



High Wire Reports Record Q3 2024 Results, Driven by Growth in Overwatch Managed Cybersecurity Business

BATAVIA, Ill., November 22, 2024 -- [High Wire Networks, Inc.](#) (OTCQB: HWNI), a leading global provider of managed cybersecurity, reported results for continuing operations for the three months and nine months ended September 30, 2024. All comparisons are to the same year-ago period unless otherwise noted.

The following results are from continuing operations following the divestiture of the company's technology enablement services business on June 27, 2024. The company's current business segments include Overwatch managed cybersecurity services and SVC telecom services.

Q3 2024 Operational Highlights

- Awarded an expanded annual contract renewal to deliver enhanced managed cybersecurity at more than a dozen luxury car dealerships across the West Coast and Midwest U.S. The renewal increases the anticipated annual revenue by fivefold over the previous year.
- Recognized as top cybersecurity leader in Frost & Sullivan's managed security services report, [Frost Radar™: Managed Security Services in Americas, 2024](#).
- Appointed veteran cybersecurity thought leader and executive, Edward Vasko, CISSP, as High Wire's chief operations officer and chief executive officer of the Overwatch managed cybersecurity services division. Vasko brings to High Wire more than 33 years of experience and accomplishment in the cybersecurity industry, including business formation and product development, and leading strategic M&As and major exits.
- Appointed Mark Dallmeier to the new position of chief revenue officer of Overwatch. Dallmeier brings to Overwatch 27 years of accomplishment in taking technology and managed services companies into 'hypergrowth.'
- Appointed Michael Lieder as senior director of Overwatch Service Delivery and Products.

Financial Highlights

- Revenue from continuing operations in the third quarter of 2024 increased 4% to a record \$2.1 million, with revenue for the first nine months up 8% to a record \$6.1 million. The increases were primarily due to growth in the company's Overwatch managed cybersecurity business.
- Q3 2024 revenue from Overwatch increased 9% to \$1.0 million.
- Operating income for SVC was \$103,000, up 600% from the second quarter of 2024, with operating income for the first nine months up 34% to \$252,000.
- Operating expenses decreased 21% to \$3.6 million, as compared to \$4.6 million in the same year-ago quarter, as the result of the company's strategic realignment initiative.

- Net loss from continuing operations in the third quarter totaled \$1.7 million or \$(0.01) per diluted share, a 56% improvement from a net loss of \$3.8 million or \$(0.01) per diluted share in the same year-ago quarter.
- Total liabilities for the third quarter of 2024 decreased \$6.1 million to \$7.5 million at quarter end from \$13.6 million at the end of the same year-ago quarter.
- Interest expense decreased \$1.1 million or 96% to \$50,000 in the third quarter of 2024.

Management Commentary

“In Q3, we saw continued revenue growth from our Overwatch managed cybersecurity and telecom businesses as we began to realize the benefits of the strategic realignment we initiated in the second quarter,” stated High Wire CEO, Mark Porter. “This realignment included the divestiture of our IT enablement services business so we could focus on the greater and more rewarding opportunities in managed cybersecurity.

“The strong momentum we’ve experienced with our current business in Q3, including higher average monthly recurring revenue from new and expanded engagements, validates this transition. It also reinforces our strategy of targeting larger channel partners and enterprise-level opportunities in the cybersecurity space.

“Our Overwatch growth in the quarter is perhaps even more impressive when considering the distraction of the IT divestiture and our transition to focus on Overwatch. Our sharper focus on Overwatch resulted in the full realignment of our Overwatch management team with certain departures and key news hires designed to better prepare us for the accelerating growth we see ahead.

“The new appointments included Ed Vasko as our new Overwatch CEO, Mark Dallmeier as chief revenue officer, and Michael Lieder as senior director of Overwatch’s service delivery and products. Together, they have refined our go-to-market strategy around larger partners, paving the way for strong growth ahead.

“During the quarter we also implemented efficiencies that decreased our operating expenses by 21% versus the same year-ago quarter. This substantial improvement demonstrates the effectiveness of our operating strategies and leverage in our model, which includes the application of advanced AI automation and engineering.

