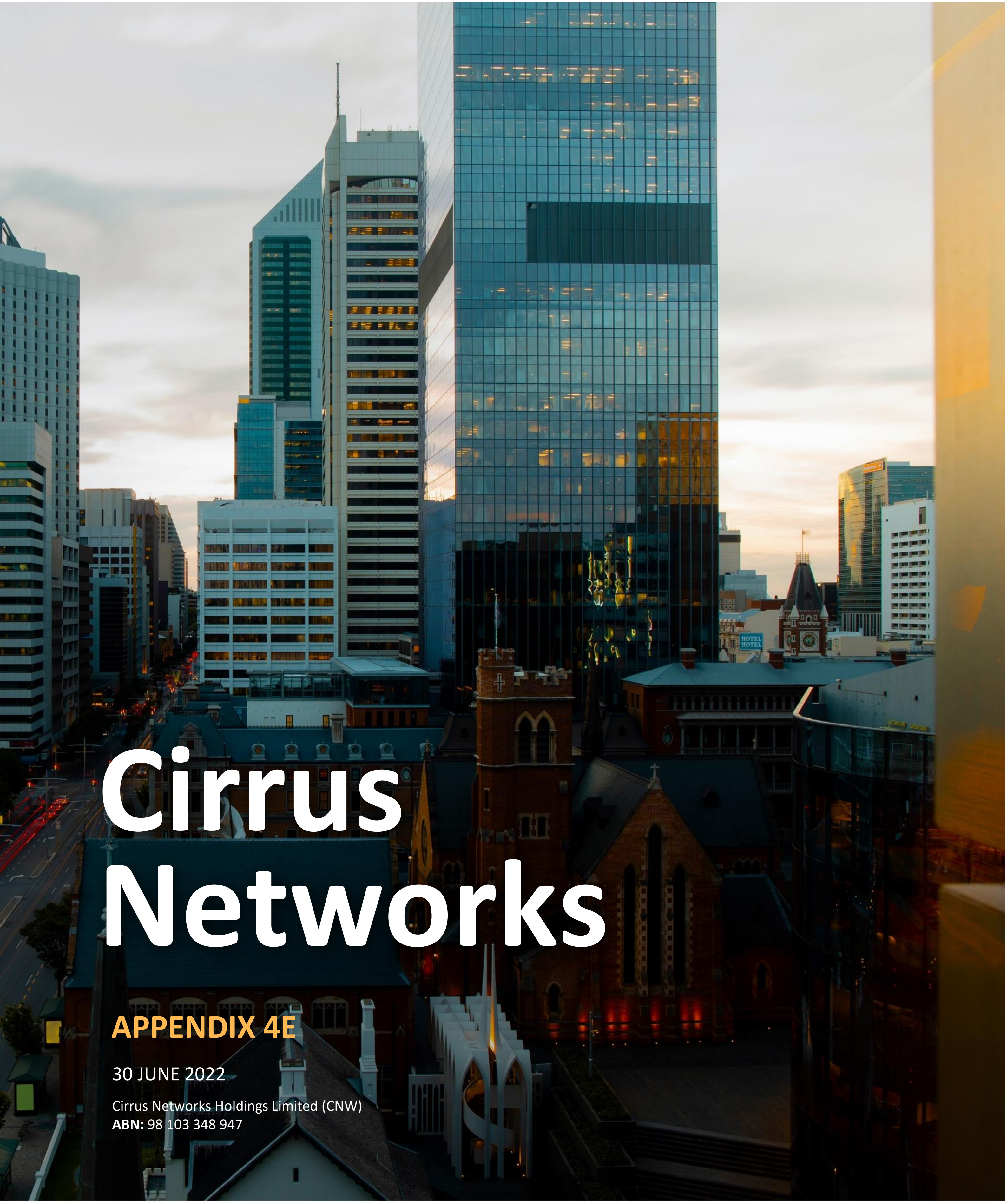

Cirrus Networks

APPENDIX 4E

30 JUNE 2022

Cirrus Networks Holdings Limited (CNW)
ABN: 98 103 348 947

Contents

1. Results for announcement to the market

	UP/(DOWN) (%)	TO ($)
Revenues from ordinary activities	(2.1%)	104,097,372
Profit / (Loss) from ordinary activities after tax attributable to the owners of Cirrus Networks Holdings Limited	6.9%	471,369

REVIEW OF OPERATIONS

Revenues from ordinary activities down 2.1% to $104,097,372 and the preferred earnings measure of EBITDA (pre options) up 3.4% to $2,111,421.

	H1 FY22 ($)	H2 FY22 ($)	Full Year FY22 ($)	Full Year FY21 ($)
NORMALISED EBITDA	(343,573)	2,497,247	2,153,674	2,082,766
Foreign exchange	(35,537)	(6,716)	(42,253)	(41,500)
EBITDA (PRE-OPTIONS)	(379,110)	2,490,531	2,111,421	2,041,266
JobKeeper incentive	-	-	-	1,635,000
One off corporate transaction fees	(608,053)	(17,347)	(625,400)	(109,474)
Redundancy and business restructure costs	(513,775)	-	(513,775)	(166,861)
Amortisation and Depreciation	(369,098)	(363,678)	(732,776)	(710,906)
Amortisation – Right-of-use assets	(388,518)	(249,458)	(637,976)	(738,960)
Net Interest	(35,595)	(66,085)	(101,680)	(640,129)
Share based options expensed	83,473	(38,059)	45,414	(464,449)
NET PROFIT BEFORE TAX	(2,210,676)	1,755,904	(454,772)	845,487

At 30 June 2022, the Group had a cash balance of $9,580,888. Cirrus has a positive $9,580,888 net cash position before leases (2021: positive $7,744,311).

2. Net tangible assets per ordinary share

	REPORTING PERIOD	PREVIOUS PERIOD
Net tangible assets per ordinary security*	$0.036	$0.042

* Cirrus has included the Right-of-Use assets in the NTA calculation.

3. Details of entities over which control has been gained during the year

Gain of control of entities during the year – Nil.

4. Details of entities over which control has been lost during the year

Loss of control of entities during the year – Nil.

5. Dividends

Current Period

There were no dividends paid, recommended or declared during the current financial year.

6. Details of associates and joint venture entities

Equity accounted Associates and Joint Venture Entities – Nil.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

8. Attachments

Details of attachments (if any):

The Annual Report of Cirrus Networks Holdings Limited for the year ended 30 June 2022 is attached.

9. Signed

		Date: 10 August 2022
Christopher McLaughlin Managing Director & CEO	Signature:	

Cirrus Networks

ANNUAL REPORT

30 JUNE 2022

Cirrus Networks Holdings Limited (CNW)
ABN: 98 103 348 947

Corporate Directory

CURRENT DIRECTORS

Mr Paul Everingham *(Non-Executive Chairman)*
Mr Daniel Rohr *(Non-Executive Director)*
Mr Adam Waterworth (Non-Executive Director)
Mr Christopher McLaughlin *(Managing Director & CEO)*

COMPANY SECRETARY

Ms Catherine Anderson
Telephone: + 61 8 6180 4222

SHARE REGISTRY*

Automic Group
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: +61 1300 288 664

AUDITOR

BDO Audit (WA) Pty Ltd
Level 9
Mia Yellagonga Tower 2,
5 Spring Street
Perth WA 6000
Telephone: +61 8 6382 4600

ASX Code: CNW

REGISTERED OFFICE

Level 28, 108 St Georges Tce
Perth WA 6000
Telephone: +61 1800 549 616

Email: info@cirrusnetworks.com.au
Website: www.cirrusnetworks.com.au

**This entity is included for information purposes only. This entity has not been involved in the preparation of this Annual Report.*

Contents

Letter from the Chairman

Dear Shareholder

On behalf of the whole team at Cirrus I am pleased to present the Cirrus Networks Holdings Limited 2022 Annual Report.

It gives me great pleasure to report that Cirrus achieved record 2022 second half revenue and earnings. The significant improvement in managed services revenue (up $3,000,548 or 30%) driven by Government and blue-chip commercial customers provides firm evidence that Cirrus will attain sustainable success.

Despite various COVID impacts, a hostile but unsuccessful on market takeover attempt, global supply chain delays and a tight labour market, the Cirrus Team, led by Managing Director Mr Chris McLaughlin, has built a very solid business with an exciting pipeline of future growth opportunities.

Over the past 12 months, Cirrus has recorded quite a number of key achievements, including:

- The successful appointment of a new Managing Director, Mr Chris McLaughlin, a new Chair, Mr Paul Everingham, and a new Non-Executive Director, Mr Adam Waterworth.
- A record second half of the financial year including revenue of $59,558,209 and an adjusted EBITDA of 2,490,531 for the 6 months ending 30 June 2022.
- Markedly improved services revenue and services earnings through ongoing engagement with Geoscience. This is further strengthened by the recent ICON Water win in ACT.
- An increase in cash at bank to $9,580,888 fuelled by solid operating cashflows of $3,013,549.

The hard work undertaken by the Board and Management Team in the first half of the 2022 financial year to restructure the business is now showing strong positive results. A positive outlook for FY23 is further underpinned by a record backlog of orders and positive future sales indicators across the Group's portfolio of services.

On behalf of the Board, I'd like to acknowledge the tremendous ongoing efforts of management and staff to deliver positive outcomes to customers and shareholders despite many challenges and distractions. I would like to also thank shareholders for their continued support.

Paul Everingham

Paul Everingham
Chairman

Directors' Report

The Directors of Cirrus Networks Holdings Limited present their report on the Consolidated Entity consisting of Cirrus Networks Holdings Limited ("Company" or "Cirrus") and the entities it controlled ("Group") at the end of, or during, the year ended 30 June 2022.

DIRECTORS – TERMS OF OFFICE, SKILLS AND EXPERIENCE

The following persons were Directors of Cirrus Networks Holdings Limited during the entire financial year and up to the date of this report, unless otherwise stated:

Paul Everingham – Chairman	(Appointed Chairman 6 December 2021)
Andrew Milner – Chairman	(Resigned 6 December 2021)
Daniel Rohr – Non-Executive Director	
Adam Waterworth – Non-Executive Director	(Appointed 23 December 2021)
Christopher McLaughlin – CEO & Managing Director	(Appointed 1 October 2021)
Matthew Sullivan – CEO & Managing Director	(Resigned 1 October 2021)

PAUL EVERINGHAM (Non-Executive Chairman)

Appointed 23 July 2019

Mr Everingham has been on the Cirrus Board for 3 years and took up the Chairman's role approximately 12 months ago. As the incoming Chair, Paul has worked closely with management to ensure the successful restructure of the business and the implementation of a renewed strategic direction.

Mr Everingham has previously held numerous senior executive roles in Australian business and government, including: Chief Executive of the Chamber of Minerals & Energy; Founder and Managing Director of GRA Everingham Advisory; and Senior Advisory roles to the Federal Minister for Finance and within the Commonwealth Treasury.

