Interim Report

APPENDIX 4D

HALF YEAR REPORT

31 DECEMBER 2020

Over the Wire Holdings Limited

ACN 151 872 730

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GENERAL INFORMATION

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

The interim financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Over the Wire Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

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, which is not part of the financial report.

The interim financial report was authorised for issue, in accordance with a resolution of directors on 24 February 2021. The directors have the power to amend and/or reissue the interim financial report.

APPENDIX 4D

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

(PREVIOUS CORRESPONDING PERIOD: HALF YEAR ENDED 31 DECEMBER 2019)

RESULTS FOR ANNOUNCEMENT TO THE MARKET:

Key Information:

	Consolidated			
	Dec 2020	**Dec 2019**	**Change**	**Change**
	$,000	$,000	$,000	%
Revenue from Ordinary Activities	50,296	42,900	7,396	17
Profit / (Loss) after Tax from Ordinary Activities Attributable to Members	1,782	2,316	(534)	(23%)
Profit / (Loss) Attributable to Members	1,786	2,316	(530)	(23%)

Dividends Paid	Amount per Security	Franked Amount per Security
	cents	cents
Ordinary Shares		
2020 Final - Paid 15 October 2020	2.25	2.25

The fully franked final dividend relates to the financial reporting period ending 30 June 2020.

SUBSEQUENT EVENTS - DIVIDEND DECLARED

On 24 February 2021, The Company declared a fully franked interim dividend of 1.75 cents per share, for the six months ended 31 December 2020. The dates of the dividend are as follows:

Ex date	– 9 March 2021
Record Date	– 10 March 2021
DRP Election Close Date	– 11 March 2021
Payment Date	– 7 April 2021

As this interim dividend was declared subsequent to the half-year end, no provision has been made in the accounts for the interim 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 11 March 2021.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 31 August 2020 the Company acquired J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited ("Fonebox / Zintel"). On 30 October 2020 the Company acquired Digital Sense Hosting Pty Ltd ("Digital Sense"). These acquisitions will have an impact on the state of affairs of the Company going forward.

The Directors Report and Notes to the Financial Statements give more detail of the acquisitions.

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.

	Dec 2020	**Jun 2020**
	Cents	Cents
Net Tangible Assets Per Security		
Net tangible asset per share	(119.00)	(22.52)

Net Tangible Assets per share has decreased over the six months to December 2020 as a result of provisional intangible balances recognised on acquisition of Fonebox / Zintel and Digital Sense, as well as a significant increase in right of use assets as part of the Digital Sense acquisition which are not classified as tangible assets under Australian Accounting Standards.

	Dec 2020	**Dec 2019**
	Cents	Cents
Earnings Per Share		
Basic Earnings Per Share	3.281	4.488
Diluted Earnings Per Share	3.264	4.474

Earnings per share decreased due to a decrease in net profit after tax as well as shares issued during the period as part of the Group's share placement, share purchase plan, and shares issued to the vendors of Digital Sense.

REVIEW CONCLUSION

The Group's financial report for the half year ended 31 December 2020 has been subject to review by its auditor, and an unqualified conclusion was received.

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 half-year ended 31 December 2020.

DIRECTORS

The name of the directors who held office during or since the end of the half-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
Non-Executive Director
(appointed 1 July 2011, ceased Executive Director role 1 July 2020)

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

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

REVIEW OF OPERATIONS

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 offers an integrated product suite of the following services to businesses in Australia and New Zealand:

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

Revenue

Total revenue from ordinary activities for the half-year was $50,296K (H1 FY20: $42,900K), representing an increase of 17% on the corresponding half-year, predominately due to the contribution from both J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited ("Fonebox / Zintel"), acquired 31 August 2020, as well as Digital Sense Hosting Pty Ltd ("Digital Sense"), acquired 30 October 2020. Results across the Group include the following:

- Recurring revenue from Voice and Hosting increased when compared to the comparative period.
- Non-recurring revenue from one-off transactions such as hardware sales, software sales, and projects decreased when compared to the comparative period, reflecting client caution on some project spend in recent months.

Expenses

The Group incurred expenses (excluding tax) of $47,795K (H1 FY20: $39,614K), representing an increase of 21% on the corresponding half year, primarily due to the above acquisitions of Fonebox / Zintel and Digital Sense.

Net Profit after Tax

The Group made a statutory Net Profit after Tax of $1,782K (H1 FY20: $2,316K), representing a decrease of 23% on the corresponding half year. Statutory NPATA was $4,431K (H1 FY20: $3,997K), representing an increase of 11% on the corresponding half year. Statutory EBITDA was $10,531K (H1 FY20: $8,208K), representing an increase of 28% on the corresponding half year.

The increase in EBITDA has been due to effective managment of costs in the underlying business, as well as increased GP margin as a result of the acquired entities during the reporting period.

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 expense management delivered by the Group and it also correlates well with the increase in cash and cash equivalents.

