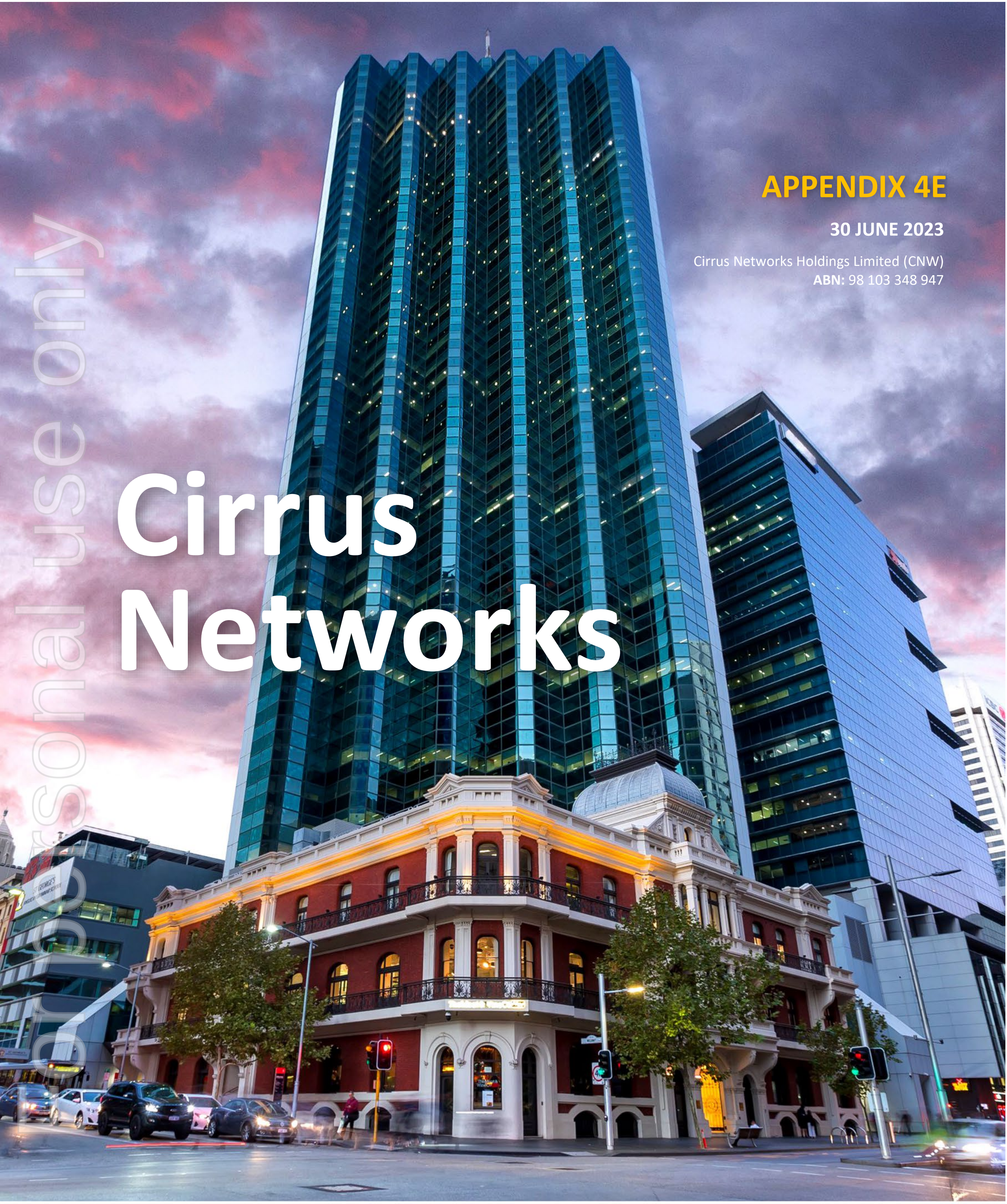


APPENDIX 4E

30 JUNE 2023

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

Cirrus Networks

Contents

1. Results for announcement to the market

	UP/(DOWN) (%)	TO ($)
Revenues from ordinary activities	7.8%	112,185,921
Profit / (Loss) from ordinary activities after tax attributable to the owners of Cirrus Networks Holdings Limited	266.1%	1,725,542

REVIEW OF OPERATIONS

Revenues from ordinary activities up 7.8% to $112,185,921 and the preferred earnings measure of Adjusted EBITDA up 127.4% to $4,800,449.

	2023 ($)	2022 ($)	2021 ($)	2020 ($)	2019 ($)
NORMALISED EBITDA	**4,831,692**	**2,153,674**	**2,082,766**	**3,797,016**	**2,187,485**
Foreign exchange	(31,243)	(42,253)	(41,500)	(120,889)	(2,058)
ADJUSTED EBITDA	**4,800,449**	**2,111,421**	**2,041,266**	**3,676,127**	**2,185,427**
JobKeeper incentive	-	-	1,635,000	-	-
One off corporate transaction fees	(24,505)	(625,400)	(109,474)	-	-
Restructure and redundancy costs	(97,692)	(513,775)	(166,861)	(73,322)	(267,510)
Amortisation and Depreciation	(525,805)	(732,776)	(710,906)	(740,659)	(663,196)
Amortisation – Right-of-use assets	(663,619)	(637,976)	(738,960)	(757,375)	-
Net Interest	(48,252)	(101,680)	(640,129)	(584,833)	(175,404)
Share based expenses	(375,431)	45,414	(464,449)	(398,026)	(303,038)
NET PROFIT BEFORE TAX	**3,065,145**	**(454,772)**	**845,487**	**1,121,912**	**776,279**
Income tax expense/(benefit)	1,339,603	(926,141)	404,570	(1,740,502)	-
STATUTORY NET PROFIT	**1,725,542**	**471,369**	**440,917**	**2,862,414**	**776,279**

At 30 June 2023, the Group had a cash balance of $13,883,009. Cirrus has a positive $12,524,336 net cash position before leases (2022: positive $7,579,902).

2. Net tangible assets per ordinary share

	REPORTING PERIOD	PREVIOUS PERIOD
Net tangible assets per ordinary security*	$0.012	$0.009

* 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.

