



Qoria Limited Annual Report

for the year ended 30 June 2023



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Corporate information

Directors

Tim Levy	Managing Director
Peter Pawlowitsch	Non-Executive Chairman
Crispin Swan	Executive Director (resigned 8 February 2023)
Phil Warren	Non-Executive Director
Matthew Stepka	Non-Executive Director
Georg Ell	Non-Executive Director
Dr Jane Watts	Non-Executive Director

Company secretary

Emma Waters (resigned 30 August 2022)
 Dan Robinson (resigned 3 April 2023) and Arron Canicais
 (resigned 3 April 2023)
 Kate Sainty (appointed 3 April 2023)

Registered and principal administrative office

945 Wellington Street
 WEST PERTH WA 6005
 Telephone: +61 8 9322 7600

Principal place of business

Level 3, 45 St George Terrace
 PERTH WA 6000
 Telephone: 1300 398 326

ESG at Qoria

Please refer to the Company website (www.qoria.com)
 to read the Qoria Limited [Corporate Governance Statement](#) & [ESG Report](#)

Share register

Computershare Investor Services Pty Ltd
 Level 17, 221 St Georges Terrace
 Perth WA 6000

Auditors

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

Securities exchange listing

Limited is listed on the Australian Securities Exchange
 (ASX Code: QOR)

Chairman's message

Dear Shareholders

On behalf of the Board of Directors, I am pleased to report on the activities of Qoria Limited (the "Company") and its controlled entities ("Qoria" or the "Group") for the financial year ended 30 June 2023. The Group continues to execute on its plan to deliver for its investors as well as its customers in the global community, scaling, developing and expanding its product offerings as the world's only truly global digital safety and student wellbeing provider.



This financial year the Group completed the acquisition of leading parental control provider Qustodio, adding a world-leading parental control product to its suite along with an exceptional team based in Barcelona, Spain. Educator Impact also joined the Group in October 2022 with its important wellbeing product, Pulse, which provides schools with invaluable insights on the wellbeing of their students and, importantly, offers assistance to those students that need it.

This recent expansion, following a number of years of successful organic and acquired growth, provided the catalyst for a Group-wide rebranding which provides significant long term strategic benefits. The Qoria brand is a representation of what our Group has become and what it strives to achieve. The single Group-wide brand allows our customers to become aware of our broad product suite and unifies our organisation internally, strengthening the ties of our global team. The Qoria brand also ties together our complementary products which are now being cross-sold across markets in the United Kingdom, United States of America, Australia, New Zealand and Europe.

Annual Recurring Revenue has grown 65% from \$61 million in June 2022 to \$100.0 million in July 2023. Of this, \$21.3 million was delivered through organic growth and \$17.7 million through acquisition, representing organic growth of 35%.

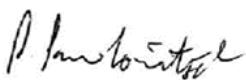
Regulatory, funding and industry tailwinds continue to be present throughout the industry which positions the Group well to deliver further growth over the coming years. In the US over \$125 billion of residual funding will be apportioned over time with a portion likely to be relevant to Qoria's online safety product offering in US schools. Legislation continues to be implemented in the US with the latest round of regulations being implemented (effective September 2024) in Texas. These laws require that parents are provided with the resources necessary to understand cyber security risks and online safety before the child uses an electronic device at school amongst other things that align with the services we provide. In addition, cyber security and children's online safety is an ever-growing area of focus with more of our daily lives spent online. The Group provides services whose core purpose is to create a safer environment for children.

Qoria is firmly established as a world leader in online safety and education technology, supporting educators so that children can thrive. The Group now has over 500 employees globally, serving more than 25,000 schools and protecting 20 million children.

With the Group now well-funded through a combination of strong operating cash flows and available facilities, including the Ashgrove Capital Management facility, and with an exceptional management team in place, it is well positioned to continue to grow through key markets.

I would like to thank our Staff and Executives for their contribution to the business during FY23 which was a highly successful year for the Group. I would also like to thank our Shareholders and fellow Board members for their support.

None of us is as powerful as all of us.



Peter Pawlowitsch

Chairman

Qoria Limited

Review of operations

Operational results

The Group reported total revenue and other income for the year ended 30 June 2023 of \$82,428,599 (30 June 2022: \$45,180,652) with revenue from ordinary activities being \$81,881,785 (30 June 2022: \$44,725,569). The net loss attributable to members of the Group for the year ended 30 June 2023 amounted to \$86,720,022 (30 June 2022: \$64,015,461). A summary of operational results is presented below:

	% increase/ (decrease) over corresponding period	30 June 2023 \$	30 June 2022 \$
Revenue from ordinary activities	83%	81,881,785	44,725,569
Profit/(loss) after tax from ordinary activities attributable to members	(35%)	(86,720,022)	(64,015,461)
Total comprehensive income / (loss) for the period attributable to members	(3%)	(77,992,315)	(75,378,179)
Profit/(loss) from ordinary activities after tax attributable to members excluding share based deferred consideration	(6%)	(68,168,904)	(64,015,461)
Underlying EBITDA / (negative EBITDA)	70%	(12,523,594)	(41,575,275)

Underlying EBITDA is a measure used by the Group to assess the underlying performance of the business, excluding the impact of depreciation, amortisation, taxation, financing costs as well as any significant non-operating costs:

	% increase/ (decrease) over corresponding period	30 June 2023 \$	30 June 2022 \$
Net profit/(loss) for the period attributable to members	(3%)	(77,992,315)	(75,378,179)
Less: Income tax (benefit) / expense	(207%)	(4,347,982)	(1,414,093)
Less: Depreciation and amortisation	(128%)	24,009,325	10,532,162
Less: Finance costs	(156%)	5,367,656	2,093,952
Less: Acquisition related expenses	50%	1,546,931	3,101,906
Less: Share based payments - employment related	(4%)	20,341,673	19,488,977
Less: Share based payments - deferred consideration	(100%)	18,551,118	-
Underlying EBITDA / (negative EBITDA)	70%	(12,523,594)	(41,575,275)

While total comprehensive loss remained consistent (within 5% of prior year) when compared to the prior year, underlying EBITDA has strengthened significantly which is consistent with the Group's targeted approach to achieve operating cash flow break-even point in the near term.

Review of operations

Review of operations

The Group continued its momentum during the year, building on its successes. During the year ended 30 June 2023, the Group:

- Successfully launched its new brand and name, Qoria, which recognises the global significance of the Group and offers long term value by moving to a singular brand and employment value proposition, globally.
- Scaled significantly and grew organically with both its existing and newly-added product offerings, achieving total ARR (Annual Recurring Revenue) in excess of \$97 million at 30 June 2023 and reaching the targeted \$100 million subsequently, in July 2023. As at 31 July 2023, this ARR has reached \$100 million as the US and UK move through their peak selling seasons (being the Northern Hemisphere back-to-school period).
- Added Qustodio, a world leader in parental control technology, to the Group in August 2022. The Qustodio consumer product was launched into the UK, US, Australian and New Zealand education technology markets throughout the year and a strategy has been developed to drive this growth globally.
- Expanded its wellbeing offering with the addition of Educator Impact, an innovative student wellbeing provider, in October 2022. The Educator Impact “Pulse” product was almost immediately launched to the Group’s existing edu-tech customers and partners.
- Experienced its first ever operating cash flow positive quarter, as announced on 27 October 2022, following a record \$23.5m in cash receipts and controlled costs.
- Entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital. Subsequent to year end, the initial drawdown of \$20 million was made on 14 July 2023. Refer to Note 15 in the accompanying notes to the consolidated financial statements for further details.



Business strategies

Qoria’s entire business is focused on protecting and supporting the digital journey of children.

Our mission is to protect and better children’s lives. To empower communities through holistic online safety tools & advice. To support educators so that children can thrive. To be a global influence in online safety. We seek to deliver our staff their best ever employment experience and to deliver exceptional returns for our investors.

One of the Group’s key objectives is to achieve scale and operating leverage in the provision of online safety tools and advice. This encompasses organic growth as well as growth through acquisition of other similar businesses to open the Company to new opportunities and leverage its past acquisitions and achievements.

The technologies acquired to date have been complementary to those which already existed within the Group. In this way, the Group is able to provide a 360 degree safety and wellbeing solution which protects children and school services, enables intervention when students are at risk and supports school and community safety and wellbeing programs.

Review of operations

By offering a suite of complementary technologies to a range of closely related markets the Group is able to cross-sell its full suite of products to its existing customer base as well as new customers. Strategically, this allows the Company to leverage existing customer relationships and satisfy customers' growing needs, adding value where it is increasingly demanded. For example, the launch of the Educator Impact Pulse product, which provides a tool for educators to help understand their students' wellbeing, has been instantly well received with the existing school customers. Through our Community product, the Qustodio parental control solution can be promoted.

The financial impact of this strategy is a stable, growing recurring revenue stream with incremental customer acquisition costs that reduce with growth. It also allows for operating efficiencies achieved through scale by combining functions across the Group.

The Group targets the United States, United Kingdom and European markets, as well as local markets in Australia and New Zealand with its core Education products that are generally marketed to schools. With the introduction of Qustodio during the period, the Group's customer footprint has now expanded to over 100 countries around the world. The Qustodio product is offered in 9 languages.

Financially, the Group's focus has been on the execution of its plan to reach an operating cash flow break-even point by the end of the 2023 financial year before targeting cash EBITDA profitability in 2024. Management's strategy is a combination of effective cost control combined with continued growth in Group revenues. Cost synergies resulting from recent acquisitions are expected to be realised in coming years and the Group's three year goal is to be the largest and most impactful safety and wellbeing provider globally.

Impact of key developments and relevant events throughout the reporting period

The acquisitions of Qustodio on 1 August 2022 and Educator Impact on 1 October 2022 added significantly to the Group's growth during the year ended 30 June 2023. Both have added to the Group's drive to cross-sell to the existing customer base and the Group is beginning to see these products gaining momentum with new and existing customers.

As part of the acquisition of Qustodio, 18,241,404 ordinary shares were issued to vendors on 1 August 2022 along with 7,489 convertible notes with a face value of US\$1,000 each and 80,527,017 deferred consideration rights.

The Educator Impact transaction resulted in 9,744,567 ordinary shares being issued to vendors on 1 October 2022. (Refer to Note 17 – Issued capital for further details). The Group's share capital comprised 1,057,930,869 fully paid ordinary shares as at 30 June 2023.

