



# Cirrus Networks

## APPENDIX 4D

31 December 2022

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

**CIRRUS**

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## 1. Results for announcement to the market

	UP/(DOWN) (%)	TO (\$)
Revenues from ordinary activities	27%	56,704,973
Profit from ordinary activities before tax attributable to the owners of Cirrus Networks Holdings Limited	N/A	1,322,588

The net profit for the Group before income tax amounted to \$1,322,588 (31 December 2021: \$2,210,676 Loss).

Adjusted EBITDA Table Half Year Ended	31 Dec 2022 (\$)	31 Dec 2021 (\$)	31 Dec 2020 (\$)	31 Dec 2019 (\$)	31 Dec 2018 (\$)
NORMALISED EBITDA	2,268,438	(343,573)	1,225,288	926,738	758,815
Foreign exchange	(55,624)	(35,537)	(12,646)	(30,355)	(1,649)
<b>EBITDA (PRE-OPTIONS)</b>	<b>2,212,814</b>	<b>(379,110)</b>	<b>1,212,642</b>	<b>896,383</b>	<b>757,166</b>
JobKeeper incentive	-	-	1,634,800	-	-
One off corporate transaction fees	-	(608,053)	-	-	-
Redundancy and business restructure costs	(16,846)	(513,775)	(99,152)	(32,881)	(172,316)
Amortisation and Depreciation	(353,399)	(369,098)	(357,689)	(340,855)	(296,145)
Amortisation – Right-of-use asset	(328,888)	(388,518)	(371,769)	(345,097)	-
Net Interest	(17,252)	(35,595)	(611,137)	(280,832)	(2,250)
Share based options expense	(173,841)	83,473	(399,337)	(140,384)	(151,168)
<b>NET PROFIT / (LOSS) BEFORE TAX</b>	<b>1,322,588</b>	<b>(2,210,676)</b>	<b>1,008,358</b>	<b>(243,666)</b>	<b>135,287</b>

## 2. Net tangible assets per ordinary share

	As At	
	31 Dec 2022 (\$)	30 Jun 2022 (\$)
Net tangible assets per ordinary share	0.011	0.010

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

Gain of control of entities during the period – Nil.

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

Loss of control of entities during the period – Nil.

## 5. Dividends

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

## 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 review opinion has been issued.

## 8. Attachments


### *Details of attachments (if any):*

The Interim Financial Report of Cirrus Networks Holdings Limited for the half year ended 31 December 2022 is attached.

## 9. Signature

DATE: 2 <sup>nd</sup> February 2023	
Christopher McLaughlin CEO & Managing Director	Signature: 



A photograph of a modern office lobby. On the left, there is a large red brick wall. To the right, a glass and steel structure leads to upper floors. The ground floor has a polished floor, orange armchairs, and a reception desk in the background. A person in a blue suit is blurred in the foreground, moving from right to left. The ceiling is white with recessed lights.

# Cirrus Networks

## INTERIM FINANCIAL REPORT

31 December 2022

Cirrus Networks Holdings Limited (CNW)

ABN: 98 103 348 947

**CIRRUS**

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*This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Cirrus Networks Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

# 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 half year ended 31 December 2022.

## DIRECTORS

The names of Directors who held office during or since the end of the half year are:

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

## 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 Interim Financial Report.

## PRINCIPAL ACTIVITIES

The principal activity of the Group is the provision of information technology managed services, professional services and enterprise product sales.

## DIVIDENDS

There were no dividends paid, recommended, or declared during the half year ended 31 December 2022.

## REVIEW OF OPERATIONS

Cirrus delivered its highest half year consolidated EBITDA and revenue on record of \$2,212,814 and \$56,704,973 respectively, as the positive trends continued from the second half of FY2022 with a key focus on services. This revenue result represented a 27% increase from the prior year and was generated whilst also delivering a record backlog (customer orders contracted but not delivered or recognised) carrying into the second half of FY2023.

