

ASX ANNOUNCEMENT

3 SEPTEMBER 2021



Level 28
108 St Georges Terrace
Perth WA 6000

ABN 98 103 348 947
ASX CNW

Dear Shareholder

CIRRUS NETWORKS HOLDINGS – IMPORTANT SHAREHOLDER MEETING

Cirrus Networks Holdings Limited (ACN 103 348 947) (ASX: CNW) (**Cirrus** or **Company**) is scheduled to hold an extraordinary general meeting (**Requisition Meeting**) of Cirrus shareholders (**Shareholders**) at 9:30am (WST) on Friday, 15 October 2021 at the offices of the Company at Level 28, 108 St Georges Terrace, Perth, Western Australia.

The Company is required to hold the Requisition Meeting due to having received notices on behalf of Webcentral Group Limited (ACN 073 716 793) (ASX: WCG) (**Webcentral** or **Requisitioning Shareholder**) pursuant to sections 203D and 249D of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Shareholder Requisition**).

The Shareholder Requisition follows Webcentral's unsolicited, unconditional on-market takeover offer to acquire all the shares in Cirrus (**Shares**) that it does not already own for \$0.032 cash per Share (**Offer Price**) as announced on 30 July 2021 (**Offer**).

**Your Board unanimously recommends Shareholders
VOTE AGAINST
the Resolutions at the Requisition Meeting.**

The Requisition Meeting requires Shareholders to make an important decision that could trigger an unprecedented change to Cirrus' strategy and halt the encouraging progress being made by the Company during recent years, affecting the future of your investment in Cirrus.

We encourage Shareholders to read carefully and entirely the attached Notice (including the Explanatory Memorandum) and urge Shareholders to vote – preferably by completing a proxy form and sending it back via post, fax or email or online, or, alternatively, by attending the Requisition Meeting in person. **Please read the “Action to be taken by Shareholders” section of the Explanatory Memorandum which explains how to make sure your vote counts.**

We thank you for your ongoing support. You are invited to contact the Company on +61 8 6180 4231 if you wish to discuss further or require additional information.

Yours sincerely

Paul Everingham
Non-Executive Director
Cirrus Networks Holdings Limited

CIRRUS NETWORKS HOLDINGS LIMITED
ACN 103 348 947

NOTICE OF GENERAL MEETING

The Requisition Meeting of the Company will be held at the offices of the Company at Level 28, 108 St Georges Terrace, Perth, Western Australia on Friday, 15 October 2021 at 9.30am (WST).

The Requisition Meeting has been called following a request pursuant to section 249D of the Corporations Act by the Requisitioning Shareholder.

The Board unanimously recommends that Shareholders

VOTE AGAINST THE RESOLUTIONS.

The Board does not consider the Resolutions to be in the best interests of the Company or its Shareholders, other than Webcentral, for the reasons set out in this Notice.

Each Director intends to vote all Shares that he holds **AGAINST** the Resolutions.

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on +61 8 6180 4231.

Due to the ongoing COVID-19 pandemic, the Company is taking precautions to facilitate an in-person Requisition Meeting in accordance with COVID-19 restrictions. If the situation in relation to COVID-19 changes in a way that will affect the ability to facilitate an in-person Requisition Meeting as currently proposed, the Company will provide a further update ahead of the Requisition Meeting by way of an announcement on the ASX market announcements platform.

Shareholders are strongly encouraged to vote by proxy by appointing the Chair of the Requisition Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a vote is to be exercised on each item of business, and the Chair must follow your instructions.

Letter to Shareholders

Dear Shareholder,

Following the unsolicited, unconditional on-market takeover offer received from Webcentral Group Limited (**Webcentral** or **Requisitioning Shareholder**) to acquire all the shares in Cirrus Networks Holdings Limited (ACN 103 348 947) (ASX: CNW) (**Cirrus** or **the Company**) that it does not already own for \$0.032 cash per Share (**Offer Price**), as announced on 30 July 2021 (**Offer**), Webcentral has now requisitioned a shareholder meeting seeking to remove all of Cirrus's shareholder elected directors, other than me (Paul Everingham), and replace them with two Webcentral nominees, Joe Demase and Michael Wilton, who are also officers of Webcentral (and 5GN).

The Board has well founded concerns that:

- (a) failing to **vote AGAINST the Resolutions** at the Requisition Meeting may negatively impact Shareholders' ability to realise the maximum possible return on their investment in Cirrus, in circumstances where an alternative proposal at a premium to the Offer is received, either as a result of discussions the Board is currently engaged in with various counterparties, or at some other point in the future; and
- (b) if the Requisitioning Shareholder (an 8.86% shareholder in Cirrus) is successful in carrying the Resolutions it will gain control of the Company by appointing two Webcentral nominee directors, representing a majority on the Board, without paying an appropriate premium to their fellow Shareholders to acquire such control.

The Board – including me (Paul Everingham), whom the Requisitioning Shareholder does not propose to remove – reaffirms its unanimous recommendation that shareholders **reject** Webcentral's opportunistic takeover offer for the reasons previously communicated and unanimously agrees that the proposed resolutions are **not** in the best interests of all Shareholders (excluding Webcentral).

I have advised the Board of my current intention to resign from the Board immediately following close of the Requisition Meeting if both of Webcentral's nominee directors, Messrs Joe Demase and Michael Wilton are appointed to the Board. This may result in the Company being without any independent governance until the Board is refreshed and would result in Cirrus (as controlled by Webcentral's nominee directors) needing to appoint another director to comply with the minimum company director obligations under the Corporations Act, in the event of all resolutions being carried.