The Group significantly improved its financing structure and strengthened its balance sheet during the period, settling the balances of its existing debt with Northcity Asset Pty Ltd as well as its Spanish bank borrowings (subsequent to year end) and entered into a \$30,350,000 debt facility provided by Ashgrove Capital Management Ltd. In doing so, it has formed a significant relationship with this London-based firm and expects this to continue throughout the 5 year term of this facility. Earlier, the Group raised approximately \$20 million (before costs) from institutional and sophisticated investors in March 2023. Refer to Note 15 and Note 17 in the accompanying notes to the consolidated financial statements for further details.

The Group has also established a new Key Management Personnel ("KMP") and Executive Remuneration Framework which includes changes to the remuneration packages of the Managing Director, the Non-Executive Directors and the Executive Leadership Team.

Further details regarding the above key transactions and developments are available throughout the accompanying consolidated financial statements.

Current and upcoming strategic initiatives

The Group continues working on a deliberate commercialisation strategy aimed at building scale, profit and capability. Each of the Group's education segments are focussed on layering products for new and net new growth.

As the emerging global leader in student digital wellbeing the Company is well positioned for its next strategic steps:

- Unification (2023/2024) - Ongoing unification program to deliver platform efficiencies and CX value.

Review of operations

- **Product expansion** - Investment being made into expanding the Group's high margin, low touch education and wellbeing product suite, such as launches of the Group's Pulse product and the Online Safety Hub to the Group's existing customers. In addition, the Group will consider strategic acquisitions of specific products. This is part of a corporate objective to drive average revenue per unit ("ARPU") to \$10 and grow service margins to over 90%.
- **Market expansion** - By the end of 2023 the Group will have internationalised the EDU UX and launched in Spain for Western Europe. The Group will also look to leverage its global EDU and telecommunication service provider partnerships to further expand outside of English-speaking markets.

Qoria is now firmly established as a world leader in online safety tools and advice, supporting educators so that children can thrive. The Group now has over 500 employees across Australia, the UK, US and Europe, serving more than 25,000 schools and 20 million children.

The Group is well positioned to continue to grow through key markets, plus through the cross sell of additional products within education and of the Qustodio consumer product to its existing students.

Material Business Risks

The Group's key business risk is the material financial risk surrounding the profitability of the Company. The Company continues to trade in a loss-making position, incurring operating cash outflows as it strives to achieve positive operating cash flows through growth.

Some of the other material business risks associated with the Group and its business are detailed below:

Competition risk

The K-12 education and parental controls market is highly competitive. Competition within these markets arises from a number of sources including companies with greater capital resources. Qoria's competitors include telecommunication companies, internet companies and computer, software and hardware manufacturers. The Company's performance could be adversely affected if existing or new competitors limit the Company's subscriber growth strategy through aggressive price competition; marketing, and increasing their competing product and service offerings.

Commercialisation strategy execution risk

The success of the Group's operations relies on consumers subscribing to the Group's consumer services through both retail and wholesale distribution channels. The number of users/subscribers is crucial for the Company to generate income. A slower or reduced uptake in both retail and wholesale subscriber numbers will affect the Company's earnings ability.

International business risks

The Group has operations internationally, notably in the USA, UK, Europe, Australia and New Zealand. Wherever the Group sets up operations it is exposed to a range of multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Group operates. Businesses that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction.

Information technology security & privacy risks

The Group provides a range of products and services reliant on digital technology. As with any digital services, there are inherent risks in terms of security, data protection, regulatory compliance and with respect to the performance and obsolescence of chosen technology which cannot be entirely mitigated.

Security and privacy compliance

Much of the Group's technology is built in-house however, as is normal, much of the platform utilises third party technology and software and runs on technology provided by third party hosting providers. The Group employs both internal and external security and privacy capability to ensure a dedicated approach to security and privacy compliance is in place both internally and with third party providers.

Review of operations

There is a risk that the Group is subjected to technological, security or privacy failures such as data loss, corruption or theft. By way of example, the systems or the suppliers' systems could be subject to a malicious attack resulting in the compromise of services or data, customers networks or customer data. Such events could also result in some or all services being temporarily or permanently disrupted, the loss of intellectual property and the imposition of regulatory fines which may negatively impact the Group's reputation and performance.

Technology choices

Should the services sought after by the Group's existing or prospective customers change overtime and should the Group be unable to accommodate such changes due to existing technology choices, then the Group's products and services may be rendered uncompetitive which could materially adversely affect the business, operating results and financial prospects. In these circumstances the Group would be required to commit resources to developing or acquiring and then deploying new technologies for use in operations and to ensure competitive positioning of its services.

Legal and regulatory risks

The Group provides various services. Amongst other things, the Group's services involve controlling and monitoring online activity in the classroom and at home. Such services are subject to consumer and privacy laws in many jurisdictions. There is a risk that key markets may change laws in areas which may impact the Group's ability to innovate, to trade or may create unexpected costs for the Group. The Group may be subject to other laws in jurisdictions in which it plans to operate and the applicable laws may change from time to time.

Going concern

The financial statements for the year ended 30 June 2023 have been prepared on the basis that the entity is a going concern which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the period the entity incurred net cash outflows from operating activities of \$23,637,853 (30 June 2022: \$37,267,432).

Notwithstanding the above, on 30 June 2023 the Group entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital Management Ltd. Subsequent to balance date, on 14 July 2023 an initial drawdown of \$20,350,000 was made. A further \$10,000,000 remains available for drawdown at the Group's discretion as at the date of this report. Refer Note 15 - Borrowings for further details.