Mr Everingham is a Non Executive Director of ASX listed company, Volt Power Group. Volt Power Group is an innovative Australian industrial equipment provider to the mining, energy, infrastructure and government sectors. Mr Everingham has not held any other Directorships of listed companies.

Mr Everingham has a Bachelor of Commerce from the University of Queensland; a Post Graduate Diploma in Applied Finance & Investment (FINSIA); and a Graduate Certificate in Financial Derivates from the Queensland University of Technology.

DANIEL ROHR (Non-Executive Director)

Appointed 2 July 2015

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.

He 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 and mining sectors. Mr Rohr has extensive experience in managing the development of high growth companies in the digital, mining, real estate and financial services industries.

During the previous 3 years, Mr Rohr has not held any other directorships in listed entities.

ADAM WATERWORTH (Non-Executive Director)

Appointed 23 December 2021

Adam Waterworth has over 15 years of professional experience as a consultant, fund manager, investment research analyst and in business development and operations.

Adam was appointed to the board of Cirrus in December 2021 and has been instrumental in using his deep capital markets experience in working closely with management to reengage with the stock market and its participants.

After Adam graduated with an honours degree in Electrical Engineering (E-Commerce) and a degree in Commerce from the University of Sydney he joined global investment bank Lazard in an investment analyst role. In 2012, Adam crossed the Nullabor to join Perth-based boutique investment firm Packer & Co as a fund manager. Since 2021 Adam has been a private investor as well as a consultant providing advice to a number of family offices and large private companies.

During the previous 3 years, Mr Waterworth has not held any other directorships in listed entities.

Christopher McLaughlin (CEO & Managing Director)

Appointed 1 October 2021

Mr McLaughlin has over 20 years' industry experience in business management, engineering, and technology with the last 10 years in senior executive roles within rapidly growing ICT businesses.

After graduating with an honours degree in Electronic & Electrical Engineering, Mr McLaughlin joined IBM in the UK and quickly found his first management position supporting the outsource of IBM Manufacturing to Sanmina-SCI.

Mr McLaughlin migrated to Australia in 2006, joined L7 Solutions in Western Australia, and contributed significantly to their growth, leading to their acquisition by Amcom in 2011. Following this, Mr McLaughlin worked as COO for PDC, a drafting and engineering company with global locations, and helped drive their international business transformation.

Mr McLaughlin joined Cirrus in 2016 and has been the executive instrumental in developing the national managed/outsourced and professional services business lines, including with the Federal Government. Mr McLaughlin has also been key in the integration of various acquisitions into Cirrus over the last 5 years.

During the previous 3 years, Mr McLaughlin has not held any other directorships in listed entities.

COMPANY SECRETARY - CATHERINE ANDERSON – B JURIS (HONS) LLB (UWA)

Appointed 8 March 2011

Catherine Anderson is a legal practitioner admitted in Western Australia and Victoria and has over 30 years' experience in both private practice and in-house legal roles from working in Melbourne and Perth, particularly in the area of capital raisings and corporate structures. During her career, Ms Anderson has advised on all aspects of corporate and commercial law and today brings this extensive commercial experience to the Company and oversaw the re-listing of the Company as Cirrus.

Ms Anderson also has experience in company secretarial roles for other ASX listed resource companies, as well as having been a director of an ASX listed junior explorer. She currently also provides consultancy services to entities wishing to proceed to IPO and listing on ASX, and has twice been nominated for the Telstra Business Woman of the Year Award.

ANDREW MILNER (Non-Executive Chairman)

Appointed 2 July 2015, Resigned 6 December 2021

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 9 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 $55m at the time of its acquisition by Amcom Telecommunications in 2011.

During the previous 3 years, Mr Milner has not held any other directorships in listed entities.

MATTHEW SULLIVAN (CEO & Managing Director)

Appointed 2 July 2015, Resigned 1 October 2021

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

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

- 5th fastest growing WA company in 2007 (WA Business News)
- 18th fastest growing Australian company in 2008 (BRW Fast 100)
- 2005 Cisco A/NZ Partner of the Year; and
- 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 Comscentre. During the previous 3 years, Mr Sullivan has not held any other directorships in listed entities.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

The following relevant interests in shares and options of the Company are held by the Directors who hold office as at the date of this report, with the holdings being as at the date of this report:

DIRECTOR	SHARES	OPTIONS
Daniel Rohr	7,678,863	-
Paul Everingham	22,175,000	2,500,000
Adam Waterworth	50,614,592	-
Christopher McLaughlin	1,449,426	6,000,000

MEETINGS OF DIRECTORS

The number of Directors' meetings and number of committee meetings attended by each of the Directors of the Company during the financial year or during the period of appointment were:

DIRECTOR	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	A	B	A	B	A	B
Daniel Rohr	14	14	2	2	-	-
Paul Everingham	14	14	2	2	-	-
Adam Waterworth[1]	6	6	1	1	-	-
Christopher McLaughlin[2]	9	9	-	-	-	-
Andrew Milner[3]	8	8	1	1	-	-
Matthew Sullivan[4]	4	6	1	1	-	-

[1] *Appointed 23 December 2021*

[2] *Appointed 1 October 2021*

[3] *Resigned 6 December 2021*

[4] *Resigned 1 October 2021*

A – Number of meetings attended
B – Number of meetings eligible to attend

PRINCIPAL ACTIVITIES

The principal activity of the Group is the provision of information technology services and related third-party product sales. There were no significant changes in the nature of the activities of the Group during the year.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than those disclosed in other areas of this annual financial report.

REVIEW OF OPERATIONS

Cirrus delivered consolidated revenue for FY22 of $104,097,372, representing a 2% decrease year on year. However, H2 revenue was $59.6m - a new record for the Company and up 13.5% on the prior year. This strong revenue was generated despite backlog (customer orders contracted but not delivered / recognised) carrying into FY23 of $12,147,156, up $7,241,360 or 148% from the prior year, as supply chains continue to be impacted by the COVID-19 pandemic. This is an excellent result and maintained the strong momentum from Q2 post the disappointing Q1 which was driven down by significant internal and external headwinds, including a distracting and costly failed low-ball hostile takeover attempt.

Record revenues continue to be earned from an extremely high quality economically robust client base, with Government (Federal, State and Local) representing 63% of FY22 revenues and Tier-1 major Australian Resources companies 16%. Combined services revenue (Professional and Managed) was $30,741,439, up 17% on FY21 $26,357,251, driven by a 23% increase in managed services annuity revenue. The successful transition and operation of the Geoscience managed service in FY22 was a strong contributor to this increase. We remain confident on the managed service trajectory with the significant Icon Water managed service contract to commence during FY23 and a very strong pipeline of qualified opportunities and a number of tenders lodged awaiting final outcomes.

Professional Services revenue was up $1,933,894 or 27% in H2 22 on H2 21, delivering $8,992,265 revenue. This was another excellent H2 result after a lower H1 affected by ongoing project delays caused by supply chain negatively impacting product deliveries for those implementation projects along with continued tightening of the labour market due in large part to the state and international border restrictions.

The record services contribution highlights the success of the business restructure at the end of Q1 and subsequent renewed strategic focus on services to deliver growth.

Adjustments to reflect movement from underlying performance to statutory consolidated result of the Group:

**Non-IFRS Financial Information*

	H1 FY22 ($)	H2 FY22 ($)	Full Year FY22 ($)	Full Year FY21 ($)
NORMALISED EBITDA	**(343,573)**	**2,497,247**	**2,153,674**	**2,082,766**
Foreign exchange	(35,537)	(6,716)	(42,253)	(41,500)
EBITDA (PRE-OPTIONS)	**(379,110)**	**2,490,531**	**2,111,421**	**2,041,266**
JobKeeper incentive	-	-	-	1,635,000
One off corporate transaction fees	(608,053)	(17,347)	(625,400)	(109,474)
Redundancy and business restructure costs	(513,775)	-	(513,775)	(166,861)
Amortisation and Depreciation	(369,098)	(363,678)	(732,776)	(710,906)
Amortisation – Right-of-use assets	(388,518)	(249,458)	(637,976)	(738,960)
Net Interest	(35,595)	(66,085)	(101,680)	(640,129)
Share based options expensed	83,473	(38,059)	45,414	(464,449)
NET PROFIT BEFORE TAX	**(2,210,676)**	**1,755,904**	**(454,772)**	**845,487**

OPTIONS ON ISSUE AT THE DATE OF THIS REPORT

The Company has the following classes of options on issue as at the date of this report:

CLASS	NUMBER		EXERCISE PRICE	EXPIRY DATE
	Date of this Report	30-Jun-21		
CNWOPT10	4,600,000	4,600,000	$0.060	31/12/2022
CNWOPT11	4,600,000	4,600,000	$0.080	31/12/2022
CNWOPT16	1,000,000	1,500,000	$0.050	30/06/2023
CNWOPT17	1,000,000	1,500,000	$0.070	30/06/2023
CNWOPT20	1,250,000	1,250,000	$0.070	11/11/2023
CNWOPT21	1,250,000	1,250,000	$0.090	11/11/2023
CNWOPT22	1,600,000	2,200,000	$0.035	31/12/2023
CNWOPT23	1,600,000	2,200,000	$0.045	31/12/2023
CNWOPT8	-	3,825,000	$0.035	30/06/2022
CNWOPT9	-	3,825,000	$0.045	30/06/2022
CNWOPT4	-	5,425,000	$0.035	30/06/2022
CNWOPT5	-	5,425,000	$0.045	30/06/2022
CNWOPT24	-	5,000,000	$0.045	5 years from vesting date
CNWOPT25	-	5,000,000	$0.060	5 years from vesting date
CNWOPT12	-	5,000,000	$0.045	18/04/2023
CNWOPT13	-	5,000,000	$0.060	18/10/2024
CNWOPT18	-	7,500,000	$0.045	11/10/2023
CNWOPT19	-	7,500,000	$0.060	11/10/2023
CNWOPT6	-	4,250,000	$0.035	22/11/2021
CNWOPT7	-	4,250,000	$0.045	22/11/2021
CNWOPT14	-	1,500,000	$0.035	30/06/2023
CNWOPT15	-	1,500,000	$0.045	30/06/2023
CNWOPT26	-	2,500,000	$0.045	30/06/2024
CNWOPT27	-	2,500,000	$0.060	30/06/2024
CNWOPT28	-	750,000	$0.045	30/06/2024
CNWOPT29	-	750,000	$0.060	30/06/2024
TOTAL	16,900,000	90,600,000		

REMUNERATION REPORT (Audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The Key Management Personnel for the year 1 July 2021 – 30 June 2022 were the Directors of the Company:

Paul Everingham – Chairman	(Appointed Chairman 6 December 2021)
Andrew Milner – Chairman	(Resigned 6 December 2021)
Daniel Rohr – Non-Executive Director	
Adam Waterworth – Non-Executive Director	(Appointed 23 December 2021)
Christopher McLaughlin – CEO & Managing Director	(Appointed 1 October 2021)
Matthew Sullivan – CEO & Managing Director	(Resigned 1 October 2021)

The other Key Management Personnel were:

Matthew Green – Chief Financial Officer	
Christopher McLaughlin – Chief Operating Officer	(To 30 September 2021)

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Key Management Personnel remuneration
- Share-based compensation
- Option holdings of Key Management Personnel
- Share holdings of Key Management Personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- Having economic profit as a core component of plan design
- Focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- Attracting and retaining high calibre executives

REMUNERATION REPORT (Audited) – (Continued)

Additionally, the reward framework should seek to enhance executives' interests by:

- Rewarding capability and experience
- Reflecting competitive reward for contribution to growth in shareholder wealth
- Providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Non-Executive Directors' Remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 8 November 2019, where the shareholders approved a maximum annual aggregate remuneration of $400,000 p.a. for Non-Executive Director fees.