NPATA refers to Net Profit after Tax before Amortisation (after Tax) of acquired intangibles, and is an important metric to the Group because it shows the strong growth and profitability delivered by the Group organically.

Set out below is a reconciliation of NPAT and EBITDA.

	Consolidated	
	Dec 2020	**Dec 2019**
	$,000	$,000
Net Profit after Tax (NPAT)	1,782	2,316
Amortisation (Acquired Intangibles)	3,784	2,401
Income Tax Expense (benefit) on amortisation of acquired intangibles	(1,135)	(720)
Net Profit after Tax before Amortisation (NPATA)	4,431	3,997
Amortisation (Internally Generated Software & Borrowing Costs)	386	287
Income Tax Expense	1,910	1,691
Depreciation	3,251	2,036
Finance Costs	553	197
EBITDA	10,531	8,208

Earnings Per Share

Earnings per share decreased due to a decrease in net profit after tax as well as shares issued during the period as part of the Group's share placement, share purchase plan, and shares issued to the vendors of Digital Sense.

	Dec 2020	**Dec 2019**
	Cents	Cents
Earnings Per Share		
Basic Earnings Per Share	3.281	4.488
Diluted Earnings Per Share	3.264	4.474

Cash and cash equivalents

As at 31 December 2020 the Group has $17,620K in cash or cash equivalents. This represents an increase of $7,185K in the six-month period, primarily due to cash received from the Group's share purchase plan as well as acquired as part of the acquisitions, and continued strong cash conversion. The Group continues to show positive cash flows from operations through continued profitable trading, and strong ongoing conversion of this profit into cash, as shown in the Consolidated Statement of Cash Flows.

COVID-19 and Impact on business

As COVID-19 restrictions have been significantly eased in the 6 months to 31 December 2020 compared with the prior 12 months, there has been minimal impact to the business. We have worked with a number of customers over this period as they have looked to consolidate and re-assess their data and voice requirements going forward. Extended payment terms that were offered to customers in FY2020, and allowed a number of impacted businesses to continue operating have now returned to standard terms which has resulted in increased cash received this half.

Acquisition of J2 Cloud Connect Australia Pty Ltd and Zintel Communication Limited ("Fonebox / Zintel")

On 31 August 2020, the Company acquired 100% of the shares in J2 Cloud Connect Pty Ltd and Zintel Communications Limited for a total upfront consideration of $36,000K. The upfront consideration comprised $36,000K in cash, less a working capital adjustment of $43K to reflect profits retained in the business by the vendor against a target at settlement. The vendor provided a warranty that J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited would be free of all debt at completion.

The acquisition of J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited was fully funded through a debt facility with Westpac.

The acquisition of J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited has delivered approximately 9,000 business customers to Over the Wire and enhances our existing voice offerings. With annual revenue of $19,000K and EBITDA of $6,000K, J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited is expected to make a significant contribution to Over the Wire's future results.

The strategic rational for acquiring J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited was:

- 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 (CPaaS) market.
- EBITDA and EPS accretive transaction.

Acquisition of Digital Sense Hosting Pty Ltd

On 30 October 2020, The Company acquired 100% of the shares in Digital Sense Hosting Pty Ltd for a total upfront consideration of $27,000K. The upfront consideration comprised $21,600K in cash (of which $6,960K was via a loan from the Group), 1,483,518 OTW shares ($5,400K in OTW shares at an issue price of $3.64, being the volume weighted average price for 10 trading days prior to the announcement of the acquisition), plus or minus a working capital adjustment to reflect profits retained in the business by the vendor against a target at settlement. The vendor provided a warranty that Digital Sense Hosting Pty Ltd would be free of all debt at completion with the exception of approved equipment finance.

The vendor is also entitled to receive a further deferred consideration of up to $12,000K ($1,000K was paid during Jan 2021, up to $6,000K payable in September 2021 and up to $5,000K payable in September 2022), based on a number of performance measures being achieved.

The acquisition of Digital Sense Hosting Pty Ltd was fully funded through a institutional share placement of $20,000K and the Group's cash reserves.

The acquisition of Digital Sense Hosting Pty Ltd has delivered a number of enterprise and Government customers to Over the Wire and positions Over the Wire well to capitalise on the cloud industry's strong growth outlook. With revenue of $18,300K and EBITDA of $5,400K for the 12 month period to 30 June 2020, Digital Sense Hosting Pty Ltd is expected to make a significant contribution to Over the Wire's future results.

