled compensation
The Group operates an employee share and performance rights plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. As performance rights do not contain any market based targets, the fair value of the rights is determined using probability weighted pricing model. The number of rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Until vested, the expenses recognised are accumulated in the share based payment reserve.

W. 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.

X. SHARE BASED PAYMENT RESERVE

This reserve is used to record expenses in relation to share based payments during the vesting period of the underlying equity instruments.

Y. DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Z. EARNINGS PER SHARE

Basic Earnings Per Share
Basic earnings per share is calculated by dividing the profit attributable to the owners of the Group, by the weighted average number of ordinary shares outstanding 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.

AA. GOODS AND SERVICES TAX (‘GST’) AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated 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 which 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.

AB. ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors’ Reports) 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 Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AC. COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, 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, 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 within the next financial year are discussed below.

CORONAVIRUS (COVID-19) PANDEMIC

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Specific notes address the current impact upon the financial statements and uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

IMPAIRMENT OF RECEIVABLES

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 25.

TIMING OF SATISFACTION OF SALES PERFORMANCE OBLIGATIONS

For performance obligations that are satisfied over time, the output method is used to determine the satisfaction of performance obligations, and therefore revenue recognised. This method is used due to the fact that services are provided evenly over the relevant contract period.

For performance obligations that are satisfied at a point in time, revenue is deemed to be earned where the customer has taken delivery of the goods or service, the risks and rewards are transferred to the customer, and where there is a valid sales contract.

TRANSACTION PRICE AND AMOUNTS ALLOCATED TO PERFORMANCE OBLIGATIONS

With the exception of larger contracts entered into by Comlinx, other contracts entered into by the Group include the transaction price for each performance obligation contained within each contract. For Comlinx contracts, where the transaction price of a contract is not split out against individual performance obligations, the transaction price is allocated in proportion to stand-alone selling prices that would have been charged for each performance obligation. Stand-alone selling prices are based on the current sales prices of the Group excluding any customer or volume discounts. Since acquisition, Comlinx are adopting contract pricing policies consistent with the rest of the Group.

ESTIMATION OF USEFUL LIVES OF ASSETS

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment 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. Technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

INCOME TAX

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

RECOVERY OF DEFERRED TAX ASSETS

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

LEASE TERM

Each office and data centre premises lease is assessed to determine whether any available options to extend the lease are likely to be exercised. This has resulted in a mix of cases in the assumed extension of premises leases, dependant on location and future business and operational goals of the Group.

LEASE DISCOUNT RATES

The discount rate used to calculate the present value of lease liabilities is the incremental borrowing rate of the Group. The incremental borrowing rate is the estimated rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

MAKE GOOD OR RESTORATION COSTS

Where office and data centre premises leases include a make good or restoration clause, an estimate of these costs is included in the value of the right to use asset where a reasonable estimate can be calculated. In the case where a reasonable estimate cannot be made, no cost is recognised until such time as amounts can be reasonably determined.

VALUATION OF DEFERRED CONSIDERATION PAYABLE

As the value of deferred consideration payable for business combinations is dependent upon vendors achieving revenue targets in future years, management is required to make judgements that affect the reported amounts in the financial statements. Management has used their best judgement in determining the fair value of the reported liabilities, including estimating the likelihood of achieving the revenue targets and in turn the likelihood of having to make the future payments.

LONG SERVICE LEAVE PROVISION

As discussed in note 1, the liability for long service leave is 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 values of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

CREDIT RISK OF TRADE RECEIVABLES

As the Group provides a loss allowance against specific trade receivables that have been identified as a higher credit risk, remaining balances are deemed to be lower risk, even if over 30 days past due. This assumption is based on historical trends of low levels of trade receivable write-offs along with consistent aging of trade receivable balances of the Group across current and prior periods. Assumptions underpinning the Group's expected credit loss model are outlined in Note 25.

NOTE 3: CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of AASB 16: *Leases* on the group’s financial statements and also discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

AASB 16 *Leases* was implemented by the Group on 1 July 2019 and replaced the current requirements in AASB 117 *Leases*. This standard was applied retrospectively by the Group, restating comparative information as if the standard has always applied.

Under AASB 16, a contract is a lease 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. Under AASB 117, a lease was either a finance lease (on balance sheet) or an operating lease (off balance sheet). AASB 16 removes the distinction of operating and finance leases and requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for the majority of lease contracts, with some minor exemptions available, of which the Group has applied the exemption regarding leases for low value assets.

The lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the commencement date of each lease. The right-of-use asset comprises the initial lease liability amount, plus initial direct costs incurred when entering into the lease, plus make good costs, less any lease incentives received. The right of use asset is depreciated over the term of the lease.

Under AASB 16, the consolidated statement of comprehensive income no longer includes operating lease expenditure for contracted leases, but is impacted by the recognition of additional interest and depreciation expense.

For existing finance leases previously accounted for under AASB 117, the carrying amount of the right-of-use asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date measured applying AASB 117.

The impact on lease arrangements on adoption impacted the consolidated statement of financial position as follows:

- Recognition of right of use assets
- Recognition of additional current and non-current lease liabilities
- De-recognition of prepayments for operating leases
- Decrease in opening retained earnings

The impact on the consolidated statement of comprehensive income was:

- Decrease of operating lease rent expense
- Increase in depreciation expense
- Increase in finance costs (interest expense)

The impact on the consolidated statement of cash flows was:

- Decrease in payments to suppliers and employees
- Increase in finance costs
- Increase in payments for lease liabilities

The Group has not applied any of the practical expedients included in AASB 16 as it is not applicable.

(i) Group Policy

At the commencement of a contract, the Group assesses whether a 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:

- The contract involves the use of an identified asset which may be specified explicitly or implicitly. The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor 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 operate the asset throughout the period of use, without the supplier having the right to change those operating instructions.

For leases that contain components, the Group allocates the consideration in the lease to each component based on their relative stand-alone prices.

A number of leases for office and data centre premises include options to extend the period of the lease. These options are included in the calculation of the lease liability and right of use asset where the Group is reasonably certain that the option will be exercised.

The Group does not apply AASB 16 to intangible assets as allowed under the standard.

(ii) Lease Liabilities

Lease liabilities are measured at the present value of lease payments, net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between principal repayments of the liability and finance charges using the Group's incremental borrowing rate, calculated at the commencement of the lease. Lease payments for office and data centre premises exclude service fees such as outgoings, electricity or cleaning costs.

(iii) Lease Assets

Leased assets are capitalised at the commencement date of the lease and comprise of the following:

- initial lease liability amount
- add: initial direct costs incurred when entering into the lease
- less: lease incentives received
- add: estimate of any make good or restoration costs per the lease agreement.

Right of use assets are depreciated on a straight-line basis over the useful life to the Group, commencing from the time the asset is ready for use.

(iv) Key Judgements

Lease discount rates

The discount rate used to calculate the present value of the lease liability is the incremental borrowing rate of the Group. The incremental borrowing rate is the estimated rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

Lease term

Each office and data centre premises lease is assessed to determine whether any available options to extend the lease are likely to be exercised. This has resulted in a mix of cases in the assumed extension of premises leases, dependant on location and future business and operational goals of the Group.

Make good or restoration costs

Where office and data centre premises leases include a make good or restoration clause, an estimate of these costs is included in the value of the right to use asset where a reasonable estimate can be calculated. In the case where a reasonable estimate cannot be made, no cost is recognised until such time as amounts can be reasonably determined.

(v) Quantitative Impact of Initial Application of AASB 16

The tables below provide details of the impact on comparative balances upon adoption of AASB 16 due to the consolidated Group applying the full retrospective approach:

	Consolidated		
Consolidated statement of Comprehensive Income Extract	**2019 Original** $,000	**AASB 16 Adjustment** $,000	**2019 Restated** $,000
Expenses			
Data Centre & Co-Location Expense	(3,954)	453	(3,501)
Depreciation & Amortisation Expense	(6,818)	(1,138)	(7,956)
Finance Costs	(476)	(103)	(579)
Other Expenses	(3,310)	828	(2,482)
Profit before Income Tax	**12,765**	**40**	**12,805**
Income Tax			
Income Tax Expense	(2,628)	(15)	(2,643)
Profit after Income Tax	**10,137**	**25**	**10,162**

	Consolidated		
	2019 Original Cents	**AASB 16 Adjustment** Cents	**2019 Restated** Cents
Basic Earnings Per Share	20.661	0.052	20.713
Diluted Earnings Per Share	20.596	0.052	20.647

