

2 August 2021

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ASX CNW

## CIRRUS BOARD UNANIMOUSLY RECOMMENDS SHAREHOLDERS REJECT THE INADEQUATE UNSOLICITED WEBCENTRAL TAKEOVER OFFER

### HIGHLIGHTS

- **REJECT** THE INADEQUATE UNSOLICITED WEBCENTRAL TAKEOVER OFFER
- **TAKE NO ACTION** – DO NOT SELL YOUR CIRRUS SHARES NOW
- **AWAIT FURTHER INFORMATION** - TARGET'S STATEMENT BEING PREPARED BY CIRRUS BOARD

Webcentral Group Limited (ASX: WGC) (**Webcentral**) announced on Friday, 30 July 2021 an unsolicited on-market takeover bid to acquire the shares in Cirrus Networks Holdings Limited (ASX: CNW) (**Cirrus**) that it does not already own, at a price of \$0.032 per share (**Offer Price**) (the **Offer**). Webcentral also announced that it has recently acquired and now owns shares in Cirrus representing 8.86% of the fully paid ordinary shares on issue.

### REJECT THE INADEQUATE UNSOLICITED WEBCENTRAL BID BY TAKING NO ACTION

Following consideration of the terms of the Offer with its advisers, the Cirrus' Board Unanimously recommends that Cirrus shareholders **REJECT** the Webcentral Offer by taking no action. The reasons Cirrus directors unanimously recommend you **REJECT** the inadequate Webcentral Offer include:

- **Inadequate control premium:** Webcentral is seeking to gain control of Cirrus without paying an adequate control premium and is offering a derisory premium of only 3.2% to the last closing price of Cirrus shares of \$0.031 and a premium of 11.77% and 9.93% to the one month and three-month Volume Weighted Average Price (VWAP) of Cirrus Shares, being \$0.0286 and \$0.0291 respectively, up to the trading day prior to the announcement of the Offer. The premium implied for your shares by the Offer Price is materially below the average premiums paid in Australian corporate control transactions;
- **Unsolicited nature of the Offer:** Webcentral's Offer has been made without any prior engagement with Cirrus' Board, suggesting that Webcentral may not have the interests of all Cirrus' shareholders in mind; and
- **Not offering enough for benefits it may receive:** Webcentral is not offering enough for the benefits it may receive; in the event Webcentral is able to secure 100% of Cirrus' fully paid ordinary shares on issue, Webcentral could likely benefit from meaningful corporate overhead and administrative cost savings which Cirrus Directors consider are not reflected in the Offer.

Further details in respect of the Cirrus' Board recommendation will be outlined in its Target's Statement.

The Offer is unconditional (other than in respect of a "no prescribed occurrences" condition) and as such Webcentral is only able to withdraw the Offer in very limited circumstances. Webcentral's Offer must remain open for at least one month which is expected to be until 16 September 2021.

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As such there is **NO URGENCY** for Cirrus shareholders to take any action at this time, including selling their shares now, because:

- Doing so would deprive Cirrus shareholders of the opportunity to benefit from any future growth; and
- Cirrus shareholders will lose the opportunity to benefit from any potential superior proposal or alternative transaction, should one emerge.

### THE OFFER PROCESS AND NEXT STEPS

The Cirrus Board has reviewed the Webcentral Bidder's Statement and has written to Webcentral seeking certain clarifications and amendments, including in respect of additional details of Webcentral's funding details.

Cirrus notes that Webcentral's appointed broker, FinClear Services Pty Ltd, will stand in the market to acquire, on behalf of Webcentral, all Cirrus Shares offered at the Offer price. Shareholders who sell their Shares in advance of dispatch of the Target's Statement do so without the opportunity to consider the additional information on the Cirrus' Board recommendation.

The Cirrus Board will keep shareholders fully informed of all relevant information and further developments as they occur. Based on details provided in the Webcentral Bidder's Statement, Cirrus expects the next steps and timetable to be:

Date	Event
13 August 2021	Target's Statement given to ASX and ASIC and dispatched to Cirrus shareholders Bidder's Statement dispatched
16 August 2021	Offer period opens
16 September 2021	Offer scheduled to close <i>Note: unless extended or withdrawn</i>

Cirrus Shareholders are **not required to take any action** in relation to the Offer or any document received from Webcentral. Cirrus will provide further details in relation to the Offer in a Target's Statement with additional information on the Cirrus' Board recommendation. Shareholders will have ample time after the release of the Target's Statement to determine their preferred course of action. In the meantime, the Board is committed to continuing to act in the best interests of all Cirrus Shareholders.

Cirrus has appointed Azure Capital to act as financial adviser and HWL Ebsworth Lawyers to act as legal adviser in respect of the Offer.

**ENDS**

The Board of Directors at Cirrus has authorised the release of this announcement.

*Contact for further information*

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## ABOUT CIRRUS

Cirrus Networks Holdings Limited (ASX: CNW) is an innovative IT solutions provider who works with businesses to understand their technological needs and implement world leading solutions that are both cost effective and provide long term operational gain. The diverse reach of Cirrus means the company is able to provide a wide range of solutions including:

- Data Centre and Cloud
- Convergence
- Storage
- Data management (including big data)
- Network design and optimisation
- Business continuity & Cyber Security
- End user computing
- Unified communications and IP Telephony, and
- High quality IT Service Management, Consulting and Project Management services.

Excellent service and an innovative, holistic approach have seen Cirrus quickly grow an extensive base of blue-chip clients across industry sectors. The rapid expansion of Cirrus has seen the company receive a number of awards as one of Australia's fastest growing technology companies.

The Cirrus offering was strengthened further in 2015 with the acquisition of Perth-based IT Solutions Provider, L7 Solutions. Since then, an assertive national expansion strategy has enabled Cirrus to establish a robust Eastern states presence with the recent acquisitions of Melbourne based IT Provider, NGage Technology Group and leading Canberra IT services company Correct Communications.