The strategic rational for acquiring Digital Sense Hosting Pty Ltd was:

- Acquisition of a leading Sovereign Cloud platform provider in Australia delivering proven solutions to the Enterprise and Government markets.
- Introduces further solution capability in the areas of Infrastructure as a Service (IaaS), Desktop as a Service (Daas), Storage as a Service (STaaS) and Data Protection as a Service (DPaaS).
- Extensive Cloud offering offers cross sell opportunities to existing Over the Wire customers and offers cross sell opportunities of Over the Wire solutions to Digital Sense Customers.
- Digital Sense accelerates Over the Wire's growth and capability in our Cloud Solution pillar, resulting in further diversification of revenue across each of the *Cloud. Connect. Collaborate.* pillars.
- Leverage Over the Wire's existing national network to take Digital Sense's offering national.
- Strengthens Over the Wire's ability to provide a complete and integrated solution set to Enterprise and Government customers across their data, voice and cloud requirements.
- High quality management team committed to long term success.
- High levels of recurring revenue with strong margins.
- EBITDA and EPS accretive transaction.

SUBSEQUENT EVENTS

On 24 February 2021, the company declared a fully franked final dividend of 1.75 cents per share, for the six months ended 31 December 2020. The dates of the dividend are as follows:

Ex Date	9 March 2021
Record Date	10 March 2021
DRP Election Close Date	11 March 2021
Payment Date	7 April 2021

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

No 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, required under section 307C of the Corporations Act 2001 is set out on page 10.

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 Instrument.

This report is made in accordance with a resolution of directors.

Michael Omeros
Managing Director

Brisbane
24 February 2021

John Puttick
Chair Person

Brisbane
24 February 2021

PKF Brisbane Audit

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 half-year ended 31 December 2020, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

PKF BRISBANE AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

24 FEBRUARY 2021
BRISBANE

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For Half Year Ended 31 December 2020

		Consolidated	
	Note	**Dec 2020**	**Dec 2019**
		$,000	$,000
Revenue from Contracts with Customers	3	50,296	42,900
Other Income		56	1
Expenses			
Data Centre & Colocation Expense		(2,688)	(1,713)
Calls & Communications Expense		(14,726)	(13,269)
Other Cost of Goods Sold		(6,169)	(7,190)
Employee Benefits Expense		(13,871)	(10,910)
Depreciation & Amortisation Expense		(7,421)	(4,724)
Finance Costs		(553)	(197)
Other Expenses	4	(2,367)	(1,611)
Profit Before Income Tax Expense		**2,557**	**3,287**
Income Tax Expense		(775)	(971)
Profit After Income Tax Expense for the Year Attributable to members		**1,782**	**2,316**
Other Comprehensive Income, net of income tax **Items that may be reclassified subsequently to profit or loss:**			
Exchange differences arising from translation of foreign operations		4	-
Other Comprehensive Income for the Year, Net of Tax		**4**	**-**
Total Comprehensive Income for the Year Attributable to members		**1,786**	**2,316**
		Cents	**Cents**
Basic Earnings per Share		3.281	4.488
Diluted Earnings per Share		3.264	4.474

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2020

		Consolidated	
	Note	**Dec 2020**	**Jun 2020**
		$,000	$,000
Assets			
Current Assets			
Cash & Cash Equivalents	5	17,620	10,435
Trade & Other Receivables		10,379	9,328
Inventories		169	292
Other Current Assets		5,102	2,658
Total Current Assets		**33,270**	**22,713**
Non-Current Assets			
Other Non-Current Assets		573	198
Property, Plant & Equipment	6	29,842	16,778
Intangibles	7	152,707	70,354
Total Non-Current Assets		**183,122**	**87,330**
Total Assets		**216,392**	**110,043**
Liabilities			
Current Liabilities			
Trade & Other Payables		15,532	9,310
Borrowings	8	9,055	3,925
Lease Liability	9	3,479	1,426
Current Tax Liability		693	987
Employee Benefits		2,931	1,954
Unearned Income		3,698	2,567
Deferred Consideration	12	7,000	-
Total Current Liabilities		**42,388**	**20,169**
Non-Current Liabilities			
Borrowings	8	29,900	1,600
Lease Liability	9	16,921	9,523
Employee Benefits		226	115
Unearned Income		766	342
Deferred Consideration	12	3,555	-
Deferred Tax		23,101	9,349
Total Non-Current Liabilities		**74,469**	**20,929**
Total Liabilities		**116,857**	**41,098**
Net Assets		**99,535**	**68,945**
Equity			
Issued Capital	10	74,120	44,321
Reserves		587	416
Retained Profits		24,828	24,208
Total Equity		**99,535**	**68,945**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For Half Year Ended 31 December 2020

		Issued Capital	Share Based Payment Reserve	Retained Profits	Total Equity
Consolidated	Note	$,000	$,000	$,000	$,000
Balance at 1 July 2019		43,884	155	20,981	65,020
Profit after Income Tax for the Year		-	-	2,316	2,316
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		-	-	2,316	2,316
Transactions with Owners, in their Capacity as Owners:					
Dividends Paid	11	-	-	(1,032)	(1,032)
Dividend Reinvestment Plan	10	23	-	-	23
Movements as a result of existing performance rights		-	125	-	125
Employee Share Plan	10	153	-	-	153
Tax Effect of Capitalised Costs	10	239	-	-	239
Balance at 31 December 2019		**44,299**	**280**	**22,265**	**66,844**

