

**ASX ANNOUNCEMENT**  
**27 AUGUST 2021****TAKEOVER UPDATE – ON-MARKET TAKEOVER BID FOR CIRRUS NETWORKS HOLDINGS LIMITED (CNW)**

Webcentral announced its takeover bid for CNW on 30 July 2021. The offer price of 3.2 cents cash per CNW share was a premium of:

- 10.5% to the 15-day VWAP of CNW shares to 29 July 2021 (2.9 cents) and
- 11.8% to the 30-day VWAP of CNW shares to 29 July 2021 (2.8 cents).

Based on the 928,715,314 CNW shares currently on issue, Webcentral's offer of 3.2 cents cash per share implies a market capitalisation of \$29.7m. Webcentral believes its takeover bid fully values CNW based on publicly available information, being EBITDA of \$1.9m. This implies an EBITDA multiple of 15 times, well beyond conventional market pricing for a company in CNW's position.

On 1 August 2021, Webcentral contacted CNW's nominated advisers Azure Capital seeking to discuss its takeover bid and obtain access to requisite due diligence information to enable it to assess whether it should consider increasing its offer. That approach was rebuffed by CNW.

On 11 August 2021, CNW released its full year results for FY21.

On 13 August 2021, in the light of CNW's rebuff of Webcentral's approach and the unsatisfactory results released by CNW to ASX on 11 August, Webcentral called for a spill of the CNW Board and issued its Second Supplementary Bidder's Statement explaining the reasons for the proposed Board spill. CNW is yet to convene a general meeting of its shareholders to consider that spill. It is required to do so no later than Monday 6 September, and the meeting must be held no later than 16 October.

On 23 August 2021, CNW's lawyers wrote to Webcentral's lawyers stating that CNW would give access to due diligence material on condition that Webcentral provided "agreement in principle to revise the terms of the Offer to pay an adequate control premium for Cirrus." A bidder such as Webcentral should not be expected to agree to increase its offer in advance of being provided with appropriate due diligence information. Based on publicly available information, Webcentral considers its takeover bid fully priced.

Webcentral notes that although the CNW directors assert that the company is undervalued, none of them has been acquiring shares. Nor have the CNW directors indicated how they propose to improve CNW's market perception. The information in section 8.2 of the Target's Statement is not convincing that there is any clear direction

for the company. In the absence of any clear strategy to improve shareholder value, the directors should be considering attracting the best possible sale price. However, there is no discernible evidence of CNW seeking to implement a sale process and attract competing bidders. If CNW has made a data room available to potential bidders, Webcentral quite reasonably expects that it would also have been invited into the data room.

The 1 month offer period for Webcentral's takeover bid formally commenced on Monday, 16 August 2021 and is scheduled to close on Thursday, 16 September 2021 (unless extended or withdrawn in accordance with the Corporations Act). Subject to the Corporations Act, the last date for Webcentral to increase or extend the offer is Wednesday, 8 September 2021.

### **Authorised by the Board of Webcentral Group Limited**

### **About Webcentral**

Webcentral is an Australian owned digital services company who empower more than 330,000 customers to grow and thrive in the online world. Our portfolio of digital services is extensive, with market leading offers across domain management, website development and hosting, office and productivity applications and online marketing.

Our customer focused heritage has been built on expertise, innovation and personalised service; critical attributes delivered through our culture and embraced by our people. This is demonstrated through more than 25 years of online industry leadership across Australia's digital foundation brands such as Melbourne IT, Netregistry and WME.

The Webcentral mission is dedicated to leading online success for our customers. We achieve this by building trusted and valued client relationships which convert successful business outcomes at each milestone across the customers' digital journey.