Executive Remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework have four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments.

REMUNERATION REPORT (Audited) – (Continued)

Employment Contracts

Christopher McLaughlin, CEO & Managing Director (Appointed 1 October 2021)

Christopher was promoted to the board of directors on 1 October 2021 from COO to CEO. Remuneration and other terms of employment for the CEO, Christopher McLaughlin, as at 30 June 2022, were formalised in an employment agreement, the terms of which are set out below:

- Term of agreement: commenced 1 June 2016.
- Termination notice period: three months.
- Annual CEO salary of $300,000 (effective 1 October 2021)
- Annual Chief Operating Officer salary of $250,000 (2021: $250,000) (ended 30 September 2021)
- Remuneration change effective 1 July 2022 to $330,000
- STI At-Risk of $120,000 in the role of Executive Director ($100,000 in the Role of Chief Operating Officer) based on the Group's ability to earn a specified Adjusted EBITDA. If the Adjusted EBITDA is not achieved, no amount will be paid. If the Adjusted EBITDA is achieved, then the STI amount will be paid based on the following KPI's:

FY2022	%
Adjusted EBITDA	30
Cost Control	30
Professional Services	20
Annuity Growth	20

Options - Unlisted	TIER 1	TIER 2
Grant date	08/08/2019	8/8/2019
Expiry date	31/12/2022	31/12/2022
Share price at grant date	$0.041	$0.041
Exercise price	$0.06	$0.08
Vesting Conditions	Vests 31/12/2020	Vests 30/06/2022
Fair value at grant date	$0.0237	$0.0215
Number granted	3,000,000	3,000,000
Total fair value	$71,100	$64,500
Remuneration expense for FY22	-	**$23,309**
Remuneration expense for FY21	**$28,195**	**$23,309**

Matthew Green, Chief Financial Officer:

Remuneration and other terms of employment for the Chief Financial Officer, Matthew Green, as at 30 June 2022, were formalised in an employment agreement, the terms of which are set out below:

- Term of agreement: commenced 10 August 2015.
- Termination notice period: three months.
- Annual Chief Financial Officer salary of $236,250 (2021: $236,250)
- Remuneration change effective 1 July 2022 to $260,000
- STI At-Risk of $100,000 based on the Group's ability to earn a specified Adjusted EBITDA. If the Adjusted EBITDA is not achieved, no amount will be paid. If the Adjusted EBITDA is achieved, then the STI amount will be paid based on the following KPI's:

FY2022	%
Adjusted EBITDA	30
Cost Control	30
Professional Services	20
Annuity Growth	20

REMUNERATION REPORT (Audited) – (Continued)

Matthew Sullivan, CEO & Managing Director (Resigned 1 October 2021):

Remuneration and other terms of employment for the previous CEO, Matthew Sullivan, up to his resignation on 1 October 2021, were formalised in an employment agreement, the terms of which are set out below:

- Term of agreement: commenced 14 March 2016
- Termination notice period: three months
- Annual CEO salary of $300,000 (2021: $300,000)
- STI At-Risk of $120,000 based on the Group's ability to earn a specified Adjusted EBITDA. If the Adjusted EBITDA is not achieved, no amount will be paid. If the Adjusted EBITDA is achieved, then the STI amount will be paid based on the following KPI's:

FY2022	%
Adjusted EBITDA	30
Cost Management	30
Professional Services	20
Annuity Growth	20

All other Key Management Personnel were appointed as Directors under the Corporations Act, on the following terms:

Daniel Rohr, Non-Executive Director:

- Term of agreement: commenced 2 July 2015 and subject to re-election as required by the Company's Constitution.
- Termination as per constitution or breach of the code of conduct.
- Annual non-executive director's fee of $70,000 (2021: $70,000) (plus statutory superannuation)

Paul Everingham, Non-Executive Chairman (Appointed Chairman 6 December 2021):

- Term of agreement: commenced 23 July 2019 and subject to re-election as required by the Company Constitution.
- Termination as per constitution or breach of the code of conduct
- Annual Chairman's fee of $100,000 (2021: $70,000) (plus statutory superannuation)

Adam Waterworth, Non-Executive Director (Appointed 23 December 2021):

- Term of agreement: commenced 6 December 2021 and subject to re-election as required by the Company Constitution.
- Termination as per constitution or breach of the code of conduct
- Annual non-executive director's fee of $70,000 (2021: Nil) (plus statutory superannuation)

Andrew Milner, Non-Executive Chairman (Resigned 6 December 2021):

- Term of agreement: commenced 2 July 2015 and subject to re-election as required by the Company's Constitution.
- Termination as per constitution or breach of the code of conduct.
- Annual Chairman's fee of $100,000 (2021: $100,000) (plus statutory superannuation)

No Director or Executive is entitled to any termination payments apart from payment in lieu of the notice periods outlined above, remuneration payable up to and including the date of termination and payments due by way of accrued leave entitlements.

REMUNERATION REPORT (Audited) – (Continued)

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined growth targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the continued growth of the business can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Specifically, in relation to options, this effectively links directors' performance to the share price performance and therefore to the interests of the shareholders. For this reason, there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 ($)	2021 ($)	2020 ($)	2019 ($)	2018 ($)
Sales revenue	104,097,372	106,341,385	95,136,463	88,038,326	76,092,829
Normalised EBITDA	2,153,674	2,082,766	3,797,016	2,187,485	1,033,825
Adjusted EBITDA (Pre-option expense)	2,111,421	2,041,266	3,676,127	2,185,427	437,662
Net profit / (Loss) before income tax	(454,772)	845,487	1,121,912	776,279	2,831,291

The factors that are considered to affect shareholders return are summarised below:

	2022 (Cents)	2021 (Cents)	2020 (Cents)	2019 (Cents)	2018 (Cents)
Share price at financial year end	2.6	2.8	2.0	4.0	2.2
Basic earnings per share	0.05	0.05	0.32	0.09	0.34

Performance KPI's for the current and prior year are set out below based on board approved budget:

FY2022	FY2021
Adjusted EBITDA	Adjusted EBITDA
Cost Management	Cost Management
Professional Services	Professional Services
Annuity Growth	Annuity Growth

A discretionary bonus was awarded to the CEO and CFO of $40,000 and $25,000 respectively (2021: Nil). The Adjusted EBITDA gate set by the board was not achieved, however given the significant business changes and success of the turnaround by the executive team in H2, the board agreed unanimously to award the discretionary bonus.

Voting and comments made at the Company's 7 December 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 81% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT (Audited) – (Continued)

KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE YEAR ENDED 30 JUNE 2022

NAME / POSITION	YEAR	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS		EQUITY-SETTLED SHARE-BASED	TOTAL	PERFORMANCE RELATED
		Salary & Fees $	Bonus $	Annual and LSL Leave $	Super $	Other $	Option Expense $		
Daniel Rohr	**2022**	**70,000**	**-**	**-**	**7,000**	**-**	**-**	**77,000**	**-**
Non-Executive Director	2021	71,615	-	-	6,803	-	-	78,418	-
Paul Everingham	**2022**	**86,039**	**-**	**-**	**8,604**	**-**	**-**	**94,643**	**-**
Non-Executive Chairman	2021	71,615	-	-	6,803	-	-	78,418	-
Adam Waterworth[1]	**2022**	**34,192**	**-**	**-**	**3,419**	**-**	**-**	**37,611**	**-**
Non-Executive Director	2021	-	-	-	-	-	-	-	-
Christopher Mclaughlin[2]	**2022**	**291,347**	**40,000[5]**	**29,599**	**23,569**	**-**	**23,309[6]**	**407,824**	**-**
CEO & Managing Director	2021	243,385	-	10,569	21,401	-	57,040	332,395	-
Matthew Green	**2022**	**236,251**	**25,000[5]**	**13,638**	**22,688**	**-**	**-**	**297,577**	**-**
Chief Financial Officer	2021	227,164	-	22,370	20,919	-	5,323	275,776	-
Andrew Milner[3]	**2022**	**46,539**	**-**	**-**	**4,654**	**-**	**-**	**51,193**	**-**
Non-Executive Chairman	2021	100,000	-	-	9,500	-	-	109,500	-
Matthew Sullivan[4]	**2022**	**160,767**	**-**	**(14,486)**	**11,785**	**-**	**(99,446)[7]**	**58,620**	**-**
CEO & Managing Director	2021	306,924	-	(6,601)	21,694	-	-	322,017	-
TOTAL	**2022**	**925,135**	**65,000**	**28,751**	**81,719**	**-**	**(76,137)**	**1,024,468**	**-**
	2021	**1,020,703**	**-**	**26,338**	**87,120**		**62,363**	**1,196,524**	**-**

[1] *Appointed 23 December 2021*
[2] *Appointed Director 1 October 2021*
[3] *Resigned 6 December 2021*
[4] *Resigned 1 October 2021*
[5] Discretionary bonuses paid to executives
[6] Option expense relating to prior year options granted.
[7] Reversal of option expense for options cancelled on resignation

SHARE BASED COMPENSATION TO KEY MANAGEMENT PERSONNEL DURING THE YEAR ENDED 30 JUNE 2022

No share-based compensation was issued to KMPs during the year. There are no performance conditions attached to the Director options issued in prior years. Options issued to Directors carry no dividends or voting rights and each option is convertible to one share of the company. All options are valued using a Black & Scholes valuation model.