		Issued Capital	Share Based Payment Reserve	Retained Profits	Total Equity
Consolidated	Note	$,000	$,000	$,000	$,000
Balance at 1 July 2020		44,321	416	24,208	68,945
Profit after Income Tax for the Year		-	-	1,782	1,782
Other Comprehensive Income		-	4	-	4
Total Comprehensive Income for the Year		-	4	1,782	1,786
Transactions with Owners, in their Capacity as Owners:					
Dividends Paid	11	-	-	(1,162)	(1,162)
Dividend Reinvestment Plan	10	35	-	-	35
Movements as a result of existing performance rights		-	167	-	167
Shares Issued Net of Capital Raising Costs	10	29,409	-	-	29,409
Tax Effect of Capitalised Costs	10	355	-	-	355
Balance at 31 December 2020		**74,120**	**587**	**24,828**	**99,535**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For Half Year Ended 31 December 2020

		Consolidated	
	Note	**Dec 2020**	**Dec 2019**
		$,000	$,000
Cash Flows from Operating Activities			
Receipts from Customers		59,700	48,089
Payments to Suppliers & Employees		(46,216)	(40,143)
		13,484	7,946
Interest Received		10	10
Interest Paid & Other Finance Costs Paid		(553)	(197)
Income Taxes Paid		(2,283)	(3,529)
Net Cash From / (Used In) Operating Activities		**10,658**	**4,230**
Cash Flows from Investing Activities			
Payments for Business Combinations (net of cash acquired)		(55,947)	(1,427)
Payments for Property, Plant & Equipment		(3,286)	(1,519)
Payments for Intangible Assets		(469)	(351)
Proceeds from Sale of Property, Plant & Equipment		-	-
Net Cash From / (Used In) Investing Activities		**(59,702)**	**(3,297)**
Cash Flows from Financing Activities			
Proceeds from Issue of Shares (net of transaction costs)		24,009	-
Proceeds from Borrowings		37,019	-
Repayment of Borrowings		(2,571)	(2,152)
Dividends Paid		(1,127)	(1,008)
Repayment of Lease Liability		(1,105)	(721)
Net Cash From / (Used In) Financing Activities		**56,225**	**(3,881)**
Net Increase (Decrease) in Cash & Cash Equivalents		7,181	(2,948)
Cash & Cash Equivalents at the Beginning of the Year		10,435	10,325
Foreign exchange movement in cash		4	-
Cash & Cash Equivalents at the End of the Year	**5**	**17,620**	**7,377**
Non-Cash Financing Activities			
Shares Issued as Consideration for Business Acquisitions		5,400	-
Shares Issued under Dividend Reinvestment Plan		35	24

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For Half Year Ended 31 December 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These general purpose interim financial statements for Over the Wire Holdings Limited ('the Company') and its controlled entities ('the Group'), for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 24 February 2021.

A. ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, unless otherwise stated.

B. NEW ACCOUNTING STANDARDS ADOPTED IN THE CURRENT FINANCIAL PERIOD

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim financial statements of the Group. The impact of the adoption of these amendments and interpretations are disclosed in Note 2.

C. 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:

Pronouncement	Nature of the change in accounting policy	Effective date	Expected impact on the financial statements
AASB 17 Insurance Contracts	When effective, this standard will replace the current accounting requirements applicable to Insurance Contracts in AASB 4: *Insurance Contracts*. The overall objective of AASB 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. This is in contrast to the requirements of AASB 4, which are largely based on grandfathering previous local accounting policies.	Annual reporting periods beginning on or after 1 Jan 2023	No impact expected.

D. NET CURRENT ASSET DEFICIENCY

The Group recorded a net current liability position of $9,118K (June 2020: $2,544K net asset position) as at 31 December 2020. The net current liability position is due to the acquisition Fonebox / Zintel on 31 August 2020 and Digital Sense Hosting on 30 October 2020, which gave rise to $7,000K in current deferred consideration as well as $7,856K in current borrowings, with the majority of assets acquired being non-current intangible assets, as well as only four and two months of cash flow contribution respectively.

Given the Group's strong cash flow forecast and budgeted profit targets, as well as the future ongoing cash profits to be generated by the Fonebox / Zintel and Digital Sense acquisitions, the Directors are of the view that despite the net current liability position, the Group's ability to maintain future profits and cash inflows from operations that the directors have prepared the financial report on a going concern basis.

NOTE 2: CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of the amendments and interpretations on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 July 2020, where they are different to those applied in prior periods.

AMENDMENTS TO AASB 3 - DEFINITION OF A BUSINESS

The amendment to the definition of a business clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. The Group applied AASB 3 to business combinations during the half-year in assessing whether it had acquired a business or a group of assets. These amendments had no impact on the Group's financial statements but may impact future periods, should the Group obtain control or joint control of a business that is a joint operation.

REVISED CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual framework is to assist the AASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group as the Group's accounting policies do not rely on the Conceptual Framework.