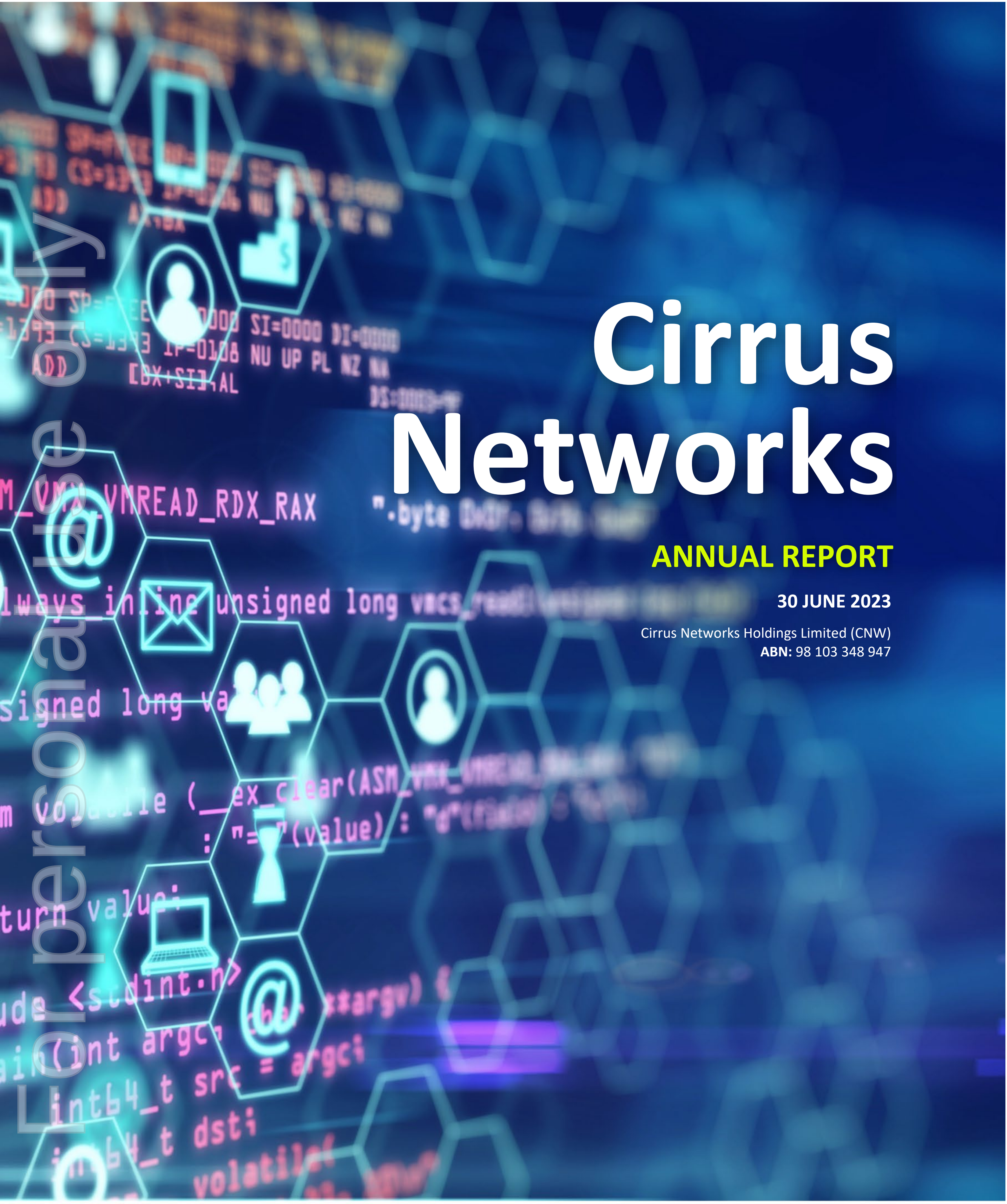
8. Attachments

Details of attachments (if any):

The Annual Report of Cirrus Networks Holdings Limited for the year ended 30 June 2023 is attached.

9. Signed

	Date: 4 August 2023
Christopher McLaughlin **Managing Director & CEO**	**Signature:**



Cirrus Networks

ANNUAL REPORT

30 JUNE 2023

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)*

JOINT COMPANY SECRETARY

Ms Kelly Moore
Ms Michelle Kennedy
E-mail: cosec@cirrusnetworks.com.au

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

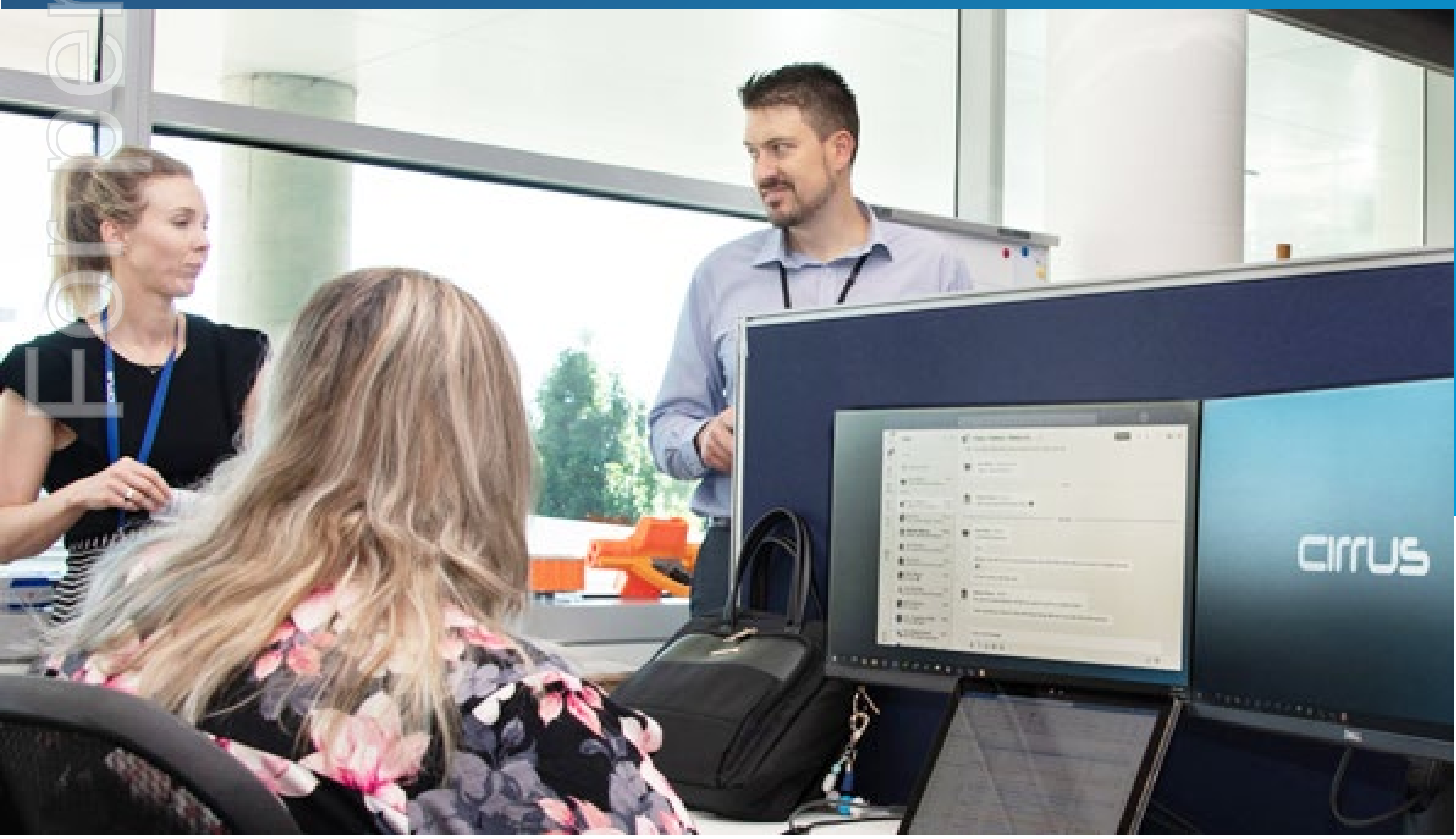
REGISTERED OFFICE

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 Board and Management at Cirrus I am pleased to present Cirrus Networks Holdings Limited 2023 Annual Report.

Pleasingly, Cirrus achieved some record results in 2023. These include:

- Record Revenue: $112,185,921
- Record EBITDA: $4,800,449
- Record Cash Flow generation: $5,398,519, and
- A record cash balance: $13,883,009

Managing Director Chris McLaughlin and the Cirrus Team are to be congratulated on the outstanding results.

Some highlights for the past 12 months include:

- Winning the Eni Australia Managed Service Contract.
- Winning a prestigious Federal Government Contract.
- Announcing an AI partnership with NVIDIA.

Chris and the Team have also built a very exciting pipeline of future growth opportunities across a variety of sectors including government, resources, energy, healthcare and more.

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

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 2023.

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
Daniel Rohr – Non-Executive Director
Adam Waterworth – Non-Executive Director
Christopher McLaughlin – CEO & Managing Director

PAUL EVERINGHAM (Non-Executive Chairman)

Appointed 23 July 2018

Paul Everingham has been on the Cirrus Board for 5 years and took up the Chairman's role approximately 18 months ago. As Chair, Paul has overseen significant positive change within the organisation.

Paul 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.

Paul 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. Paul Everingham has not held any other Directorships of listed companies.

Paul 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 Limited and has acted as a corporate advisor for a number of listed and non-listed businesses in the IT and mining sectors. Daniel 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, Daniel 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, Adam has not held any other directorships in listed entities.