	Consolidated		
Consolidated statement of Financial Position **Extract**	**2019 Original** $,000	**AASB 16 Adjustment** $,000	**2019 Restated** $,000
Assets			
Current Assets			
Other Current Assets	2,304	(51)	2,253
Total Current Assets	**21,766**	(51)	**21,715**
Non Current Assets			
Property, Plant and Equipment	8,043	2,354	10,397
Total Non Current Assets	**83,091**	**2,354**	**85,445**
Total Assets	**104,857**	**2,303**	**107,160**
Current Liabilities			
Borrowings	4,252	(328)	3,924
Lease Liability	-	1,149	1,149
Total Current Liabilities	**21,678**	**821**	**22,499**
Non Current Liabilities			
Borrowings	6,512	(886)	5,626
Lease Liability	-	2,504	2,504
Deferred Tax	11,041	(25)	11,016
Total Non Current Liabilities	**18,048**	**1,593**	**19,641**
Total Liabilities	**39,726**	**2,414**	**42,140**
Net Assets	**65,131**	**(111)**	**65,020**
Equity			
Retained Profits	21,092	(111)	20,981
Total Equity	**65,131**	**(111)**	**65,020**

	Consolidated		
Consolidated statement of Cash Flows **Extract**	**2019 Original** $,000	**AASB 16 Adjustment** $,000	**2019 Restated** $,000
Cash Flows from Operating Activities			
Payments to Suppliers & Employees	(67,355)	1,281	(66,074)
Interest Paid	(476)	(103)	(579)
Net Cash From / (Used In) Operating Activities	**11,336**	**1,178**	**12,514**
Cash Flows from Financing Activities			
Repayment of Borrowings	(3,853)	351	(3,502)
Repayment of Lease Liability	-	(1,529)	(1,529)
Net Cash From / (Used In) Financing Activities	**20,283**	**(1,178)**	**19,105**

NOTE 4: OPERATING SEGMENTS & PRODUCT LINES

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Makers ('CODM') in assessing performance and determining the allocation of resources. The CODM considers that the business has one reportable segment, being IT and Telecommunications. Therefore, all segment assets and liabilities, and the segment result, relate to one business segment and consequently no detailed segment analysis has been prepared.

Product Lines 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 product lines and assessing their performance. This is also the basis on which the board receive internal management results.

A. DESCRIPTION OF PRODUCT LINES

The Group is a profitable, high growth provider of telecommunications, cloud and IT solutions. It has a national network presence with Points of Presence (POPs) in all major Australian capital cities and Auckland, New Zealand. The Group utilises more than 20 wholesale infrastructure providers to deliver services into these POPs for delivery of a complete data and voice solution to meet each customer's specific requirements. The Chief Operating Decision Makers ('CODM') consider the business from both a product and a geographic perspective and have identified four reportable Product Lines.

Data Networks and Internet

The Group typically enters into an initial three year contract with a customer for the establishment, provision and maintenance of its WAN. Customers include small to large businesses with single to multiple sites.

The Data Networks Product Line includes the provision of internet products and services. Access to affordable, high speed and reliable connectivity is a prerequisite for consuming cloud based applications and services, facilitating transactions, and utilising IP-based communications. The Group provides high bandwidth, dependable, business grade Internet connectivity to enable Internet services, video conferencing, Software as a Service applications and online collaboration for businesses of any size.

The Group supplies Internet connections matching the most appropriate technology to location and/or price requirements of its customers.

Voice

The Group predominately provides Session Initiation Protocol (SIP) based Internet voice solutions that offer high quality, high availability, voice calls at a lower cost to traditional telephony.

Over the Wire's voice platform supports a range of client usage scenarios, from Private Branch exchanges (PBX) to call centre diallers, for both inbound and outbound calling.

Hosting

The Group provides a range of private cloud-based services to its customers consisting of:

Infrastructure as a Service (IaaS):

Forming the base of a fully outsourced infrastructure solution. The Group offers its customers a range of IaaS platforms with cloud-based server, storage and network services.

Hosted PBX:

The Group provides a business-grade hosted telephony solution, eliminating the need for high capital expenditure and costly upgrade cycles to gain access to new features.

Data Centre Colocation:

Data Centre colocation allows customers to house their equipment, such as servers and network equipment, in the Group's secure, highly stable and monitored data centres reducing the risk of downtime and saving on environmental infrastructure costs (such as power and air-conditioning).

Security & Managed Services

Managed Services:

The Group offers a range of Managed Services from basic maintenance through to complete outsourced IT support and administration. This division also includes one-off project work where requested by the customer.

Equipment:
The Group provides high quality equipment solutions, allowing customers to maximise their network performance and reliability.

Security:
The Group provides a range of customised security options including unified threat management, remote and mobile user connectivity management, content filtering, managed firewall and individualised reporting.

B. PRODUCT LINE INFORMATION PROVIDED TO THE CHIEF OPERATING DECISION MAKERS ('CODM').

The breakdown of revenue has been shown below geographically and by Product Line, split between revenue derived from the transfer of goods and services over time and at a point in time.

	Consolidated	
	2020 $,000	**2019** $,000
Contract Revenue by Product Line		
Data Networks and Internet	37,531	36,959
Voice	19,597	16,417
Hosting	10,134	9,075
Security & Managed Services	20,349	17,138
Total Contract Revenue by Product Line	**87,611**	**79,589**
Contract Revenue by Geographic Area		
Australasia	87,611	79,589
Total Contract Revenue by Geographic Area	**87,611**	**79,589**

Revenue is derived from the transfer of goods and services over time and at a point in time in the following product lines:

			Consolidated	
			2020 $,000	**2019** $,000
30 June 2020	**Timing of Revenue Recognition**			
Contract Revenue by Product Line	**At a point in time** $,000	**Over time** $,000		
Data Networks and Internet	565	36,966	37,531	
Voice	683	18,914	19,597	
Hosting	11	10,123	10,134	
Security & Managed Services	13,780	6,569	20,349	
Total Contract Revenue by Product Line	**15,039**	**72,572**	**87,611**	
30 June 2019				
Contract Revenue by Product Line				
Data Networks and Internet	285	36,674		36,959
Voice	338	16,079		16,417
Hosting	7	9,068		23,028
Security & Managed Services	14.988	2,150		3,185
Total Contract Revenue by Product Line	**15,618**	**63,971**		**79,589**

NOTE 5: OTHER INCOME

	Consolidated	
	2020 $,000	**2019** $,000
Other Income		
Interest Income	29	35
Provision for change in expected deferred consideration payable	(35)	4,058
Other Sundry Income	56	30
Total Other Income	**50**	**4,123**

NOTE 6: EXPENSES

	Consolidated	
	2020 $,000	**2019** **(restated)**[1] $,000
Profit before income tax includes the following expenses:		
Data Centre & Colocation Expense		
Data Centre & Colocation - Cost of Sales	1,185	1,005
Data Centre & Colocation - Other Expenses	2,331	2,496
Total Data Centre & Colocation Expense	**3,516**	**3,501**
Calls & Communications Expense		
Calls & Communications - Cost of Sales	27,085	24,708
Calls & Communications - Other Expenses	72	138
Total Calls & Communications Expense	**27,157**	**24,846**
Other Cost of Goods Sold		
Hardware, Software & Maintenance	12,532	10,895
Other Cost of Goods Sold	2,811	2,137
Total Other Cost of Goods Sold	**15,343**	**13,032**
Employee Benefits		
Salaries and Wages	16,801	14,765
Superannuation	1,524	1,334
Annual and Long Service Leave	(42)	344
Share-based Payments Expense	459	277
Other Employee Expenses	1,969	1,791
Total Employee Benefits	**20,711**	**18,511**

NOTE 6: EXPENSES (CONTINUED)

	Consolidated	
	2020	**2019 (restated)**[1]
	$,000	$,000
Depreciation		
Computer, Network & IT Plant & Equipment	2,760	2,330
Furniture & Fittings	113	56
Motor Vehicles	3	1
Right of Use Assets	1,501	1,365
Total Depreciation	**4,377**	**3,755**
Amortisation		
Amortisation of Internally Generated Software	552	287
Amortisation of other Intangibles	4,802	3,896
Amortisation of Borrowing Costs	25	18
Total Amortisation	**5,379**	**4,201**
Total Depreciation & Amortisation	**9,756**	**7,956**
Finance Costs		
Interest and Finance Charges Paid/Payable on Borrowings	226	441
Interest and Finance Charges Paid/Payable on Lease Liabilities	200	138
Total Finance Costs	**426**	**579**
Other Expenses		
Legal, Accounting & Business Acquisition Costs	481	534
Premises	523	233
Licenses & Subscriptions	879	665
Travel & Marketing	493	657
Loss allowance & impairment of financial assets	550	42
General Expenses	632	351
Total Other Expenses	**3,538**	**2,482**
Total Expenses	**80,447**	**70,907**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

Expenses increased largely due to the full year impact of Comlinx and Access Digital, both of which had 8 months of results in the comparative period.