Your Board unanimously recommends that Shareholders:

VOTE AGAINST the removal of three existing Cirrus directors; and

VOTE AGAINST the appointment of the two Webcentral nominee Directors, Joe Demase and Michael Wilton

and intends to vote all Shares they hold or control AGAINST the Proposed Resolutions¹.

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

¹ The directors (and their associates) interests in Shares are set out in section 8.5 of the Target's Statement in respect of the Offer, being a relevant interest in an aggregate of 11.81% of the Shares.

companies. The Cirrus offering was strengthened in 2015 with the acquisition of Perth-based IT solutions provider, L7 Solutions Pty Ltd.

Since then, an assertive national expansion strategy has enabled Cirrus to establish a robust national presence, bolstered by the acquisitions of Melbourne based IT provider, NGage Technology Group Pty Ltd in April 2017 and leading Canberra IT services company, Correct Communications Pty Ltd, in November 2017.

In the previous 5 years, the Company has delivered revenue growth at a compound annual growth rate of 40.4% per year and increased the percentage of its margin attributable to services from 15% to 47%.

The Company achieved an 11.8% increase in group sales revenue to \$106 million during FY21 (up from \$95 million in FY20) however a turbulent operating environment saw EBITDA (pre options expense) decline from \$3.7 million in FY20 to \$2.0 million in FY21.

Materially affecting this result were global supply chain delays, as well as a tight labour market resulting in a shortage of appropriately skilled service delivery resources, both of which have been exacerbated by the ongoing COVID-19 pandemic.

Despite these challenging conditions, the Company is well positioned for the coming year, having achieved a number of key milestones recently, including:

- (a) award of a \$13 million, three-year managed services contract with Geosciences Australia (being the Geoscience Agreement), the Company's largest to date. This has been successfully on-boarded with benefits being fully realised from June 2021. The Geoscience Agreement is expected to drive an increase in managed services annuity revenue by more than 35%, year on year;
- (b) a materially improved balance sheet, with a reduction in debt to zero and an increase in cash to \$7.7 million being fuelled by solid operating cashflows; and
- (c) a substantial increase (circa 94%) in revenue from the strategically important Federal Government sector to \$55 million in FY21 compared to FY20.

A positive outlook for FY22 is further underpinned by a comprehensive review of costs and organisational structure undertaken in the final quarter of FY21 against the backdrop of the pandemic, along with a significant order backlog and positive sales indicators across the Company's portfolio of services.

In contrast to the Board's clear plan, the Requisitioning Shareholder has not provided any details as to their own strategy to grow Cirrus, only that they intended to undertake a general review of the Company's operations after the Offer Period and to expedite its intentions in respect of change of control under the Offer.

The Cirrus Board also consider it relevant to direct its shareholders to Webcentral's recently announced *unaudited* preliminary financial report containing its FY21 financial results for the 18 months to 30 June 2021, which report a net loss after tax of **(\$62.6 million)**, or a net loss of **(46.46)** cents per share, and *negative* net tangible asset backing of **(52.09)** cents per share.

In conclusion, the Cirrus Board is concerned the Shareholder Requisition puts the Company's strategy at significant risk, disrupting progress that has the potential to generate significant value for all Shareholders.

The Cirrus Board remains fully committed to continue acting in the best interests of *all* shareholders and thanks them for their support.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Paul Everingham', written over a light blue horizontal line.

Paul Everingham
Non-Executive Director
Cirrus Networks Holdings Limited

For personal use only

CIRRUS NETWORKS HOLDINGS LIMITED

ACN 103 348 947

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of the Shareholders of Cirrus Networks Holdings Limited (ACN 103 348 947) (ASX:CNW) (**Cirrus or Company**) (**Shareholders**) will be held at the offices of the Company at Level 28, 108 St Georges Terrace, Perth, Western Australia on Friday, 15 October 2021 at 9:30am (WST) (**Requisition Meeting**).

The Board is closely monitoring the rapidly changing coronavirus (**COVID-19**) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly by way of an announcement on the ASX market announcements platform.

The Explanatory Memorandum provides additional information on matters to be considered at the Requisition Meeting. The Explanatory Memorandum and the Proxy Form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Requisition Meeting are those who are registered as Shareholders on Wednesday, 13 October 2021 at 9.30am (WST) (**Record Date**).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

The Company is required to put to Shareholders the following ordinary resolutions proposed by the Requisitioning Shareholder in the requisition notice issued to the Company under section 249D of the Corporations Act.

1. Resolution 1 - Removal of Director - Andrew Milner

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That, pursuant to section 203D of the Corporations Act 2001 (Cth) and the constitution of the Company, Andrew Milner be removed as a director of the Company with immediate effect.'

Your Board is not proposing Resolution 1. The Company is required to put Resolution 1 to Shareholders due to the request made by the Requisitioning Shareholder.

Your Board unanimously recommends Shareholders **vote AGAINST this Resolution 1 and each Director will be voting all Shares that they hold or control AGAINST this Resolution 1.**

2. Resolution 2 - Removal of Director - Matthew Sullivan

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That, pursuant to section 203D of the Corporations Act 2001 (Cth) and the constitution of the Company, Matthew Sullivan be removed as a director of the Company with immediate effect.'

Your Board is not proposing Resolution 2. The Company is required to put Resolution 2 to Shareholders due to the request made by the Requisitioning Shareholder.