Christopher McLaughlin (CEO & Managing Director)

Appointed 1 October 2021

Christopher 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, Christopher joined IBM in the UK and quickly found his first management position supporting the outsource of IBM Manufacturing to Sanmina-SCI.

Christopher 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, Christopher worked as COO for PDC, a drafting and engineering company with global locations, and helped drive their international business transformation.

Christopher 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. Christopher has also been key in the integration of various acquisitions into Cirrus over the last 5 years.

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

KELLY MOORE (Joint Company Secretary)

Appointed 1 January 2023

Kelly is a qualified Chartered Accountant and Company Secretary with extensive experience in providing accounting and secretarial advice to public companies. Kelly holds a Bachelor of Commerce degree from the University of Western Australia, is a member of the Institute of Chartered Accountants, Australia and New Zealand, is a graduate of the Australian Institute of Company Directors and an associate member of the Governance Institute of Australia.

MICHELLE KENNEDY (Joint Company Secretary)

Appointed 1 January 2023

Michelle is a qualified Chartered Accountant with experience in providing financial reporting and corporate advisory services to public companies. Michelle holds a Bachelor of Commerce degree from the University of Western Australia and is a member of the Institute of Chartered Accountants, Australia and New Zealand.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

The following relevant interests in shares, options and performance rights 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	PERFORMANCE RIGHTS
Daniel Rohr	7,678,863	-	-
Paul Everingham	22,175,000	2,500,000	-
Adam Waterworth	51,897,452	3,000,000	-
Christopher McLaughlin	1,449,426	10,000,000	3,519,062
TOTAL	**83,200,741**	**15,500,000**	**3,519,062**

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	12	13	2	2	1	1
Paul Everingham	12	13	2	2	1	1
Adam Waterworth	13	13	2	2	1	1
Christopher McLaughlin	13	13	2	2	-	1

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 $112,185,921 (FY22: $104,097,372) revenue for the financial year, a record for the Company and an increase of 7.8% on the prior year.

Total services revenue (Professional and Managed) was $33,901,665 an increase of 10.3% on FY22 ($30,741,439). Professional Services and annuity Managed Services advanced on the previous year and were 11.1% and 9.3% higher respectively.

The record annuity Managed Services revenue and margin were delivered without any contribution from the Icon Water Managed Service contract. Revenues from this large Managed Services contract are now anticipated to commence in early FY24 and increase through the year. Together with a strong pipeline of new contracts and qualified opportunities (including a number of tenders lodged awaiting final outcomes), Cirrus is confident its Services revenues will continue to grow during FY24.

FY23 Adjusted EBITDA was $4,800,449 up $2,689,028 or 127.4% on the prior year. This record earnings result reflects the growth in revenues (in particular services revenues which are a major strategic focus) and increased operating leverage. Cirrus continues to improve operational efficiencies and reduce overhead costs (down 5.4% from FY22) with FY23 representing the fourth consecutive year of overhead cost reduction.

Following the strongest financial year in the Company's history and with significant ongoing momentum, Cirrus is well placed to deliver another record result for FY24. FY24 growth and profitability will be underpinned by the commencement of the significant Icon Water contract, strong product backlog, opportunity pipeline, and continued focus on overhead cost controls.

Consistent with its objectives and supported by a strong Balance Sheet, the Company will continue its active pursuit of business opportunities (organic and inorganic) to drive growth and profitability.

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

**Non-IFRS Financial Information*

	2023 ($)	2022 ($)	2021 ($)	2020 ($)	2019 ($)
NORMALISED EBITDA	**4,831,692**	**2,153,674**	**2,082,766**	**3,797,016**	**2,187,485**
Foreign exchange	(31,243)	(42,253)	(41,500)	(120,889)	(2,058)
ADJUSTED EBITDA	**4,800,449**	**2,111,421**	**2,041,266**	**3,676,127**	**2,185,427**
JobKeeper incentive	-	-	1,635,000	-	-
One off corporate transaction fees	(24,505)	(625,400)	(109,474)	-	-
Restructure and redundancy costs	(97,692)	(513,775)	(166,861)	(73,322)	(267,510)
Amortisation and Depreciation	(525,805)	(732,776)	(710,906)	(740,659)	(663,196)
Amortisation – Right-of-use assets	(663,619)	(637,976)	(738,960)	(757,375)	-
Net Interest	(48,252)	(101,680)	(640,129)	(584,833)	(175,404)
Share based expenses	(375,431)	45,414	(464,449)	(398,026)	(303,038)
NET PROFIT BEFORE TAX	**3,065,145**	**(454,772)**	**845,487**	**1,121,912**	**776,279**
Income tax expense/(benefit)	1,339,603	(926,141)	404,570	(1,740,502)	-
STATUTORY NET PROFIT	**1,725,542**	**471,369**	**440,917**	**2,862,414**	**776,279**

SHARE BASED PAYMENTS 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-23		
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	1,600,000	$0.035	31/12/2023
CNWOPT23	1,600,000	1,600,000	$0.045	31/12/2023
CNWOPT30	8,250,000	8,250,000	$0.045	30/09/2026
CNWOPT31	8,250,000	8,250,000	$0.050	30/09/2026
CNWOPT30-1	1,666,667	1,666,667	$0.045	30/09/2026
CNWOPT31-1	1,666,666	1,666,666	$0.050	30/09/2026
CNWOPT32-1	1,666,666	1,666,666	$0.055	30/09/2026
CNWOPT30-2	4,333,334	4,333,334	$0.045	30/09/2026
CNWOPT31-2	4,333,333	4,333,333	$0.050	30/09/2026
CNWOPT32-2	4,333,333	4,333,333	$0.055	30/09/2026
CNWOPT30-3	2,500,000	-	$0.045	30/09/2026
CNWOPT31-3	2,500,000	-	$0.050	30/09/2026
TOTAL	**45,199,999**	**40,199,999**		

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

CLASS	NUMBER	
	Date of this report	30-Jun-23
CNWPR1-1.1	1,173,020	1,173,020
CNWPR1-1.2	1,173,021	1,173,021
CNWPR1-1.3	1,173,021	1,173,021
CNWPR1-1.4	4,154,447	4,154,447
CNWPR1-1.5	4,154,447	4,154,447
CNWPR1-1.6	4,154,447	4,154,447
TOTAL	**15,982,403**	**15,982,403**

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 2022 – 30 June 2023 were the Directors of the Company:

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

The other Key Management Personnel were:

Matthew Green – Chief Financial Officer

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

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.

REMUNERATION REPORT (Audited) – (Continued)

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 29 November 2022, where the shareholders approved a maximum annual aggregate remuneration of $600,000 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.

Employment Contracts

Christopher McLaughlin, CEO & Managing Director

Remuneration and other terms of employment for the CEO, Christopher McLaughlin, as at 30 June 2023, 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 $330,000 (2022: $300,000)
- STI At-Risk of $120,000 in the role of Executive Director based on the Group's ability to earn a specified Adjusted EBITDA (Calculated in line with the Adjusted EBITDA presented in the Directors Report). 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:

FY2023	%
Adjusted EBITDA	70
Services Covering Overhead H2	15
M&A	10
Business Visibility	5

REMUNERATION REPORT (Audited) – (Continued)

Options - Unlisted	CEO		
Grant date	29-Nov-22	29-Nov-22	29-Nov-22
Expiry date	30-Sep-26	30-Sep-26	30-Sep-26
Share price at grant date	$0.034	$0.034	$0.034
Exercise price	$0.045	$0.050	$0.055
Volatility	52.00%	52.00%	52.00%
Risk free interest rate	3.24%	3.24%	3.24%
Fair value at grant date	$0.0113	$0.0103	$0.0094
Number granted	3,333,334	3,333,333	3,333,333
Total fair value	$37,667	$34,333	$31,333
Remuneration expense for FY23	**$28,173**	**$12,822**	**$7,805**
Remuneration expense for FY22	-	-	-