NOTE 7: INCOME TAX EXPENSE

	Consolidated	
	2020	**2019 (restated)**[1]
	$,000	$,000
Income Tax Expense		
Current Tax	3,531	4,095
Deferred Tax – origination and reversal of temporary differences	(1,408)	(1,449)
Deferred Tax – adjustment recognised for prior periods	(8)	-
Adjustment recognised for prior periods	66	(3)
Aggregate Income Tax Expense	**2,181**	**2,643**
Deferred tax included in income tax expense comprises:		
(Increase) / Decrease in Deferred Tax Assets	(1,722)	(161)
Increase / (Decrease) in Deferred Tax Liabilities	314	(1,288)
Deferred Tax – origination and reversal of temporary differences	(1,408)	(1,449)
Numerical Reconciliation of Income Tax Expense and Tax at Statutory Rate		
Profit before income tax expense	7,214	12,805
Tax at the statutory rate of 30%	2,164	3,842
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	27	24
Amortisation of Intangibles	-	-
Accounting & Legal & Business Acquisition Costs	-	34
IPO Costs	-	(59)
Provision for change in deferred consideration	10	(1,218)
Other Sundry Items	(86)	26
	(49)	(1,193)
Adjustment recognised for prior periods	66	(3)
Movement in Timing Differences	-	-
Difference in tax balances acquired on business combinations	-	(3)
Income Tax Expense	**2,181**	**2,643**
The applicable weighted average effective tax rates are as follows:	30%	21%

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

The applicable weighted average effective tax rate is low in 2019 due to the reduction in the Provision for Deferred Consideration taken to profit and loss, which is not subject to tax.

NOTE 8: EARNINGS PER SHARE

	Consolidated	
	2020	**2019 (restated)[1]**
Reconciliation of Earnings to Profit or Loss	**$,000**	**$,000**
Earnings Used to Calculate Basic Earnings Per Share	5,033	10,162
Earnings Used to Calculate Diluted Earnings Per Share	5,033	10,162
Weighted Average Number of Ordinary Shares	**,000**	**,000**
Weighted Average Number of Ordinary Shares Outstanding During the Year Used in Calculating Basic Earnings Per Share	51,626	49,062
Adjustments for calculation of diluted earnings per share:		
Weighted Average Number of Performance Rights Outstanding During the Year Used in Calculating Dilutive Earnings Per Share	174	157
Weighted Average Number of Ordinary Shares Outstanding During the Year Used in Calculating Dilutive Earnings Per Share	51,800	49,219
	Cents	**Cents**
Basic Earnings Per Share (Cents Per Share)	9.749	20.713
Diluted Earnings Per Share (Cents Per Share)	9.716	20.647

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

Earnings per share decreased predominately due the recognition of $4,058K of other income in the prior year relating to a reduction in consideration payable for the acquisition of Comlinx, as well as lower than expected non-recurring revenue, stemming from the impact of COVID-19.

NOTE 9: CASH & CASH EQUIVALENTS

	Consolidated	
	2020 $,000	**2019** $,000
Cash & Cash Equivalents (Current)		
Cash on Hand	1	1
Cash at Bank	10,434	10,324
Total Cash & Cash Equivalents	**10,435**	**10,325**
Reconciliation to Cash and Cash Equivalents at the End of the Financial Year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balance as Above	**10,435**	**10,325**
Balance as per Statement of Cash Flows	**10,435**	**10,325**

NOTE 10: TRADE & OTHER RECEIVABLES

The following table details the Group's trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter-party to the transaction. Receivables that are past due are assessed for impairment by ascertaining the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

	Consolidated	
	2020 $,000	**2019** $,000
Trade & Other Receivables (Current)		
Trade Receivables	7,952	6,030
Loss allowance	(384)	(191)
	7,568	5,839
Term Deposits	257	822
Deposits Paid	183	140
Other Receivables	1,320	2,119
Total Trade & Other Receivables	**9,328**	**8,920**

Impairment of Receivables		
The Group has applied the lifetime expected loss model for calculating the loss allowance on trade receivables. The accounting policies in relation to the calculation of expected credit losses is outlined in Note 2. Assumptions underpinning the expected credit loss model and other information on credit risk is outlined in Note 25.		
Loss allowance at 30 June The aging of the impaired receivables provided for above are as follows:		
Gross Trade Receivables	7,952	6,030
Less expected credit loss for specific balances	(122)	(127)
	7,830	5,903
Expected credit loss - Based on weighted expected loss rate on remaining balances at 2.35% for 30 June 2020 (2019: 1.09%)	(184)	(64)
Additional Overlay for COVID-19 - Based on weighted expected loss rate on customers most at risk in impacted industries Refer to Note 25 for further information.	(78)	-
Total Loss Allowance	**(384)**	**(191)**

Movements in Loss Allowance of Receivables is as Follows:		
Opening Balance	191	303
Amounts restated through opening retained earnings	-	-
Additional Provision Recognised	530	156
Receivables Written off During the Year as Uncollectable	(337)	(268)
Unused amount reversed	-	-
Closing Balance	**384**	**191**

Trade and Other Receivables increased largely due to deferred payment terms offered to customers who were impacted by COVID-19.

NOTE 11: INVENTORIES

	Consolidated	
	2020 $,000	**2019** $,000
Inventories (Current)		
Finished Goods – at Net Realisable Value	292	217
Total Inventories	**292**	**217**

NOTE 12: OTHER ASSETS

	Consolidated	
	2020 $,000	**2019 (restated)[1]** $,000
Other Assets (Current)		
Prepayments - Maintenance Contracts	800	1,056
Prepayments - Other contracts	1,333	779
Prepayments - Other	525	418
Total Other Assets (Current)	**2,658**	**2,253**
Other Assets (Non-current)		
Borrowing Costs	10	32
Prepayments - Maintenance Contracts	188	172
Total Other Assets (Non-current)	**198**	**204**
Total Other Assets	**2,856**	**2,457**
Amortisation of prepaid maintenance contracts recognised as a cost of providing services during the period	2,259	2,498

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

Other assets increased due to the renegotiation of key supplier contracts which resulted in a change to the billing cycle. This should be read in conjunction with the corresponding Unearned Income - Maintenance Contracts, at Note 20.

NOTE 13: PLANT & EQUIPMENT

	Consolidated	
	2020 $,000	**2019 (restated)**[1] $,000
Computer, Network & IT Plant & Equipment (Non-Current)		
Computer, Network & IT Plant & Equipment – at cost	21,049	18,607
Less: Accumulated Depreciation	(14,563)	(11,856)
	6,486	**6,751**
Furniture & Fixtures (Non-Current)		
Furniture & Fixtures – at cost	480	591
Less: Accumulated Depreciation	(415)	(428)
	65	**163**
Motor Vehicles (Non-Current)		
Motor Vehicles – at cost	95	95
Less: Accumulated Depreciation	(89)	(86)
	6	**9**
Right of Use (Non-Current)		
Right of Use Assets – at cost	12,233	6,392
Less: Accumulated Depreciation	(2,012)	(2,918)
	10,221	**3,474**
Total Plant & Equipment at written Down Value	**16,778**	**10,397**

Reconciliations

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

	Computer, Network, IT Plant & Equipment (restated)[1] $,000	**Furniture & Fixtures** $,000	**Motor Vehicles** $,000	**Right of Use Assets (restated)**[1] $,000	**Total** $,000
Balance at 1 July 2018	**4,727**	**179**	**4**	**1,455**	**6,365**
Additions Through Business Combinations	1,143	46	-	887	2,076
Additions	2,602	1	-	2,552	5,155
Transfers from inventory	566	-	-	-	566
Transfer between classes	46	-	6	(52)	-
Disposals*	(3)	(7)	-	-	(10)
Depreciation Expense	(2,330)	(56)	(1)	(1,368)	(3,755)
Balance at 30 June 2019	**6,751**	**163**	**9**	**3,474**	**10,397**

NOTE 13: PLANT & EQUIPMENT (CONTINUED)

	Computer, Network, IT Plant & Equipment $,000	Furniture & Fixtures $,000	Motor Vehicles $,000	Right of Use Assets $,000	Total $,000
Balance at 1 July 2019	**6,751**	**163**	**9**	**3,474**	**10,397**
Additions Through Business Combinations	-	-	-	-	-
Additions	2,496	15	-	8,247	10,758
Transfers from inventory	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation Expense	(2,761)	(113)	(3)	(1,500)	(4,377)
Balance at 30 June 2020	**6,486**	**65**	**6**	**10,221**	**16,778**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

* During the 2018/2019 year $1,177K of assets with a written down value of nil were scrapped during the year.

