

ASX RELEASE

20 October 2017

OVER THE WIRE TO ACQUIRE VPN SOLUTIONS PTY LTD

Over the Wire Holdings Limited (OTW) (ASX:OTW) is pleased to announce that it has entered into a binding agreement to acquire all of the shares in VPN Solutions Pty Ltd (**VPN**). Completion of the acquisition is expected to take place on 1 November 2017 (**Completion**) and is subject to a limited number of customary conditions precedent.

Established in 2002, VPN is based in New South Wales and delivers business grade telecommunications solutions to the Australian SME and Corporate markets. VPN has approximately 150 business customers, has experienced high levels of customer retention and specialises in delivering complex managed network solutions. VPN will accelerate Over the Wire's geographic expansion in New South Wales and South Australia.

Financial Considerations and Funding

Upfront consideration of \$15,615,000 comprises \$14,834,250 in cash plus \$780,750 in OTW shares at an issue price of \$2.04, being the volume weighted average price for the 20 trading days to 19 October 2017. The cash component will be funded from cash reserves and a debt facility to be established prior to Completion.

All shares issued as consideration to the vendor of VPN will rank equally with existing Over the Wire shares and will be subject to voluntary escrow for 12 months from the date of Completion.

The vendor of VPN is entitled to receive further deferred consideration of up to \$1,735,000 in cash, payable in November 2018, based on a number of performance measures being achieved.

With revenue of \$11.9m and EBITDA of \$3.1m for the 12 month period to 30 September 2017, upfront consideration of \$15.6m represents approximately 5 times EBITDA pre synergies.

Strategic Rationale

- The acquisition of VPN accelerates Over the Wire's expansion into the New South Wales and South Australian markets;
- Data Networks represents over 90% of VPN's revenue and offers cross sell opportunities;
- VPN's customer base is high quality and offers interstate expansion opportunities;
- VPN has a quality team that will integrate well with Over the Wire;
- The acquisition is expected to offer attractive EBITDA and EPS accretion to Over the Wire immediately; and
- Synergies are expected to be achieved in this financial year with further cost savings to be delivered in the next financial year.

Managing Director Michael Omeros said, "We are very excited to be able to welcome VPN Solutions to the Over the Wire group. VPN Solutions is a high quality provider of managed networks with an impressive list of long term clients. VPN Solutions expedites our geographic expansion plans into New South Wales and South Australia and complements our expansion into Victoria following the acquisition of Telarus earlier this year."

ENDS

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About Over the Wire Holdings Limited

Over the Wire Holdings (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 companies include Over the Wire, Netsip, Faktortel, Sanity Technology and Telarus.

About VPN Solutions

VPN Solutions is a privately held telecommunications company that delivers business grade solutions to the Australian SME and Enterprise markets. Employing 21 staff and headquartered in New South Wales, VPN Solutions delivers managed networks to approximately 150 business customers. VPN Solutions prides itself on being able to successfully deliver complex solutions with a strong focus on customer service. For more information www.vpnsolutions.com.au.