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2022	BALANCE AT THE START OF THE YEAR	GRANTED	HELD AT DATE OF RESIGNATION	EXPIRED	EXERCISED	NET CHANGE	BALANCE AT THE END OF YEAR	VESTED AND EXERCISABLE
Daniel Rohr	2,500,000	-	-	(2,500,000)	-	**(2,500,000)**	**-**	-
Paul Everingham	2,500,000	-	-	-	-	**-**	**2,500,000**	2,500,000
Adam Waterworth[1]	-	-	-	-	-	**-**	**-**	-
Christopher McLaughlin[2]	9,350,000	-	-	(3,350,000)	-	**(3,350,000)**	**6,000,000**	6,000,000
Matthew Green	1,725,000	-	-	(862,500)	(862,500)[5]	**(1,725,000)**	**-**	-
Andrew Milner[3]	2,500,000	-	(2,500,000)	-	-	**(2,500,000)**	**-**	-
Matthew Sullivan[4]	20,000,000	-	(20,000,000)	-	-	**(20,000,000)**	**-**	-
TOTAL	**38,575,000**	**-**	**(22,500,000)**	**(6,712,500)**	**(862,500)**	**(30,075,000)**	**8,500,000**	**8,500,000**

[1] *Appointed 23 December 2021*
[2] *Appointed Director 1 October 2021*
[3] *Resigned 6 December 2021*
[4] *Resigned 1 October 2021*
[5] *Exercise of options with an exercise price of 3.5c. The amount paid to exercise the option was $30,188.*

SHARE HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2022	BALANCE AT THE START OF THE YEAR	GRANTED	HELD AT DATE OF APPOINTMENT/ (RESIGNATION)	ACQUIRED / (SOLD) ON MARKET	EXERCISE OF OPTIONS	NET CHANGE	BALANCE AT THE END OF YEAR
Daniel Rohr	7,678,863	-	-	-	-	-	7,678,863
Paul Everingham	19,880,000	-	-	2,000,000	-	2,000,000	21,880,000
Adam Waterworth[1]	-	-	43,366,529	6,406,499	-	49,773,028	49,773,028
Christopher McLaughlin[2]	1,116,093	-	-	333,333	-	333,333	1,449,426
Matthew Green	35,704,604	-	-	132,896	862,500	995,396	36,700,000
Andrew Milner[3]	37,623,387	-	(37,623,387)	-	-	(37,623,387)	-
Matthew Sullivan[4]	44,473,387	-	(44,473,387)	-	-	(44,473,387)	-
TOTAL	**146,476,334**	**-**	**(38,730,245)**	**8,872,728**	**862,500**	**(28,995,017)**	**117,481,317**

[1] *Appointed 23 December 2021*
[2] *Appointed Director 1 October 2021*
[3] *Resigned 6 December 2021*
[4] *Resigned 1 October 2021*

This concludes the remuneration report, which has been audited.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has been no transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the operational and financial performance of the Company, including its corporate governance. The Company believes that the adoption of good corporate governance adds value for stakeholders and enhances investor confidence. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4^{th} edition) published by the ASX Corporate Governance Council.

The Company's Corporate Governance Statement is available on the Company's website, in a section titled Investor Information: https://cirrusnetworks.com.au/investor-information/

INDEMNIFICATION

The Company has agreed to indemnify the current Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company, except where the liability arises out of misconduct.

The Company has not agreed to indemnify its current auditors, BDO Audit (WA) Pty Ltd

INSURANCE PREMIUM

The company paid a premium during the financial year in respect of a director and officer liability insurance policy, insuring the Directors of the Group, the Company Secretary, and executive officers of the Group against a liability incurred to the extent permitted by the Corporations Act 2001. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the director and officer liability insurance contract as such disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

NON-AUDIT SERVICES

During the year, BDO, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, BDO, and its network firms for audit and non-audit services provided during the year are set out below:

DESCRIPTION	2022 ($)
Audit and review of financial statements	70,630
Non-audit services:	
Taxation compliance services	29,217
Assistance with R&D returns	53,716
Total non-audit services	**82,933**
TOTAL	**153,563**

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

	Date: 10 August 2022
Christopher McLaughlin **CEO & Managing Director**	**Signature:**

Auditors Independence Declaration

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Perth WA 6000
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Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CIRRUS NETWORKS HOLDINGS LIMITED

As lead auditor of Cirrus Networks Holdings Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cirrus Networks Holdings Limited and the entities it controlled during the period.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd

Perth

10 August 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	NOTE	YEAR ENDED 2022 ($)	YEAR ENDED 2021 ($)
REVENUE			
Revenue	2.2	104,097,372	106,341,385
Other Income	2.3	15,020	1,662,778
		104,112,392	**108,004,163**
EXPENSES			
Purchase of Goods		70,723,748	76,113,273
Employee and labour related costs		29,354,131	25,644,696
Depreciation & Amortisation		1,370,752	1,449,866
Corporate transaction costs		625,400	109,474
Other Expenses		1,871,777	2,510,220
Foreign exchange losses		42,253	41,500
Share based compensation – options		(45,414)	464,448
Redundancy and business restructure		513,776	166,861
Finance costs		110,741	658,338
(LOSS)/PROFIT BEFORE INCOME TAX		**(454,772)**	**845,487**
Income tax (benefit)/expense	2.4	(926,141)	404,570
PROFIT AFTER INCOME TAX FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF CIRRUS NETWORKS HOLDINGS LIMITED		**471,369**	**440,917**
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF CIRRUS NETWORKS HOLDINGS LIMITED		**471,369**	**440,917**

EARNINGS PER SHARE FROM CONTINUING OPERATIONS	NOTE	CENTS	CENTS
Basic earnings per share	2.5	0.051	0.049
Diluted earnings per share	2.5	0.051	0.049

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2022

	NOTE	YEAR ENDED	
		2022 ($)	2021 ($)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	9,580,888	7,744,311
Trade and other receivables	4.2	16,338,560	24,340,238
TOTAL CURRENT ASSETS		**25,919,448**	**32,084,549**
NON-CURRENT ASSETS			
Property, plant and equipment	3.1	629,853	629,858
Right-of-use assets	3.2	1,860,670	2,199,806
Intangible assets	3.3	7,775,509	8,140,316
Deferred tax asset	2.4	4,971,995	4,045,854
TOTAL NON-CURRENT ASSETS		**15,238,027**	**15,015,834**
TOTAL ASSETS		**41,157,475**	**47,100,383**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4.3	21,357,948	27,345,107
Provisions	4.4	914,360	1,010,245
Lease liabilities	3.2	642,311	686,657
TOTAL CURRENT LIABILITIES		**22,914,619**	**29,042,009**
NON-CURRENT LIABILITIES			
Provisions	4.4	176,340	127,081
Lease liabilities	3.2	1,358,675	1,694,594
TOTAL NON-CURRENT LIABILITIES		**1,535,015**	**1,821,675**
TOTAL LIABILITIES		**24,449,634**	**30,863,684**
NET ASSETS		**16,707,841**	**16,236,699**
NET ASSETS			
EQUITY			
Issued capital	5.1	15,019,054	14,973,867
Reserves	6.1	220,860	266,274
Retained Earnings		1,467,927	996,558
TOTAL EQUITY		**16,707,841**	**16,236,699**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	ISSUED CAPITAL ($)	OPTION RESERVE ($)	RETAINED EARNINGS ($)	TOTAL ($)
Balance at 1 July 2020	**14,200,608**	**1,435,519**	**(1,071,410)**	**14,564,717**
Profit after income tax expense for the year	-	-	440,917	**440,917**
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**440,917**	**440,917**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Options exercised (note 5.1)	773,259	-	(6,642)	**766,617**
Options vesting (note 6.1)	-	464,448	**-**	**464,448**
Transfer of fully vested options	-	(1,633,693)	1,633,693	-
BALANCE AT 30 JUNE 2021	**14,973,867**	**266,274**	**996,558**	**16,236,699**

	ISSUED CAPITAL ($)	OPTION RESERVE ($)	RETAINED EARNINGS ($)	TOTAL ($)
Balance at 1 July 2021	**14,973,867**	**266,274**	**996,558**	**16,236,699**
Profit after income tax benefit for the year	-	-	471,369	**471,369**
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**471,369**	**471,369**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Options exercised (note 5.1)	45,187	-	-	**45,187**
Options vesting (note 6.1)	-	(45,414)	**-**	**(45,414)**
BALANCE AT 30 JUNE 2022	**15,019,054**	**220,860**	**1,467,927**	**16,707,841**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	NOTES	YEAR ENDED 2022 ($)	YEAR ENDED 2021 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		122,532,868	110,454,373
Payments to suppliers and employees (inclusive of GST)		(119,399,516)	(107,037,326)
Net interest (paid) / received		(119,803)	(640,129)
NET CASH FLOWS FROM OPERATING ACTIVITIES	4.1	**3,013,549**	**2,776,918**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(283,922)	(400,389)
Payments for intellectual property		(84,043)	(257,118)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(367,965)**	**(657,507)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(854,194)	(705,145)
Proceeds from exercise of options		45,187	766,613
Repayment of borrowings		-	(600,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(809,007)**	**(538,532)**
Net movement in cash and cash equivalents		**1,836,577**	**1,580,879**
Cash and cash equivalents at the beginning of the financial year		**7,744,311**	**6,163,432**
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR		**9,580,888**	**7,744,311**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

1 BASIS OF PREPERATION

1.1 GENERAL INFORMATION

Cirrus Networks Holdings Limited *('the Company')* is a for-profit- public company domiciled in Australia.
The Company's registered office is located at Level 28, 108 St Georges Terrace, Perth, WA 6000.

These consolidated financial statements comprise the Company and its controlled entities at the end of, or during, the year (together referred to as 'the Group') and were authorised for issue by the Board of Directors.

Cirrus Networks is a next-generation technology service provider delivering product, professional services and managed services.

1.2 BASIS OF PREPARATION

These financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards ('AASB's') and other authoritative pronouncements of the Accounting Standards Board. The consolidated financial statements comply with International Financial Reporting Standards ('AASB') as issued by the International Accounting Standards Board ('IASB');

- have been prepared on a going concern basis. Based on business forecast associated cash flow and the Group's available credit facilities, the Group has sufficient working capital to fund its mandatory obligations for the period ending 12 months from the date of this report. The Directors have considered the impact of COVID-19 and based on the current state and financial position of the company the Directors do not foresee any issues with the company being able to continue as a going concern.
  There are no indicators suggesting going concern issues and, therefore, no significant doubt regarding the entity's ability to continue as a going concern;

- have been prepared on a historical cost basis, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments. The basis of measurement is discussed further in the individual notes;

- are presented in Australian Dollars ($) unless otherwise stated, being, the Company's functional currency, in accordance with ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument *2016/191;*

- adopts all of the new, revised or amended Accounting Standards and Interpretations issued by AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2021. Refer to note 1.4 for further details; and

- do not early adopt any Australian Accounting Standards or Interpretations that have been issued or amended but not yet effective. Refer to note 6.8 for further details.

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

1.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Adoption of new accounting standards

During the year the Group reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021.