AMENDMENTS TO AASB 7, AASB 9 AND AASB 139 - INTEREST RATE BENCHMARK REFORM

The amendments to AASB 7, AASB 9 and AASB 139: *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

AMENDMENTS TO AASB 101 AND AASB 108 - DEFINITION OF MATERIAL

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information , in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

NOTE 3: 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	
	Dec 2020 $,000	**Dec 2019** $,000
Contract Revenue by Product Line		
Data Networks and Internet	18,239	19,079
Voice	16,043	9,233
Hosting	8,073	5,100
Security & Managed Services	7,941	9,488
Total Contract Revenue by Product Line	**50,296**	**42,900**
Contract Revenue by Geographic Area		
Australasia	50,296	42,900
Total Contract Revenue by Geographic Area	**50,296**	**42,900**

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

			Consolidated	
			Dec 2020 $,000	**Dec 2019** $,000
31 December 2020	**Timing of Revenue Recognition**			
Contract Revenue by Product Line	**At a point in time** $,000	**Over time** $,000		
Data Networks and Internet	319	17,920	18,239	
Voice	473	15,570	16,043	
Hosting	59	8,014	8,073	
Security & Managed Services	4,253	3,688	7,941	
Total Contract Revenue by Product Line	**5,104**	**45,192**	**50,296**	
31 December 2019				
Contract Revenue by Product Line				
Data Networks and Internet	323	18,756		19,079
Voice	376	8,857		9,233
Hosting	3	5,097		5,100
Security & Managed Services	6,347	3,141		9,488
Total Contract Revenue by Product Line	**7,049**	**35,851**		**42,900**

NOTE 4: OTHER EXPENSES

	Consolidated	
	Dec 2020	**Dec 2019**
	$,000	$,000
Other Expenses		
Legal, Accounting & Business Acquisition Costs	625	245
Premises	324	190
Licenses & Subscriptions	1,032	445
Travel & Marketing	105	308
Loss allowance & impairment of financial assets	83	146
General Expenses	198	277
Total Other Expenses	**2,367**	**1,611**

Other expenses for the half year predominantly increased as a result of business acquisition costs and four and two months contribution from Fonebox / Zintel and Digital Sense respectively.

NOTE 5: CASH & CASH EQUIVALENTS

	Consolidated	
	Dec 2020 $,000	**Jun 2020** $,000
Cash & Cash Equivalents (Current)		
Cash on Hand	3	1
Cash at Bank	17,617	10,434
Total Cash & Cash Equivalents	**17,620**	**10,435**

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	**17,620**	**10,435**
Balance as per Statement of Cash Flows	**17,620**	**10,435**

Cash and cash equivalents increased during the half-year, primarily due to a combination of cash received as part of the Group's share purchase plan in Oct 2020, opening cash balances of acquisitions, and continuing positive cash flows from operations. The Consolidated Statement of Cash flows provides greater detail on the sources and uses of cash during the reporting period.

NOTE 6: PLANT & EQUIPMENT

	Consolidated	
	Dec 2020	**Jun 2020**
	$,000	$,000
Computer, Network & IT Plant & Equipment		
Computer, Network & IT Plant & Equipment – at cost	38,493	21,049
Less: Accumulated Depreciation	(27,964)	(14,563)
	10,529	**6,486**
Leasehold Improvements		
Leasehold Improvements – at cost	2,631	480
Less: Accumulated Depreciation	(826)	(415)
	1,805	**65**
Motor Vehicles		
Motor Vehicles – at cost	95	95
Less: Accumulated Depreciation	(90)	(89)
	5	**6**
Right of Use		
Right of Use Assets – at cost	29,156	12,233
Less: Accumulated Depreciation	(11,653)	(2,012)
	17,503	**10,221**
Total Plant & Equipment at written Down Value	**29,842**	**16,778**

NOTE 7: INTANGIBLE ASSETS

	Consolidated	
	Dec 2020 $,000	**Jun 2020** $,000
Intangibles (Non-Current)		
Goodwill – at Cost*	58,367	29,032
	58,367	**29,032**
Brand Value*	7,210	5,510
Less: Accumulated Amortisation	(836)	(681)
	6,374	**4,829**
Location and Right-to-Use	1,817	1,817
Less: Accumulated Amortisation	(957)	(874)
	860	**943**
Customer Lists*	98,950	43,950
Less: Accumulated Amortisation	(13,699)	(10,152)
	85,251	**33,798**
Internally Generated Software	3,201	2,731
Less: Accumulated Amortisation	(1,346)	(979)
	1,855	**1,752**
Total Intangibles	**152,707**	**70,354**

* Intangible assets increased during the period predominately through the acquistion of Fonebox / Zintel and Digital Sense. Amounts recognised on acquisition are provisional in nature as at the date of this report. Refer to Note 12 for further details.