Performance Rights - Unlisted	CEO		
Grant date	29-Nov-22	29-Nov-22	29-Nov-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	$0.0335	$0.0335	$0.0335
Volatility	52.00%	52.00%	52.00%
Risk free interest rate	3.41%	3.17%	3.17%
Fair value	$0.0132	$0.0148	$0.0158
Probability of not vesting	76.84%	80.08%	82.93%
Fair value at grant date after considering probability of not vesting	$0.0343	$0.0275	$0.0158
Number granted	1,173,020	1,173,021	1,173,021
Total fair value	$40,235	$32,258	$18,534
Remuneration expense for FY23	**$30,176**	**$12,097**	**$4,633**
Remuneration expense for FY22	-	-	-

Matthew Green, Chief Financial Officer:
Remuneration and other terms of employment for the Chief Financial Officer, Matthew Green, as at 30 June 2023, 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 $260,000 (2022: $236,250)
- STI At-Risk of $100,000 based on the Group's ability to earn a specified Adjusted EBITDA (Calculated in line with the Adjusted EBITDA presented in the Directors Report). 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:

FY2023	%
Adjusted EBITDA	70
Services Covering Overhead H2	15
M&A	10
Business Visibility	5

REMUNERATION REPORT (Audited) – (Continued)

Options - Unlisted	CFO		
Grant date	30-Sep-22	30-Sep-22	30-Sep-22
Expiry date	30-Sep-26	30-Sep-26	30-Sep-26
Share price at grant date	$0.032	$0.032	$0.032
Exercise price	$0.045	$0.050	$0.055
Volatility	52.00%	52.00%	52.00%
Risk free interest rate	3.57%	3.57%	3.57%
Fair value at grant date	$0.0108	$0.0099	$0.0090
Number granted	1,666,667	1,666,666	1,666,666
Total fair value	$18,000	$16,500	$15,000
Remuneration expense for FY23	**$13,463**	**$6,162**	**$3,736**
Remuneration expense for FY22	-	-	-

Performance Rights - Unlisted	CFO		
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	$0.0320	$0.0320	$0.0320
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	977,517	977,517	977,517
Total fair value	$32,356	$25,513	$14,565
Remuneration expense for FY23	**$24,267**	**$9,567**	**$3,642**
Remuneration expense for FY22	-	-	-

Adam Waterworth, Non-Executive Director – Options Granted

Options – Unlisted	Non-Executive Director		
Grant date	29-Nov-22	29-Nov-22	29-Nov-22
Expiry date	30-Sep-26	30-Sep-26	30-Sep-26
Share price at grant date	$0.034	$0.034	$0.034
Exercise price	$0.045	$0.050	$0.055
Volatility	52.00%	52.00%	52.00%
Risk free interest rate	3.24%	3.24%	3.24%
Fair value at grant date	$0.0113	$0.0103	$0.0094
Number granted	1,000,000	1,000,000	1,000,000
Total fair value	$11,300	$10,300	$9,400
Remuneration expense for FY23	**$8,452**	**$3,847**	**$2,341**
Remuneration expense for FY22	-	-	-

REMUNERATION REPORT (Audited) – (Continued)

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 (2022: $70,000) (plus statutory superannuation)

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

- Term of agreement: commenced 23 July 2020 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 (2022: $100,000) (plus statutory superannuation)

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

- Term of agreement: commenced 6 Dec 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 $100,000 (2022: $70,000) (plus statutory superannuation)
- Increase in directors fee to $100,000 was effective 10th September 2022

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.

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 and performance rights, 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 2023 are summarised below:

	2023 ($)	2022 ($)	2021 ($)	2020 ($)	2019 ($)
Sales revenue	112,185,921	104,097,372	106,341,385	95,136,463	88,038,326
Normalised EBITDA	4,831,692	2,153,674	2,082,766	3,797,016	2,187,485
Adjusted EBITDA (Pre-option expense)	4,800,449	2,111,421	2,041,266	3,676,127	2,185,427
Net profit / (Loss) before income tax	3,065,145	(454,772)	845,487	1,121,912	776,279

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

	2023 (Cents)	2022 (Cents)	2021 (Cents)	2020 (Cents)	2019 (Cents)
Share price at financial year end	3.2	2.6	2.8	2.0	4.0
Basic earnings per share	0.19	0.05	0.05	0.32	0.09

REMUNERATION REPORT (Audited) – (Continued)

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

FY2023	FY2022
Adjusted EBITDA	Adjusted EBITDA
Services Covering Overhead H2	Cost Management
M&A	Professional Services
Business Visibility	Annuity Growth

A discretionary bonus was awarded to the CEO and CFO of $20,000 and $10,000 respectively (2022: $40,000 and $25,000). The Adjusted EBITDA gate set by the board was not achieved, however given the significant increase in performance year on year, the board agreed unanimously to award the discretionary bonus.

Voting and comments made at the Company's 29 November 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 76% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE YEAR ENDED 30 JUNE 2023

NAME AND 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 $	Expense $		
Daniel Rohr	**2023**	**70,000**	**-**	**-**	**7,350**	**-**	**-**	**77,350**	**-**
Non-Executive Director	2022	70,000	-	-	7,000	-	-	77,000	-
Paul Everingham	**2023**	**100,000**	**-**	**-**	**10,500**	**-**	**-**	**110,500**	**-**
Non-Executive Chairman	2022	86,039	-	-	8,604	-	-	94,643	-
Adam Waterworth	**2023**	**93,077**	**-**	**-**	**9,774**	**-**	**14,640**	**117,491**	**-**
Non-Executive Director	2022	34,192[4]	-	-	3,419	-	-	37,611	-
Christopher Mclaughlin	**2023**	**328,847**	**20,000[1]**	**1,485**	**25,293**	**-**	**95,706**	**471,331**	**10%**
CEO & Managing Director	2022	291,347	40,000	29,599	23,569	-	23,309	407,824	-
Matthew Green	**2023**	**259,087**	**10,000[1]**	**7,483**	**25,270**	**-**	**60,837**	**362,677**	**10%**
Chief Financial Officer	2022	236,251	25,000	13,638	22,688	-	-	297,577	-
Andrew Milner[2]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-Executive Chairman	2022	46,539	-	-	4,654	-	-	51,193	-
Matthew Sullivan[3]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
CEO & Managing Director	2022	160,767	-	(14,486)	11,785	-	(99,446)	58,620	-
TOTAL	**2023**	**851,011**	**30,000**	**8,968**	**78,187**	**-**	**171,183**	**1,139,349**	**7%**
	2022	**925,135**	**65,000**	**28,751**	**81,719**	**-**	**(76,137)**	**1,024,468**	**-**

[1] Discretionary bonus accrued at year end for subsequent payment to executives

[2] *Resigned 6 December 2021*

[3] *Resigned 1 October 2021*

[4] *Appointed 23 December 2021*

REMUNERATION REPORT (Audited) – (Continued)

SHARE BASED COMPENSATION TO KEY MANAGEMENT PERSONNEL DURING THE YEAR ENDED 30 JUNE 2023

All share based compensation are for employee-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 Carlo simulation model.

