



ASX RELEASE

29 JUNE 2021

OVER THE WIRE HOLDINGS LIMITED

BUSINESS UPDATE

Over the Wire Holdings Limited (ASX:OTW) today advised that, while the Company's accounts have not yet closed for the financial year, a major hardware supply contract (for which a substantial deposit has been received) will not be delivered to the customer until the new financial year.

As a result, the revenue and earnings for that contract will now be recognised in FY22, and not FY21.

Recurring revenues for the current financial year remain as anticipated, and earnings from those recurring revenues also remain strong and in line with the Company's plans. It is unfortunate that the timing of this specific hardware supply contract will fall into next financial year, but it has no other impact on the Company's increasingly strong organic growth and earnings profile.

In the coming weeks, the Company will finalise its accounts and audit processes, and will then release its FY21 Accounts. In the meantime, we anticipate:

- Revenue of approximately \$112m
- EBITDA of approximately \$23.5m
- Recurring Revenue Organic growth H2 to H1 of approximately 7%
- New recurring revenue signed in Q4 to exceed \$350k contracted monthly recurring revenue (MRR)
- 50% of the expected EBITDA benefit from the Tier 1 Voice Provider (Carrier Interconnect) project to be realised from 1 July

Background to Supply Contract

Due to manufacturing and shipping delays Over the Wire believes that it will be unable to deliver before 30 June a major hardware supply contract to a key customer. The Company has already received a deposit of 50% of the contract, and is working with the manufacturer to ensure that the order is completed as soon as possible. The Company is also working closely with our customer to ensure a seamless process for completion of the contract in the near term.

While any 'one off' contract like this will continue to be subject to the challenges of parts and equipment shortages, shipping delays and the like, all exacerbated by the current Covid epidemic affecting all businesses, the Company believes that these arrangements remain an important

aspect of its business model. These agreements provide us with additional access to very high quality customers, and potential avenues to further bolster the Company's recurring revenue streams in the future.

As the bulk of the equipment will not be delivered before 30 June 2021, we anticipate that we will recognise around \$5m of Revenue and \$1.5m of EBITDA in FY22, rather than this financial year.

Summary

The Company continues to generate positive operating cash flow, retains a strong balance sheet, and will continue to build on the positive sales results from the last three quarters of FY21.

OTW Managing Director Michael Omeros commented, "Our pipeline of signed and potential business remains extremely positive and positions us well to deliver organic growth in FY22 in line with our 15% target. This is an exceptional outcome from our team and demonstrates that our *Cloud. Connect. Collaborate.* offering is delivering the right outcomes for our customers. Our focus remains on building a successful long term business and we continue to invest for growth and in positive solutions for our customers. Some of our recent investments include our Tier One Voice Network, Super Core and International capacity. By calendar year end we also plan on having the Digital Sense cloud available in Sydney and Melbourne to take advantage of the continued demand for the cloud."

This document was authorised for release by the Board.

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About Over the Wire Holdings Limited

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

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