NOTE 8: BORROWINGS

	Consolidated	
	Dec 2020	**Jun 2020**
	$,000	$,000
Borrowings (Current)		
Term Loan	9,055	3,925
Total Borrowings (Current)	**9,055**	**3,925**
Borrowings (Non-Current)		
Term Loan	29,900	1,600
Total Borrowings (Non-Current)	**29,900**	**1,600**
Total Borrowings	**38,955**	**5,525**

Term Loan
During the reporting period, the Group entered into a new finance facility agreement for the purpose of acquiring the share capital of Fonebox / Zintel. 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 Group. The facility has a maturity date of 28 August 2023.

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 1.5 times
- Net Leverage Ratio must at all times be less than 2.25 times
- Debt to Capital Ratio must be no more than 50% at all times.

As at and during the period ended 31 December 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 31 December 2020 being as follows:

Facility	Limit	Used
	$,000	$,000
Term Loan	38,955	38,955
Credit Card Facilities	400	64
Multi-Option Facility	1,350	869

NOTE 9: LEASE LIABILITIES

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

a) Lease Liabilities

	Consolidated	
	Dec 2020	**Jun 2020**
	$,000	$,000
Current		
Lease Liability - Premises	1,997	1,119
Lease Liability - IT Equipment	1,482	307
Lease Liability - Current	**3,479**	**1,426**
Non-Current		
Lease Liability - Premises	13,547	8,941
Lease Liability - IT Equipment	3,374	582
Lease Liability - Non-Current	**16,921**	**9,523**
Lease Liability - TOTAL	**20,400**	**10,949**

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 6).

	Consolidated	
	Dec 2020	**Jun 2020**
	$,000	$,000
Right of Use Assets		
Properties/ Premises	12,976	9,125
IT Equipment	4,527	1,096
Total Written Down Value (Note 6)	**17,503**	**10,221**

c) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income includes the following amounts relating to leases:

	Consolidated	
	Dec 2020	**Dec 2019**
	$,000	$,000
Right of Use Assets		
Depreciation charge on properties/ premises (included in depreciation & amortisation)	860	557
Depreciation charge on IT Equipment (included in depreciation & amortisation)	530	130
Interest expense on properties/ premises (included in finance costs)	155	47
Interest expense on IT Equipment (included in finance costs)	66	14
	1,611	**748**

d) Cash outflows

Total cash outflows for leases for the 6 months ended 31 December 2020 was $1,326K (6 months ended 31 Dec 2019 $782K)

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 $12K for the half year ended 31 December 2020 ($16K for the half year ended 31 December 2019).

Leases not yet commenced to which the Group is committed

As at the date of this report, the Group had not entered into any additional lease agreements other than those disclosed above.

NOTE 10: ISSUED CAPITAL

	Consolidated	
	Dec 2020 $,000	**Jun 2020** $,000
Issued Capital		
Ordinary Shares – Fully Paid	74,120	44,321
Total Issued Capital	**74,120**	**44,321**

Movements in ordinary share capital				
	Date	**No. of Shares** ,000	**Issue Price** $	**Paid up Amount** $,000
Balance	**1 Jul 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 Costs	31 Dec 2019	-	-	239
Shares issued on DRP	7 Apr 2020	11	2.05	22
Balance	**30 Jun 2020**	**51,651**		**44,321**
Shares issued on DRP	15 Oct 2020	9	4.14	35
Shares issued on Capital Raise	29 Oct 2020	5,000	4.00	19,085
Share placement	30 Oct 2020	1,250	4.00	4,924
Shares issued on Acquisitions	30 Oct 2020	1,483	3.64	5,400
Tax Effect of Capitalised Costs	31 Dec 2020	-	-	355
Balance	**31 Dec 2020**	**59,393**		**74,120**

NOTE 11: EQUITY – DIVIDENDS

	Consolidated	
	Dec 2020 $,000	**Jun 2020** $,000
Dividends		
Interim Dividends (fully franked)	-	774
Final Dividends (fully franked)	1,162	1,032
Total Dividends	**1,162**	**1,806**

A final fully franked dividend of 2.25 cents per share was paid in October 2020.

Subsequent to half-year end, on 24 February 2021, the company declared a fully franked interim dividend of 1.75 cents per share, for the six months ended 31 December 2020. As this interim dividend was declared subsequent to half-year end, no provision has been made in the accounts for the dividend.

NOTE 12: BUSINESS COMBINATIONS

A. J2 AUSTRALIA CLOUD CONNECT PTY LTD AND ZINTEL AUSTRALIA LIMITED (TRADING AS FONEBOX AND ZINTEL)

On 31 August 2020, the Company acquired J2 Cloud Connect Pty Ltd and Zintel Australia Limited ("Fonebox / Zintel")

The acquisition of Fonebox / Zintel has delivered approximately 9,000 business customers to Over the Wire and enhances our existing voice offerings.