NOTE 14: INTANGIBLES

	Consolidated	
	2020 $,000	**2019** $,000
Intangibles (Non-Current)		
Goodwill – at Cost	29,032	29,032
	29,032	**29,032**
Brand Value	5,510	5,510
Less: Accumulated Amortisation	(681)	(439)
	4,829	**5,071**
Location and Right-to-Use	1,817	1,817
Less: Accumulated Amortisation	(874)	(709)
	943	**1,108**
Customer Lists	43,950	43,950
Less: Accumulated Amortisation	(10,152)	(5,757)
	33,798	**38,193**
Internally Generated Software	2,731	1,867
Less: Accumulated Amortisation	(979)	(427)
	1,752	**1,440**
Total Intangibles	**70,354**	**74,844**

NOTE 14: INTANGIBLES (CONTINUED)

Reconciliations

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

	Internally Generated Software $,000	Goodwill $,000	Brand Value $,000	Location & Right to Use $,000	Customer List $,000	Total $,000
Balance at 1 July 2018	**831**	**16,300**	**3,246**	**1,274**	**14,998**	**36,649**
Additions - Business Combinations	-	12,732	2,050	-	26,700	41,482
Additions	896	-	-	-	-	896
Disposals	-	-	-	-	-	-
Amortisation Expense	(287)	-	(225)	(166)	(3,505)	(4,183)
Balance at 30 June 2019	**1,440**	**29,032**	**5,071**	**1,108**	**38,193**	**74,844**
Additions - Business Combinations	-	-	-	-	-	-
Additions	864	-	-	-	-	-
Disposals	-	-	-	-	-	-
Amortisation Expense	(552)	-	(242)	(165)	(4,395)	(5,354)
Balance at 30 June 2020	**1,752**	**29,032**	**4,829**	**943**	**33,798**	**70,354**

NOTE 14: INTANGIBLES (CONTINUED)

Finite Life Intangible Assets

Outlined below are the carrying amounts and remaining amortisation periods of the individual intangible assets that are material to the Group's financial statements at 30 June 2020.

	Remaining Amortisation Period	Carrying Amount
	Years	
Location & Right to Use - Sanity	7	922
Right to Use - WebCentral	< 1	21
Location & Right to Use		**943**
Customer List - Faktortel	5	1,017
Customer List - Sanity	5	817
Customer List - Telarus	7	2,963
Customer List - SpiderBox	5	152
Customer List - VPN Solutions	7	6,600
Customer List - Access Digital	8	11,583
Customer List - Comlinx	8	10,666
Customer List		**33,798**
Brand - Sanity	2	100
Brand - Telarus	2	146
Brand - VPN Solutions	2	117
Brand - Access Digital	3	167
Brand		**530**
Internally Generated Computer Software - 2017	2	39
Internally Generated Computer Software - 2018	3	222
Internally Generated Computer Software - 2019	4	627
Internally Generated Computer Software - 2020	5	864
Internally Generated Computer Software		**1,752**

Impairment Disclosures

Both goodwill and a select number of brand values are allocated to a cash generating unit, which is based on the Group's reporting segment. As per Note 4, the Group has one reportable segment, being IT and Telecommunications.

Brand Value has been recorded in relation to the acquisition of Faktortel & Comlinx, and these costs are not amortised, given the Board has assessed them to have indefinite useful lives due to the strength of the brand in the market, and the intention of the Board to continue to trade under this brand indefinitely. Instead, these Brands are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other acquired Brand values are being amortised, where the Board has assessed that the Brands will eventually be replaced in the market by the Over the Wire brand after an appropriate period of co-branding.

NOTE 14: INTANGIBLES (CONTINUED)

Impairment Testing of Goodwill
All Goodwill is allocated to the Group's one cash generating unit (CGU) being IT & Telecommunications.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use the present value of cash flow projections over a 5 year period, with growth rates based on historical growth rates achieved in the past and budgets approved by management. A terminal value based on the EBITDA exit multiple method was used in the calculation.

Key assumptions used for value-in-use calculations:

	2020	2019
CGU – IT & Telecommunications:		
EBITDA & Net Cash flow from Operations (growth rate)	13%	18%
Discount Rate	10%	10%

As the Group runs a business structure that is light on capital expenditure requirements and utilises back-to-back purchasing arrangements aligned with the contractual terms of customers contracts, revenue, cost of goods sold and overhead have not been assessed in isolation, but instead EBITDA has been used for future cash flow projections, based on the entity's historical accuracy on forecasting EBITDA growth and its ability to manage expenses in line with revenue growth.

The Discount rate has been based upon an estimate of the entity's weighted average cost of capital, and is similar to that used in the valuation of other intangible assets such as customer lists.

Impairment Charge for Goodwill
As a result of the impairment testing and evaluation, the Group has determined that the carrying value of Goodwill does not exceed their value-in-use, and no impairment charge is required.

Impact of possible changes in key assumptions
If the growth rate for EBITDA and Net Cash flow from Operations was reduced by 50% to 6%, there would still be no impairment charge required.

If the discount rate, based on an estimate of the entity's weighted average cost of capital was increased by 50% to 15%, there would still be no impairment charge required.

NOTE 15: TRADE & OTHER PAYABLES

	Consolidated	
	2020 $,000	**2019** $,000
Trade & Other Payables (Current)		
Trade Payables	4,981	7,396
GST Payable	1,010	761
Accrued Expenses	2,624	1,930
Other Payables	695	645
Total Trade & Other Payables (Current)	**9,310**	**10,732**

Trade and Other Payables decreased mainly due to the renegotiation of key supplier contracts which resulted in a change to the billing cycle.

NOTE 16: BORROWINGS

	Consolidated	
	2020	**2019 (restated)[1]**
	$,000	$,000
Borrowings (Current)		
Term Loan	3,925	3,924
Total Borrowings (Current)	**3,925**	**3,924**
Borrowings (Non-Current)		
Term Loan	1,600	5,626
Total Borrowings (Non-Current)	**1,600**	**5,626**
Total Borrowings	**5,525**	**9,550**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

Term Loan
This facility is secured by an interlocking guarantee and indemnity given by all entities in the Group supported by a first registered general security agreement over all present and subsequently-acquired property over each of the entities in the consolidated group. The nominal interest rate for the loan is 2.26% on top of the bank bill swap rate, with a maturity date of 31 July 2021.

Loan Covenants

Under the terms of the Group's major borrowing facility, the Group is required to comply with the following financial covenants:

- Debt Service Coverage Ratio must at all times exceed 1.75 times
- Financial debt / EBITDA Ratio must at all times be less than 2.25x

As at and during the financial year ended 30 June 2020, the Group had complied with these covenants.

Facilities Available

The Group has access to the following facilities, with the balance of the facilities as at 30 June 2020 being as follows:

Facility	Limit	Used
	$,000	$,000
Term Loan	10,390	5,525
Credit Card Facilities	400	64
Bank Guarantee Facilities	1,000	869

NOTE 17: LEASE LIABILITIES

The Consolidated group leases office premises, data centre premises and IT Equipment across QLD, NSW, VIC & SA.

(a) Lease Liabilities

	Consolidated	
	2020	**2019 (restated)[1]**
	$,000	$,000
Current		
Lease Liability - Premises	1,119	821
Lease Liability - IT Equipment	307	328
Lease Liability - Current	**1,426**	**1,149**
Non-Current		
Lease Liability - Premises	8,941	1,618
Lease Liability - IT Equipment	582	886
Lease Liability - Non-Current	**9,523**	**2,504**
Total Lease Liability	**10,949**	**3,653**

(b) Associated Right of Use Assets
The written down value of Right of Use assets that relate to the above lease liabilities are as follows. They are also included in the line Item "Property, Plant & Equipment" in the Consolidated Statement of Financial Position (Refer Note 13).

	Consolidated	
	2020	**2019 (restated)[1]**
	$,000	$,000
Right of Use Assets		
Properties/ Premises	9,125	2,355
IT Equipment	1,096	1,119
Total Written Down Value (Note 13)	**10,221**	**3,474**

(c) Amounts recognised in the Consolidated Statement of Comprehensive Income
The Consolidated Statement of Comprehensive Income includes the following amounts relating to leases:

	Consolidated	
	2020	**2019 (restated)[1]**
	$,000	$,000
Right of Use Assets		
Depreciation charge on properties/ premises (included in depreciation and amortisation)	1,235	1,138
Depreciation charge on IT equipment (included in depreciation and amortisation)	265	230
Interest expense on properties/ premises (included in finance costs)	174	103
Interest expense on IT Equipment (included in finance costs)	26	35
	1,700	**1,506**

(d) Cash outflows
Total cash outflows for leases for the year ended 30 June 2020 was $1,419K (2019: $1,640K)

NOTE 17: LEASE LIABILITIES (CONTINUED)

(e) Other Information

Expense relating to low value leased assets

The expense relating to leases of low-value assets for which no lease liability or right of use asset has been recognised was $29K for the year ended 30 June 2020 (2019: $35K).

Leases not yet commenced to which the consolidated group is committed

As at the date of this report, the Consolidated group has signed a new lease agreement for office premises with total cash outflows of approximately $1,534K over the next 6 years which assumes all available options will be taken up. The start date of the new lease is September 2020.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Most extension options in property leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. No estimate of potential future cash outflows on available options outside of those recognised in the lease liability have been calculated on the basis that the majority of options, if taken up will trigger a rent review which could significantly alter the outflows for these additional periods.