As at 30 June 2023, the Group had a working capital deficit of \$57,963,306 (30 June 2022: \$4,399,552 working capital surplus). On a proforma basis, excluding current contract liabilities of \$42,670,210 (2022: \$29,312,838) and including the Ashgrove Capital Management Ltd facility of \$30,350,000 (2022: nil), the Group had a working capital surplus of \$15,056,904 (2022: \$33,712,390 working capital surplus).

The Directors believe that the entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report based on forecasted cash flows which indicate that the Group will have sufficient cash flows to meet all commitments, working capital requirements and lending covenants during the forecast period.

The cash flow forecast is dependent on the Group complying with terms and conditions of lending (Refer Note 15 - Borrowings) and incorporates various targets for revenues, operating costs and overheads and which is dependent on the Group's ability to achieve various assumptions around growth, retention rates and cost control. At the date of this report and having considered the above factors the Directors are of the opinion that the Group will be able to continue as a going concern.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Integration risks

Review of operations

A newly-acquired business may consume significant management time, attention and effort during the integration phase. The diversion of management time in this manner may result in adverse outcomes elsewhere in the Group's business. The Group's decision to proceed with an acquisition is premised on a variety of assumptions, including the realisation of various synergy benefits primarily costs that can be reduced or removed from the combined Group to improve its overall financial performance as well as through cross selling and growth opportunities. The Group may fail to achieve the synergy benefits that it has forecast. Any failure to realise those benefits in any material respect will likely mean that the Group's forecast financial performance of the combined Group will not be achieved. Where companies acquire customers, the potential risk of customer churn is heightened, given that integration of the new customers may involve product changes or disruptions, pricing changes and service disruptions as a result of poorly executed integration planning. If customer churn in respect of any acquisition is material then the revenue contribution assumptions that the Company has made may not be realised.

Key personnel risk

The Group has a number of Key Management Personnel, and its future depends on retaining and attracting these and other suitable qualified personnel. There is no guarantee the Group will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.

Due diligence risk

The Group has undertaken due diligence on the businesses which it has acquired. There is a risk that the due diligence conducted by the Group will not identify issues that are material and may have affected its decision to pursue an acquisition (or proceed to completion of an acquisition). A material adverse issue which is not identified prior to completion of an acquisition could have an adverse impact on the assumed financial position, financial performance or operations of the combined Group. As is usual in the conduct of acquisitions, a due diligence process undertaken by the Group will identify a number of risks associated with an acquisition, which the Group will have to evaluate and manage. The mechanisms used by the Group to manage these risks may, in certain circumstances, include the acceptance of particular risks as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by the Group may be insufficient to mitigate these risks, or that the materiality of these risks may be underestimated, and hence they may have a material adverse impact on the Group's financial position or performance.

Debt financing and covenant compliance risks

The Group's future financial performance or other events may affect its ability to service its debt obligations or comply with the undertakings in its debt agreements including its compliance with debt covenants. Should the Group not be compliant, it may be subject to unfavourable terms of finance which may include increased finance costs, reductions or restrictions to the availability of financing facilities or the requirement of early settlement of existing debt obligations.

Executive appointment

Ben Jenkins was appointed Chief Financial Officer and commenced in the role on 15 August 2022. Mr Ben Jenkins has over 12 years of experience in senior finance roles with businesses actively investing in emerging technologies. He also has extensive experience in financial and management reporting, treasury, process improvement and internal controls.

Mr Jenkins joins the Company from Australian Finance Group Limited where he held the role of CFO since December 2015. Prior to this he was the Financial Controller and Company Secretary of iiNet Limited and was also a Senior Manager with Ernst and Young. Mr Jenkins is a Chartered Accountant, holds a Bachelor of Commerce degree and is a graduate of the Australian Institute of Company Directors. He is an experienced finance executive with a strong operational background in a listed company environment.

Mr Jenkins replaced Mr Todd Morcombe, who left the Company in early August 2022.

Your Directors have pleasure in submitting their report together with the financial statements of Qoria Limited (formerly Family Zone Cyber Safety Limited) (the 'Company') and its wholly owned subsidiaries (the 'Group' or 'Qoria') for the financial year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

Review of operations

Directors

The Directors in office at any time during the financial year and until the date of this report are as follows:

Mr Tim Levy	Managing Director
Mr Peter Pawlowitsch	Non-Executive Independent Chairman
Mr Crispin Swan	Executive Director – Sales (resigned 8 February 23)
Mr Phil Warren	Non-Executive Independent Director
Mr Matthew Stepka	Non-Executive Independent Director
Mr Georg Ell	Non-Executive Director
Dr Jane Watts	Non-Executive Independent Director

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Company Secretary

Emma Wates held the position of Company Secretary from 1 July 2022 until 30 August 2022.

On 30 August 2022, Dan Robinson and Arron Canicaïs were appointed as Joint Company Secretary. On 3 April 2023, Dan Robinson and Arron Canicaïs resigned as Joint Company Secretary.

On 3 April 2023 Kate Sainty was appointed as Company Secretary.

Principal Activities

Qoria is a technology Group focussed on cyber safety. Meeting a growing demand to keep kids safe online and manage digital lifestyles, Qoria has developed a unique ecosystem-based approach to cyber safety. The Qoria ecosystem is a platform from which cyber safety settings, advice, and support can be delivered across any network and any device – offering a universal approach to cyber safety at home, at school and anywhere in between. The innovation of the Qoria ecosystem is that it not only supports the needs of schools and parents but also that it also permits telecommunication service providers and device manufacturers to embed world's-best practice cyber safety into their offerings. The principal activities of the Group during the year have been continued sales and distribution, marketing and customer support of its suite of cyber safety products and services. There have been no other significant changes in the nature of these activities during the financial year.