Combined services revenue (Professional and Managed) was \$17,525,067, up 16% on the prior year. While both Professional and Managed Services were up year on year, the 31% increase in professional services revenue was a key driver. The record services revenue also contributed record services gross margin of \$4,583,984, 24% above the prior year comparative services margin.

Cirrus continues to maintain a strong Balance Sheet and diligent stewardship across working capital and cash. The business generated cash from operations of \$444,532, consistent with seasonal cash generation, and closed debt free with a net cash position of \$9,496,743.

Following the best first half in the company's history and significant ongoing momentum, Cirrus is very well placed for continued strong growth through FY2023. The continued growth is underpinned by margin contributions from a full six months of the recently commenced ENI managed service contract and the transition of the Icon Water managed service contract in the second half of the year along with the record backlog, positive pipeline of opportunities, disciplined overhead cost controls and strategic focus on higher margin services revenue.

Consistent with Cirrus' strategic growth aspirations and supported by a strong debt free Balance Sheet and cash position, the company continues its active pursuit of complementary acquisition targets. These will be strictly considered against their strategic merit and fundamental value and weighed against other capital management initiatives including buy backs and capital returns.



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

*\*Non-IFRS Financial Information*

Adjusted EBITDA Table Half Year Ended	31 Dec 2022 (\$)	31 Dec 2021 (\$)	31 Dec 2020 (\$)	31 Dec 2019 (\$)	31 Dec 2018 (\$)
NORMALISED EBITDA	2,268,438	(343,573)	1,225,288	926,738	758,815
Foreign exchange	(55,624)	(35,537)	(12,646)	(30,355)	(1,649)
<b>EBITDA (PRE-OPTIONS)</b>	<b>2,212,814</b>	<b>(379,110)</b>	<b>1,212,642</b>	<b>896,383</b>	<b>757,166</b>
JobKeeper incentive	-	-	1,634,800	-	-
One off corporate transaction fees	-	(608,053)	-	-	-
Redundancy and business restructure costs	(16,846)	(513,775)	(99,152)	(32,881)	(172,316)
Amortisation and Depreciation	(353,399)	(369,098)	(357,689)	(340,855)	(296,145)
Amortisation – Right-of-use asset	(328,888)	(388,518)	(371,769)	(345,097)	-
Net Interest	(17,292)	(35,595)	(611,137)	(280,832)	(2,250)
Share based options expense	(173,841)	83,473	(399,337)	(140,384)	(151,168)
<b>NET PROFIT / (LOSS) BEFORE TAX</b>	<b>1,322,588</b>	<b>(2,210,676)</b>	<b>1,008,358</b>	<b>(243,666)</b>	<b>135,287</b>

## 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.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* is included on page 8 of the financial report and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.

DATE: 2 <sup>nd</sup> February 2023	
Christopher McLaughlin CEO & Managing Director	Signature:



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

As lead auditor for the review of Cirrus Networks Holdings Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

2 February 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

REVENUE	NOTE	HALF YEAR ENDED	
		31 Dec 2022 (\$)	31 Dec 2021 (\$)
Revenue	2.2	56,704,973	44,534,523
Other Income		64,678	5,497
		<b>56,769,651</b>	<b>44,540,020</b>
<b>EXPENSES</b>			
Purchase of goods		36,826,863	28,575,999
Employee and labor related costs		16,642,816	15,470,954
Depreciation and amortisation		682,287	757,616
Finance and corporate transaction costs		81,022	648,029
Other expenses		967,764	832,259
Foreign exchange losses		55,624	35,537
Share based compensation		173,841	(83,473)
Redundancy and business restructure		16,846	513,775
<b>PROFIT / (LOSS) BEFORE INCOME TAX</b>		<b>1,322,588</b>	<b>(2,210,676)</b>
Income tax expense		398,334	-
<b>PROFIT / (LOSS) AFTER INCOME TAX FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF CIRRUS NETWORKS HOLDINGS LIMITED</b>		<b>924,254</b>	<b>(2,210,676)</b>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year, net of tax		-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF CIRRUS NETWORKS HOLDINGS LIMITED</b>		<b>924,254</b>	<b>(2,210,676)</b>