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

NOTE 18: CURRENT TAX LIABILITY

	Consolidated	
	2020 $,000	**2019** $,000
Current Tax Liability		
Provision For Income Tax Payable	987	1,046
Total Current Tax Liability	**987**	**1,046**

NOTE 19: EMPLOYEE BENEFITS

	Consolidated	
	2020 $,000	**2019** $,000
Employee Benefits (Current)		
Provision for Long Service Leave	820	570
Provision for Annual Leave	1,134	1,302
Other Employee Benefits Payable	-	-
Total Employee Benefits Payable (Current)	**1,954**	**1,872**
Employee Benefits (Non-Current)		
Provision for Long Service Leave	115	239
Total Employee Benefits Payable (Non-Current)	**115**	**239**
Total Employee Benefits	**2,069**	**2,111**

NOTE 19: EMPLOYEE BENEFITS (CONTINUED)

	Consolidated	
	2020 $,000	**2019** $,000
Movement in Provisions		
Provision for Long Service Leave		
Balance at 1 July	809	527
Additional Provisions	149	209
Additions Through Business Combinations	-	94
Amounts Used	(23)	(21)
Balance at 30 June	**935**	**809**
Provision for Annual Leave		
Balance at 1 July	1,302	952
Additional Provisions	1,039	1,053
Additions Through Business Combinations	-	193
Amounts Used	(1,209)	(896)
Balance at 30 June	**1,134**	**1,302**

Amounts Not Expected to be Settled Within the Next 12 Months:
The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. Based on past experience the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

NOTE 20: UNEARNED INCOME

	Consolidated	
	2020 $,000	**2019** $,000
Unearned Income (Current)		
Customer prepayments and deposits	1,688	1,031
Setup fees	19	15
Unearned income - maintenance contracts	860	1,338
Total Unearned Income (Current)	**2,567**	**2,384**
Unearned income (Non-current)		
Unearned income - maintenance contracts	342	256
Total Unearned Income (Non-Current)	**342**	**256**
Total Unearned Income	**2,909**	**2,640**
Revenue recognised in the reporting period that was included in unearned income at the beginning of the period	2,384	1,015

Unearned income increased predominately due to a significant customer deposit made in June 2020 for the provision of professional services. This should be read in conjunction with the corresponding prepaid maintenance contracts, at Note 12.

NOTE 21: DEFERRED TAX

	Consolidated	
	2020	**2019 (restated)[1]**
	$,000	$,000
Deferred Tax Consist Of:		
Deferred Tax Assets (a)	3,728	1,746
Deferred Tax Liabilities (b)	(13,077)	(12,762)
Net Deferred Tax Asset / (Liability)	**(9,349)**	**(11,016)**
a) Deferred Tax Assets:		
The Balance Comprises Temporary Differences Attributable to:		
Accrued Expenses	293	261
Provision for Doubtful Debts	115	57
Employee Benefits	731	633
Claimable IPO Costs	201	63
Leases	2,388	732
Other	-	-
Deferred Tax Asset	**3,728**	**1,746**

Movement in Deferred Tax Assets	**Accrued Expenses**	**Prov. for Doubtful Debts**	**Employee Benefits**	**Claimable IPO Costs**	**Lease Liability**	**Other**	**Total**
	$,000	$,000	$,000	$,000	$,000	$,000	$,000
Balance at 1 July 2018	**144**	**91**	**444**	**100**	**445**	**-**	**1,224**
(Charged) / Credited to Profit or Loss	83	(55)	110	-	23	-	161
(Charged) / Credited through Equity	-	-	-	(37)	-	-	(37)
Additions Through Business Combinations	34	21	79	-	264	-	398
(Over) / Under Provision of Prior Year	-	-	-	-	-	-	-
Balance at 30 June 2019	**261**	**57**	**633**	**63**	**732**	**-**	**1,746**
(Charged) / Credited to Profit or Loss	32	58	(24)	-	1,656	-	1,722
(Charged) / Credited through Equity	-	-	-	125	-	-	125
Additions Through Business Combinations	-	-	-	-	-	-	-
(Over) / Under Provision of Prior Year	-	-	122	13	-	-	135
Balance at 30 June 2020	**293**	**115**	**731**	**201**	**2,388**	**-**	**3,728**

NOTE 21: DEFERRED TAX (CONTINUED)

	Consolidated	
	2020	**2019 (restated)[1]**
	$,000	$,000
b) Deferred Tax Liabilities:		
The Balance Comprises Temporary Differences Attributable to:		
Accrued Revenue	(52)	(89)
Provision for Change in Contingent Liability	-	-
Provision for Doubtful Creditors	(29)	(63)
Intangibles on Acquisitions	(10,500)	(11,903)
Property Plant & Equipment	(2,500)	(707)
Other	4	-
Deferred Tax Liability	**(13,077)**	**(12,762)**

Movement in Deferred Tax Liability

	Accrued Revenue	Prov. for Change in Contingent Liability	Prov. for Doubtful Creditors	Intangibles on Acquisitions	Property, Plant & Equipment	Other	Total
	$,000	$,000	$,000	$,000	$,000	$,000	$,000
Balance at 1 July 2018	**(202)**	**-**	**(46)**	**(4,952)**	**(405)**	**-**	**(5,605)**
(Charged) / Credited to Profit or Loss	206	-	(13)	1,133	(38)	-	1,288
Additions Through Business Combinations	(93)	-	(4)	(8,084)	(264)	-	(8,445)
(Over) / Under Provision of Prior Year	-	-	-	-	-	-	-
Balance at 30 June 2019	**(89)**	**-**	**(63)**	**(11,903)**	**(707)**	**-**	**(12,762)**
(Charged) / Credited to Profit or Loss	37	-	34	1,403	(1,793)	5	(314)
Additions Through Business Combinations	-	-	-	-	-	-	-
(Over) / Under Provision of Prior Year	-	-	-	-	-	(1)	-
Balance at 30 June 2020	**(52)**	**-**	**(29)**	**(10,500)**	**(2,500)**	**4**	**(13,077)**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

NOTE 22: ISSUED CAPITAL

	Consolidated	
	2020 $,000	**2019** $,000
Issued Capital		
Ordinary Shares – Fully Paid	44,321	43,884
Total Issued Capital	**44,321**	**43,884**

Movements in ordinary share capital				
	Date	**No. of Shares** ,000	**Issue Price** $	**Paid up Amount** $,000
Balance	1 Jul 2018	43,998		12,246
ESOP Shares vested from Performance Rights	23 Aug 2018	50	-	109
Shares issued on Capital Raise	25 Oct 2018	5,000	4.30	20,627
Shares issued on Acquisitions	1 Nov 2018	1,263	4.60	5,794
Share placement	19 Nov 2018	1,163	4.30	4,814
ESOP Shares Vested from Performance Rights	10 Dec 2018	100	-	218
Employee Share Plan	21 May 2019	28	4.88	135
Tax Effect of Capitalised Costs of IPO	30 Jun 2019		-	(59)
Balance	**30 June 2019**	**51,602**		**43,884**
Shares issued on DRP	10 Oct 2019	5	4.61	23
Employee Share Plan	13 Dec 2019	33	4.70	153
Tax Effect of Capitalised Cost	31 Dec 2019	-	-	239
Shares issued on DRP	7 April 2020	11	2.05	22
Balance	**30 June 2020**	**51,651**		**44,321**

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

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 BASED PAYMENTS - EMPLOYEE SHARES

On 21 May 2020, 32,648 ordinary shares were issued to employees under an Employee Share Plan with an issue price of $4.70 per share and for nil consideration.

Shares acquired under this plan carry all of the same rights and obligations of other shares, except for any rights attaching to shares by reference to a record date prior to the date of issue or transfer. Further details of the shares issued under the Employee Share Plan are set out in note 31.

SHARE BASED PAYMENTS – PERFORMANCE RIGHTS

On 13 December 2019, the Group issued 115,387 performance rights to key management personnel and select senior staff under an Employee Share Plan as a means of rewarding and incentivising key employees.

Further details of the performance rights, including details of rights issued during the financial year, are set out in note 31.

NOTE 22: ISSUED CAPITAL (CONTINUED)

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Based on the current capital structure, issued capital is the only balance that the Group manages as capital.

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

The Group is subject to certain financing arrangement covenants and meeting these are 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 2019 Annual Report.