Directors' report

Results

The Group reported total revenue and other income for the year ended 30 June 2023 of \$82,428,599 (2022: \$45,180,652) with revenue from operations being \$81,881,785 (2022: \$44,725,569).

The net loss attributable to members of the Group for the year ended 30 June 2023 amounted to \$86,720,022 (2022: \$64,015,461)

Review of operations

The operations of the Group during the financial year have focussed on the sales and marketing of its suite of cyber safety products and services through its key distribution channels as well as the provision of ongoing customer support services and continual improvement and upgrade of its services.

Significant changes in state of affairs

During the period, the Group acquired the Qustodio business. With the acquisition of this business, the Group has expanded into Spain and the wider European region and has significantly increased the size of its operations.

The Group also acquired the Educator Impact business during the period. This acquisition has increased the business' operations in Australia.

There have been no other significant changes in the state of affairs of the Group that occurred during the reporting period not otherwise disclosed in this report or the financial statements.

Likely developments

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Group that were not finalised at the date of this report.

Environmental regulation

The Group is not subject to any significant environmental Commonwealth or State regulations or laws.

Dividends

There were no dividends paid or declared or recommended since the start of the financial year.

Events after balance date

Ashgrove loan facility - Drawdown

On 14 July 2023, the Company made an initial drawdown of \$20 million on the \$30 million Ashgrove loan facility entered into on 30 June 2023. Refer to Note 15 - Borrowings for further details on the loan facility.

Directors' report

New KMP and Executive Remuneration Framework

The Company has established a new KMP and Executive Remuneration Framework which includes changes to the remuneration packages of the Managing Director, the Non-Executive Directors and Executive Leadership Team. The terms of short-term and long-term incentives for the Managing Director, Mr Tim Levy, are detailed below

Class	Exercise	Vesting conditions			Grant date	Vesting date	Expiry date	Number of options
Short Term Incentive ("STI") Options	Each STI zero exercise price option ("ZEPO") will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	Weighting	Operational milestone (to be achieved by 30 June 2024)	Other vesting conditions	17 August 2023	30 June 2024	30 June 2027	1,361,359
		20%	Achieve budgeted operating cash flow	Continued employment with the Company in existing role from issue date until the vesting date				
		20%	Achieve budgeted cash EBITDA					
		20%	Achieve ARR budget					
		20%	Satisfactory job performance					
		20%	Satisfactory employee engagement score					
Long Term Incentive ("LTI") Options	Each LTI ZEPO will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	Weighting	Operational milestone (to be achieved by 30 June 2026)	Other vesting conditions	17 August 2023	30 June 2026	30 June 2027	2,722,721
		30%	Achieve the Company's scale ambition	Continued employment with the Company in existing role from issue date until the vesting date				
		20%	Achieve the Company's goal ambition					
		30%	Achieve the Company's B2B2C ambition					
		20%	Achieve the Company's engagement ambition					
LTI total shareholder return ("TSR") Options	Each Tranche LTI TSR Option entitles the holder to subscribe for one Share upon payment of the exercise price of \$0.36, any time prior to the Expiry Date, once vested.	Tranche	Vesting Condition		17 August 2023	30 June 2026	30 June 2027	3,000,000
		Tranche 1 TSR Options	20-day VWAP of \$0.75 by 30 June 2026 and continued service with the Company until 20-day VWAP of \$0.75 is achieved.					
		Tranche 2 TSR Options	20-day VWAP of \$1.00 by 30 June 2026 and continued service until 20-day VWAP of \$1.00 is achieved.					
		Tranche 3 TSR Options	20-day VWAP of \$1.25 by 30 June 2026 and continued service until 20-day VWAP of \$1.25 is achieved.					

Directors' report

The vesting conditions for short-term and long-term incentives for Non-Executive Directors are detailed below:

Class	Exercise	Vesting conditions	
NED Director Options	Each Tranche of NED Director Option will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	Tranche	Vesting Condition
		Tranche 1 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2024.
		Tranche 2 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2025.
		Tranche 3 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2026.

The details of options per Non-Executive Director are detailed below:

Peter Pawlowitsch	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	226,893
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	226,893
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	226,893

Matthew Stepka	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	136,136
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	136,136
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	136,136

Phil Warren	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	113,447
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	113,447
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	113,447

Georg Eli	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	90,757
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	90,757
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	90,757

Jane Watts	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	113,447
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	113,447
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	113,447

Directors' report

The objectives for short-term and long-term incentives for the Executive Leadership Team are detailed below:

Class of performance rights	Objectives	Weighting	Milestone measurement date	Grant date	Vesting date	Expiry date	Number of rights
STI Performance rights	Achieve budgeted operating cash flow	20%	30 June 2024	17 August 2023	30 June 2024, 30 June 2025 & 30 June 2026	30 June 2027	8,324,154
	Achieve budgeted cash EBITDA	20%					
	Achieve ARR budget	20%					
	Satisfactory job performance	20%					
	Satisfactory employee engagement score	20%					
LTI 2024 Performance rights	Achieve the Company's scale ambition	30%	30 June 2026	17 August 2023	30 June 2026	30 June 2027	3,106,256
	Achieve the Company's goal ambition	20%					
	Achieve the Company's B2B2C ambition	30%					
	Achieve the Company's engagement ambition	20%					