The original contracted price was $36,000K, comprising upfront consideration of $36,000K in cash, less a working capital adjustment of to reflect profits retained in the business by the vendor against a target at settlement. Upon completion of the settlement accounts, the working capital adjustment was $43K payable to Over the Wire. Accordingly the provisional adjusted purchase price is $35,957K.

B. DETAILS ON ACQUISITIONS

Company	Primary Business Division	Acquisition	Purchase price	Intangibles Acquired	Cash to Settle
			$,000	$,000	$,000
J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited (Provisional)	Inbound Telecommunications	100% of shares	35,957	43,142	35,957
TOTAL			**35,957**	**43,142**	**35,957**

The Group has engaged the services of 22 Corporate in order to provide the economic valuation of the business acquisition of J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited, including purchase price, net assets acquired and intangibles (both identifiable and goodwill). As such, at the date of these interim financial statements, the amounts noted in relation to the business combination are provisional. Once finalised, provisional amounts may be retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date.

Under the agreement, the vendor and its affiliates are restrained for three years from engaging in business similar to or in competition with J2 Australia Cloud Connect Pty Ltd or Zintel Communications Limited in Australia and New Zealand, including being restrained from inducing an employee of J2 Australia Cloud Connect Pty Ltd or Zintel Communications Limited to terminate their employment or soliciting any clients of J2 Australia Cloud Connect Pty Ltd or Zintel Communications Limited. The Vendor has provided customary warranties including those relating to the share capital of J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited, that there are no encumbrances, the completeness and accuracy of information relating to the accounts and records of J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited and tax related matters.

The assets being recognised as a result of the acquisitions are as follows:

J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited	
	Aug 2020 $,000
Assets	
Current Assets	
Cash & Cash Equivalents	37
Trade & Other Receivables	2,217
Other Current Assets	199
Total Current Assets	**2,453**
Non-Current Assets	
Property, Plant & Equipment	1,061
Deferred Tax	191
Total Non-Current Assets	**1,252**
Total Assets	**3,705**
Liabilities	
Current Liabilities	
Trade & Other Payables	1,468
Lease Liability	157
Employee Benefits	547
Unearned Income	507
Total Current Liabilities	**2,679**
Non-Current Liabilities	
Lease Liability	217
Employee Benefits	44
Total Non-Current Liabilities	**261**
Total Liabilities	**2,940**
Net Assets	**765**

Acquired Intangibles

		Description	Brand Value	Customer List / Relationships	Goodwill	Total
		Class:	Indefinite Life	Limited Life	Indefinite Life	
		Treatment:	Amortised and Impaired	Amortised and Impaired	Impaired	
		Rate:	Forecast Use of Brand	Churn/ Customer Retention		
		Estimated Useful Life:	5 years	10 years		
	$,000		$,000	$,000	$,000	$,000
J2 Australia Cloud Connect Pty Ltd and Zintel Communications Limited						
Purchase Price:	36,000					
Less: Working Capital Adjustment	(43)					
Less: Identifiable Net Assets	(765)					
Add: Deferred tax liability recognised on limited life intangibles	7,950					
Intangible Assets upon Acquisition	**43,142**					
Allocation of Intangibles:			500	26,000	16,642	**43,142**
Annual Forecast Amortisation			100	2,600		**2,700**

C. DIGITAL SENSE HOSTING PTY LTD

On 30 October 2020, the Company acquired Digital Sense Hosting Pty Ltd.

The acquisition of Digital Sense Hosting Pty Ltd has delivered a number of enterprise and Government customers to Over the Wire and positions Over the Wire well to capitalise on the cloud industry's strong growth outlook.

The total consideration was $39,000K which included a loan of $6,960K, resulting in a purchase price of $32,040K. Upfront consideration was $20,040K comprising $14,640K in cash, 1,483,518 OTW shares ($5,400K in OTW shares at an issue price of $3.64, being the volume weighted average price for 10 trading days prior to the announcement of the acquisition), plus or minus a working capital adjustment to reflect profits retained in the business by the vendor against a target at settlement.

D. DETAILS ON ACQUISITIONS

Company	Primary Business Division	Acquisition	Purchase price	Intangibles Acquired	Shares issued to Settle	Shares issued to Settle	Cash to Settle	Deferred Consid-eration
			$,000	$,000	Units	$,000	$,000	$,000
Digital Sense Hosting Pty Ltd (Provisional)	Cloud Platform Provider	100% of shares	33,109	42,892	1,483,518	5,400	17,154	10,555
TOTAL			**33,109**	**42,892**	**1,483,518**	**5,400**	**17,154**	**10,555**

The Group has engaged the services of 22 Capital in order to provide the economic valuation of the business acquisition of Digital Sense Hosting Pty Ltd, including purchase price, net assets acquired, intangibles (both identifiable and goodwill) and deferred consideration. As such, at the date of these interim financial statements, the amounts noted in relation to the business combination are provisional. Once finalised, provisional amounts may be retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date.

The overall purchase consideration is a combination of cash, shares and deferred consideration.