NOTE 23: RETAINED PROFITS

	Consolidated	
	2020 $,000	**2019 (restated)**[1] $,000
Retained Profits		
Retained Profits at the Beginning of the Financial Year	20,981	12,124
Profits After Income Tax Expense for the Financial Year	5,033	10,162
Dividends Paid	(1,806)	(1,305)
Retained Profits at the End of the Financial Year	**24,208**	**20,981**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

NOTE 24: EQUITY – DIVIDENDS

	Consolidated	
	2020 $,000	**2019** $,000
Dividends		
Interim fully franked ordinary dividend of 1.50 cents per share franked at the tax rate of 30% (2019: 1.25 cents per share fully franked at 30%)	774	644
Final fully franked ordinary dividend of 2.00 cents per share franked at the tax rate of 30% (2019: 1.50 cents per share fully franked at 30%)	1,032	661
Total Dividends for the Financial Year	**1,806**	**1,305**

Subsequent to year-end, on 20 August 2020, the Company declared a fully franked final dividend of 2.25 cents per share, for the year ended 30 June 2020. The dates of the dividend are as follows:

Ex date	14 September 2020
Record Date	15 September 2020
DRP Election Date	16 September 2020
Payment Date	15 October 2020

As this final dividend was declared subsequent to year-end, no provision has been made in the accounts for the dividend.

NOTE 24: EQUITY – DIVIDENDS (CONTINUED)

	Consolidated	
	2020 $,000	**2019** $,000
Franking Credits		
Franking Credits Available at the Reporting Date Based on a Tax Rate of 30%	12,944	10,042
Franking Credits that Will Arise From the Payment of the Amount of the Provision for Income Tax at the Reporting Date Based on a Tax Rate of 30%	987	1,046
Franking Credits available for Subsequent Financial Years based on a Tax Rate of 30%	**13,931**	**11,088**

NOTE 25: FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, loans to and from subsidiaries, and leases.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group does not have any derivative instruments at 30 June 2020 or 30 June 2019.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	Consolidated	
	2020 $,000	**2019 (restated)**[1] $,000
Financial Assets		
Cash & Cash Equivalents (Note 9)	10,435	10,325
Trade & Other Receivables (Note 10)	9,328	8,920
Total Financial Assets	**19,763**	**19,245**
Financial Liabilities		
Trade & Other Payables (Note 15)	9,310	10,732
Borrowings (Note 16)	5,525	9,550
Lease Liabilities (Note 17)	10,211	3,653
Total Financial Liabilities	**25,046**	**23,935**

TREASURY RISK MANAGEMENT

The Boards overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

FOREIGN CURRENCY RISK

The Group has no material exposure to fluctuations in foreign currencies.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

Vigilant liquidity risk management requires the Group 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 Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Cash flows realised from financial assets in the table below reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed.

Contracted maturities at 30 June 2019	0 – 12 Months	1 – 2 Years	2 – 5 Years	> 5 Years	Total Cash Flows	Carrying Amount
	$,000	$,000	$,000	$,000	$,000	$,000
Cash & Cash Equivalents	10,325	-	-	-	10,325	10,325
Trade and Other Receivables	8,920	-	-	-	8,920	8,920
Total	**19,245**	**-**	**-**	**-**	**19,245**	**19,245**

Contracted maturities at 30 June 2020	0 – 12 Months	1 – 2 Years	2 – 5 Years	> 5 Years	Total Cash Flows	Carrying Amount
	$,000	$,000	$,000	$,000	$,000	$,000
Cash & Cash Equivalents	10,435	-	-	-	10,435	10,435
Trade and Other Receivables	9,328	-	-	-	9,328	9,328
Total	**19,763**	**-**	**-**	**-**	**19,763**	**19,763**

The Group has recognised a loss of $530K (2019: $156K) in profit and loss in respect of impairment of receivables for the year ended 30 June 2020. The movements in the provision for impairment of receivables were outlined in Note 10.

The table below sets out the maturity periods of the financial liabilities of the consolidated group as at 30 June 2020 and 30 June 2019. All carrying amounts of equipment finance are discounted contractual cash flows.

Contracted maturities at 30 June 2019	< 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	> 5 Years	Total Cash Flows	Carrying Amount
	$,000s	$,000s	$,000s	$,000s	$,000s	$,000s	$,000s
Trade & Other Payables	10,732	-	-	-	-	10,732	10,732
Borrowings	2,289	1,635	3,925	2,145	-	9,994	9,550
Lease Liabilities	770	486	774	1,630	288	3,948	3,353
Total	**13,791**	**2,121**	**4,699**	**3,775**	**288**	**24,674**	**23,935**

Contracted maturities at 30 June 2020	< 6 Months	6 – 12 Months	1 – 2 Years	2 – 5 Years	> 5 Years	Total Cash Flows	Carrying Amount
	$,000s	$,000s	$,000s	$,000s	$,000s	$,000s	$,000s
Trade & Other Payables	9,310	-	-	-	-	9,310	9,310
Borrowings	1,962	1,962	1,690	-	-	5,614	5,525
Lease Liabilities	846	920	1,838	2,687	6,139	12,430	10,949
Total	**12,118**	**2,882**	**3,528**	**2,687**	**6,139**	**27,354**	**25,784**

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2020 or 30 June 2019.

Credit risk is managed on a Group basis and reviewed regularly by the Board. It arises from exposures to customers as well as through deposits with financial institutions.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only major Australian banks and financial institutions are utilised;
- potential customers with a monthly spend in excess of $1,000 are often rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Group’s strict credit policies may only purchase in cash or using recognised credit cards.

Due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2020 and rates have increased to account for the increased uncertainty. The adjustment to loss rates has been made with reference to the industries in which our customers operate and the expected impact of COVID-19 to that industry.

The following table provides information regarding the credit risk relating to cash and money market securities based on Moody’s counter-party credit ratings.

	Consolidated	
	2020 $,000	**2019** $,000
Cash & Cash Equivalents		
Aa3 Rated	10,409	10,131
A1 Rated	5	193
A3 Rated	20	-
Unallocated	1	1
Total Cash & Cash Equivalents	**10,435**	**10,325**

The following table summarises the assumptions underpinning the consolidated group's expected credit loss model.

Category	Consolidated group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses for Cash & Cash Equivalents. Lifetime expected losses for Trade & Other Receivables
Under-performing	Balances are past due, however there is no further indication that interest or principal repayments will be unrecoverable	Lifetime expected losses
Non-performing	Balances are past due and there are other indicators that interest or principal repayments will be unrecoverable	Lifetime expected losses for Cash & Cash Equivalents. Full balance of specific customer for Trade & Other Receivables
Write-off	Confirmation that amounts will not be recovered	Asset is written off

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE AND MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

All of the Group's equipment finance leases are at a fixed interest rate, and while the Group has term debt, the pricing is a fixed margin above BBSY, the Group has significant cash and cash equivalents, and generally maintains a Debt-to-EBITDA ratio of less than 1:1, and accordingly the Directors consider interest rate and market risk to be low.

SENSITIVITY ANALYSIS

A change in interest rates on the Term Loan would have the following impact on the post-tax profit over the remainder of the expected term of the loan:

	Consolidated	
	2021 $,000	**2022** $,000
2% Decrease in Interest Rates	76	4
1% Decrease in Interest Rates	38	2
1% Increase in Interest Rates	(39)	(2)
2% Increase in Interest Rates	(78)	(4)
3% Increase in Interest Rates	(117)	(6)

DEBT MATURITY AND REFINANCING RISK

Refinancing risk is the risk that the Company is not able to refinance the full amount of its ongoing debt requirements on appropriate terms and pricing. To reduce this risk, the Group maintains significant cash and cash equivalents, generally maintains a Debt-to-EBITDA ratio of less than 1:1 making the Company an attractive lending proposition, and maintains regular contact and good relationships with a variety of debt and equity funding institutions.

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

NOTE 26: REMUNERATION OF AUDITORS

	Consolidated	
	2020 $,000	**2019** $,000
During the financial year the following fees were paid or payable for services provided by PKF Brisbane Audit, the auditor of the Group		
PKF Brisbane Audit		
Audit Services	107	102
PKF Brisbane Pty Ltd		
Other Services – Tax compliance services	19	22
Total	**126**	**124**

NOTE 27: CONTINGENT ASSETS & LIABILITIES

CONTINGENT ASSETS

The Group had no contingent assets as at 30 June 2020 or 30 June 2019.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2020 or 30 June 2019.