EARNINGS / (LOSS) PER SHARE FROM CONTINUING OPERATIONS	NOTE	CENTS	CENTS
Basic earnings / (loss) per share	2.3	0.099	(0.238)
Diluted earnings / (loss) per share	2.3	0.099	(0.238)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes to the consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2022

ASSETS	NOTE	As At	
		31 Dec 2022 (\$)	30 June 2022 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		9,496,743	9,580,888
Trade and other receivables		13,966,343	16,338,560
<b>TOTAL CURRENT ASSETS</b>		<b>23,463,086</b>	<b>25,919,448</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		593,850	629,853
Right-of-use assets		1,546,337	1,860,670
Intangible assets		7,608,932	7,775,509
Deferred tax asset		4,573,661	4,971,995
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,322,780</b>	<b>15,238,027</b>
<b>TOTAL ASSETS</b>		<b>37,785,866</b>	<b>41,157,475</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		16,934,546	21,357,948
Provisions		1,150,713	914,360
Lease liabilities		676,821	642,311
<b>TOTAL CURRENT LIABILITIES</b>		<b>18,762,080</b>	<b>22,914,619</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		227,306	176,340
Lease liabilities		990,544	1,358,675
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,217,850</b>	<b>1,535,015</b>
<b>TOTAL LIABILITIES</b>		<b>19,979,930</b>	<b>24,449,634</b>
<b>TOTAL NET ASSETS</b>		<b>17,805,936</b>	<b>16,707,841</b>
<b>EQUITY</b>			
Issued capital	3.1	15,019,054	15,019,054
Reserves	3.1	394,701	220,860
Retained earnings		2,392,181	1,467,927
<b>TOTAL EQUITY</b>		<b>17,805,936</b>	<b>16,707,841</b>

The consolidated statement of financial position should be read in conjunction with the attached notes to the consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

	ISSUED CAPITAL (\$)	RESERVES (\$)	RETAINED EARNINGS (\$)	TOTAL (\$)
<b>BALANCE AT 1 JULY 2021</b>	<b>14,973,867</b>	<b>266,274</b>	<b>996,558</b>	<b>16,236,699</b>
Loss for the period	-	-	(2,210,676)	(2,210,676)
Other comprehensive loss for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>(2,210,676)</b>	<b>(2,210,676)</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Options exercised	45,187	-	-	45,187
Vesting of share based compensation	-	(83,471)	-	(83,471)
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>15,019,054</b>	<b>182,803</b>	<b>(1,214,118)</b>	<b>13,987,739</b>

	ISSUED CAPITAL (\$)	RESERVES (\$)	RETAINED EARNINGS (\$)	TOTAL (\$)
<b>BALANCE AT 1 JULY 2022</b>	<b>15,019,054</b>	<b>220,860</b>	<b>1,467,927</b>	<b>16,707,841</b>
Profit after income tax for the period	-	-	924,254	924,254
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>924,254</b>	<b>924,254</b>
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>				
Vesting of share based compensation	-	173,841	-	173,841
<b>BALANCE AT 31 DECEMBER 2022</b>	<b>15,019,054</b>	<b>394,701</b>	<b>2,392,181</b>	<b>17,805,936</b>

The consolidated statement of changes in equity should be read in conjunction with the attached notes to the consolidated financial statements.



# Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

CASH FLOWS FROM OPERATING ACTIVITIES	HALF YEAR ENDED	
	31 Dec 2022 (\$)	31 Dec 2021 (\$)
Receipts from customers (inclusive of GST)	64,748,596	61,086,721
Payments to suppliers and employees (inclusive of GST)	(64,286,812)	(61,557,943)
Net interest paid	(17,252)	(35,595)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>444,532</b>	<b>(506,817)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(135,748)	(239,369)
Payments for intellectual property	(15,115)	(46,267)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(150,863)</b>	<b>(285,636)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal elements of lease payments	(377,814)	(444,335)
Proceeds from exercise of options	-	45,187
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(377,814)</b>	<b>(399,148)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(84,145)</b>	<b>(1,191,601)</b>
Cash and cash equivalents at the beginning of the financial period	9,580,888	7,744,311
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD</b>	<b>9,496,743</b>	<b>6,552,710</b>

The consolidated statement of cash flows should be read in conjunction with the attached notes to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 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 L28, 108 St Georges Terrace, Perth, WA 6000.