Total deferred consideration recognised was $12,000K, present value discounted to $10,555K at 31 December 2020. Deferred consideration is payable in three instalments in January 2021 (paid), September 2021, and September 2022, calculated with reference to agreed profitability and revenue scaling targets and is also conditional on continued employment of the vendors of the Company. As at the date of this report, deferred consideration has been recorded on the basis that the full amount will be due and payable over the earn-out period.

Under the agreement, the vendor and its affiliates are restrained for five years from engaging in business similar to or in competition with Digital Sense Hosting Pty Ltd in Australia, including being restrained from inducing an employee of Digital Sense Hosting Pty Ltd to terminate their employment or soliciting any clients of Digital Sense Hosting Pty Ltd. The Vendor has provided customary warranties including those relating to the share capital of Digital Sense Hosting Pty Ltd, the completeness and accuracy of information relating to the accounts and records of Digital Sense Hosting Pty Ltd and tax related matters.

The assets being recognised as a result of the acquisitions are as follows:

Digital Sense Hosting Pty Ltd	
	Oct 2020 $,000
Assets	
Current Assets	
Cash & Cash Equivalents	1,573
Trade & Other Receivables	2,199
Other Current Assets	521
Total Current Assets	**4,293**
Non-Current Assets	
Property, Plant & Equipment	8,544
Deferred Tax	1,138
Total Non-Current Assets	**9,682**
Total Assets	**13,975**
Liabilities	
Current Liabilities	
Trade & Other Payables	1,449
Lease Liability	1,044
Employee Benefits	400
Unearned Income	482
Total Current Liabilities	**3,375**
Non-Current Liabilities	
Borrowings	6,960
Lease Liability	4,703
Employee Benefits	20
Total Non-Current Liabilities	**11,683**
Total Liabilities	**15,058**
Net Liabilities	**1,083**

Acquired Intangibles

		Description	Brand Value	Customer List / Relationships	Goodwill	Total
		Class:	Indefinite Life	Limited Life	Indefinite Life	
		Treatment:	Impaired	Amortised and Impaired	Impaired	
		Rate:		Churn/ Customer Retention		
		Estimated Useful Life:		10 years		
	$,000		$,000	$,000	$,000	$,000
Digital Sense Hosting Pty Ltd						
Total consideration	39,000					
Less: Loan provided	(6,960)					
Purchase Price:	**32,040**					
Less: PV discounting	(1,445)					
Add: Provisional Working Capital Adjustment	2,514					
Add: Identifiable Net Liabilities	1,083					
Add: Deferred tax liability recognised on limited life intangibles	8,700					
Intangible Assets upon Acquisition	**42,892**					
Allocation of Intangibles:			1,200	29,000	12,692	**42,892**
Annual Forecast Amortisation				2,900		**2,900**

NOTE 13: CONTINGENT ASSETS & LIABILITIES

CONTINGENT ASSETS

The Group had no contingent assets as at 31 December 2020 and 30 June 2020.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2020 and 30 June 2020.

NOTE 14: SUBSIDIARIES

		Consolidated	
		Dec 2020	**Jun 2020**
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	Australia	100 %	100 %
Faktortel Holdings Pty Ltd	Australia	100 %	100 %
Aero Telecom Pty Ltd	Australia	100 %	100 %
Sanity Holdings Pty Ltd	Australia	100 %	100 %
OTW Corp Pty Ltd	Australia	100 %	100 %
Telarus Pty Ltd	Australia	100 %	100 %
VPN Solutions Pty Ltd	Australia	100 %	100 %
Access Digital Networks Pty Ltd	Australia	100 %	100 %
Comlinx Pty Ltd	Australia	100 %	100 %
Zintel Comunications Pty Ltd (Acquired 31 August 2020) (formerly J2 Australia Cloud Connect Pty Ltd)	Australia	100 %	-
Zintel Communications Limited (Acquired 31 August 2020)	New Zealand	100 %	-
Digital Sense Hosting Pty Ltd (Acquired 30 October 2020)	Australia	100 %	-

NOTE 15: SUBSEQUENT EVENTS

On 24 February 2021, the company declared a fully franked interim dividend of 1.75 cents per share, for the six months ended 31 December 2020. The dates of the dividend are as follows:

Ex date	9 March 2021
Record Date	10 March 2021
DRP Election Close Date	11 March 2021
Payment Date	7 April 2021

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

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 11 to 31 are in accordance with the *Corporations Act 2001*, including:
  a complying with Accounting Standard AASB 134: Interim Financial Reporting, and the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  b giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

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

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

Michael Omeros
Managing Director

Brisbane
24 February 2021

John Puttick
Chair Person

Brisbane
24 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF OVER THE WIRE HOLDINGS LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Over the Wire Holdings Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Over the Wire Holdings Limited is not in accordance with the *Corporations Act 2001* including:-

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF BRISBANE AUDIT

C Bradley

CAMERON BRADLEY
PARTNER

24 FEBRUARY 2021
BRISBANE

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