New and amended standards and Interpretations issued by the AASB have been determined by the Group to have no impact, material or otherwise, on its business and therefore no further changes are necessary to Group accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

1.5 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about judgements and estimates which are material to the consolidated financial statements are included in the following notes:

NOTE	KEY JUDGEMENT AND ESTIMATE
2.2 – Revenue	Principal versus agent
2.2 – Revenue	Allocation of transaction price
2.4 – Income tax	Deferred tax asset
2.4 – Income tax	Income tax
3.4 – Intangible assets	Useful life of intangible assets
3.4 – Intangible assets	Impairment of goodwill and other indefinite life intangible assets
3.4 – Intangible assets	Key assumptions used for value-in-use calculations
4.2 – Trade and other receivables	Provision for impairment of receivables
4.2 – Provision	Employee benefits provision
6.1 – Share based payments	Share based payment transactions
6.9 – General	Coronavirus (COVID-19) pandemic

2 RESULTS FOR THE YEAR

2.1 OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary statements forming this financial report, being one segment, an information technology business in Australia.

2.2 REVENUE

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

The primary geographic market in which the Group generates its revenue is Australia.

The following is a description of the principle activities from which the Group generates its revenue:

- **Enterprise Product sales** – The Group generates revenue from the sale of products, which is recognised at a point in time when the goods are delivered, the legal title has passed, and the customer has accepted the goods. The amount of revenue recognised for goods delivered is adjusted by expected returns. Credit terms for product sales is 30 days.

- **Professional services** – Revenue from the provision of professional services is recognised as follows:

  - Fixed price contracts: revenue is recognised based on actual services rendered as a proportion of total services to be provided as the customer receives and uses the benefits simultaneously. Hence revenue is recognised over time. Customers pay based on monthly payment schedules, if the services rendered exceed the payment plan, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

  - Hourly charge out model: revenue is recognised based on actual services rendered over the agreed customer term, representing a distinct service, that are substantially the same with the same pattern of transfer, such that they would be recognised over time. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

  - Bundled professional services: where professional services are bundled with sales of hardware and software (‘products’), the sale of products is a separate performance obligation, and the transaction price is allocated to the products and the professional services based on the relative stand-alone prices basis.

- **Managed services** – Revenue from the provision of managed services is recognised in the period in which the services are rendered. The performance obligation is the supply of managed services over the contractual terms. The terms represent distinct contracted services that are substantially the same with the same pattern of transfer, such that they would be recognised over time.

Key judgements and estimates – principal versus agent

A key judgement made by the directors in the sale of goods is that the entity acts as the principal rather than an agent. The directors arrived at this conclusion on the basis that:

- The entity has primary responsibility for fulfilling the order from the customer; and

- The entity has latitude in establishing prices.

On this basis, the group has assessed that it is a principal as it controls the specified good or service before that good or service is transferred to a customer. The revenue recorded for goods is the gross amount billed.

Key judgements and estimates– allocation of transaction price

Some fixed price contracts include multiple deliveries such as sale of hardware and software, customisation and installation and ongoing support and maintenance. In such contracts, two or more performance obligations are identified as distinct and hence the transaction is allocated to the performance obligation on relative stand-alone selling price basis. The standalone price of product sold is an estimate based on the retail price.

2.2 REVENUE – (Continued)

DISAGGREGATION OF REVENUE (Geographic Region: Australia)	YEAR ENDED	
	2022 ($)	2021 ($)
INCOME TYPE		
Product sales	73,355,933	79,984,134
Professional services	16,645,166	15,483,526
Annuity services	14,096,273	10,873,725
	104,097,372	**106,341,385**
TIMING OF TRANSFER OF GOODS AND SERVICES		
Point in time	73,355,933	79,984,134
Over time	30,741,439	26,357,251
	104,097,372	**106,341,385**

The amount of revenue that will be recognised in future periods for the Company's significant contracts greater than 12 months, when the remaining performance obligations will be satisfied is as follows:

	YEAR ENDED		
	2023 ($)	2024 ($)	2025+ ($)
Significant Long-Term Contracts	8,303,914	6,097,989	2,211,556

2.3 OTHER INCOME

	YEAR ENDED	
	2022 ($)	2021 ($)
JobKeeper Incentive	-	1,635,000
Other income	15,020	27,778
	15,020	**1,662,778**

2.4 INCOME TAX

Income tax expense or benefit comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on the applicable income tax rates enacted or substantially enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off. Deferred tax assets and liabilities are always classified as non-current.

2.4 INCOME TAX (Continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Key judgements and estimates– deferred tax assets

The group has concluded that a deferred tax asset will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the group. Losses can be carried forward provided the loss recoupment tests are met.

Key judgements and estimates– income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The net deferred tax asset bought to account as at 30 June 2022 is $4,971,995 (2021: $4,045,854)

	YEAR ENDED	
	2022 ($)	**2021 ($)**
(A) INCOME TAX EXPENSE/(BENEFIT)		
Current tax	-	-
Deferred tax	(926,141)	404,570
Recoupment of prior year tax losses	-	-
TOTAL INCOME TAX EXPENSE/(BENEFIT)	**(926,141)**	**404,570**
(B) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
(Loss)/Profit for the period	(454,772)	845,487
Prima facie tax payable at 30%	(136,432)	253,646
ADD TAX EFFECT OF:		
Non-deductible expenses	(8,463)	150,924
Movement in timing differences not brought to account	-	-
Previously unrecognized deferred tax assets brought to account	(510,398)	-
Deferred tax asset on losses brought to account	(270,848)	-
INCOME TAX (BENEFIT) / EXPENSE	**(926,141)**	**404,570**
(C) DEFERRED TAX LIABILITY		
Contract asset	-	-
Prepaid expenditure	3,109	3,379
Intangible	18,040	134,115
Other temporary differences	1,216,272	18,869
Offset of deferred tax assets	(1,237,421)	(156,363)
NET DEFERRED TAX LIABILITY RECOGNISED	**-**	**-**

2.4 INCOME TAX (Continued)

(D) DEFERRED TAX ASSET	2022 ($)	2021 ($)
Tax losses	387,595	-
R&D	3,823,366	3,312,967
Property, plant and equipment	-	-
Expenses taken into equity	-	3,871
Other temporary differences	1,998,455	885,379
	6,209,416	**4,202,217**
Offset of deferred tax liabilities	(1,237,421)	(156,363)
NET DEFERRED TAX ASSETS RECOGNISED	**4,971,995**	**4,045,854**
DEFERRED TAX ASSET ON TAX LOSSES NOT BROUGHT TO ACCOUNT	-	-

2.5 EARNINGS PER SHARE

Earnings per share ('EPS') is the amount of post-tax profit or loss attributable to each share.

The calculation of basic earnings per share at year end has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. Diluted EPS takes into account the dilutive effect of all potential ordinary shares, being share options on issue.

EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	YEAR ENDED	
	2022	2021
BASIC EPS		
Profit attributable to the owners of Cirrus Networks Holdings Limited	$471,369	$440,917
Weighted average number of ordinary shares	929,765,857	896,450,345
Basic Earnings per share – cents	**0.051**	**0.049**
DILUTED EPS		
Profit attributable to the owners of Cirrus Networks Holdings Limited	$471,369	$440,917
Weighted average number of ordinary shares	929,765,857	896,450,345
Diluted Earnings per share – cents	**0.051**	**0.049**

The number of options on issue at 30 June 2022 is 16,900,000 (2021: 90,600,000). No options were considered dilutive (2021: Nil) as the average market price of the ordinary shares did not exceed the exercise price of the options.

3 ASSETS AND LIABILITIES

3.1 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

The carrying value of property, plant and equipment is measured as the cost of the asset, less depreciation and impairment. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Items of plant and equipment are depreciated using the cost model, depreciated on a straight-line basis over their useful lives. The cost model is where the asset is carried at its cost less any accumulated depreciation and any impairment losses. The estimated useful lives of plant and equipment held by the Group (office and computer equipment and hosting infrastructure) is 4 years.

Leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life. The estimated useful life of leasehold improvements is 4 years.

Impairment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an assets fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Derecognition

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is de-recognised.

Judgements and estimates – Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

3.1 PROPERTY, PLANT AND EQUIPMENT (Continued)

PROPERTY, PLANT AND EQUIPMENT	YEAR ENDED 2022 ($)	YEAR ENDED 2021 ($)
Computer and office equipment - at cost	626,596	572,358
Less: Accumulated depreciation	(435,845)	(302,314)
	190,751	270,044
Hosting Infrastructure - at cost	423,111	193,700
Less: Accumulated depreciation	(214,772)	(154,333)
	208,339	39,367
Leasehold Improvements - at cost	381,828	381,828
Less: Accumulated depreciation	(151,065)	(61,381)
	230,763	320,447
	629,853	629,858

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	COMPUTER AND OFFICE EQUIPMENT ($)	HOSTING INFRASTRUCTURE ($)	LEASEHOLD IMPROVEMENT ($)	TOTAL ($)
BALANCE AT 30 JUNE 2020	282,751	153,840	81,696	518,287
Additions	111,345	-	289,000	400,345
Depreciation expense	(124,052)	(114,473)	(50,249)	(288,774)
BALANCE AT 30 JUNE 2021	270,044	39,367	320,447	629,858
Additions	54,511	229,411	-	283,922
Depreciation expense	(133,804)	(60,439)	(89,684)	(283,927)
BALANCE AT 30 JUNE 2022	190,751	208,339	230,763	629,853

3.2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

3.2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

RIGHT-OF-USE ASSETS

RIGHT-OF-USE ASSETS	YEAR ENDED 2022 ($)	YEAR ENDED 2021 ($)
Land and buildings - right-of-use assets	2,783,665	3,063,434
Less: Accumulated amortisation	(922,995)	(863,628)
	1,860,670	**2,199,806**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Buildings	YEAR ENDED ($)
BALANCE AT 30 JUNE 2020	**1,869,047**
Additions	1,650,832
Disposals	(581,114)
Amortisation expense	(738,959)
BALANCE AT 30 JUNE 2021	**2,199,806**
Additions	298,840
Amortisation expense	(637,976)
BALANCE AT 30 JUNE 2022	**1,860,670**

Additions and disposals noted above are due to a relocation of ACT office to a larger floor space. The Group leases buildings for its offices under agreements of between one and five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Recoverability of the right-of-use asset was considered as part of our impairment testing. Details of this testing can be found at note 3.3. No issues around recoverability were identified.

3.2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

LEASE LIABILITIES	YEAR ENDED	
	2022 ($)	2021 ($)
Lease Liabilities – current	642,311	686,657
Lease Liabilities – non-current	1,358,675	1,694,594
	2,000,986	2,381,251

Lease payments to be made under reasonably certain extensions options are also included in the measurement of the liability.