Your Board unanimously recommends Shareholders **vote AGAINST this Resolution 2 and each Director will be voting all Shares that they hold or control AGAINST this Resolution 2.**

3. Resolution 3 - Removal of Director - Daniel Rohr

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That, pursuant to section 203D of the Corporations Act 2001 (Cth) and the constitution of the Company, Daniel Rohr be removed as a director of the Company with immediate effect.'

Your Board is not proposing Resolution 3. The Company is required to put Resolution 3 to Shareholders due to the request made by the Requisitioning Shareholder.

Your Board unanimously recommends Shareholders **vote AGAINST this Resolution 3 and each Director will be voting all Shares that they hold or control AGAINST this Resolution 3.**

4. Resolution 4 - Appointment of Director - Joe Demase

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That Joe Demase, having consented in writing to act as a director of the Company, be appointed as a director of the Company with immediate effect.'

Your Board is not proposing Resolution 4. The Company is required to put Resolution 4 to Shareholders due to the request made by the Requisitioning Shareholder.

Your Board unanimously recommends Shareholders **vote AGAINST this Resolution 4 and each Director will be voting all Shares that they hold or control AGAINST this Resolution 4.**

5. Resolution 5 - Appointment of Director - Michael Wilton

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That Michael Wilton, having consented in writing to act as a director of the Company, be appointed as a director of the Company with immediate effect.'

Your Board is not proposing Resolution 5. The Company is required to put Resolution 5 to Shareholders due to the request made by the Requisitioning Shareholder.

Your Board unanimously recommends Shareholders **vote AGAINST this Resolution 5 and each Director will be voting all Shares that they hold or control AGAINST this Resolution 5.**

BY ORDER OF THE BOARD



Catherine Anderson
Company Secretary
Cirrus Networks Holdings Limited
Dated: 3 September 2021

CIRRUS NETWORKS HOLDINGS LIMITED

ACN 103 348 947

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Requisition Meeting to be held at the offices of the Company at Level 28, 108 St Georges Terrace, Perth, Western Australia on Friday, 15 October 2021 at 9:30am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Background to Requisition Meeting
Section 4	Resolution 1 - Removal of Director - Andrew Milner
Section 5	Resolution 2 - Removal of Director - Matthew Sullivan
Section 6	Resolution 3 - Removal of Director - Daniel Rohr
Section 7	Resolution 4 - Appointment of Director - Joe Demase
Section 8	Resolution 5 - Appointment of Director - Michael Wilton
Schedule 1	Definitions
Schedule 2	Joint Statement of the Requisitioned Directors
Schedule 3	Statement of the Requisitioning Shareholder

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice, including the Explanatory Memorandum, carefully before deciding how to vote on the Resolutions.

2.1 Impact of COVID-19 on the Requisition Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. While the COVID-19 situation remains stable in Western Australia as at the date of this Notice, the situation could change and hence Shareholders are strongly

encouraged to vote by proxy by appointing the Chair of the Requisition Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a vote is to be exercised on each item of business, and the Chair must follow your instructions. To lodge your proxy, please follow the directions on your personalised proxy form.

If it becomes necessary or appropriate to make alternative arrangements than those set out above, Shareholders will be updated via the ASX market announcements platform.

2.2 Resolutions

All items of business involving a vote by Shareholders require ordinary resolutions, which means that, to be passed, the item needs the approval of a simple majority of the votes cast by Shareholders entitled to vote on the resolution.

In accordance with the Corporations Act, each Resolution will be decided on a poll, such that every Shareholder shall have one vote for every Share registered in their name as at the Record Date.

None of the Resolutions are interdependent. This means that one or more of the Resolutions can be passed even though one or more of the other Resolutions were not passed by Shareholders.

If Shareholders follow the Board's recommendations, the Board of the Company will not change as a result of the Requisition Meeting, in which case, the Board intends to continue progressing discussions with various counterparties regarding potential alternative proposals at a premium to the Offer (noting that these discussions are preliminary and non-binding, and Shareholders should be aware they may not result in a formal, binding offer) and will provide an update on its recommendation in respect of the Offer following receipt of the Independent Expert's Report.

If Shareholders do not follow the Board's recommendations, there are a number of potential Board control scenarios that may eventuate, including that the nominees of Webcentral obtain control of a majority of the Board. Should that occur, the nominees of Webcentral would be able to pass Board resolutions and control the strategic direction of the Company notwithstanding that Shareholders have not accepted the Offer.

The Board notes Mr Paul Everingham has advised of his current intention to resign from the Board immediately following close of the Requisition Meeting if both of Webcentral's nominee directors, Messrs Joe Demase and Michael Wilton are appointed to the Board. This may result in the Company being without any independent governance until the Board is refreshed and would result in Cirrus (as controlled by Webcentral's nominee directors) needing to appoint another director to comply with the minimum company director obligations under the Corporations Act, in the event of all resolutions being carried.

2.3 Voting

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to participate in the Requisition Meeting, preferably for the reasons outlined above by signing and return the Proxy Form to the Company in accordance with the instructions thereon.

Proxy voting instructions must be received by 9.30am (WST) on Wednesday, 13 October 2021, being not later than 48 hours before the commencement of the Requisition Meeting. Any proxy voting instructions received after that time will not be valid for the schedule meeting.

Please note that:

- (i) Shareholders entitled to attend and vote at the Requisition Meeting are entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

(b) **Lodging your proxy form online**

To lodge a proxy form online visit <https://investor.automic.com.au/#/loginsah>.