“Altogether, these efforts have resulted in the largest pipeline of large deals in our company’s history, with several in the final closing stages and supporting our path to profitability. Combined with now a much cleaner capital structure, we are well positioned for an uplisting to a major exchange— especially how the capital markets are looking the best they’ve been in many months. Capable players have expressed strong interest and confidence in helping us with such an endeavor.

“Last month, we were honored to be recognized for the fourth consecutive year by MSSP Alert as a Top 100 provider in the managed security service space. This achievement reflects our team's dedication to delivering cutting-edge solutions through our Overwatch ecosystem, including managed XDR and advanced edge protection. We believe these solutions meet the evolving needs of our partners and customers like none other on the market today.

“Looking ahead, we remain confident in our ability to capitalize on the new foundation we’ve established. Our diversified service offerings in secure voice, combined with enhanced compliance and quality, are attracting new customers and unlocking additional revenue streams.

"As we progress through the final quarter of the year and into 2025, we expect accelerating growth with this supporting significant profitability by the second half of the new year. This positive outlook, coupled with the strengthening macroeconomic sentiment among our partners, positions us well for executing our managed cybersecurity strategy and delivering greater shareholder value."

Q3 2024 Financial Summary

Revenue in the third quarter of 2024 totaled \$2.1 million, an increase of 4% from \$2.0 million in the same year-ago quarter. The increase in revenue reflects an increase in revenue from the company's Overwatch managed cybersecurity business. At the end of the third quarter of 2024, Overwatch was generating monthly recurring revenue of approximately \$0.4 million or \$4.8 million on an annualized basis.

Gross profit totaled \$0.7 million or 33.1% of revenue in the third quarter, improving from \$0.6 million or 32.6% of revenue in the same year-ago quarter. The increase in gross profit in the third quarter of 2024 was primarily due to the business moving towards a more scalable, efficient cyber platform as well as the efficiencies gained by continued improvements in the company's automation capabilities.

Total operating expenses decreased 21% to \$3.6 million compared to \$4.6 million from the same year-ago quarter. The decrease is due to decreases in salaries and wages expenses of \$0.8 million, general and administrative expenses of \$812,000, and depreciation and amortization of \$12,000.

Net loss from continuing operations in the third quarter of 2024 totaled \$1.7 million or \$(0.01) per diluted share, compared to a net loss from continuing operations of \$3.8 million or \$(0.01) per diluted share in the same year-ago quarter.

Net loss attributable to High Wire Networks common shareholders in the third quarter of 2024 totaled \$1.7 million or \$(0.01) per diluted share, compared to a net loss of \$3.6 million or \$(0.01) per diluted share in the same year-ago quarter.

First Nine Months of 2024 Financial Summary

Revenue in the first nine months of 2024 totaled \$6.1 million, an increase of 8% from \$5.6 million in the same year-ago period. The increase in revenue reflects the same reasons described above. In the first nine months of 2024, the Overwatch managed cybersecurity business contributed revenue of \$3.1 million, as compared to \$2.9 million in the same year-ago period.

Gross profit totaled \$2.4 million or 39.8% of revenue in the first nine months of 2024 as compared to \$1.7 million or 29.6% of revenue in the same year-ago period. The increase in gross profit reflects the same reasons described above.

Total operating expenses decreased 7% to \$12.2 million compared to \$13.0 million from the same year-ago period. The decrease is primarily due to decreases in general and administrative expenses of \$1.2 million and depreciation and amortization of \$6,000.

Net loss from continuing operations in the first nine months of 2024 totaled \$7.7 million or \$(0.03) per diluted share, compared to a net loss from continuing operations of \$6.4 million or \$(0.02) per diluted share in the same year-ago period.

Net income attributable to High Wire Networks common shareholders in the first nine months of 2024 totaled \$2.0 million or \$0.01 per diluted share, compared to a net loss of \$7.5 million or \$(0.03) per

diluted share in the same year-ago period. The first nine months of 2024 included a gain on the sale of the company's technology enablement business for approximately \$8 million.