NOTE 28: CASH FLOW INFORMATION

	Consolidated	
	2020 $,000	**2019** **(restated)**[1] $,000
(a) Reconciliation of Cash Flows from Operations with Profit After Income Tax		
Profit After Income Tax	**5,033**	**10,162**
Non cash flows in profit/(loss):		
Depreciation	4,377	3,755
Amortisation	5,379	4,201
Provision for Doubtful Debts	193	(226)
(Write-down) / Increase of Earn-out Payments	-	(4,058)
Other Non Cash Movements	646	212
Changes in Assets and Liabilities		
(Increase) / Decrease in Trade and Other Receivables	(215)	(2,754)
(Increase)/ Decrease in Inventories	(75)	255
(Increase)/ Decrease in Other Assets	(399)	1,025
(Decrease)/ Increase in Deferred Tax Liabilities	(1,428)	(1,412)
(Decrease)/ Increase in Payables	(2,040)	2,644
(Decrease)/ Increase in Unearned Income	269	(1,656)
(Decrease)/ Increase in Provisions	(42)	344
(Decrease)/ Increase in Current Tax Liabilities	(59)	22
Net Cash Flows from Operating Activities	**11,639**	**12,514**

NOTE 28: CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of Cash Flows from Financing Activities

	Lease Liability	Term Loan	Dividends Payable	Shares Issued	Total
	$,000	$,000	$,000	$,000	$,000
Balance at 1 July 2018	**1,664**	**13,053**	**-**	**-**	**14,717**
Dividends declared	-	-	1,305	-	1,305
Shares issued	-	-	-	(25,441)	(25,441)
Net cash provided by/ (used in) financing activities	(1,529)	(3,502)	(1,305)	25,441	19,105
Acquisition of leases	2,132				2,132
Other changes	1,386	-	-	-	1,386
Balance at 30 June 2019	**3,653**	**9,551**	**-**	**-**	**13,204**
Dividends declared	-	-	1,806	-	1,806
Shares issued	-	-	(46)	-	(46)
Net cash provided by/ (used in) financing activities	9,51	(4,025)	(1,760)	-	(4,834)
Acquisition of leases	6,345	-	-	-	6,345
Other changes	-	-	-	-	-
Balance at 30 June 2020	**10,949**	**5,525**	**-**	**-**	**16,473**

1. Reclassified and measured amounts due to introduction of AASB 16 - see note 3 for details.

NOTE 29: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

PARENT ENTITY STATEMENT OF FINANCIAL POSITION

As At 30 June 2020

	2020 $,000	**2019** $,000
Assets		
Current Assets	3,452	10,938
Non-Current Assets	64,245	64,010
Total Assets	**67,697**	**74,948**
Liabilities		
Current Liabilities	18,017	21,467
Non-Current Liabilities	1,600	5,626
Total Liabilities	**19,617**	**27,093**
Net Assets	**48,080**	**47,855**
Equity		
Issued Capital	44,321	43,884
Reserves	416	126
Retained Profits	3,343	3,845
Total Equity	**48,080**	**47,855**

NOTE 29: PARENT INFORMATION (CONTINUED)

PARENT ENTITY STATEMENT OF COMPREHENSIVE INCOME

For Year Ended 30 June 2020

	2020 $,000	2019 $,000
Total Profit	**1,309**	**5,509**
Total Comprehensive Income	**1,309**	**5,509**

GUARANTEES AND CONTRACTUAL COMMITMENTS

During the reporting period, Over the Wire Holdings Limited has a parent guarantee in place over the credit card facilities operated by two of its subsidiaries (OTW Corp Pty Ltd and Over the Wire Ptd Ltd) totalling $400,000, as well as a bank guarantee facility totalling $1,000,000.

CONTINGENT LIABILITIES

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

NOTE 30: RELATED PARTY TRANSACTIONS

Over the Wire Holdings Limited is the ultimate parent entity in the wholly owned Group comprising the Company and its wholly owned controlled entities. Transactions between the Company and its controlled entities have been eliminated in the consolidated financial statements.

The aggregate amounts of transactions between the Company and its controlled entities are in the respective classification categories in the financial statements. The nature, terms and conditions of each different type of transaction area are as follows:

- Fees charged by OTW Corp Pty Ltd to the members of the Group are in respect of the Company acting as a central provider of corporate services to the Group, including employing all staff, providing office and administration services.
- Management fees charged by Over the Wire Holdings Limited to cover the costs of being listed on the Australian Securities Exchange.
- A limited number of re-charged costs between Over the Wire Pty Ltd, Netsip Pty Ltd, Faktortel Pty Ltd, Telarus Pty Ltd and Comlinx Pty Ltd, for discretionary operational reasons such as ease of reconciliations, facilitating a customer to receive a single invoice despite ordering services from multiple companies, etc.
- Operational Loans for day-to-day working capital between the Company and its controlled entities are unsecured and advanced on an interest free basis.

KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

	Consolidated	
	2020 $,000	**2019** $,000
Short –Term Employee Benefits	1,780	1,669
Long-Term Employee Benefits	21	19
Post-Employment Benefits	115	102
Termination Payments	-	-
Share based Payments	148	143
Key Management Personnel	**2,064**	**1,933**

Detailed remuneration disclosures are provided in the remuneration report on pages 16 to 22.

NOTE 31: SHARE-BASED PAYMENTS - PERFORMANCE RIGHTS

EMPLOYEE SHARE PLAN

The Employee Share Plan was established to assist in maintaining a Company culture of promoting employee ownership. Under the plan, employees who are employed on the anniversary of the Group's listing date are eligible to receive $1,000 of shares in the Company. The table below summarises details of shares issued to eligible employees under the Group's Employee Share Plan.

	Consolidated	
	2020	**2019**
Issue Date	13 Dec 2019	21 May 2019
Number of shares issued	32,648	27,744
Eligibility date	31 Oct 2019	31 Oct 2018
Share price on eligibility date	$4.70	$4.88
Consideration	-	-
Escrow period (from issue date)	3 years	3 years
Expense recognised in profit and loss	$153,446	$135,391

PERFORMANCE RIGHTS

In line with its remuneration policy, the Board approved the issue of performance rights under the OTW Performance Rights Plan to key management personnel.

The Performance Rights will not give the holder a legal or beneficial interest in ordinary fully paid shares in Over the Wire until those Performance Rights vest. Prior to vesting, Performance Rights do not carry a right to vote or receive dividends.

When the Performance Rights have vested, ordinary fully paid shares will be allocated, and these shares will rank equally with existing Over the Wire Shares.

NOTE 31: SHARE-BASED PAYMENTS - PERFORMANCE RIGHTS

(CONTINUED)

The Performance Rights over Ordinary Shares have been issued in tranches as set out below.

	2018	2019	2020
Issue Date	1 April 2018	1 June 2019	29 May 2020
Vesting Date & Test Date	30 September 2020	30 September 2021	30 September 2022
Expiry Date	31 October 2020	31 October 2021	31 October 2022
Exercise Price	$0.00	$0.00	$0.00
Amount Payable on Grant	$0.00	$0.00	$0.00
Grant Date Value	$2.77	$4.88	$2.88
Performance Hurdles	Service Tenure & EPS absolute Compound Annual Growth Rate hurdle from FY2017 to FY2020: <10% p.a. 0% 10%-15% 50-100% pro-rata >15% pa 100%	Service Tenure & TSR absolute Compound Annual Growth Rate from IPO date to vesting: <10% p.a. 0% 10%-15% 50-100% pro-rata >15% p.a. 100%	Service Tenure & EPS absolute Compound Annual Growth Rate hurdle from FY2017 to FY2020: <10% p.a. 0% 10%-15% 50-100% pro-rata >15% pa 100%
Performance Rights Granted to:			
Mike Stabb	29,920	13,333	20,067
Ben Cornish	29,920	13,333	20,067
Gary Pittorino	-	10,400	20,067
Scott Smith	-	-	8,362
Ben Melville	-	-	3,345
Other Senior Staff	39,892	26,667	43,479

Fair Value of Performance Rights Issued

30 June 2019	Opening Balance	Granted	Vested		Forfeited		Closing Balance	Share-Based Payment Reserve
	Qty	Qty	Qty	%	Qty	%	Qty	$
Mike Stabb*	104,920	13,333	(75,000)	100	-	-	43,253	45,422
Ben Cornish*	104,920	13,333	(75,000)	100	-	-	43,253	45,422
Gary Pittorino*	-	10,400	-	-	-	-	10,400	1,785
Other Senior Staff	39,892	26,667					66,559	62,088
TOTAL	**249,732**	**63,733**	**(150,000)**	**100**	**-**	**-**	**163,465**	**154,717**

NOTE 31: SHARE-BASED PAYMENTS - PERFORMANCE RIGHTS

(CONTINUED)

30 June 2020	Opening Balance	Granted	Vested		Forfeited		Closing Balance	Share-Based Payment Reserve
	Qty	Qty	Qty	%	Qty	%	Qty	$
Mike Stabb[*1]	43,253	20,067	-	-	-	-	63,320	110,195
Ben Cornish[*]	43,253	20,067	-	-	-	-	63,320	110,195
Gary Pittorino[*]	10,400	20,067	-	-	-	-	30,467	25,795
Scott Smith[*2]	-	8,362	-	-	-	-	8,362	929
Ben Melville[*2]	-	3,345	-	-	-	-	3,345	372
Other Senior Staff	66,559	43,479					110,038	168,924
TOTAL	**163,465**	**115,387**	**-**	**-**	**-**	**-**	**278,852**	**416,410**

[1] Ceased role as Chief Financial Officer on 9 March 2020

[2] Appointed 9 March 2020

[*] Indicates KMP

The weighted average fair value of the performance rights granted to employees has been calculated by an independent valuer at the date the performance rights were granted.