Following the instructions to login, enter your personal HIN/SRN shown on the top right of the Proxy Form, the Company's ASX code (CNW), and your registered postcode. Then tick the terms and conditions box and click on the 'Login' button. Then click on 'Vote Lodgement'. Then follow the instructions to vote. The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

(c) **“Snap-shot” Time**

The Company may specify a time, not more than 48 hours before the Requisition Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Requisition Meeting are those who are registered as Shareholders on the Record Date.

(d) **Corporate Representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Requisition Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Company's representative. The authority may be sent to the Company in advance of the Requisition Meeting or handed in at the Requisition Meeting when registering.

(e) **Election of Directors - Nominations**

Under the Company's constitution, nominations for appointment as a Director must be received by the Company at its registered office at least 30 business days before the date of the Requisition Meeting, accompanied by a signed consent to act.

(f) **Attendance in person**

Shareholders who wish to attend in person must register your intention to attend with the Company Secretary at least 48 hours before the Requisition Meeting (catherine.anderson@cirrusnetworks.com.au).

(g) **Attendance online**

Shareholders who wish to attend online must register your intention to attend with the Company Secretary at least 48 hours before the Requisition Meeting (catherine.anderson@cirrusnetworks.com.au).

3. Background to Requisition Meeting

3.1 Background of Cirrus

The Company 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:

- (a) data centre and cloud;
- (b) convergence;
- (c) storage;
- (d) data management (including big data);
- (e) network design and optimisation;
- (f) business continuity & cyber security;
- (g) end user computing;
- (h) unified communications and IP telephony; and
- (i) 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 bluechip clients across most 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 national presence with the acquisitions of Melbourne based IT Provider, NGage Technology Group Pty Ltd (now renamed Cirrus Networks (Victoria) Pty Ltd) and leading Canberra IT services company Correct Communications Pty Ltd (now renamed Cirrus Networks (ACT) Pty Ltd).

3.2 Company Direction and Strategy

In the previous 5 years, the Company has delivered revenue growth at a compound annual growth rate of 40.4% per year and increased the percentage of its margin

attributable to services from 15% to 47%.

While the Company achieved an 11.8% increase in group sales revenue to \$106 million (up from \$95 million in FY20) during FY21, a turbulent operating environment saw EBITDA (pre options expense) decline from \$3.7 million last year to \$2.0 million this year.

Materially affecting this result were global supply chain delays as well as a tight labour market resulting in a shortage of appropriately skilled service delivery resources, both exacerbated further by the ongoing COVID-19 pandemic.

Despite these challenging conditions, the Company is well positioned for the coming year, having achieved a number of key milestones recently, including:

- (a) award of a \$13 million, three-year managed services contract with Geosciences Australia (being the Geoscience Agreement), the Company's largest to date. This has been successfully on-boarded with benefits being fully realised from June 2021. The Geoscience Agreement will drive an expected 35% increase in managed services annuity revenue year on year;
- (b) a materially improved balance sheet, with a reduction in debt to zero and an increase in cash to \$7.7 million being fuelled by solid operating cashflows; and
- (c) a substantial increase (circa 94%) in revenue from the strategically important Federal Government sector to \$55 million.

A positive outlook for FY22 is further underpinned by a comprehensive review of costs and organisational structure undertaken in the final quarter of FY21 against the backdrop of the pandemic, along with a significant order backlog and positive sales indicators across the Company's portfolio of services.

The Company believes that it remains very well placed for organic growth through a focus on improved earnings from revenues generated by higher margin services contracts and disciplined overhead cost controls.

The Company's diversified geographic base is also expected to provide a platform for further expansion. Consistent with its growth aspirations, the Company is also continuing its active pursuit of complementary acquisition targets.

However, the Shareholder Requisition puts these strategic initiatives at significant risk and may hinder Shareholders' ability to realise the maximum possible return on their investment in Cirrus, including by preventing the current Board from progressing discussions with various counterparties regarding a potential alternative proposal at a premium to the Offer. These discussions are preliminary and non-binding, and Shareholders should be aware they may not result in a formal, binding offer.

3.3 **Receipt of Shareholder Requisition**

On 17 August 2021, the Company announced to ASX that it had received a request pursuant to sections 203D and 249D of the Corporations Act from the Requisitioning Shareholder to convene an extraordinary general meeting of the Company (**Shareholder Requisition**).

As set out in Sections 4 to 8 (inclusive) of this Explanatory Memorandum, the Shareholder Requisition requires the Company to hold the Requisition Meeting in order for Shareholders to consider:

- (a) the removal of Mr Andrew Milner as a Director;

- (b) the removal of Mr Matthew Sullivan as a Director; and
- (c) the removal of Mr Daniel Rohr as a Director,
- (together, **Requisitioned Directors**);
- (d) the appointment of Mr Joe Demase as a Director (who is Managing Director of both Webcentral and 5GN); and
- (e) the appointment of Mr Michael Wilton as a Director (who is General Counsel and Joint Company Secretary of both Webcentral and 5GN).

The Board – including Mr Paul Everingham, whom the Requisitioning Shareholder does not propose to remove – unanimously agrees that the proposed resolutions are not in the best interests of all Shareholders (excluding Webcentral), including for the reasons set out in Section 3.4 below.