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2023	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	EXPIRED	NET CHANGE	BALANCE AT THE END OF YEAR	VESTED AND EXERCISABLE
Daniel Rohr	-	-	-	-	**-**	-
Paul Everingham	2,500,000	-	-	**-**	**2,500,000**	2,500,000
Adam Waterworth	-	3,000,000	-	**3,000,000**	**3,000,000**	-
Christopher McLaughlin	6,000,000	10,000,000	(6,000,000)	**4,000,000**	**10,000,000**	-
Matthew Green	-	4,999,999	-	**4,999,999**	**4,999,999**	-
TOTAL	**8,500,000**	**17,999,999**	**(6,000,000)**	**11,999,999**	**20,499,999**	**2,500,000**

PERFORMANCE RIGHTS HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2023	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	NET CHANGE	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE
Daniel Rohr	-	-	**-**	**-**	-
Paul Everingham	-	-	**-**	**-**	-
Adam Waterworth	-	-	**-**	**-**	-
Christopher McLaughlin	-	3,519,062	**3,519,062**	**3,519,062**	-
Matthew Green	-	2,932,551	**2,932,551**	**2,932,551**	-
TOTAL	**-**	**6,451,613**	**6,451,613**	**6,451,613**	**-**

SHARE HOLDINGS OF KEY MANAGEMENT PERSONNEL

30 JUNE 2023	BALANCE AT THE START OF THE YEAR	ACQUIRED / (SOLD) ON MARKET	NET CHANGE	BALANCE AT THE END OF YEAR
Daniel Rohr	7,678,863	-	**-**	**7,678,863**
Paul Everingham	21,880,000	295,000	**295,000**	**22,175,000**
Adam Waterworth	49,773,028	2,124,424	**2,124,424**	**51,897,452**
Christopher McLaughlin	1,449,426	-	-	**1,449,426**
Matthew Green	36,700,000	-	-	**36,700,000**
TOTAL	**117,481,317**	**2,419,424**	**2,419,424**	**119,900,741**

This concludes the remuneration report, which has been audited.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to period end 5,000,000 options were granted in two equal tranches with an exercise price of $0.045 and $0.050 respectively expiring on 30 September 2026.

Other than the above, 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 (4th 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	2023 ($)
Audit and review of financial statements	79,074
Non-audit services:	
Taxation compliance services	23,691
Assistance with R&D returns	15,300
Total non-audit services	**38,991**
TOTAL	**118,065**

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: 4 August 2023
Christopher McLaughlin **CEO & Managing Director**	**Signature:**

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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 2023, 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

4 August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	NOTE	YEAR ENDED	
		2023 ($)	2022 ($)
REVENUE			
Revenue	2.2	112,185,921	104,097,372
Other Income	2.3	142,396	15,020
		112,328,317	**104,112,392**
EXPENSES			
Purchase of goods		73,306,220	70,723,748
Employee and labour related costs		32,202,256	29,354,131
Depreciation & amortisation		1,189,424	1,370,752
Corporate transaction costs		24,506	625,400
Other expenses		1,847,378	1,871,779
Foreign exchange losses		31,243	42,253
Share based compensation		375,431	(45,414)
Redundancy and business restructure		97,692	513,775
Finance costs		189,022	110,741
		109,263,172	**104,567,165**
PROFIT/(LOSS) BEFORE INCOME TAX		**3,065,145**	**(454,772)**
Income tax expense / (benefit)	2.4	1,339,603	(926,141)
PROFIT AFTER INCOME TAX FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF CIRRUS NETWORKS HOLDINGS LIMITED		**1,725,542**	**471,369**
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		**1,725,542**	**471,369**

EARNINGS PER SHARE FROM CONTINUING OPERATIONS	NOTE	CENTS	CENTS
Basic earnings per share	2.5	0.186	0.051
Diluted earnings per share	2.5	0.186	0.051

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 2023

	NOTE	YEAR ENDED 2023 ($)	YEAR ENDED 2022 ($)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	13,883,009	9,580,888
Trade and other receivables	4.2	15,036,401	16,338,560
TOTAL CURRENT ASSETS		**28,919,410**	**25,919,448**
NON-CURRENT ASSETS			
Property, plant and equipment	3.1	620,270	629,853
Right-of-use assets	3.2	1,262,858	1,860,670
Intangible assets	3.3	7,593,955	7,775,509
Deferred tax asset	2.4	3,632,392	4,971,995
TOTAL NON-CURRENT ASSETS		**13,109,475**	**15,238,027**
TOTAL ASSETS		**42,028,885**	**41,157,475**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4.3	20,595,440	21,357,948
Provisions	4.4	1,116,559	914,360
Lease liabilities	3.2	601,939	642,311
TOTAL CURRENT LIABILITIES		**22,313,938**	**22,914,619**
NON-CURRENT LIABILITIES			
Provisions	4.4	149,399	176,340
Lease liabilities	3.2	756,734	1,358,675
TOTAL NON-CURRENT LIABILITIES		**906,133**	**1,535,015**
TOTAL LIABILITIES		**23,220,071**	**24,449,634**
NET ASSETS		**18,808,814**	**16,707,841**
EQUITY			
Issued capital	5.1	15,019,054	15,019,054
Reserves	6.1	596,291	220,860
Retained earnings		3,193,469	1,467,927
TOTAL EQUITY		**18,808,814**	**16,707,841**

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 2023

	ISSUED CAPITAL ($)	RESERVES ($)	RETAINED EARNINGS ($)	TOTAL ($)
Balance at 1 July 2021	**14,973,867**	**266,274**	**996,558**	**16,236,699**
Profit after income tax expense 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	45,187	-	-	**45,187**
Share Based Payments vesting (note 6.1)	-	(45,414)	**-**	**(45,414)**
BALANCE AT 30 JUNE 2022	**15,019,054**	**220,860**	**1,467,927**	**16,707,841**

	ISSUED CAPITAL ($)	RESERVES ($)	RETAINED EARNINGS ($)	TOTAL ($)
Balance at 1 July 2022	**15,019,054**	**220,860**	**1,467,927**	**16,707,841**
Profit after income tax expense for the year	-	-	1,725,542	**1,725,542**
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**1,725,542**	**1,725,542**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Share Based Payments vesting (note 6.1)	-	375,431	**-**	**375,431**
BALANCE AT 30 JUNE 2023	**15,019,054**	**596,291**	**3,193,469**	**18,808,814**

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 2023

	NOTES	YEAR ENDED 2023 ($)	YEAR ENDED 2022 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		124,675,620	122,532,868
Payments to suppliers and employees (inclusive of GST)		(119,228,849)	(119,399,516)
Net interest (paid) / received		(48,252)	(119,803)
NET CASH FLOWS FROM OPERATING ACTIVITIES	4.1	**5,398,519**	**3,013,549**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(294,295)	(283,922)
Payments for intellectual property		(40,373)	(84,043)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(334,668)**	**(367,965)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(761,730)	(854,194)
Proceeds from exercise of options		-	45,187
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(761,730)**	**(809,007)**
Net movement in cash and cash equivalents		**4,302,121**	**1,836,577**
Cash and cash equivalents at the beginning of the financial year		**9,580,888**	**7,744,311**
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR		**13,883,009**	**9,580,888**

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 2023

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.
  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 2022. 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 2022.

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

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	
		2023 ($)	2022 ($)
PRODUCT TYPE			
Product sales		78,284,256	73,355,933
Professional services		18,499,978	16,645,166
Managed services		15,401,687	14,096,273
		112,185,921	104,097,372
TIMING OF TRANSFER OF GOODS AND SERVICES			
Point in time		78,284,256	73,355,933
Over time		33,901,665	30,741,439
		112,185,921	104,097,372

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		
	2024 ($)	2025 ($)	2026+ ($)
Significant Long-Term Contracts	10,585,274	3,032,578	1,631,765

2.3 OTHER INCOME

	YEAR ENDED	
	2023 ($)	2022 ($)
Other income	142,396	15,020
	142,396	15,020

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 2023 is $3,632,392 (2022: $4,971,995)

	YEAR ENDED	
	2023 ($)	2022 ($)
(A) INCOME TAX EXPENSE/(BENEFIT)		
Current tax	-	-
Deferred tax	1,339,603	(926,141)
Recoupment of prior year tax losses	-	-
TOTAL INCOME TAX EXPENSE/(BENEFIT)	**1,339,603**	**(926,141)**
(B) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Profit/(loss) for the period	3,065,145	(454,772)
Prima facie tax payable at 30%	919,544	(136,432)
ADD TAX EFFECT OF:		
Non-deductible expenses	112,629	(8,463)
Movement in timing differences not brought to account	(20,148)	-
Previously unrecognized deferred tax assets brought to account	327,578	(510,398)
Deferred tax asset on losses brought to account	-	(270,848)
INCOME TAX BENEFIT / (EXPENSE)	**1,339,603**	**(926,141)**
(C) DEFERRED TAX LIABILITY		
Contract asset	-	-
Prepaid expenditure	-	3,109
Intangible	33,968	18,040
Other temporary differences	516,278	1,216,272
Offset of deferred tax assets	(550,246)	(1,237,421)
NET DEFERRED TAX LIABILITY RECOGNISED	-	-