The weighted average fair value of performance rights granted is set out below. This value was calculated using the Black-Scholes pricing model applying the following inputs:

	Consolidated	
	2020	**2019**
Weighted average fair value	$2.878	$4.881
Weighted average life of the rights	2.3 Years	2.3 Years
Expected share price volatility	48.0%	41.0%
Risk-free interest rate	0.26%	1.10%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

NOTE 32: SUBSIDIARIES

		Consolidated	
		2020	**2019**
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note1:			
Name of Entity	**Country of Incorporation**	**Equity Holding**	**Equity Holding**
Over the Wire Pty Ltd	Australia	100 %	100 %
Netsip Pty Ltd	Australia	100 %	100 %
Faktortel Pty Ltd (Acquired 28 July 2015)	Australia	100 %	100 %
Faktortel Holdings Pty Ltd (Acquired 28 July 2015)	Australia	100 %	100 %
Aero Telecom Pty Ltd (Acquired 28 July 2015)	Australia	100 %	100 %
Sanity Holdings Pty Ltd (Acquired 30 November 2015)	Australia	100 %	100 %
OTW Corp Pty Ltd (Registered 25 September 2015)	Australia	100 %	100 %
Telarus Pty Ltd (Acquired 16 January 2017)	Australia	100 %	100 %
VPN Solutions Pty Ltd (Acquired 1 November 2017)	Australia	100 %	100 %
Access Digital Networks Pty Ltd (Acquired 1 November 2018)	Australia	100 %	100 %
Comlinx Pty Ltd (Acquired 1 November 2018)	Australia	100 %	100 %

NOTE 33: SUBSEQUENT EVENTS

DIVIDEND DECLARED

On 20 August 2020, the Company declared a fully franked final dividend of 2.25 cents per share, for the year ended 30 June 2020. The dates of the dividend are as follows:

Ex date	14 September 2020
Record Date	15 September 2020
DRP Election Close Date	16 September 2020
Payment Date	15 October 2020

As this final dividend was declared subsequent to year-end, no provision has been made in the accounts for the dividend.

ACQUISITION

On 11 August 2020, the Group signed a share purchase agreement to acquire 100% of the share capital in J2 Australia Cloud Connect Pty Ltd and 100% of the share capital in Zintel Communications Limited.

The acquisition is due to settle on 31 August 2020, for consideration of $36,000K plus an adjustment for working capital.

The acquisition of both of the above businesses will strengthen the Group’s inbound call capability, while also providing significant opportunities when combined with our existing outbound and hosted telephony platforms.

Details regarding the assets and liabilities acquired is not available at the date of this report as the transfer of ownership of the business will be on 31 August 2020.

Except for the above, no other matter or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

In the directors' opinion:

i The financial statements and notes set out on pages 23 to 71 are in accordance with the Corporations Act 2001, including:
  a complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
  b giving a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company and consolidated Group;

ii There are reasonable grounds to believe that the consolidated Group will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

Michael Omeros
Managing Director

Brisbane
20 August 2020

John Puttick
Chair Person

Brisbane
20 August 2020

PKF Brisbane Audit

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OVER THE WIRE HOLDINGS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Over the Wire Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Over the Wire Holdings Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

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

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

PKF Brisbane Audit
ABN 33 873 151 348

Level 6, 10 Eagle Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3839 9733
f +61 7 3832 1407

8 East Street, PO Box 862
Rockhampton QLD 4700
p +61 7 4927 2744
f +61 7 4927 4317

PKF Brisbane Audit

PKF

1. Implementation of AASB 16 *Leases*

Why significant	How our audit addressed the key audit matter
The 30 June 2020 financial year was the first year of adoption of Australian Accounting Standard AASB 16 *Leases*. The consolidated entity has a significant volume of leases by value over property and data centres. AASB 16 replaces the existing standard AASB 117 and specifies how a Company will recognise, measure, present and disclose leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The implementation of AASB 16 is considered a key audit matter due to: • the complexity and judgements involved in the application of AASB 16; and • the material adjustment to the entity's assets and liabilities as at 30 June 2019 and 1 July 2018 as a result of the implementation of AASB 16. The full retrospective approach was applied for the conversion to AASB 16. Accordingly, the comparable figures in prior periods have been restated. The consolidated entity has disclosed its adoption of AASB 16, including key judgements, in the note 3 to the consolidated financial statements.	We have evaluated the application of AASB 16 and tested the resulting impact on the consolidated statement of financial position and consolidated statement of comprehensive income. We have assessed whether the accounting regarding leases is consistent with the definitions of AASB 16 including factors such as lease term, discount rate and measurement principles. Specifically, our work in this area included: • Discussions with management regarding the first-time adoption methodology and checking calculations on transition, including adjustments to opening balances; • Assessing the integrity of the consolidated entity's AASB 16 lease workings and calculations prepared by management; • Assessing key judgements, including the internal borrowing rate and renewal dates; • For a sample of leases, we agreed the consolidated entity's inputs in the AASB 16 lease calculation model in relation to those leases such as key dates, fixed and variable rent payments, renewal options and incentives, to the relevant terms of the underlying signed lease agreements; • Substantive testing of capitalised lease calculations and the relevant unwinding of the lease asset and lease liability; and • Assessing the adequacy of the disclosures made by management in the consolidated financial statements

PKF Brisbane Audit

PKF

2. Impairment testing of intangible assets

Why significant	How our audit addressed the key audit matter

As at 30 June 2020 the carrying value of intangible assets was $70.35m (2019: $74.84m), as disclosed in Note 14. This represents 64% of total assets.
 	
The consolidated entity's accounting policy in respect of intangible assets is outlined in Note 1.
 	
An annual impairment test for goodwill and other indefinite life intangible assets is required under Australian Accounting Standard (AASB) 136 *Impairment of Assets.*
 	
The evaluation of the recoverable amount requires the consolidated entity to exercise significant judgement in determining the key assumptions, which include:
• 5-year cash flow forecast;
• Terminal growth factor;
• Discount rate; and
• The determination that the consolidated entity has one CGU, being the whole consolidated entity.
 	
The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable amount of intangible assets including goodwill is an area of significant estimation and judgement.
	Our work included, but was not limited to, the following procedures:
	• assessing and challenging:
	  o the FY21 budget by comparing the budget to FY20 and FY19 actuals;
	  o the assumptions used for the growth rate by comparing normalised average growth rate from FY19 to FY20 to the growth rate adopted in the impairment model;
	  o the key assumptions for long term growth in the forecast cash flows by comparing them to historical results and industry forecast deferrals in light of the COVID-19 pandemic; and
	  o the discount rate applied by comparing the WACC to industry benchmarks.
	• testing, on a sample basis, the mathematical accuracy of the cash flow models;
	• agreeing inputs in the cash flow models to relevant data including approved budgets and latest forecasts; and
	• performing sensitivity analysis in relation to key assumptions including discount rate, growth rate and terminal value.
	
	Additionally, as part of our procedures, we assessed
	• the determination of Cash Generating Units (CGUs); and
	• the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 14.

PKF Brisbane Audit

PKF

3. Recognition of revenue

Why significant	How our audit addressed the key audit matter
The recognition of revenue, totalling $87.66m and associated unearned income liabilities of $2.91m is considered a key audit matter due to the number of different revenue streams and the complexity in the nature and timing of revenue generated by the consolidated entity through each stream. Note 4 to the financial statements details the revenue streams of the consolidated entity and associated accounting policies. Revenue amounts are disclosed in the Consolidated Statement of Comprehensive Income, and associated unearned income liabilities are disclosed in Note 20 and the Consolidated Statement of Financial Position.	Our work included, but was not limited to, the following procedures: We performed procedures on the significant revenue streams as noted below and as disclosed in Note 4 to the financial statements: • Data networks and internet; • Voice; • Cloud and managed services; and • Data centre co-location. For a sample of contracts across each of the revenue streams, we evaluated the individual contract where applicable and agreed revenue amounts to the financial statements and other records such as bank statements. As part of these procedures we assessed the values recorded and the timing of recognition over the service period. We considered the adequacy of the consolidated entity's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable Australian Accounting Standards.

Other Information

The Directors of the company are responsible for the Other Information in the annual report. Other Information is financial and non-financial information in the annual report of the consolidated entity for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such

PKF Brisbane Audit

internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability 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 consolidated entity or to cease operations, or have 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Brisbane Audit

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. 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.

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Over the Wire Holdings Limited for the year ended 30 June 2020, 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.

PKF BRISBANE AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

20 AUGUST 2020
BRISBANE