ASX ANNOUNCEMENT

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ASX CNW

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Cirrus Business Update

Cirrus Networks Holdings Limited (ASX: CNW) ('**Cirrus**' or '**the Company**') provides the following business update, including outcomes from a recent review of the Company and a restructure of the Executive Team.

Cirrus is pleased to announce the completion of a comprehensive review and restructure of the business led by Chief Operating Officer and Acting Chief Executive Officer, Chris McLaughlin, in response to the isolated but nonetheless disappointing FY21 financial performance, and in line with strategic reviews carried out in H2 FY21.

The impact of this review has resulted in the implementation of a leaner and more simplified management structure. Operationally, there will less dependence on product-only sales and a **clearer focus on competency and capability** to boost revenue across the Company. Importantly, the outcomes of the review are expected to result in **cost savings of approximately $4 million** against expected FY22 costs, on an annualised basis.

Along with the recalibration of the business, the Board has now resolved to **appoint Chris McLaughlin to the position of Managing Director and CEO on a permanent basis**.

Chris has been a member of the Cirrus executive team for six years. He has more than 20 years' industry experience in business management, engineering and technology, including the past 10 years in senior executive roles within rapidly growing ICT businesses.

During his career Chris has overseen many significant business transformation and growth initiatives, delivering people focused performance, greater customer outcomes and ongoing corporate value.

At Cirrus, Chris has been instrumental in developing the national managed services and professional services business lines, including with the Federal Government. He has driven and cultivated several major client contract wins, including with Geoscience Australia, the University of Western Australia, Peter MacCallum Cancer Centre and Crown Resorts.

More recently, Chris has had a specific focus on the higher margin areas of the business that are expected to drive long-term, sustainable growth for Cirrus.

The material terms of the employment agreement entered into between Chris and Cirrus is summarised in the schedule to this announcement. Matt Sullivan, who took a leave of absence from Cirrus in mid-September for personal and family reasons, will step down from both the CEO role and his Directorship effective immediately. Other changes resulting from the review will take effect from 1 October 2021.

Company Chairman, Andrew Milner, said: "It has been an incredible privilege to work alongside Matt on the Cirrus journey. During his tenure he has delivered consistent profitability while growing the business' top line from circa $19 million in FY16 to $108 million in the most recent financial year.

"Matt remains a trusted advisor to the Cirrus Board, a true friend to many within the Company and we wish him every success with his future professional endeavours. More immediately we wish Matt and his family all the best.

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"Looking ahead, in Chris we are fortunate to have secured the perfect successor to Matt. His 20-plus years of experience, along with his intimate knowledge of Cirrus, make him well-qualified to lead the Company at an executive level during the next phase of growth. The Board thanks Chris for stepping into an acting role in mid-September and we now congratulate him on his permanent appointment."

Response to Webcentral Update

The Company notes the update by Webcentral Group Limited (ASX: WCG) ('Webcentral') dated 29 September 2021 ('Webcentral Update'), with respect to its **failed unsolicited, on-market takeover offer** for all Cirrus shares that it did not own for 3.2 cents per share ('Bid').

The Webcentral Update includes multiple factual inaccuracies which the Cirrus Board highlights below to its shareholders and reminds them that **the Webcentral Bid was deemed NOT fair and NOT reasonable** by Lonergan Edwards, the independent expert appointed to formally opine on the Webcentral Bid.

1. The Webcentral Update selectively quotes the Lonergan Edwards Independent Expert Report in what appears to the Cirrus Board to be a clear and deliberate act to mislead Cirrus shareholders.

Cirrus clarification:

- Lonergan Edwards, the appointed independent expert, did **NOT** conclude a value range of 2.7 – 2.9 cents per Cirrus share, as claimed by Webcentral.
- At 3.2 cents per Cirrus share, the independent expert determined that Webcentral's offer price was **NOT fair** and **NOT reasonable** and concluded an implied value range for Cirrus of between 3.8 and 4.2 cents per share.
- The value quoted by Webcentral ignores the significant synergies and maintainable earnings base of Cirrus, as determined by the independent expert to be EBITDA of $5.0m, and **NOT** EBITDA of $2.9m as quoted in the Webcentral Update. The Cirrus Board believes that references to this valuation in the Webcentral Update is potentially misleading and deceptive to Cirrus shareholders.
- Cirrus recommends that shareholders consider the Independent Expert's Report in full, which is available in the Supplementary Target's Statement of Cirrus dated 7 September 2021.

2. The Webcentral Update references Cirrus shares trading in the range of 2.80 – 3.05 cents per share since the close of the Bid. This is factually incorrect and appears to the Cirrus Board to be another clear and deliberate act to mislead Cirrus shareholders.

Cirrus clarification:

- At no time since the Webcentral Bid closed has the value of Cirrus shares traded below 3.0 cents.
- The 8-day volume weighted average price (VWAP) for Cirrus shares, capturing the trading days following the Bid closing, is 3.2 cents.

3. Webcentral continues to purport to have been denied access to conduct due diligence on the Cirrus business.

Cirrus clarification:

- Cirrus has provided multiple invitations to Webcentral to engage on terms that are considered reasonable by Cirrus for any party seeking to conduct due diligence on the business, and yet Webcentral has not been prepared to meet those requirements.

The Board of Cirrus encourages its shareholders to not take any action relating to correspondence they may receive from Webcentral and to contact Cirrus directly if they have any questions relating to this announcement or the 249D process.

ENDS

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The Board of Directors at Cirrus has authorized 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.

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Schedule

Material terms of Employment Agreement

Term	Mr McLaughlin's appointment as Managing Director and Chief Executive Officer is effective from 1 October 2021. The term of his employment will continue until terminated in accordance with the Agreement.
Remuneration	Fixed annual remuneration: Base fee of $300,000 per annum (exclusive of superannuation) (FAR). Mr McLaughlin's remuneration is to be reviewed by 1 July 2022 and annually thereafter.
Bonus entitlement	Short Term Incentive $120,000 based on agreed KPI's
Termination	• *Termination by notice*: Either party may terminate the Agreement by three (3) months' notice in writing. A payment in lieu of notice may be made at the Company's discretion. *Summary termination without notice*: Customary summary termination events apply in favour of the Company the event of misconduct or breach by Mr McLaughlin. *Corporations Act limitation*: The Company will not be required to pay to Mr McLaughlin any benefits in connection with his termination which would exceed an amount permitted by the relevant provisions of Part 2D.2 of the *Corporations Act 2001* (Cth).