3.4 Context of the Shareholder Requisition

The Board has well founded concerns that:

- (a) failing to **vote AGAINST the Resolutions** at the Requisition Meeting may negatively impact Shareholders' ability to realise the maximum possible return on their investment, in circumstances where an alternative proposal at a premium to the Offer is received, either as a result of discussions the Board is currently engaged in with various counterparties, or at some other point in the future; and
- (b) the true purpose of the Requisitioning Shareholder in requiring the Requisition Meeting be held may be an attempt to gain control of the Company by appointing two Webcentral nominee directors, Messrs Joe Demase (who is Managing Director of both Webcentral and 5GN) and Michael Wilton (who is General Counsel and Joint Company Secretary of both Webcentral and 5GN), representing a majority on the Board without paying an appropriate premium to their fellow Shareholders to acquire such control.

This is on the following basis:

- (a) The Shareholder Requisition follows the Requisitioning Shareholder's unsolicited, unconditional on-market takeover offer to acquire all the Shares that it does not already own for \$0.032 cash per Share (**Offer Price**) as announced on 30 July 2021 (**Offer**) (**Announcement Date**).
- (b) On 2 August 2021, the Board unanimously recommended that Shareholders **REJECT the Offer by taking no action**. One of the five key reasons to reject the Offer, as laid out in Cirrus' Target's Statement dated 11 August 2021, was your Directors' belief that **the Offer being proposed represented an inadequate control premium**². That belief remains and the Board continues to encourage all Shareholders to read the Target's Statement carefully, and in its entirety, and to **continue to take no action in relation to the Offer**.

² Refer to section 2.1 of the Target's Statement for further details on the reasons to reject the Offer. The Directors have appointed an Independent Expert to prepare an Independent Expert's Report opining on whether the Offer is fair and reasonable to Shareholders. This report will also include a valuation range for Shares on a controlling interest basis.

- (c) Since the Announcement Date, the Board has been in discussions with various counterparties regarding the potential for an alternative proposal at a premium to the Offer. These discussions are preliminary and non-binding, and Shareholders should be aware that they may not result in a formal, binding offer.
- (d) Webcentral's Second Supplementary Bidder's Statement, dated 13 August 2021, made claims in relation to "a number of serious deficiencies in the financial and operational management and performance of CNW (Cirrus)", including a suggestion that Cirrus' management team and Board "... are distant from, and not sufficiently engaged in, the day to day operations of the CNW business." Your Board believes these claims are misinformed, opportunistic, and designed to disrupt Cirrus. Cirrus' share price has continued to trade above the Offer Price after the announcement of the Offer with Webcentral acquiring no shares under the Offer. Webcentral acquired its 8.86% shareholding in Cirrus after the Company announced its FY21 trading update on 5 July 2021. Webcentral was aware of the impacts of the COVID-19 pandemic on Cirrus' business before it acquired its shareholding in Cirrus. The Board considers that it is opportunistic and in Webcentral's interests (and not in the interests of Cirrus' other Shareholders) to take this action now.
- (e) In contrast to the Board's clear plan, the Requisitioning Shareholder has not provided any details as to their own strategy to grow Shareholder value, only that they intended to undertake a general review of the Company's operations after the Offer Period. This concern has been exacerbated by the failure of Webcentral to meaningfully engage with the Board or management of the Company, such that there is uncertainty as to the future direction of Cirrus in the event the Resolutions are passed and Webcentral's nominee directors gain control of the Company.

Furthermore, the Requisitioned Directors hold significant experience in the information technology industry, which will enable Cirrus to progress with its clear plan:

- (a) **Cirrus Chairman, Andrew Milner:** is a veteran of the Australian Information Communications Technology industry and has more than 20 years' experience in managing successful, high-growth technology businesses (refer to Section 4 for further details);
- (b) **Cirrus Managing Director, Matthew Sullivan:** has more than 20 years' experience in the IT industry and has held various executive roles within strong performing and high-growth IT organisations in Australia and was chief executive officer and co-founder (with Mr Milner) of L7 Solutions in 2004 until its 2011 acquisition by Amcom (refer to Section 5 for further details); and
- (c) **Cirrus Non-Executive Director, Daniel Rohr:** has more than 30 years' experience and is currently the CFO of HealthEngine Pty Limited. He has worked for or acted as a corporate advisor for a number of listed and non-listed businesses in the IT sector both in Australia and overseas. Mr Rohr has extensive experience in managing the development of high growth companies in the technology, real estate and financial services industries (refer to Section 6 for further details).

3.5 Statements

In accordance with section 203D of the Corporations Act, the Requisitioned Directors are entitled to submit a written statement putting the case against their removal to

Shareholders. Refer to Schedule 2 for the written statement of the Requisitioned Directors.

Section 249P of the Corporations Act also requires the Company to distribute any statement of a requisitioning shareholder which complies with that section (wherein the requisitioning shareholder may, for example, wish to provide fellow shareholders with clarity as to the intentions of its nominee directors should they be appointed). Schedule 3 of this Notice would have incorporated such a statement from the Requisitioning Shareholder, however, as at the date of this Notice, the Company has not received such a statement from the Requisitioning Shareholder.

4. Resolution 1 – Removal of Director – Andrew Milner

4.1 Skills and Experience

Andrew Milner is a veteran of the Australian Information Communications Technology industry and has more than 20 years' experience in managing successful high-growth technology businesses.

Founding Wantree Internet (**Wantree**) in 1995 (which became one of Australia's first commercial Internet Service Providers), he was appointed to the iiNet board when Wantree was vended into the iiNet Limited IPO in 1999. Mr Milner spent nine years with that company in a variety of executive and non-executive director roles. iiNet grew to a \$1.4 billion market capitalization with over 2,000 staff and \$1 billion in annual revenue, prior to being acquired by TPG Telecom Limited in 2015.