These consolidated financial statements (*'interim financial statements'*) as at and for the half year ended 31 December 2022 comprise the Company and its controlled entities (*together referred to as the 'Group'*).

### 1.2 BASIS OF PREPARATION

These consolidated financial statements for the half year reporting period ended 31 December 2022 have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting (AASB 134)*.

The interim financial statements 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 this date of this report. There are no indicators suggesting going concern issues and, therefore, no significant doubt regarding the entity's ability to continue as a going concern.

It is recommended that these interim financial statements be read in conjunction with the Group's last annual consolidated financial statements as at 30 June 2022 (*'last annual financial statements'*) and any public announcements made by Cirrus Networks Holdings Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

For the purposes of preparing the interim financial statements, the half year has been treated as a discrete reporting period. These interim financial statements don't include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

### 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### Adoption of new accounting standards

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 the 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.

## 2 RESULTS FOR THE HALF YEAR

### 2.1 OPERATING SEGMENTS

The Group only has one reportable segment which was identified based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary statements forming this financial report.

### 2.2 REVENUE

DISAGGREGATION OF REVENUE (Geographic Region: Australia)	HALF YEAR ENDED	
	31 Dec 2022 (\$)	31 Dec 2021 (\$)
<b>INCOME TYPE</b>		
Enterprise product sales	39,179,906	29,460,305
Professional services	10,005,881	7,652,900
Annuity services	7,519,186	7,421,318
	<b>56,704,973</b>	<b>44,534,523</b>
<b>TIMING OF TRANSFER OF GOODS AND SERVICES</b>		
Point in time	39,179,906	29,460,305
Over time	17,525,067	15,074,218
	<b>56,704,973</b>	<b>44,534,523</b>

### 2.3 EARNINGS PER SHARE

The calculation of basic earnings / (loss) per share at 31 December 2022 has been based on the profit / (loss) 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 / (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	HALF YEAR ENDED	
	31 Dec 2022	31 Dec 2021
<b>BASIC EPS</b>		
Profit / (loss) attributable to the owners of Cirrus Networks Holdings Limited (\$)	924,254	(2,210,676)
Weighted average number of ordinary shares (Number)	930,006,385	929,550,300
<b>Basic earnings / (loss) per share (Cents)</b>	<b>0.099</b>	<b>(0.238)</b>
<b>DILUTED EPS</b>		
Profit / (loss) attributable to the owners of Cirrus Networks Holdings Limited (\$)	924,254	(2,210,676)
Weighted average number of ordinary shares (Number)	930,006,385	929,550,300
<b>Diluted earnings / (loss) per share (Cents)</b>	<b>0.099</b>	<b>(0.238)</b>

The number of options on issue at 31 Dec 2022 is 43,199,999 (31 Dec 2021: 48,633,929). At 31 Dec 2022 Nil (31 Dec 2021: Nil) were considered dilutive.

### 3 EQUITY

#### 3.1 ISSUED CAPITAL AND RESERVES

ISSUED CAPITAL	HALF YEAR ENDED	
	ORDINARY SHARES (Number)	ISSUED CAPITAL (\$)
Balance 1 Jul 2021	928,715,314	14,973,867
Issue of shares from exercise of options	1,291,071	45,187
Balance at 31 Dec 2021	930,006,385	15,019,054

Balance 1 Jul 2022	930,006,385	15,019,054
Issue of shares	-	-
Balance at 31 Dec 2022	930,006,385	15,019,054

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

UNLISTED SHARE OPTIONS	HALF YEAR ENDED (Number)
Balance at 1 Jul 2021	90,600,000
Options exercised during the period	(1,291,071)
Options cancelled during the period	(34,675,000)
Options expired during the period	(6,000,000)
Balance at 31 Dec 2021	48,633,929