2.4 INCOME TAX (Continued)

(D) DEFERRED TAX ASSET	2023 ($)	2022 ($)
Tax losses and R&D	2,594,606	4,210,961
Other temporary differences	1,588,032	1,998,455
	4,182,638	**6,209,416**
Offset of deferred tax liabilities	(550,246)	(1,237,421)
NET DEFERRED TAX ASSETS RECOGNISED	**3,632,392**	**4,971,995**
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	
	2023	2022
BASIC EPS		
Profit attributable to the owners of Cirrus Networks Holdings Limited	$1,725,542	$471,369
Weighted average number of ordinary shares	930,006,385	929,765,857
Basic Earnings per share – cents	**0.186**	**0.051**
DILUTED EPS		
Profit attributable to the owners of Cirrus Networks Holdings Limited	$1,725,542	$471,369
Weighted average number of ordinary shares	930,006,385	929,765,857
Diluted Earnings per share – cents	**0.186**	**0.051**

The number of options on issue at 30 June 2023 is 40,199,999 (2022: 16,900,000). No options were considered dilutive (2022: Nil) as the average market price of the ordinary shares did not exceed the exercise price of the options.

The number of performance rights on issue at 30 June 2023 is 15,982,403 (2022: Nil). No performance rights were considered dilutive (2022: Nil).

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	CONSOLIDATED	
	2023 ($)	2022 ($)
Computer and office equipment – at cost	256,783	626,596
Less: Accumulated depreciation	(200,726)	(435,845)
	56,057	**190,751**
Hosting Infrastructure – at cost	717,405	423,111
Less: Accumulated depreciation	(315,459)	(214,772)
	401,946	**208,339**
Leasehold Improvements – at cost	324,049	381,828
Less: Accumulated depreciation	(161,782)	(151,065)
	162,267	**230,763**
	620,270	**629,853**

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 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**
Additions	-	294,295	-	294,295
Depreciation expense	(134,694)	(100,688)	(68,496)	(303,878)
BALANCE AT 30 JUNE 2023	**56,057**	**401,946**	**162,267**	**620,270**

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 iseasonnably 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	
	2023 ($)	2022 ($)
Buildings – right-of-use assets	2,849,472	2,783,665
Less: Accumulated amortisation	(1,586,614)	(922,995)
	1,262,858	**1,860,670**

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 2021	**2,199,806**
Additions	298,840
Amortisation expense	(637,976)
BALANCE AT 30 JUNE 2022	**1,860,670**
Additions	65,807
Amortisation expense	(663,619)
BALANCE AT 30 JUNE 2023	**1,262,858**

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 intangible asset impairment testing as outlined in note 3.3. No issues around recoverability were identified.

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

LEASE LIABILITIES	YEAR ENDED	
	2023 ($)	2022 ($)
Lease Liabilities – current	601,939	642,311
Lease Liabilities – non-current	756,734	1,358,675
	1,358,673	**2,000,986**

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	
	2023 ($)	2022 ($)
Interest Expense (included in finance costs)	(53,612)	(31,618)
Amortisation charge of right-of-use assets (Buildings)	(663,619)	(637,976)

Cash outflow

The total outflow for leases in 2023 was $761,730 (2022: $854,194)

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.

	CONSOLIDATED	
	2023 ($)	2022 ($)
Intangible assets	274,349	455,903
Goodwill – at cost	7,319,606	7,319,606
	7,593,955	**7,775,509**

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 2021	**8,140,316**
Additions	84,042
Accumulated amortisation and impairment	(448,849)
BALANCE AT 30 JUNE 2022	**7,775,509**
Additions	40,373
Accumulated amortisation and impairment	(221,927)
BALANCE AT 30 JUNE 2023	**7,593,955**

For the purpose of impairment testing, intangibles are allocated to one (2022: one) Cash Generating Unit ('CGU') which are part of one (2022: one) reportable segment. As at 30 June 2023, 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 our CGU:

DESCRIPTION	2023 CGU	2022 CGU
Sales growth (% annual growth rate)	2.5	2.5
Budgeted blended gross margin (%)	15.7	16.3
Other operating costs – year 1 ($'000)	12,878	12,401
Annual capital expenditure – year 1 ($'000)	300	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.
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.

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 (2022: 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	CONSOLIDATED	
	2023 ($)	2022 ($)
CASH AT BANK	13,883,009	9,580,888

RECONCILIATION OF THE NET PROFIT AFTER INCOME TAX TO THE NET CASH FLOWS USED IN OPERATIONS	CONSOLIDATED	
	2023 ($)	2022 ($)
PROFIT FOR THE YEAR	**1,725,542**	**471,369**
Cash flows excluded from profit attributable to operating activities non-cash flows in profit:		
Depreciation and amortisation	525,805	732,776
Amortisation from leases	663,619	637,976
Employee remuneration (options and performance rights)	375,431	(45,414)
Changes in assets and liabilities (net effect):		
decrease in trade and other receivables	1,302,159	8,001,678
decrease/(increase) in deferred tax asset	1,339,603	(926,141)
(decrease) in trade and other payables	(708,898)	(5,812,069)
increase/(decrease) in employee benefits	175,258	(46,626)
CASH FLOW FROM OPERATIONS	**5,398,519**	**3,013,549**

Non-cash investing and financing activities

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

2023

- Share based payments to employees under the employee share scheme for no cash consideration – note 6.1
- Acquisition of right-of-use assets – note 3.2

2022

- Share based payments to employees under the employee share scheme for no cash consideration – note 6.1
- Share based payments 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	
	2023 ($)	2022 ($)
Cash and cash equivalents	13,883,009	9,580,888
Borrowings	-	-
NET CASH BEFORE LEASES	**13,883,009**	**9,580,888**
Lease Liabilities	(1,358,673)	(2,000,986)
NET CASH	**12,524,336**	**7,579,902**

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	
	2023 ($)	2022 ($)
Trade receivables	11,100,233	13,669,990
Contract asset	1,781,915	906,952
Other receivables	2,154,253	1,761,618
	15,036,401	**16,338,560**

Contract assets

Contract assets relate to professional and managed services work performed at 30 June 2023 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 $337,592 as at 30 June 2023 (2022: $643,281). There is no history of default by the relevant customers and we remain confident that these receivables are collectable. An expected credit loss of $86,225 (2022: $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	
	2023 ($)	**2022 ($)**
0 to 1 month overdue	237,503	551,839
1 to 3 months overdue	65,085	61,326
Over 3 months overdue	35,004	30,116
	337,592	**643,281**

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	
	2023 ($)	**2022 ($)**
Trade payables	17,272,408	20,094,980
Contract liabilities	1,095,613	742,510
Accruals	1,739,503	452,923
Other payables	487,916	67,535
	20,595,440	**21,357,948**

Contract liabilities

Contract liabilities relate to professional and managed services which have been invoiced at 30 June 2023 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	
	2023 ($)	2022 ($)
Annual leave	870,149	821,162
Long service leave	246,410	93,198
	1,116,559	**914,360**

NON-CURRENT PROVISIONS	YEAR ENDED	
	2023 ($)	2022 ($)
Long service leave	149,399	176,340
	149,399	**176,340**

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			
	2023 (Number)	2022 (Number)	2023 ($)	2022 ($)
Share Capital	930,006,385	930,006,385	16,540,030	16,540,030
Capital Raising Costs	-	-	(1,520,976)	(1,520,976)
	930,006,385	**930,006,385**	**15,019,054**	**15,019,054**