From 2004, Mr Milner was co-founder and non-executive chairman of L7 Solutions, one of WA's fastest growing systems integrators, with a turnover of \$55 million at the time of its acquisition by Amcom Telecommunications in 2011.

Mr Milner was appointed to the Board in July 2015. During the previous three years Mr Milner has not held any other directorships in listed entities. Mr Milner holds 4.05% of all issued Cirrus shares as at 11 August 2021, being the date of the Target's Statement.

4.2 Board Recommendation

Your Board unanimously recommends Shareholders vote AGAINST this Resolution 1 and each Director will be voting all Shares that he holds or controls AGAINST this Resolution 1.
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The Chair intends to vote all undirected proxies against Resolution 1.

5. Resolution 2 – Removal of Director – Matthew Sullivan

5.1 Skills and Experience

Matthew Sullivan has more than 20 years' experience in the IT industry and has held various executive roles within strong performing and high-growth IT organisations in Australia and was chief executive officer and co-founder (with Mr Milner) of L7 Solutions in 2004 until its acquisition by Amcom in 2011.

During this time the company was awarded numerous industry accolades including:

- (a) 5th fastest growing WA company in 2007 (WA Business News);

- (b) 18th fastest growing Australian company in 2008 (BRW Fast 100);
- (c) 2005 Cisco A/NZ Partner of the Year; and
- (d) 2010 EMC WA partner of the Year.

Mr Sullivan was also a 2005 and 2008 winner of the WA Business News "40 under 40" and Western Region finalist in the 2010 Ernst & Young Entrepreneur of the Year.

Most recently Mr Sullivan has been Chief Solutions Officer of Amcom and Chief Operations Officer at Comcentre.

Mr Sullivan was appointed to the Board in July 2015. During the previous three years Mr Sullivan has not held any other directorships in listed entities. Mr Sullivan holds 4.79% of all issued Cirrus shares as at 11 August 2021, being the date of the Target's Statement.

5.2 Board Recommendation

Your Board unanimously recommends Shareholders vote AGAINST this Resolution 2 and each Director will be voting all Shares that he holds or controls AGAINST this Resolution 2.

The Chair intends to vote all undirected proxies against Resolution 2.

6. Resolution 3 – Removal of Director - Daniel Rohr

6.1 Skills and Experience

Daniel Rohr is a Chartered Accountant with a Bachelor of Commerce degree and has over 30 years' management, corporate advisory, finance and accounting experience across a range of listed and unlisted companies in Australia and overseas.

Mr Rohr is currently the CFO of HealthEngine Pty Limited and has acted as a corporate advisor for a number of listed and non-listed businesses in the IT industry. Mr Rohr has extensive experience in managing the development of high growth companies in the technology, real estate and financial services industries.

Mr Rohr was appointed to the Board in July 2015, During the previous three years Mr Rohr has not held any other directorships in listed entities. Mr Rohr holds 0.83% of all issued Cirrus shares as at 11 August 2021, being the date of the Target's Statement.

6.2 Board Recommendation

Your Board unanimously recommends Shareholders vote AGAINST this Resolution 3 and each Director will be voting all Shares that he holds or controls AGAINST this Resolution 3.

The Chair intends to vote all undirected proxies against Resolution 3.

7. Resolution 4 – Appointment of Director - Joe Demase

Mr Demase is the Managing Director of Webcentral and since 2017 has been the Managing Director of 5G Networks Limited. With a background in accounting and

finance, he has successfully built a number of businesses including being the founder of two ASX listed telecommunications companies.

Mr Demase has 25 years' experience in the telecommunications sector in both Australia and UK and this experience allows him to skilfully identify market opportunities. With 10 years' experience as a public company director he has proven his ability a number of times to improve the performance of and turn around underperforming companies, including companies listed on ASX.

Your Board unanimously recommends Shareholders **vote AGAINST this Resolution 3 and each Director will be voting all Shares that he holds or controls AGAINST this Resolution 3.**

The Chair intends to vote all undirected proxies against Resolution 4.

8. Resolution 5 – Appointment of Director - Michael Wilton

Mr Wilton is General Counsel and Company Secretary of Webcentral. He is a corporate and commercial lawyer with many years' experience in mergers and acquisitions and equity capital markets.

Mr Wilton also has substantial expertise and experience in information technology and telecommunications advising clients in both the private and public sectors, the latter including the Commonwealth of Australia and the State of Victoria.

Your Board unanimously recommends Shareholders **vote AGAINST this Resolution 3 and each Director will be voting all Shares that he holds or controls AGAINST this Resolution 3.**

The Chair intends to vote all undirected proxies against Resolution 5.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$ means Australian Dollars.

5GN means 5G Networks Limited (ACN 163 312 025) (ASX: 5GN).

ASX means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Bidder's Statement means the bidder's statement of Webcentral dated and served on Cirrus on 30 July 2021 (as supplemented by the First Supplementary Bidder's Statement and the Second Supplementary Bidder's Statement).

Board means the board of Directors.

Cirrus Correct means Cirrus Networks (ACT) Pty Ltd (ACN 143 561 291) a wholly-owned subsidiary of the Company.

Chair means the person appointed to chair the Requisition Meeting of the Company convened by the Notice.