Amounts recognised in the consolidated statement of profit or loss

PROFIT OR (LOSS)	YEAR ENDED	
	2022 ($)	2021 ($)
Interest Expense (included in finance cost)	(31,618)	(64,495)
Amortisation charge of right-of-use assets (Buildings)	(637,976)	(738,960)

Cash outflow

The total outflow for leases in 2022 was $854,195 (2021: $705,145)

3.3 INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business and is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an assets fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Key judgements and estimates – useful life of intangible assets

Intangible assets are stated at their historical cost and amortised on a straight-line basis over their expected useful lives. The fair value determination of customer contracts and related relationships is derived from expected retention rates and cash flows over the customer's remaining estimated lifetime. Amortisation of customer relationships is over 5 years. Amortisation of software is over 3 years.

3.3 INTANGIBLE ASSETS (Continued)

Key judgements and estimates – impairment of goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

	YEAR ENDED	
	2022 ($)	2021 ($)
Intangible assets	455,903	820,710
Goodwill - at cost	7,319,606	7,319,606
	7,775,509	**8,140,316**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	TOTAL ($)
BALANCE AT 30 JUNE 2020	**8,305,332**
Additions	257,118
Accumulated amortisation	(422,134)
BALANCE AT 30 JUNE 2021	**8,140,316**
Additions	84,042
Accumulated amortisation	(448,849)
BALANCE AT 30 JUNE 2022	**7,775,509**

For the purpose of impairment testing, intangibles are allocated to one (2021: one) Cash Generating Unit ('CGU') which are part of one (2021: one) reportable segment. As at 30 June 2022, the business monitors the operating results of one distinct business unit for the purposes of making decisions about resource allocation and performance assessment.

The performance of this business unit was primarily evaluated based on Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).

Key judgements and estimates – key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them.

DESCRIPTION	2022 CGU	2021 CGU
Sales growth (% annual growth rate)	2.51	2.5
Budgeted gross margin (%)	16.3	15.8
Other operating costs - year 1 ($'000)	12,401	15,799
Annual capital expenditure - year 1 ($'000)	200	200
Long term growth rate (%)	2.5	2.5
Pre-tax discount rate (%)	12	12

3.3 INTANGIBLE ASSETS (Continued)

Management has determined the values assigned to each of the above key assumptions as follows:

ASSUMPTION	APPROACH USED TO DETERMINE VALUES
Sales growth	Average annual growth rate over the five-year forecast based on past performance and management's expectations of market development. A prudent 2.5% was applied in the current year give the uncertainty around Covid 19.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales growth. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.
Annual capital expenditure	There is generally limited need for additions or capital improvements therefore limited capital expenditure assumed in the five-year forecast.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budgeted period.
Pre-tax discount rate	Reflect specific risks relating to the relevant segments in which they operate.
Uncertainties around COVID-19	COVID-19 has been considered in detail through our impairment assessment. Please refer to note 6.9 and 6.10 for further information.

Sensitivity to change in assumptions

The Directors and management have considered and assessed reasonable possible changes to key assumptions that result in a change to the recoverable amount for each CGU. With regards to the assessment, management recognises that the actual time value of money and the discount rate used may vary from the estimated. Management note that there is sufficient headroom in estimates that no significant changes to key assumptions will result in an impairment, based on expected cash flows of the CGU.

3.4 CONTINGENT LIABILITIES AND ASSETS

The Group maintains bank guarantees for its rental properties. The Group has no known contingent liabilities or contingent assets (2021: Nil).

4 WORKING CAPITAL DISCLOSURES

4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

RECONCILIATION OF CASH AND CASH EQUIVALENTS	YEAR ENDED	
	2022 ($)	2021 ($)
CASH AT BANK	**9,580,888**	**7,744,311**

RECONCILIATION OF THE NET PROFIT AFTER INCOME TAX TO THE NET CASH FLOWS USED IN OPERATIONS	YEAR ENDED	
	2022 ($)	2021 ($)
PROFIT FOR THE YEAR	**471,369**	**440,917**
Cash flows excluded from profit attributable to operating activities non-cash flows in profit:		
Depreciation and amortisation	732,776	710,906
Amortisation from leases	637,976	738,960
Employee remuneration (options)	(45,414)	464,448
Changes in assets and liabilities (net effect):		
(increase)/decrease in trade and other receivables	8,001,678	(6,981,367)
(increase)/decrease in other assets	-	75,094
(increase)/decrease in deferred tax asset	(926,141)	404,570
increase/(decrease) in trade and other payables	(5,812,069)	6,756,472
increase/(decrease) in employee benefits	(46,626)	166,918
CASH FLOW INFLOW FROM OPERATIONS	**3,013,549**	**2,776,918**

Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:
2022

- Acquisition of right-of-use assets – **note 3.2**

2021

- Options issued to employees under the employee option scheme for no cash consideration **– note 6.1**
- Options exercised by employees as a cashless transaction **– note 6.1**
- Acquisition of right-of-use assets – **note 3.2**

4.1 CASH AND CASH EQUIVALENTS (Continued)

Net Cash / (Debt) Reconciliation

	YEAR ENDED	
	2022 ($)	2021 ($)
Cash and cash equivalents	9,580,887	7,744,311
Borrowings	-	-
NET DEBT BEFORE LEASES	**9,580,887**	**7,744,311**
Lease Liabilities	(2,000,986)	(2,381,251)
NET DEBT	**7,579,901**	**5,363,060**

4.2 TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Other receivables are recognised at amortised cost, less any provision for impairment.

Key judgements and estimates– provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement.
The level of provision is assessed by using the expected credit loss model.

	YEAR ENDED	
	2022 ($)	2021 ($)
Trade receivables	13,669,990	22,138,919
Contract asset	906,952	1,165,933
Other receivables	1,761,618	1,035,386
	16,338,560	**24,340,238**

Contract assets

Contract assets relate to professional and managed services work performed at 30 June 2022 but not yet invoiced.

All services are for a period of one year or less and are generally billed based on time incurred. As permitted by AASB 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4.2 TRADE AND OTHER RECEIVABLES (Continued)

Receivables past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $643,281 as at 30 June 2022 (2021: $1,461,125). There is no history of default by the relevant customers and we remain confident that these receivables are collectable. An expected credit loss of $53,547 (2021: $53,547) has been provided which is not considered to be significant to the group.

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices. The ageing of the past due but not impaired receivables are as follows:

	YEAR ENDED	
	2022 ($)	2021 ($)
0 to 1 month overdue	551,839	65,551
1 to 3 months overdue	61,326	1,033,506
Over 3 months overdue	30,116	362,068
	643,281	**1,461,125**

Refer to note 6.5 for further information on credit ratings of all trade receivables.

4.3 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

	YEAR ENDED	
	2022 ($)	2021 ($)
Trade payables	20,094,980	26,080,651
Contract liabilities	742,510	799,853
Accruals	452,923	221,740
Other payables	67,535	242,863
	21,357,948	**27,345,107**

Contract liabilities

Contract liabilities relate to professional and managed services which have been invoiced at 30 June 2022 but the service not yet completed.

All services are for a period of one year or less and are generally billed based on time incurred. As permitted by AASB 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Financial risk management

Refer to note 6.5 for further information on financial risk management.

4.4 PROVISIONS

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Key Judgements and estimates - Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

CURRENT PROVISIONS	YEAR ENDED	
	2022 ($)	2021 ($)
Annual leave	821,162	969,630
Long service leave	93,198	40,615
	914,360	**1,010,245**

NON-CURRENT PROVISIONS	YEAR ENDED	
	2022 ($)	2021 ($)
Long service leave	176,340	127,081
	176,340	**127,081**

5 EQUITY AND FUNDING

5.1 ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

ISSUED AND PAID UP CAPITAL	YEAR ENDED			
	2022 (Number)	2021 (Number)	2022 ($)	2021 ($)
Share Capital	930,006,385	928,715,314	16,540,030	16,494,843
Capital Raising Costs	-	-	-1,520,976	-1,520,976
	930,006,385	928,715,314	15,019,054	14,973,867

MOVEMENT RECONCILIATION	YEAR ENDED			
	2022 (Number)	2021 (Number)	2022 ($)	2021 ($)
Balance at the beginning of the year	928,715,314	883,384,099	14,973,867	14,200,608
Exercise of options	1,291,071	45,331,215	45,187	773,259
Less: Capital raising costs	-	-	-	-
BALANCE AT THE END OF THE YEAR	930,006,385	928,715,314	15,019,054	14,973,867

5.1 ISSUED CAPITAL (Continued)

The Company had the following classes of options on issue as at the reporting date:

CLASS	NUMBER 2022	NUMBER 2021	EXERCISE PRICE	EXPIRY DATE
CNWOPT10	4,600,000	4,600,000	$0.060	31/12/2022
CNWOPT11	4,600,000	4,600,000	$0.080	31/12/2022
CNWOPT16	1,000,000	1,500,000	$0.050	30/06/2023
CNWOPT17	1,000,000	1,500,000	$0.070	30/06/2023
CNWOPT20	1,250,000	1,250,000	$0.070	11/11/2023
CNWOPT21	1,250,000	1,250,000	$0.090	11/11/2023
CNWOPT22	1,600,000	2,200,000	$0.035	31/12/2023
CNWOPT23	1,600,000	2,200,000	$0.045	31/12/2023
CNWOPT8	-	3,825,000	$0.035	30/06/2022
CNWOPT9	-	3,825,000	$0.045	30/06/2022
CNWOPT4	-	5,425,000	$0.035	30/06/2022
CNWOPT5	-	5,425,000	$0.045	30/06/2022
CNWOPT24	-	5,000,000	$0.045	5 years from vesting date
CNWOPT25	-	5,000,000	$0.060	5 years from vesting date
CNWOPT12	-	5,000,000	$0.045	18/04/2023
CNWOPT13	-	5,000,000	$0.060	18/10/2024
CNWOPT18	-	7,500,000	$0.045	11/10/2023
CNWOPT19	-	7,500,000	$0.060	11/10/2023
CNWOPT6	-	4,250,000	$0.035	22/11/2021
CNWOPT7	-	4,250,000	$0.045	22/11/2021
CNWOPT14	-	1,500,000	$0.035	30/06/2023
CNWOPT15	-	1,500,000	$0.045	30/06/2023
CNWOPT26	-	2,500,000	$0.045	30/06/2024
CNWOPT27	-	2,500,000	$0.060	30/06/2024
CNWOPT28	-	750,000	$0.045	30/06/2024
CNWOPT29	-	750,000	$0.060	30/06/2024
TOTAL	**16,900,000**	**90,600,000**		

Movements in the number of options on issue during the current and prior financial years are as follows:

DESCRIPTION	NO.
BALANCE AS AT 30 JUNE 2020	**162,290,718**
Options granted during the year – employees	7,300,000
Options exercised during the year	(45,692,672)
Options forfeited, cancelled, or expired during the year	(33,298,046)
BALANCE AS AT 30 JUNE 2021	**90,600,000**
Options granted during the year – employees	-
Options exercised during the year	(1,291,071)
Options forfeited, cancelled, or expired during the year	(72,408,929)
BALANCE AS AT 30 JUNE 2022	**16,900,000**

6 OTHER DISCLOSURES

6.1 SHARE BASED PAYMENTS

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

Key judgements and estimates - Share-based payment transactions

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Transactions with employees and others providing similar service are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model.