About High Wire Networks

High Wire Networks, Inc. (OTCQB: HWNI) is a fast-growing, award-winning global provider of managed cybersecurity. Through over 200 channel partners, it delivers trusted managed services for more than 1,100 managed security customers worldwide. End-customers include Fortune 500 companies and many of the nation's largest government agencies. Its U.S. based 24/7 Network Operations Center and Security Operations Center is located in Chicago, Illinois.

High Wire was [ranked by Frost & Sullivan](#) as a **Top 15 Managed Security Service Provider** in the Americas for 2024. It was also [named](#) to CRN's **MSP 500** and **Elite 150** lists of the nation's top IT managed service providers for 2023 and 2024.

Learn more at HighWireNetworks.com. Follow the company on [X](#), view its extensive video series on [YouTube](#) or connect on [LinkedIn](#).

Forward-Looking Statements

The above news release contains forward-looking statements. The statements contained in this document that are not statements of historical fact, including but not limited to, statements identified by the use of terms such as "anticipate," "appear," "believe," "could," "estimate," "expect," "hope," "indicate," "intend," "likely," "may," "might," "plan," "potential," "project," "seek," "should," "will," "would," and other variations or negative expressions of these terms, including statements related to expected market trends and the Company's performance, are all "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. These statements are based on assumptions that management believes are reasonable based on currently available information, and include statements regarding the intent, belief or current expectations of the Company and its management. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performances and are subject to a wide range of external factors, uncertainties, business risks, and other risks identified in filings made by the company with the Securities and Exchange Commission. Actual results may differ materially from those indicated by such forward-looking statements. The Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statement contained herein to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances upon which any statement is based except as required by applicable law and regulations.

High Wire Contact

Mark Porter
Chief Executive Officer
High Wire Networks
Tel +1 (952) 974-4000
[Email contact](#)

Investor & Media Relations:

Ronald Both or Grant Stude
CMA Investor & Media Relations
Tel +1 (949) 432-7557
[Email contact](#)

High Wire Networks, Inc.
Condensed consolidated statements of operations
(Unaudited)

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Revenue	\$ 2,051,672	\$ 1,974,464	\$ 6,050,793	\$ 5,623,104
Operating expenses:				
Cost of revenue	1,372,998	1,330,426	3,641,460	3,957,640
Depreciation and amortization	186,422	198,208	608,283	614,098
Salaries and wages	1,043,209	1,854,917	4,394,912	3,743,614
General and administrative	1,019,153	1,204,488	3,507,287	4,700,827
Total operating expenses	<u>3,621,782</u>	<u>4,588,039</u>	<u>12,151,942</u>	<u>13,016,179</u>
Loss from operations	(1,570,110)	(2,613,575)	(6,101,149)	(7,393,075)
Other income (expense):				
Interest expense	(50,195)	(1,117,606)	(1,037,268)	(1,705,659)
Amortization of debt discounts	(66,907)	(86,736)	(923,717)	(924,128)
Gain on change in fair value of warrant liabilities	4,880	-	234,673	-
Gain (loss) on settlement of debt	69,038	-	(398,022)	-
Exchange loss	(7,145)	1,852	(35,007)	(6,177)
Warrant expense	-	-	(233,877)	-
Gain on extinguishment of warrant liabilities	-	-	921,422	-
Penalty fee	-	-	(100,000)	-
Liquidated damages related to escrow shares	-	-	-	(1,222,000)
Gain on change in fair value of derivative liabilities	-	-	-	3,140,404
Gain on extinguishment of derivatives	-	-	-	1,692,232
Other (expense) income	(50,000)	-	(50,000)	37,500
Total other (expense) income	<u>(100,329)</u>	<u>(1,202,490)</u>	<u>(1,621,796)</u>	<u>1,012,172</u>
Net loss from continuing operations before income taxes	(1,670,439)	(3,816,065)	(7,722,945)	(6,380,903)
Provision for income taxes	-	-	-	-
Net loss from continuing operations	(1,670,439)	(3,816,065)	(7,722,945)	(6,380,903)
Net income (loss) from discontinued operations, net of tax	-	265,416	9,737,003	(1,143,432)
Net (loss) income attributable to High Wire Networks, Inc. common shareholders	<u>\$ (1,670,439)</u>	<u>\$ (3,550,649)</u>	<u>\$ 2,014,058</u>	<u>\$ (7,524,335)</u>
Income (loss) per share attributable to High Wire Networks, Inc. common shareholders, basic:				
Net loss from continuing operations	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Net income (loss) from discontinued operations, net of taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.04</u>	<u>\$ (0.01)</u>
Net income (loss) per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.03)</u>