Company or **Cirrus** means Cirrus Networks Holdings Limited (ACN 103 348 947).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

First Supplementary Bidder's Statement means the first supplementary bidder's statement of Webcentral dated and served on Cirrus on 6 August 2021.

Geosciences Australia means the Commonwealth of Australia as represented by Geoscience Australia (ABN 80 091 799 039).

Geoscience Agreement means the agreement between Cirrus Correct and Geoscience dated 11 March 2021.

Independent Expert means Lonergan Edwards & Associates Limited (ACN 095 445 560).

Independent Expert's Report means the report and related financial services guide being prepared by the Independent Expert in order to opine on whether the Offer is fair and reasonable to Shareholders.

L7 Solutions means L7 Solutions Pty Ltd (ACN 108 279 778).

Requisition Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of extraordinary general meeting dated 3 September 2021.

Offer has the meaning given in Section 3.4.

Offer Period means the period during which the Offer will remain open for acceptance which, as at the date of this Notice, is until close of trading on ASX on 16 September 2021.

Offer Price has the meaning given in Section 3.4.

Preliminary Financial Report means Webcentral's *unaudited* financial results for the 18 months to 30 June 2021 released to ASX on 31 August 2021.

Proxy Form means the proxy form attached to the Notice.

Record Date means Wednesday, 13 October 2021 at 9.30am (WST).

Requisitioned Directors means, together, Messrs Andrew Milner, Matthew Sullivan and Daniel Rohr.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Second Supplementary Bidder's Statement means the second supplementary bidder's statement of Webcentral dated and served on Cirrus on 13 August 2021.

Section means a section of the Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Shareholder Requisition has the meaning given in Section 3.3.

Target's Statement means the target statement dated 11 August 2021, issued by the Company under Part 6.5 Division 3 of the Corporations Act.

Webcentral or **Requisitioning Shareholder** means Webcentral Group Limited (ACN 073 716 793) (ASX: WCG).

WST means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 – Joint Statement of the Requisitioned Directors

Dear Shareholder,

We refer to the notice of extraordinary general meeting (**Requisition Meeting**) of Cirrus Networks Holdings Limited (ACN 103 348 947) (ASX: CNW) (**Cirrus** or **Company**) dated 3 September 2021 (**Notice**).

Capitalised terms used, but not defined, in this statement have the meaning given to them in the Notice.

Messrs Andrew Milner, Matthew Sullivan and Daniel Rohr (together **Requisitioned Directors**) are concerned that:

- (a) failing to **vote AGAINST the Resolutions** at the Requisition Meeting may negatively impact Shareholders' ability to realise the maximum possible return on their investment in Cirrus, in circumstances where an alternative proposal at a premium to the Offer is received, either as a result of discussions the Board is currently engaged in various counterparties, or at some other point in the future; and
- (b) if the Requisitioning Shareholder (an 8.86% shareholder in Cirrus) is successful in carrying the Resolutions it will gain control of the Company by appointing two Webcentral nominee directors, representing a majority on the Board, without paying an appropriate premium to their fellow Shareholders to acquire such control.

This is on the basis that, in addition to the reasons set out in Section 3.3 of the Explanatory Memorandum:

- (a) **Conflicts of Interest:** The Requisitioned Directors consider there to be a material risk that if Mr Demase (who is the Managing Director of both Webcentral and 5GN) and Mr Wilton (who is General Counsel and Joint Company Secretary of both Webcentral and 5GN) are appointed as Directors of Cirrus they would have a conflict of interest that could result in material adverse consequences for all Shareholders (other than Webcentral) and the future of Cirrus (particularly in the context of assessment of the Offer from Webcentral to acquire Cirrus Shares). Specifically, the Requisitioned Directors are concerned that if Webcentral's nominees gain control of a majority of the Board, Messrs Demase and Wilton may act in the best interests of Webcentral (and 5GN) rather than all Shareholders and that any conflicts between their duties as officers of Cirrus and Webcentral (and 5GN) would be difficult to manage. This is demonstrated by the following statement of Webcentral in the Second Supplementary Bidder's Statement:

"Irrespective of whether [Webcentral] is successful in replacing certain of the current directors of CNW with persons nominated by it, [Webcentral] still intends, to the extent it is able, to take steps and actions consistent with its intentions ... however, those steps and actions are likely to be accelerated if certain of the current directors of CNW are replaced with persons nominated by [Webcentral]".

The Requisitioned Directors consider this comment as strong evidence that the interests and intentions of Webcentral may be prioritised over the interests of other Shareholders if Webcentral's nominees gain control of a majority of the Board.

Further, the Requisitioned Directors find it of concern that the Shareholder Requisition has occurred while the Offer to acquire Cirrus Shares remains open, during a period when the independence of the Board is of paramount importance to the Board's ability to assess the Offer by Webcentral to acquire Cirrus Shares (including any improvements thereunder) and to make recommendations to Shareholders as to how to vote in respect of the Offer.

For those reasons, the Requisitioned Directors question how Messrs Demase and Wilton can act in the best interests of all Shareholders and do not consider the Resolutions to be in the best interests of the Company or its Shareholders (other than Webcentral).

- (b) **Track Record:** Messrs Demase and Wilton have a history of involvement in corporate control transactions involving ASX-listed entities in the IT and telecommunications sectors, as detailed by the below timeline in respect of the arrangements between 5GN and Webcentral (refer to paragraphs (i) to (vii) (inclusive)). The Requisitioned Directors believe this history indicates a pattern of conduct whereby new acquisition targets provide financial funding capacity to a previously subsumed business in order to facilitate control transactions.