The performance rights issued to Key Management Personnel are detailed below:

Crispin Swan	Vesting conditions	Vesting date	Number of rights
STI 2024 - Class A performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2024	394,794
STI 2024 - Class B performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2025	394,794
STI 2024 - Class C performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	394,794
LTI 2024 Performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	2,368,765

Ben Jenkins	Vesting conditions	Vesting date	Number of rights
STI 2024 - Class A performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2024	172,871
STI 2024 - Class B performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2025	172,871
STI 2024 - Class C performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	172,871
LTI 2024 Performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	777,921

Directors' report

Other subsequent events

On 7 July 2023, Non-executive Director Phil Warren exercised 1,000,000 options (\$0.21, 7 July 2023) for \$210,000 and 500,000 advisory options were exercised for \$90,000. Consideration for the advisory options was received prior to 30 June 2023.



On 10 July 2023, 8,500,000 shares were issued to the Company's treasury shares to be transferred/allocated to employees on the exercise of options and performance rights under the Company's Employee Share Scheme.

On 31 August 2023, 40,263,509 performance shares were issued on the conversion of tranche 1 deferred consideration rights for the acquisition of Qustodio. Refer to Note 20 - Share based payments for further details on the performance shares.

Since the end of the financial year a total of 29,865,967 performance rights have been issued to employees under the Company's Employee Share Scheme, whilst 6,571,710 performance rights have been exercised. The shares issued upon exercise of the rights have been issued from the Company's treasury shares. In addition, since the end of the financial year, a total of 1,200,000 options have expired.



Apart from the events discussed above, no other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Information on Directors

 <p>Mr Tim Levy B. Com, CA</p>	<p>Experience and expertise</p> <p>Mr Levy is a successful telecommunications and technology entrepreneur. He is the founder of Vodafone's largest Australian retail partner Mo's Mobiles and was the former CEO/COO of listed Optus reseller B Digital Limited. Prior to working in commerce Mr. Levy was a management consultant at Andersen's working in technology and change projects across Australia, South Africa, Zambia, Jordan and Saudi Arabia.</p> <p>Mr. Levy is a graduate of the University of Western Australia and was a practising Chartered Accountant prior to his move into commerce.</p> <p>Other current directorships of ASX listed companies</p> <ul style="list-style-type: none"> None <p>Other directorships held in ASX listed companies in the last three years</p> <ul style="list-style-type: none"> None
 <p>Mr Peter Pawlowitsch B. Comm, CPA MBA, FGIA</p>	<p>Experience and expertise</p> <p>Mr Pawlowitsch is an experienced ASX company director. Mr Pawlowitsch specialises in technology businesses and the transition from startup to sustainability.</p> <p>Mr Pawlowitsch is also a Fellow of the Governance Institute of Australia and holds a Master of Business Administration from Curtin University. These qualifications have underpinned more than 15 years' experience in the accounting profession and more recently in business management and the evaluation of businesses and projects.</p> <p>Other current directorships of ASX listed companies</p> <ul style="list-style-type: none"> Dubber Corporation Limited (September 2011 – present) VRX Silica Limited (February 2010 – present) Novatti Group Limited (June 2015 – present) <p>Other directorships held in ASX listed companies in the last three years</p> <ul style="list-style-type: none"> Knosys Limited (March 2015 – December 2021)



Directors' report

Information on Directors (continued)

 <p>Mr Phil Warren B. Com, CA</p>	<p>Experience and expertise</p> <p>Mr Warren is a Chartered Accountant and managing director of West Perth based corporate advisory firm Grange Consulting. Mr. Warren has over 20 years of experience in finance and corporate roles in Australia and Europe. He has specialised in company valuations, mergers and acquisitions, capital raisings, debt financing, financial management, corporate governance and company secretarial services for a number of public and private companies.</p> <p>Mr Warren has established a number of ASX listed companies and continues to act as corporate advisor to some of these companies.</p> <p>Other current directorships of ASX listed companies</p> <ul style="list-style-type: none"> • Rent.com.au Limited (September 2014 – present) • Narryer Metals Limited (July 2021 – present) • Killi Resources Limited (August 2021 – present) • Anax Metals Limited (April 2021 – present) <p>Other directorships held in ASX listed companies in the last three years</p> <ul style="list-style-type: none"> • Cassini Resources Limited (March 2011- September 2020) • Jupiter Energy Limited (April 2018 – November 2020)
 <p>Mr Matthew Stepka</p>	<p>Experience and expertise</p> <p>Mr Stepka is Managing Partner of Machina Ventures, an investment firm focused on early stage, artificial intelligence and data science enabled companies. He is also a Lecturer at UC Berkeley, Haas School of Business. Previously, Mr Stepka was Vice President, Business Operations and Strategy at Google, where he led and incubated strategic initiatives including expanding internet access, deploying renewable energy, strengthening freedom of expression and democracy, innovating in robotics, establishing novel pricing strategies and extending Google's footprint in emerging markets, especially Africa.</p> <p>Prior to joining Google, Mr. Stepka held positions including Vice President at Drugstore.com, Chief Operating Officer at WorldRes (a leading online hotel reservation network) and Management Consultant with McKinsey & Company.</p> <p>Mr. Stepka holds a Juris Doctorate from UCLA School of Law, and is an inactive member of the California State Bar. In addition, he holds Bachelor of Science degrees in Computer Engineering and Management from Case Western Reserve University.</p> <p>Other current directorships of ASX listed companies</p> <ul style="list-style-type: none"> • None <p>Other directorships held in ASX listed companies in the last three years</p> <ul style="list-style-type: none"> • None