Income (loss) per share attributable to High Wire

Networks, Inc. common shareholders, diluted:

Net loss from continuing operations	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Net income (loss) from discontinued operations, net of taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.04</u>	<u>\$ (0.01)</u>
Net income (loss) per share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.03)</u>

Weighted average common shares outstanding

Basic	<u>240,912,395</u>	<u>237,860,605</u>	<u>240,691,342</u>	<u>222,693,501</u>
Diluted	<u>240,912,395</u>	<u>237,860,605</u>	<u>268,062,471</u>	<u>222,693,501</u>

High Wire Networks, Inc.
Condensed consolidated balance sheets

	September 30, 2024	December 31, 2023
	(Unaudited)	
ASSETS		
Current assets:		
Cash	\$ 140,682	\$ 328,282
Accounts receivable, net of allowances of \$74,142 and \$81,359, respectively, and unbilled revenue of \$60,351 and \$99,916, respectively	1,372,921	670,388
Prepaid expenses and other current assets	387,433	117,030
Current assets of discontinued operations	-	1,629,011
Total current assets	1,901,036	2,744,711
Property and equipment, net of accumulated depreciation of \$667,966 and \$477,763, respectively		
	849,282	1,026,293
Goodwill	1,812,818	3,162,499
Intangible assets, net of accumulated amortization of \$1,359,396 and \$2,350,059, respectively	3,080,350	3,620,256
Operating lease right-of-use assets	200,716	277,995
Total assets	\$ 7,844,202	\$ 10,831,754
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	4,106,312	5,189,996
Contract liabilities	230,020	80,819
Current portion of loans payable to related parties, net of debt discount of \$0 and \$10,968, respectively	116,556	254,032
Current portion of loans payable, net of debt discount of \$0 and \$96,552, respectively	1,272,734	2,995,803
Current portion of convertible debentures, net of debt discount of \$98,016 and \$614,556, respectively	644,844	326,005
Factor financing	-	1,361,656
Warrant liabilities	117,120	833,615
Operating lease liabilities, current portion	108,145	89,318
Current liabilities of discontinued operations	505,782	1,529,286
Total current liabilities	7,101,513	12,660,530
Long-term liabilities:		
Loans payable to related parties, net of current portion, net of debt discount of \$0 and \$25,297, respectively	241,718	44,703
Loans payable, net of current portion	48,833	-
Convertible debentures, net of current portion, net of debt discount of \$0 and \$464,839, respectively	-	685,161
Operating lease liabilities, net of current portion	98,133	190,989
Total long-term liabilities	388,684	920,853
Total liabilities	7,490,197	13,581,383
Commitments and contingencies		
Series B preferred stock; \$3,500 stated value; 1,000 shares authorized; 1,000 issued and outstanding as of September 30, 2024 and December 31, 2023		
	-	-
Total mezzanine equity	-	-

Stockholders' equity (deficit):		
Common stock; \$0.00001 par value; 1,000,000,000 shares authorized; 241,579,688 and 239,876,900 issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	2,416	2,399
Series D preferred stock; \$10,000 stated value; 1,590 shares authorized; 943 issued and outstanding as of September 30, 2024 and December 31, 2023	7,745,643	7,745,643
Series E preferred stock; \$10,000 stated value; 650 shares authorized; 311 issued and outstanding as of September 30, 2024 and December 31, 2023	4,869,434	4,869,434
Additional paid-in capital	32,267,924	31,178,365
Accumulated deficit	(44,531,412)	(46,545,470)
Total stockholders' equity (deficit)	354,005	(2,749,629)
Total liabilities and stockholders' equity (deficit)	<u>\$ 7,844,202</u>	<u>\$ 10,831,754</u>