MOVEMENT RECONCILIATION	YEAR ENDED			
	2023 (Number)	2022 (Number)	2023 ($)	2022 ($)
Balance at the beginning of the year	930,006,385	928,715,314	15,019,054	14,973,867
Exercise of options	-	1,291,071	-	45,187
BALANCE AT THE END OF THE YEAR	**930,006,385**	**930,006,385**	**15,019,054**	**15,019,054**

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

OPTION CLASS	NUMBER		EXERCISE PRICE	EXPIRY DATE
	2023	2022		
CNWOPT10	-	4,600,000	$0.060	31/12/2022
CNWOPT11	-	4,600,000	$0.080	31/12/2022
CNWOPT16	-	1,000,000	$0.050	30/06/2023
CNWOPT17	-	1,000,000	$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	1,600,000	$0.035	31/12/2023
CNWOPT23	1,600,000	1,600,000	$0.045	31/12/2023
CNWOPT30	8,250,000	-	$0.045	30/09/2026
CNWOPT31	8,250,000	-	$0.050	30/09/2026
CNWOPT30-1	1,666,667	-	$0.045	30/09/2026
CNWOPT31-1	1,666,666	-	$0.050	30/09/2026
CNWOPT32-1	1,666,666	-	$0.055	30/09/2026
CNWOPT30-2	4,333,334	-	$0.045	30/09/2026
CNWOPT31-2	4,333,333	-	$0.050	30/09/2026
CNWOPT32-2	4,333,333	-	$0.055	30/09/2026
TOTAL	**40,199,999**	**16,900,000**		

5.1 ISSUED CAPITAL (Continued)

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

PERFORMANCE RIGHTS CLASS	NUMBER	
	2023	2022
CNWPR1-1.1	1,173,020	-
CNWPR1-1.2	1,173,021	-
CNWPR1-1.3	1,173,021	-
CNWPR1-1.4	4,154,447	-
CNWPR1-1.5	4,154,447	-
CNWPR1-1.6	4,154,447	-
TOTAL	**15,982,403**	**-**

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

OPTION MOVEMENTS	NO.
BALANCE AS AT 30 JUNE 2021	**90,600,000**
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**
Options granted during the year	35,499,999
Options forfeited, cancelled, or expired during the year	(12,200,000)
BALANCE AS AT 30 JUNE 2023	**40,199,999**

PERFORMANE RIGHTS MOVEMENTS	NO.
BALANCE AS AT 30 JUNE 2021	**-**
Performance Rights granted during the year	-
BALANCE AS AT 30 JUNE 2022	**-**
Performance Rights granted during the year	15,982,403
BALANCE AS AT 30 JUNE 2023	**15,982,403**

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. Performance Rights are valued by an independent expert using the Monte Carlo simulation model. Share options are valued using a Black-Scholes option pricing model. A number of inputs to the valuation are considered, including the exercise price, the term of the instrument, 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 instrument.

Transactions with employees and others providing similar service are measured by reference to the fair value at grant date of the equity instrument granted.

RESERVES	YEAR ENDED	
	2023 ($)	2022 ($)
Equity Settled Employee Benefits Reserve	596,291	220,860
	596,291	**220,860**

The movement in reserves relates to continued vesting expense of share based payments on issue.

Share based payments

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

Options on Issue

OPTIONS AS AT 30 JUNE 2023								
CLASS	NUMBER OF OPTIONS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	FAIR VALUE PER OPTION AT GRANT DATE	VESTING DATE	% VESTED
CNWOPT20	1,250,000	8/11/2019	11/11/2023	$0.070	$0.0420	$0.0252	Vested	100%
CNWOPT21	1,250,000	8/11/2019	11/11/2023	$0.090	$0.0420	$0.0233	Vested	100%
CNWOPT22	1,600,000	31/03/2020	31/12/2023	$0.035	$0.0180	$0.0098	Vested	100%
CNWOPT23	1,600,000	31/03/2020	31/12/2023	$0.045	$0.0180	$0.0090	Vested	100%
CNWOPT30	8,250,000	30/09/2022	30/09/2026	$0.045	$0.0320	$0.0108	30/09/2023	0%
CNWOPT31	8,250,000	30/09/2022	30/09/2026	$0.050	$0.0320	$0.0099	30/09/2024	0%
CNWOPT30-1	1,666,667	30/09/2022	30/09/2026	$0.045	$0.0320	$0.0108	30/09/2023	0%
CNWOPT31-1	1,666,666	30/09/2022	30/09/2026	$0.050	$0.0320	$0.0099	30/09/2024	0%
CNWOPT32-1	1,666,666	30/09/2022	30/09/2026	$0.055	$0.0320	$0.0090	30/09/2025	0%
CNWOPT30-2	4,333,334	29/11/2022	30/09/2026	$0.045	$0.0335	$0.0113	30/09/2023	0%
CNWOPT31-2	4,333,333	29/11/2022	30/09/2026	$0.050	$0.0335	$0.0103	30/09/2024	0%
CNWOPT32-2	4,333,333	29/11/2022	30/09/2026	$0.055	$0.0335	$0.0094	30/09/2025	0%
	40,199,999							

6.1 SHARE BASED PAYMENTS (Continued)

OPTIONS AS AT 30 JUNE 2022								
CLASS	NUMBER OF OPTIONS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	FAIR VALUE PER OPTION AT GRANT DATE	VESTING DATE	% VESTED
CNWOPT10	4,600,000	24/09/2019	31/12/2022	$0.060	$0.0410	$0.0356	Vested	100%
CNWOPT11	4,600,000	24/09/2019	31/12/2022	$0.080	$0.0410	$0.0323	Vested	100%
CNWOPT16	500,000	2/10/2019	30/06/2023	$0.050	$0.0430	$0.0283	Vested	100%
CNWOPT17	500,000	2/10/2019	30/06/2023	$0.070	$0.0430	$0.0258	1/10/2022	0%
CNWOPT16	300,000	20/01/2020	30/06/2023	$0.050	$0.0380	$0.0464	Vested	100%
CNWOPT17	300,000	20/01/2020	30/06/2023	$0.070	$0.0380	$0.0416	20/01/2023	0%
CNWOPT16	200,000	20/07/2020	30/06/2023	$0.050	$0.0240	$0.0224	Vested	100%
CNWOPT17	200,000	20/07/2020	30/06/2023	$0.070	$0.0240	$0.0192	19/07/2023	0%
CNWOPT20	1,250,000	8/11/2019	11/11/2023	$0.070	$0.0420	$0.0252	Vested	100%
CNWOPT21	1,250,000	8/11/2019	11/11/2023	$0.090	$0.0420	$0.0233	Vested	100%
CNWOPT22	1,600,000	31/03/2020	31/12/2023	$0.035	$0.0180	$0.0263	Vested	100%
CNWOPT23	1,600,000	31/03/2020	31/12/2023	$0.045	$0.0180	$0.0242	15/04/2023	0%
	16,900,000							

Performance Rights on Issue

PERFORMANCE RIGHTS AS AT 30 JUNE 2023								
CLASS	NUMBER OF OPTIONS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	SHARE PRICE AT GRANT DATE	FAIR VALUE PER RIGHT AT GRANT DATE	VESTING CONDITION – SHARE PRICE TARGET	% VESTED
CNWPR1-1.1	1,173,020	29/11/2022	30/09/2025	Nil	$0.0320	$0.0343	$0.0392	0%
CNWPR1-1.2	1,173,021	29/11/2022	30/09/2025	Nil	$0.0320	$0.0275	$0.0451	0%
CNWPR1-1.3	1,173,021	29/11/2022	30/09/2025	Nil	$0.0320	$0.0158	$0.0519	0%
CNWPR1-1.4	4,154,447	30/09/2022	30/09/2025	Nil	$0.0335	$0.0331	$0.0392	0%
CNWPR1-1.5	4,154,447	30/09/2022	30/09/2025	Nil	$0.0335	$0.0261	$0.0451	0%
CNWPR1-1.6	4,154,447	30/09/2022	30/09/2025	Nil	$0.0335	$0.0149	$0.0519	0%
	15,982,403							

There were no performance rights on issue for the year ended 30 June 2022.