Directors' report

Information on Directors (continued)

 <p>Mr Georg Ell</p>	<p>Experience and expertise</p> <p>Mr Ell was the Chief Executive Officer of the Smoothwall business in the UK from May 2018 until its acquisition by Qoria in August 2021. He stepped down from the CEO role and became a Non-Executive Director of Qoria Limited in January 2022.</p> <p>During his time as Chief Executive Officer of Smoothwall, he focused on growth through developing a strong culture, innovating with new product lines, and a transition to a SaaS business model, a high degree of customer orientation, implementation of customer success principles, and M&A. Under his leadership, Smoothwall was twice a Top 100 UK employer and won two and three stars in the annual Sunday Times' Best Companies Awards for Employee Engagement.</p> <p>Prior to joining Smoothwall, Mr Ell was a Director for Western Europe at Tesla for more than four years where he led a team of over 330 people across the UK, Ireland, Netherlands, Belgium and Luxembourg on a mission to accelerate the world's adoption of sustainable energy. He was also the general manager of EMEA for the enterprise social networking service Yammer which was acquired by Microsoft. Mr Ell started his career at Microsoft where he was the first quota-carrying salesperson for Microsoft's enterprise cloud business in Europe.</p> <p>Today, Mr Ell is CEO of Phrase, a Carlyle-backed SaaS language technology business which uses AI, machine translation and sophisticated workflow technology to help companies of all sizes to localize all forms of their content.</p> <p>Mr Ell is a venture partner and Senderwood Fellow with LocalGlobe, a venture partner with Craft Ventures, and an advisory board member of EQL:Her.</p> <p>Other current directorships of ASX listed companies</p> <ul style="list-style-type: none"> • None <p>Other directorships held in ASX listed companies in the last three years</p> <ul style="list-style-type: none"> • None
 <p>Dr Jane Watts</p> <p>(B. Social Science (Honours, cum laude), Pd.D., GAICD)</p>	<p>Experience and expertise</p> <p>Dr Jane Watts was appointed as a Director of the Company in July 2022. Jane has over 30 years' experience leading customer facing businesses with substantial P&Ls as a senior executive in Westpac (including BT Financial Group), Macquarie and Lendlease. Most recently Jane was the Chief Customer Engagement Officer for the Business Bank of Westpac which also included the business banks of St.George, Bank of Melbourne and BankSA. Dr Watts brings to the board deep distribution and business development experience (B2B and B2C) as well as ESG, people, digital and cultural transformation expertise. For over 20 years of her executive career, Jane was on a number of not for profit (NFP) and internal company subsidiary boards.</p> <p>Jane was formerly a Non-Executive Director on the financial advisory and accounting boards of Findex and Lachlan Partners. Jane is currently on the boards of Liberty Financial (ASX: LFG), Orygen Youth Mental Health Foundation and Westpac Foundation. She is also on the Hospital Advisory Board of Birchtree Centre and Director of the Carbon Investment Scheme and Scope 3 Workstream for the B Team Australasia Climate Leaders Coalition.</p> <p>Other current directorships of ASX listed companies</p> <ul style="list-style-type: none"> • Liberty Financial Group Limited (July 2022 - present) <p>Other directorships held in ASX listed companies in the last three years</p> <ul style="list-style-type: none"> • None

Directors' report

Information on Directors (continued)

 <p>Mr Crispin Swan</p> <p>B. Arts (Hons) (UK/Germany) European Business Programme</p> <p>(Resigned 8 February 2022)</p>	<p>Experience and expertise</p> <p>Mr Swan is an experienced sales executive and general manager working across a range of global enterprises. His expertise is in international business development, executive and IT & T sales. Mr Swan's former roles have included:</p> <ul style="list-style-type: none"> • Vice President Sales Asia Pacific, Mavenir Systems • Regional Sales Director and General Manager, Airwide Solutions • Network Infrastructure Solutions IS Manager for Australia & Papua New Guinea • Sales Manager, Sema • Account Manager, Cisco Systems • Account Manager, Alcatel-Lucent <p>Other current directorships of ASX listed companies</p> <ul style="list-style-type: none"> • None <p>Other directorships held in ASX listed companies in the last three years</p> <ul style="list-style-type: none"> • None
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Meetings of Directors

The number of Board meetings held and the number of meetings attended by each of the Director, for the year ended 30 June 2023:

Director	Number of Board meetings eligible to attend	Number of Board meetings attended
Mr Tim Levy	9	9
Mr Peter Pawlowitsch	9	9
Mr Phil Warren	9	9
Mr Matthew Stepka	9	9
Mr Georg Ell	9	7
Dr Jane Watts	9	9

The number of Audit Committee meetings held and the number of meetings attended by each of the Directors, for the year ended 30 June 2023:

Director	Number of audit committee meetings eligible to attend	Number of audit committee meetings attended
Mr Phil Warren (Chairman)	6	6
Mr Peter Pawlowitsch	6	6
Dr Jane Watts	3	2

The number of Remuneration Committee meetings held, and the number of meetings attended by each of the Directors, for the year ended 30 June 2023:

Director	Number of remuneration committee meetings eligible to attend	Number of remuneration committee meetings attended
Mr Peter Pawlowitsch (Chairman)	1	1
Mr Phil Warren	1	1
Dr Jane Watts	1	1

Directors' report

Directors' interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in fully paid ordinary shares (shares), unlisted options (options), and performance rights of the Group were:

Director	Shares	Options	Performance Rights ¹
Mr Tim Levy	15,686,628	2,500,000	4,724,039
Mr Phil Warren	1,632,214	1,400,000	-
Mr Peter Pawlowitsch	15,516,149	3,000,000	-
Mr Matthew Stepka	3,055,556	1,400,000	-
Mr Georg Ell	1,885,124	2,100,000	2,095,210
Dr Jane Watts	555,556	2,100,000	-

¹Refer to the table below for breakdown of various classes of performance rights held by Directors.