OPTION RESERVE	YEAR ENDED	
	2022 ($)	2021 ($)
Equity Settled Employee Benefits Reserve	220,860	266,274
	220,860	266,274

The movement in reserves relates to continued vesting expense of options on issue.

Share based payments

The following share-based payment arrangements were in place during the current and prior periods:

2022								
CLASS	NUMBER OF OPTIONS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	FAIR VALUE AT GRANT DATE	VESTING DATE	% VESTED
CNWOPT10	4,600,000	24/09/2019	31/12/2022	$0.060	$0.041	$163,530	Vested	100%
CNWOPT11	4,600,000	24/09/2019	31/12/2022	$0.080	$0.041	$148,350	Vested	100%
CNWOPT16	500,000	2/10/2019	30/06/2023	$0.050	$0.043	$14,150	Vested	100%
CNWOPT17	500,000	2/10/2019	30/06/2023	$0.070	$0.043	$12,900	1/10/2022	0%
CNWOPT16	300,000	20/01/2020	30/06/2023	$0.050	$0.038	$13,920	Vested	100%
CNWOPT17	300,000	20/01/2020	30/06/2023	$0.070	$0.038	$12,480	20/01/2023	0%
CNWOPT16	200,000	20/07/2020	30/06/2023	$0.050	$0.024	$4,480	Vested	100%
CNWOPT17	200,000	20/07/2020	30/06/2023	$0.070	$0.024	$3,840	19/07/2023	0%
CNWOPT20	1,250,000	8/11/2019	11/11/2023	$0.070	$0.042	$31,500	Vested	100%
CNWOPT21	1,250,000	8/11/2019	11/11/2023	$0.090	$0.042	$29,125	Vested	100%
CNWOPT22	1,600,000	31/03/2020	31/12/2023	$0.035	$0.018	$42,140	Vested	100%
CNWOPT23	1,600,000	31/03/2020	31/12/2023	$0.045	$0.018	$38,700	15/04/2023	0%
	16,900,000							

6.1 SHARE BASED PAYMENTS (Continued)

2021								
CLASS	NUMBER OF OPTIONS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	FAIR VALUE AT GRANT DATE	VESTING DATE	% VESTED
CNWOPT8	1,762,500	13/06/2017	30/06/2022	$0.035	$0.017	$7,931	Vested	100%
CNWOPT8	2,062,500	9/07/2017	30/06/2022	$0.035	$0.017	$24,956	Vested	100%
CNWOPT9	1,762,500	13/06/2017	30/06/2022	$0.045	$0.017	$6,169	Vested	100%
CNWOPT9	2,062,500	9/07/2017	30/06/2022	$0.045	$0.017	$23,756	9/07/2020	100%
CNWOPT4	5,425,000	5/07/2016	30/06/2022	$0.035	$0.028	$72,686	Vested	100%
CNWOPT5	5,425,000	5/07/2016	30/06/2022	$0.045	$0.028	$61,911	Vested	100%
CNWOPT24	5,000,000	18/10/2016	5 years from vesting	$0.045	$0.028	$50,681	EBIT >2M	0%
CNWOPT25	5,000,000	18/10/2016	5 years from vesting	$0.060	$0.028	$48,766	EBIT >4M	0%
CNWOPT12	5,000,000	18/10/2016	18/04/2023	$0.045	$0.028	$50,681	Vested	100%
CNWOPT13	5,000,000	18/10/2016	18/10/2024	$0.060	$0.028	$48,766	Vested	100%
CNWOPT18	7,500,000	11/10/2017	11/10/2023	$0.045	$0.023	$89,822	11/10/2020	100%
CNWOPT19	7,500,000	11/10/2017	11/10/2023	$0.060	$0.023	$76,530	11/10/2022	0%
CNWOPT6	4,250,000	23/11/2017	22/11/2021	$0.035	$0.017	$41,650	Vested	100%
CNWOPT7	4,250,000	23/11/2017	22/11/2021	$0.045	$0.017	$38,675	Vested	100%
CNWOPT14	1,500,000	7/01/2019	30/06/2023	$0.035	$0.017	$13,650	20/03/2021	100%
CNWOPT15	1,500,000	7/01/2019	30/06/2023	$0.045	$0.017	$12,300	20/09/2022	0%
CNWOPT10	4,600,000	24/09/2019	31/12/2022	$0.060	$0.041	$163,530	31/12/2020	100%
CNWOPT11	4,600,000	24/09/2019	31/12/2022	$0.080	$0.041	$148,350	30/06/2022	0%
CNWOPT16	500,000	2/10/2019	30/06/2023	$0.050	$0.043	$14,150	1/04/2021	100%
CNWOPT16	600,000	20/01/2020	30/06/2023	$0.050	$0.038	$13,920	20/07/2021	0%
CNWOPT16	400,000	20/07/2020	30/06/2023	$0.050	$0.024	$4,480	19/01/2022	0%
CNWOPT17	500,000	2/10/2019	30/06/2023	$0.070	$0.043	$12,900	1/10/2022	0%
CNWOPT17	600,000	20/01/2020	30/06/2023	$0.070	$0.038	$12,480	20/01/2023	0%
CNWOPT17	400,000	20/07/2020	30/06/2023	$0.070	$0.024	$3,840	19/07/2023	0%
CNWOPT20	1,250,000	8/11/2019	11/11/2023	$0.070	$0.042	$31,500	Vested	100%
CNWOPT21	1,250,000	8/11/2019	11/11/2023	$0.090	$0.042	$29,125	Vested	100%
CNWOPT22	2,200,000	31/03/2020	31/12/2023	$0.035	$0.018	$42,140	15/10/2021	0%
CNWOPT23	2,200,000	31/03/2020	31/12/2023	$0.045	$0.018	$38,700	15/04/2023	0%
CNWOPT3A	-	12/04/2020	30/06/2021	$0.017	$0.020	$293,060	30/09/2020	100%
CNWOPT3B	-	12/04/2020	30/06/2021	$0.017	$0.020	$293,061	30/11/2020	100%
CNWOPT26	2,500,000	18/01/2021	30/06/2024	$0.045	$0.031	$44,500	17/07/2022	0%
CNWOPT27	2,500,000	18/01/2021	30/06/2024	$0.060	$0.031	$40,250	17/01/2024	0%
CNWOPT28	750,000	14/05/2021	30/06/2024	$0.045	$0.030	$9,525	25/04/2022	0%
CNWOPT29	750,000	14/05/2021	30/06/2024	$0.060	$0.030	$8,025	25/10/2023	0%
	90,600,000							

6.1 SHARE BASED PAYMENTS (Continued)

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year.

	YEAR ENDED			
	2022		2021	
	Shares (NUMBER)	WEIGHTED AVERAGE EXERCISE PRICE ($)	Shares (NUMBER)	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding at the beginning of year	90,600,000	0.050	162,290,718	0.040
Granted during the year	-	-	7,300,000	0.050
Forfeited during the year	(36,075,000)	0.050	(16,070,341)	0.040
Exercised during the year	(1,291,071)	0.035	(45,692,672)	0.017
Expired during the year	(36,333,929)	0.045	(17,227,705)	0.030
Outstanding at the end of year	**16,900,000**	**0.065**	**90,600,000**	**0.050**
Exercisable at the end of the year	14,300,000	0.066	63,600,000	0.050

The options outstanding at 30 June 2022 had an exercise price in the range of $0.035 to $0.090. The weighted average remaining contractual life of options outstanding (excluding EBIT based options) at the end of the year was 0.9 years (2021: 1.6 years).

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	YEAR ENDED	
	2022 ($)	2021 ($)
Option expense from those issued under employee option plan	(45,414)[1]	464,448

[1] FY22 balance is a credit due to cancellation of employee options in the year.

Fair value of options granted

There were no options granted for the year ended 30 June 2022.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

6.2 REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company:

DESCRIPTION	YEAR ENDED	
	2022 ($)	2021 ($)
Audit and review of financial statements	70,630	65,300
Non-audit services:		
Taxation compliance services	29,217	23,232
Assistance with R&D returns	53,716	48,199
Transaction services	-	116,940
Total non-audit services	**82,933**	**188,371**
TOTAL	**153,563**	**253,671**

6.3 RELATED PARTY TRANSACTIONS

There were no key management personnel, or their related parties, holding positions in other entities during the financial year that result in them having control or significant influence over the financial or operating policies of those entities.

For the prior year, the terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances (excluding reimbursements of expenses incurred on behalf of the Company) relating to key management personnel and entities over which they have control or significant influence for the prior year were as follows:

KEY MANAGEMENT PERSONNEL COMPENSATION	YEAR ENDED	
	2022 ($)	2021 ($)
Short-term employee benefits	1,018,886	1,047,041
Post-employment benefits (superannuation)	81,719	87,120
Share-based payments	(76,137)	62,363
	1,024,468	**1,196,524**

6.4 ENTITY ACQUISITIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity,
- and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

6.5 FINANCIAL INSTRUMENTS

Fair value of financial instruments

Due to their short-term nature, the carrying amount of the current receivables, current payables and current borrowings is assumed to approximate their fair value. Loans and borrowings are recognised at their fair value of the consideration received, net of transaction costs.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows and initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

6.5 FINANCIAL INSTRUMENTS (Continued)

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Impairment

The Group assessed on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The Expected Credit Loss is based on historical default rates and expected future losses.

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. This risk is considered low for the Group.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price, Interest, and Credit risk

The Group is not exposed to any significant price risk.

Any movement up or down 100 basis points on the Group's interest rate on borrowings would not have a significant impact.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group limits its exposure to credit risk from trade receivables through regular review. At the reporting date there were no significant concentrations of credit risk.

6.5 FINANCIAL INSTRUMENTS (Continued)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

TRADE RECEIVABLES	YEAR ENDED	
Counterparties without external credit ratings*	2022 ($)	2021 ($)
Group 1	331,202	474,625
Group 2	13,392,335	21,718,007
Group 3	-	-
TOTAL TRADE RECEIVABLES	**13,723,537**	**22,192,632**

**Group 1 – new customers (less than 6 months)*
Group 2 – existing customers (more than 6 months) with no defaults in the past
Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

The above balances exclude the expected credit loss of $53,547 (2021: $53,547)

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

If the Directors anticipate a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Group will raise future capital will depend on market conditions existing at that time.

Financing Facilities Available

The Group maintains a Multi Option Facility with Bankwest which forms part of the cash management for general business purposes. This Bankwest Multi Option Facility includes the following facilities drawn at the company's discretion across any or all of the facilities and totalling $2,000,000. The facility options are:

- Commercial Advance Facility with interest payable at the rate of BBSY plus a Margin of 2.30% per annum;
- Bank Guarantee Contingent Instrument Facility; and
- Business Corporate Transaction Account Facility with interest payable at the rate of the variable Bankwest Business Variable Overdraft Reference Rate, current 7.32% p.a.