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.

OPTIONS	YEAR ENDED			
	2023		2022	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding at the beginning of year	16,900,000	0.066	90,600,000	0.050
Granted during the year	35,499,999	0.049	-	-
Forfeited during the year	(1,000,000)	0.048	(36,075,000)	0.050
Exercised during the year	-	-	(1,291,071)	0.035
Expired during the year	(11,200,000)	0.068	(36,333,929)	0.045
Outstanding at the end of year	**40,199,999**	**0.050**	**16,900,000**	**0.065**
Exercisable at the end of the year	5,700,000	0.058	14,300,000	0.066

The options outstanding at 30 June 2023 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 2.86 years (2022: 0.9 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:

SHARE BASED PAYMENTS	YEAR ENDED	
	2023 ($)	2022 ($)
Expense from those issued under employee plan	**375,431**	**(45,414)**[1]

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

Fair value of share based payments granted

For the shares based payments 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	YEAR ENDED					
	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

6.1 SHARE BASED PAYMENTS (Continued)

OPTIONS – KEY MANAGEMENT PERSONAL AND OTHER EMPLOYEES	YEAR ENDED				
	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

PERFORMANCE RIGHTS – KEY MANAGEMENT PERSONAL	YEAR ENDED					
	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	YEAR ENDED		
	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	$0.0320	$0.0320	$0.0320
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

6.1 SHARE BASED PAYMENTS (Continued)

There were no share based payments 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	
	2023 ($)	2022 ($)
Audit and review of financial statements	79,074	70,630
Non-audit services:		
Taxation compliance services	23,691	29,217
Assistance with R&D returns	15,300	53,716
Total non-audit services	**38,991**	**82,933**
TOTAL	**118,065**	**153,563**

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	
	2023 ($)	2022 ($)
Short-term employee benefits	889,979	1,018,886
Post-employment benefits (superannuation)	78,187	81,719
Share-based payments	171,183	(76,137)
	1,139,349	**1,024,468**

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*	2023 ($)	2022 ($)
Group 1	142,780	331,202
Group 2	11,043,678	13,392,335
Group 3	-	-
TOTAL TRADE RECEIVABLES	**11,186,458**	**13,723,537**

**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 $86,225 (2022: $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 2023	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	18,855,938	-	-	-	**18,855,938**	**18,855,938**
Borrowings	-	-	-	-	-	-
Lease liabilities	678,739	508,310	281,956	-	**1,469,005**	**1,358,673**
TOTAL	**19,534,677**	**508,310**	**281,956**	**-**	**20,324,943**	**20,214,611**

6.6 PARENT ENTITY DISCLOSURES

a) Financial Position

	YEAR ENDED	
	2023 ($)	2022 ($)
ASSETS		
Current Assets	36,513	36,670
Non-Current Assets	11,632,392	12,971,995
TOTAL ASSETS	**11,668,905**	**13,008,665**
LIABILITIES		
Current Liabilities	59,439	116,999
Non-Current Liabilities	1,265,543	925,037
TOTAL LIABILITIES	**1,324,982**	**1,042,036**
EQUITY		
Issued Capital	13,989,951	14,035,139
Reserves	596,291	220,862
Accumulated Losses	(4,242,319)	(2,289,372)
TOTAL EQUITY	**10,343,923**	**11,966,629**

b) Statement of Profit or Loss and other Comprehensive Income

	YEAR ENDED	
	2023 ($)	2022 ($)
(Loss) / Profit for the year after tax	(1,952,947)	442,107
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME	**(1,952,947)**	**442,107**

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 2023, 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 2022.

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 2023. These include:

AASB 2021-1 (issued March 2021) *'Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current'*

Application Date: Annual reporting periods beginning on or after 1 January 2024

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 2025 balance sheet (and 30 June 2024 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 2022-2 (issued March 2022) *'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 2024

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 2024.

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 2023.

6.9 SUBSEQUENT EVENTS

Subsequent to period end 5,000,000 options were grated in two equal tranches with an exercise price of $0.045 and $0.050 respectively expiring on 30 September 2026.

Other than the above, 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 2023

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 2023 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: 4 August 2023
Christopher McLaughlin **CEO & Managing Director**	**Signature:**

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Australia

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 2023, 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 2023 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: o Assessing the discount rate used by involving internal valuation experts and comparing to market data and industry; o Comparing forecast growth rates with historical results and economic and industry forecasts ; o 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 o 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 the 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 over time. 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 the timing of revenue recognition and the determination of whether the group is acting as a principal 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 2023, 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 13 to 19 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Cirrus Networks Holdings Limited, for the year ended 30 June 2023 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

4 August 2023

Shareholder Information

DISTRIBUTION OF SHAREHOLDERS

At the date of this report the analysis of numbers of equity holders by size of holding for ordinary fully paid shares in the Company are shown below:

NUMBER OF SHARES HELD	HOLDERS	UNITS
1 – 1,000	60	6,031
1,001 – 5,000	116	397,844
5,001 – 10,000	70	571,902
10,001 – 100,000	604	25,203,342
100,001 and over	548	903,827,266
TOTAL	**1,398**	**930,006,385**

The number of shareholders holding less than a marketable parcel of 12,821 shares: 453

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	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	73,193,037	7.87%
2	ADAM WATERWORTH	51,897,452	5.58%

SUBSTANTIAL OPTION AND PERFORMANCE RIGHTS HOLDERS

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

NO.	NAME OF PERFORMANCE RIGHTS HOLDER	NUMBER HELD	PERCENTAGE
	TOTALS – TOP HOLDERS	**-**	**0%**
	TOTALS – REMAINING HOLDERS	**15,982,403**	**100%**

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	ADAM WATERWORTH	3,000,000	7%
	TOTALS – TOP HOLDERS	**3,000,000**	**7%**
	TOTALS – REMAINING HOLDERS	**42,199,999**	**93%**

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	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	73,193,037	7.87%
2	EL ROCIO PTY LTD	51,897,452	5.58%
3	ALCOTRACK PTY LTD	36,823,387	3.96%
4	ALET INVESTMENTS PTY LTD	23,625,000	2.54%
5	H&G HIGH CONVICTION LIMITED	23,437,500	2.52%
6	MR MARK NEIL BLACKBURNE OLIVER	22,000,000	2.37%
7	DMX CAPITAL PARTNERS LIMITED	21,619,866	2.32%
8	ALET INVESTMENTS PTY LTD	19,348,000	2.08%
9	WESCARE PTY LTD	18,800,000	2.02%
10	MR MATTHEW GREEN & MRS NATALIE GREEN	17,900,000	1.92%
11	MR GRAHAME GILSON	17,466,478	1.88%
12	NATIONAL NOMINEES LIMITED	16,675,029	1.79%
13	CERTANE CT PTY LTD	14,762,857	1.59%
14	GETTYSBURG INVESTMENT COMPANY PTY LTD	13,995,000	1.50%
15	VANWARD INVESTMENTS LIMITED	12,156,537	1.31%
16	MR MATTHEW CHARLES MILNER	11,802,500	1.27%
17	MR CHRISTOPHER STEVENS	11,779,477	1.27%
18	CERTANE CT PTY LTD	10,657,143	1.15%
19	MR GAVIN BRADLEY LEHMANN & MRS MICHELLE YVETTE LEHMANN	10,000,000	1.08%
20	PACKENHAM PTY LTD	9,300,000	1.00%
	TOTALS – TOP 20	**437,239,263**	**47.01%**
	TOTALS – REMAINING SHAREHOLDERS	**492,767,122**	**52.99%**

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS	REGISTER OF SECURITIES
Cirrus Networks Holdings Limited Level 28, 108 St Georges Terrance 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