On 31 August 2021, Webcentral announced its *unaudited* Preliminary Financial Report containing its FY21 financial results for the 18 month period to 30 June 2021. These results showed that Webcentral:

- (i) made a net loss after tax of **(\$62.6 million)** (or a net loss of **(46.46)** cents per share);
- (ii) had negative net tangible asset backing of **(52.09)** cents per share;
- (iii) had approximately **\$2.4 million** in cash and cash equivalents; and
- (iv) had approximately **\$41.6 million** in interest-bearing loans and borrowings, of which \$26.6 million is current.

Webcentral's recent financial results compound the Requisitioned Directors' concerns about the potential impact on the Company's operations, profitability, future financial results and ability to deliver value to Cirrus shareholders in the event the Resolutions are passed and Webcentral's nominee directors gain control of the Company.

On that basis, and for the reasons outlined elsewhere in the Notice, the Requisitioned Directors do not consider the Shareholder Requisition to be in the best interests of the Company or its Shareholders (other than Webcentral).

In support of the above statement, the Requisitioned Directors make the following observations in respect of Messrs Demase's and Wilton's involvement in corporate control transactions, specifically in respect of the relationship between Webcentral and 5GN (based on publicly available information):

- (i) **Appointment of Key 5GN Officers:**
 - (A) On or around November 2017, Mr Demase was appointed as a director of 5GN;
 - (B) On 29 June 2017, Mr Joe Gangi was appointed as a director of 5GN; and
 - (C) On 1 September 2020, Mr Wilton was appointed as general counsel and company secretary of 5GN,(together, **5GN Key Officers**);
- (ii) **5GN Launches Takeover of Webcentral:** on 17 September 2020, Webcentral announced that it had received a conditional off-market takeover bid from 5GN which the board of Webcentral recommended its shareholders accept. 5GN's takeover offer in respect of Webcentral was subsequently made pursuant to a bidder's statement dated 18 September 2020;

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- (iii) **5GN Key Officers Become Officers of Webcentral:** between 16 October 2020 and 13 November 2020 Mr Demase and Mr Gangi were appointed as directors of Webcentral and Mr Wilton was appointed as general counsel and company secretary of Webcentral.
 - (iv) **5GN Provides Financial Backing to Webcentral:** on 22 December 2020, 5GN disclosed to ASX that Webcentral had repaid \$5,200,000 of loans advanced to it by 5GN in October 2020, including a \$500,000 loan to assist Webcentral in paying a break fee to Web.com in respect of Webcentral's failed scheme with Web.com;
 - (v) **5GN & Webcentral Agree to Friendly Scheme of Arrangement:** on 16 July 2021, after 5GN had acquired an approximate 56.68% shareholding interest in Webcentral shares pursuant to the above takeover (which has subsequently been diluted to 44.29%), Webcentral announced that it had entered into a scheme of arrangement with 5GN, pursuant to which Webcentral would acquire 5GN;
 - (vi) **Webcentral Launches Hostile Takeover Offer Against Cirrus:** on 30 July 2021, Webcentral announced the Offer to acquire Cirrus pursuant to the Bidder's Statement; and
 - (vii) **5GN Provides Financial Backing to Webcentral:** on 6 August 2021, pursuant to the First Supplementary Bidder's Statement, Webcentral disclosed that it would be relying upon 5GN providing an unconditional loan of up to \$16,000,000 in order to fund part of the Offer from Webcentral to acquire Cirrus Shares.
- (c) **Unsolicited Approach Against Cirrus:** the approach by Webcentral (at the direction of its board and management, including Messrs Demase and Wilton) in respect of the Offer to acquire Cirrus Shares has been unsolicited and without any prior consultation of the Board. The Requisitioned Directors consider that it is inappropriate for Webcentral to be seeking to appoint nominee directors to a majority of the Board seats in circumstances where it has thus far failed to acquire control of the Company pursuant to the Offer, as it currently holds substantially less than 50% of the Shares on issue. Even if Messrs Demase and Wilton are appointed as Directors, there is a risk that Webcentral's ongoing conduct would be consistent with its prior conduct and not in the best interests of all Cirrus Shareholders (other than Webcentral).

The Requisitioned Directors note Mr Paul Everingham's current intention to resign from the Board immediately following close of the Requisition Meeting if both of Webcentral's nominee directors, Messrs Joe Demase and Michael Wilton, are appointed to the Board. This may result in the Company being without any independent governance until the Board is refreshed and would result in Cirrus (as controlled by Webcentral's nominee directors) needing to appoint another director to comply with the minimum company director obligations under the Corporations Act, in the event of all resolutions being carried.

The Requisitioned Directors remain fully committed to continue acting in the best interests of all Shareholders collectively and thanks Shareholders for their ongoing support.

We believe the current Board brings the right mixture of relevant experience and expertise to deliver on Cirrus' future growth strategy for the benefit of all Shareholders.

For more information on the Requisitioned Directors' experience, please refer to Section 4 to 6 (inclusive) of the Explanatory Memorandum.

Schedule 3 – Statement of the Requisitioning Shareholder

The Company is required to include a statement provided to the Company by the Requisitioning Shareholder in the Notice pursuant to section 249P of the Corporations Act if received prior to the date of the Notice. The information and views set out in the statement are those of the Requisitioning Shareholder and are not endorsed by, and do not represent the opinion of the Company.

As at the date of this Notice, the Company has not received a statement from the Requisitioning Shareholder.