Balance at 1 Jul 2022	16,900,000
Options granted to Key Management Personal during the period	17,999,999
Options granted to other employees during the period	17,500,000
Options expired during the period	(9,200,000)
Balance at 31 Dec 2022	43,199,999

Movements in the number of performance rights on issue during the current and prior half years are as follows:

UNLISTED PERFORMANCE RIGHTS	HALF YEAR ENDED (Number)
Balance at 1 Jul 2021	-
Performance Rights granted during the period	-
Balance at 31 Dec 2021	-

Balance at 1 Jul 2022	-
Performance Rights granted to Key Management Personal during the period	6,451,613
Performance Rights granted to other employees during the period	9,530,790
Balance at 31 Dec 2022	15,982,403



### 3.2 SHARE BASED PAYMENTS

All share based payment transactions are for employees-based services which are measured by reference to the fair value at grant date of the equity instrument granted. Share Options were valued using a Black-Scholes option pricing model, and Performance Rights were valued by an independent expert using the Monte Carl simulation model.

The total expense arising from the vesting of all share-based payments on issue for the period is \$173,841.

For the Options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date are as follows:

OPTIONS - KEY MANAGEMENT PERSONAL	HALF YEAR ENDED - 31 Dec 2022					
	CEO			Non-Executive Director		
Grant date	29-Nov-22	29-Nov-22	29-Nov-22	29-Nov-22	29-Nov-22	29-Nov-22
Expiry date	30-Sep-26	30-Sep-26	30-Sep-26	30-Sep-26	30-Sep-26	30-Sep-26
Share price at grant date	\$0.0335	\$0.0335	\$0.0335	\$0.0335	\$0.0335	\$0.0335
Exercise price	\$0.045	\$0.050	\$0.055	\$0.045	\$0.050	\$0.055
Volatility	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%
Risk free interest rate	3.24%	3.24%	3.24%	3.24%	3.24%	3.24%
Fair value at grant date	\$0.0113	\$0.0103	\$0.0094	\$0.0113	\$0.0103	\$0.0094
Number granted	3,333,334	3,333,333	3,333,333	1,000,000	1,000,000	1,000,000
Total fair value	\$37,667	\$34,333	\$31,333	\$11,300	\$10,300	\$9,400

OPTIONS - KEY MANAGEMENT PERSONAL AND OTHER EMPLOYEES	HALF YEAR ENDED - 31 Dec 2022				
	CFO			Other Employees	
Grant date	30-Sep-22	30-Sep-22	30-Sep-22	30-Sep-22	30-Sep-22
Expiry date	30-Sep-26	30-Sep-26	30-Sep-26	30-Sep-26	30-Sep-26
Share price at grant date	\$0.032	\$0.032	\$0.032	\$0.032	\$0.032
Exercise price	\$0.045	\$0.050	\$0.055	\$0.045	\$0.050
Volatility	52.00%	52.00%	52.00%	52.00%	52.00%
Risk free interest rate	3.57%	3.57%	3.57%	3.57%	3.57%
Fair value at grant date	\$0.0108	\$0.0099	\$0.0090	\$0.0108	\$0.0099
Number granted	1,666,667	1,666,666	1,666,666	8,750,000	8,750,000
Total fair value	\$18,000	\$16,500	\$15,000	\$94,500	\$86,625

### 3.2 SHARE BASED PAYMENTS (continued)

For the Performance Rights granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date are as follows:

PERFORMANCE RIGHTS - KEY MANAGEMENT PERSONAL	HALF YEAR ENDED - 31 Dec 2022					
	CEO			CFO		
Grant date	29-Nov-22	29-Nov-22	29-Nov-22	30-Sep-22	30-Sep-22	30-Sep-22
Vesting condition - Share price targets	\$0.0392	\$0.0451	\$0.0519	\$0.0392	\$0.0451	\$0.0519
Security entitlement	One share	One share	One share	One share	One share	One share
Exercise price	Nil	Nil	Nil	Nil	Nil	Nil
Expiry date	30-Sep-25	30-Sep-25	30-Sep-25	30-Sep-25	30-Sep-25	30-Sep-25
Share price at grant date	\$0.0335	\$0.0335	\$0.0335	\$0.032	\$0.032	\$0.032
Volatility	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%
Risk free interest rate	3.41%	3.17%	3.17%	3.46%	3.37%	3.51%
Fair value	\$0.0132	\$0.0148	\$0.0158	\$0.0126	\$0.0140	\$0.0149
Probability of not vesting	76.84%	80.08%	82.93%	78.44%	81.21%	83.86%
Fair value at grant date after considering probability of not vesting	\$0.0343	\$0.0275	\$0.0158	\$0.0331	\$0.0261	\$0.0149
Number granted	1,173,020	1,173,021	1,173,021	977,517	977,517	977,517
Total fair value	\$40,235	\$32,258	\$18,534	\$32,356	\$25,513	\$14,565

PERFORMANCE RIGHTS - OTHER EMPLOYEES	HALF YEAR ENDED - 31 Dec 2022		
	Other employees		
Grant date	30-Sep-22	30-Sep-22	30-Sep-22
Vesting condition - Share price targets	\$0.0392	\$0.0451	\$0.0519
Security entitlement	One share	One share	One share
Exercise price	Nil	Nil	Nil
Expiry date	30-Sep-25	30-Sep-25	30-Sep-25
Share price at grant date	\$0.032	\$0.032	\$0.032
Volatility	52.00%	52.00%	52.00%
Risk free interest rate	3.46%	3.37%	3.51%
Fair value	\$0.0126	\$0.0140	\$0.0149
Probability of not vesting	78.44%	81.21%	83.86%
Fair value at grant date after considering probability of not vesting	\$0.0331	\$0.0261	\$0.0149
Number granted	3,176,930	3,176,930	3,176,930
Total fair value	\$105,156	\$82,918	\$47,336

## 4 OTHER DISCLOSURES

### 4.2 RELATED PARTY TRANSACTIONS

On 9<sup>th</sup> September 2022 the remuneration committee approved an increase to Non-Executive Director, Adam Waterworth's base salary to \$100,000 gross plus superannuation.

Unlisted Options and Performance rights were granted to Key Management Personal. A summary of securities issued is shown below and further detail on the terms and valuation of these securities can be found at Note 3.2 of this report.

Options granted to Key Management Personal	HALF YEAR ENDED (Number)
Christopher McLaughlin - CEO	10,000,000
Adam Waterworth - Non Executive Director	3,000,000
Matthew Green - CFO	4,999,999
<b>Total Granted to Key Management Personal</b>	<b>17,999,999</b>

Performance Rights granted to Key Management Personal	HALF YEAR ENDED (Number)
Christopher McLaughlin - CEO	3,519,062
Matthew Green - CFO	2,932,551
<b>Total Granted to Key Management Personal</b>	<b>6,451,613</b>

There are no other significant changes to transactions with Key Management Personnel since 30 June 2022.

### 4.3 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Other than those disclosed in the annual report there are no other 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 half year ended 31 December 2022.

### 4.4 COMMITMENTS AND CONTINGENCIES

There are no significant changes in commitments and contingencies since 30 June 2022.

### 4.5 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

The directors of the Company declare that:

1. The Consolidated Financial Statements and Notes, as set out on pages 9 to 18 are in accordance with the *Corporations Act 2001*, including:
  - a) giving a true and fair view of the Group's consolidated financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
  - b) complying with Accounting Standard AASB 134 "Interim Financial Reporting".
2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

DATE: 2 <sup>nd</sup> February 2023	
Christopher McLaughlin CEO & Managing Director	Signature: 



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cirrus Networks Holdings Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Cirrus Networks Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.



#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line. Above the signature, the letters 'BDO' are handwritten in a smaller, lighter script.

Phillip Murdoch

Director

Perth

2 February 2023