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The group does not maintain any significant derivative instruments.

6.5 FINANCIAL INSTRUMENTS (Continued)

Contractual maturities of non-derivative financial liabilities At 30 June 2022	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount $
Trade payables	20,905,025	-	-	-	**20,905,025**	**20,905,025**
Borrowings	-	-	-	-	**-**	**-**
Lease liabilities	761,730	668,590	790,266	-	**2,220,586**	**2,000,986**
TOTAL	**21,666,755**	**668,590**	**790,266**	**-**	**23,125,611**	**22,906,011**

6.6 PARENT ENTITY DISCLOSURES

a) Financial Position

	YEAR ENDED	
	2022 ($)	2021 ($)
ASSETS		
Current Assets	36,670	38,797
Non-Current Assets	12,971,995	12,045,854
TOTAL ASSETS	**13,008,665**	**12,084,651**
LIABILITIES		
Current Liabilities	116,999	57,000
Non-Current Liabilities	925,037	502,903
TOTAL LIABILITIES	**1,042,036**	**559,903**
EQUITY		
Issued Capital	14,035,139	13,989,951
Reserves	220,862	266,276
Accumulated Losses	(2,289,372)	(2,731,479)
TOTAL EQUITY	**11,966,629**	**11,524,748**

b) Statement of Profit or Loss and other Comprehensive Income

	YEAR ENDED	
	2022 ($)	2021 ($)
(Loss) / Profit for the year after tax	442,107	(1,324,554)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	**442,107**	**(1,324,554)**

c) Contingent Liabilities of the Parent Company

The Company has no known contingent liabilities or contingent assets.

d) Guarantees

The Company has entered into cross guarantees in relation to the debts of its subsidiaries.

e) Contractual Commitments

At 30 June 2022, the Company had not entered into any contractual commitments for the acquisition of property, plant or equipment.

6.7 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Adoption of new accounting standards

During the year the Group reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021.

New and amended standards and Interpretations issued by the AASB have been determined by the Group to have no impact, material or otherwise, on its business and therefore no further changes are necessary to Group accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

6.8 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, and have a potential impact on the group, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. These include:

AASB 2020-1 (issued March 2020) *'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current'*

Application Date: Annual reporting periods beginning on or after 1 January 2023

Nature: There are four main changes to the classification requirements:

- The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
- The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
- Classification is based on the right to defer settlement, and not intention (paragraph 73), and
- If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

Impact on application: As these amendments only apply for the first time to the 30 June 2024 balance sheet (and 30 June 2023 comparative balance sheet), the entity is not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.

AASB 2021-2 (issued March 2021) *'Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates'*
Application Date: Annual reporting periods beginning on or after 1 January 2023

Nature: Introduces a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value. Accounting estimates are developed using measurement techniques and inputs. Measurement techniques comprise estimation techniques (such as used to determine expected credit losses or value in use) and valuation techniques (such as the income approach to determine fair value).

Impact on application: There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.

There are no significant Australian Accounting Standards and Interpretations that were recently issued or amended but are not yet effective and have not been early adopted by the Group for the year ended 30 June 2022.

6.9 OTHER KEY ESTIMATES

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

6.10 SUBSEQUENT EVENTS

There has been no transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors’ Declaration

30 June 2022

The Directors of the Company declare that:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1.2 to the financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

	Date: 10 August 2022
Christopher McLaughlin **CEO & Managing Director**	**Signature:**

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Cirrus Networks Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cirrus Networks Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of intangible assets

Key audit matter	*How the matter was addressed in our audit*
Note 3.3 in the financial report discloses the individual intangible assets and the key assumptions used by the Group in testing these assets for impairment. This was determined to be a key audit matter as management's assessment of the recoverable value of the intangible assets is supported by a value in use model which requires the use of estimates and judgements about future operating performance. These include judgements and estimates over the expectation of future revenues, anticipated budgeted costs, growth rates and the discount rate applied.	Our procedures included, but were not limited to: • Evaluating the Group's identification of Cash Generating Units ("CGUs") and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business; • Challenging key inputs used in the value in use calculations including the following: ○ Comparing forecast growth rates with historical results, business trends, and economic and industry forecasts; ○ Assessing the accuracy of the forecasts by comparing previous forecasts with actual business results; ○ Evaluating the Group's forecast cash flows is consistent with our knowledge of the business, board approved budget, and corroborating our work with external information where possible; and ○ Performing sensitivity analysis on the revenue, growth rates, gross profit margins and discount rates. • Assessing the adequacy of the related disclosures in the financial report.

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
Revenue recognition was determined to be a key audit matter as this area involves judgements and estimates made by management including whether contracts may contain multiple performance obligations which should be accounted for separately and determining the most appropriate methods of recognition of revenue for the identified performance obligations. This comprises allocation of consideration to the individual performance obligations based on standalone pricing and whether the performance obligation is satisfied at a point in time or overtime. Refer to Note 2.2 in the financial report for disclosures relating to the Group's revenue accounting policy and judgements applied in revenue recognition.	Our procedures included, but were not limited to the following: • Testing the operating effectiveness of internal controls in respect of the processing and recognition of various revenue streams of the group; • Challenging management's assessment of the performance obligations promised to customers within a contract including timing of revenue recognition and determination of whether the group is acting as a principle or agent; • Checking a sample of contracts, considering the terms and conditions, performance obligations of these arrangements, its stand-alone pricing and assessing the accounting treatment under AASB 15 *Revenue from Contracts with Customers*; • Testing a sample of outstanding customer contracts at year end and agreed to supporting records to ensure that contract assets and contract liabilities have been recognised in accordance with the accounting standard and the group's accounting policy; • Performing cut-off procedures to ensure that all revenue was captured in the appropriate financial year; and • Assessing the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 21 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Cirrus Networks Holdings Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 10 August 2022

Shareholder Information

DISTRIBUTION OF SHAREHOLDERS

At the date of this report there were 1,332 holders of 930,006,385 ordinary fully paid shares in the Company. Analysis of numbers of equity holders by size of holding:

NUMBER OF SHARES HELD	HOLDERS	UNITS
1 – 1,000	63	6,133
1,001 – 5,000	122	415,752
5,001 – 10,000	70	564,606
10,001 – 100,000	563	23,825,032
100,001 and over	514	905,194,862
TOTAL	**1,332**	**930,006,385**

The number of shareholders holding less than a marketable parcel of 16,667 shares: 355

SUBSTANTIAL SHAREHOLDERS

At the date of this report the substantial shareholders in the Company are the following:

NO.	NAME OF SHAREHOLDER	NUMBER HELD	PERCENTAGE
1	WEBCENTRAL GROUP LIMITED	172,046,292	18.50%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	57,631,513	6.20%
3	MR ADAM WATERWORTH	50,614,592	5.44%

SUBSTANTIAL OPTION HOLDERS

At the date of this report the substantial option holders in the Company are set out below:

NO.	NAME OF OPTION HOLDER	NUMBER HELD	PERCENTAGE
1	MR CHRISTOPHER MCLAUGHLIN	6,000,000	36%
	TOTALS – TOP HOLDERS	**6,000,000**	**36%**
	TOTALS – REMAINING HOLDERS	**10,900,000**	**64%**

VOTING RIGHTS

The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- Each Shareholder entitled to vote may vote in person or by proxy, attorney or corporate representative;
- On a show of hands, every person present who is a Shareholder or a proxy, attorney or corporate representative of a Shareholder has one vote; and
- On a poll, every person present who is a Shareholder or a proxy, attorney or corporate representative of a Shareholder shall, in respect of each fully paid share held by them, or in respect of which they are appointed a proxy, attorney or corporate representative, have one vote for the share, but in respect of partly paid shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

STOCK EXCHANGE LISTING

Cirrus Networks Holdings Ltd securities are listed on the Australian Securities Exchange (‘ASX’). The Company’s ASX code is CNW. Prior to the re-admission to ASX as Cirrus on 8 July 2015, the Company was named Liberty Resources Limited and its ASX code was LBY. The Company has no listed options on the ASX. Directors’ interests in share capital are disclosed in the Directors’ Report. There is currently no on-market buy-back in place.

EQUITY SECURITY HOLDERS

Top 20 ordinary shareholders at the date of this report:

NO.	NAME OF ORDINARY SHAREHOLDER	NUMBER OF SHARES HELD	PERCENTAGE OF SHARES HELD
1	WEBCENTRAL GROUP LIMITED	172,046,292	18.50%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	57,631,513	6.20%
3	MR ADAM WATERWORTH	50,614,592	5.44%
4	ALCOTRACK PTY LTD <MILNER INVESTMENT A/C>	37,623,387	4.05%
5	MR MATTHEW GREEN	36,700,000	3.95%
6	MR PAUL EVERINGHAM	22,175,000	2.38%
7	MR MARK NEIL BLACKBURNE OLIVER <THE OLIVER FAMILY A/C>	22,000,000	2.37%
8	ALET INVESTMENTS PTY LTD	20,568,824	2.21%
9	MR GRAHAME GILSON <THE GILSON FAMILY A/C>	17,466,478	1.88%
10	MR CHRISTOPHER STEVENS	11,779,477	1.27%
11	NEON SPACE PTY LTD	11,000,000	1.18%
12	MR MATTHEW CHARLES MILNER	9,615,000	1.03%
13	JARABA AVENUE PTY LTD <SULLIVAN FAMILY A/C>	9,000,000	0.97%
14	MR GAVIN BRADLEY LEHMANN & MRS MICHELLE YVETTE LEHMANN <THE GAMA SUPER FUND A/C>	8,940,066	0.96%
15	PACKENHAM PTY LTD <PACKENHAM SUPER A/C>	8,904,551	0.96%
16	ALET INVESTMENTS PTY LTD	8,000,000	0.86%
17	F FAIRTHORNE JUNIOR HOLDINGS PTY LTD <FFAIRTHORNE JUNIOR HOLD A/C>	8,000,000	0.86%
18	MR DANIEL ROHR	7,678,863	0.83%
19	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	7,410,806	0.80%
20	LORNETTE PTY LTD <LORNETTE SUPER FUND A/C>	7,000,000	0.75%
	TOTALS – TOP 20	**534,154,849**	**57.44%**
	TOTALS – REMAINING SHAREHOLDERS	**395,851,536**	**42.56%**

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS	REGISTER OF SECURITIES
Cirrus Networks Holdings Limited Level 28, 108 St Georges Terrace Perth WA 6000 Telephone: +61 8 6180 4222	**The register of securities is held at:** **Automic Group** Level 5, 191 St Georges Terrace Perth WA 6000 Telephone: +61 1300 288 664