As at the date of this report, the interests of the Directors the various classes of performance rights of the Group were:

Director	Performance Rights						Total
	Remuneration PRs	Employee/ Executive PRs	SP PRs	STI 2022 PRs	STI 2023 PRs	LTi 2023 PRs	
Mr Tim Levy	-	300,000	1,000,000	1,000,000	924,039	1,500,000	4,724,039
Mr Phil Warren	-	-	-	-	-	-	-
Mr Peter Pawlowitsch	-	-	-	-	-	-	-
Mr Matthew Stepka	-	-	-	-	-	-	-
Mr Georg Ell	-	2,095,210	-	-	-	-	2,095,210
Dr Jane Watts	-	-	-	-	-	-	-

Indemnification and insurance of Directors and Officers

The Company indemnifies the Directors and Officers of the Company for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a market rate premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. For confidentiality purposes the insurer has recommended not to disclose the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied for leave of Court under Section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Group.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2023 is provided in this report.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 27 to the financial statements.

Directors' report

Non-audit services (continued)

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics or Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Non-audit services were provided by the Group's current auditors, BDO Audit (WA) Pty Ltd as detailed below. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Unissued shares under option

At the date of this report unissued ordinary shares, or interests of the Company under option, are:

Options	Grant date	Exercise Price (\$)	Expiry date	Number
Director options	09/06/2021	0.50	30/06/2025	4,500,000
Company Secretary options	01/09/2021	0.55	30/06/2025	500,000
Director ZEPOs	19/11/2021	-	30/11/2024	2,000,000
Director options	24/01/2022	0.60	31/12/2025	2,100,000
WC Facility Options	18/01/2022, 01/08/2022 & 31/03/2023	0.60	31/01/2026	7,000,000
Director options	01/06/2022	0.60	31/12/2025	2,100,000
ZEPOs	16/08/2022	-	30/06/2025	120,000
Co sec options	22/08/2022	0.60	31/12/2025	350,000
Director options	29/11/2022	0.60	31/12/2025	2,800,000
Performance Shares	01/08/2022	Nil	01/08/2024	40,263,508
Performance Rights	02/03/2020 - 01/07/2023	Nil	13/07/2023 - 31/12/2026	77,125,744
Total				138,859,252

Directors' report

Shares issued during or since the end of the year as a result of exercise of options & rights

During the year, and as at the date of this report, details of ordinary shares issued by the Company as a result of the exercise of Options and Performance Rights are:

Options	Date Granted	Exercise Price	Number of Shares issued	Amount paid for Shares
Director Options	08/11/2019	\$0.21	3,000,000	630,000
Selling/Advisor Options	08/11/2019	\$0.21	1,506,500	316,365
Advisor options	28/08/2020	\$0.18	500,000	90,000
Director ZEPOs	31/08/2022	\$0.00	120,000	-
Performance / Remuneration Rights	25/02/2019 to 02/05/2022	Nil	16,036,127	-
Total			21,162,627	1,036,365

Rounding of amounts

The Company has applied the relief available to it in ASIC Legislative Instrument 2016/191, and accordingly certain amounts included in this report and in the financial report have been rounded off to the nearest \$1 (where rounding is applicable), under the option available to the Company under ASIC Corporations (Amendment) Instrument 2022/519.

Directors' report

Remuneration report (Audited)

Dear Shareholder,

On behalf of the Board of Qoria Limited (Qoria or the Company), I am pleased to present the 2023 Remuneration Report and outline our remuneration framework and strategy moving forward as we grow and mature. Qoria's focus for our remuneration framework is to align executive performance and retention with long term Shareholder returns.

The Remuneration Incentive Scheme has been developed taking into account the size of the Company's business, the size of the executive team for the business, the nature and stage of development of current operations, market conditions and comparable salary levels for companies of a similar size and operating in similar sectors (the Company undertook an independent bench-marking report as part of this process). Existing Shareholders were also consulted as part of this process. The key objectives of the Remuneration Incentive Scheme are to:

- provide competitive rewards to attract and retain high caliber executives;
- align the Executives to Shareholders by providing both short term and longer term security based remuneration incentives;
- align executives' incentives to the Company's annual recurring revenue targets, positive cash flow, EBITDA targets, strategic objectives and operational milestones;
- link executive rewards to Shareholder value;
- allocate a significant portion of executive remuneration to 'at risk' variable compensation, dependent upon performance and achievement of pre-determined benchmarks; and
- ensure that performance benchmarks are balanced yet demanding.

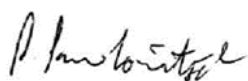
Key changes to the Executive Remuneration Framework for FY24 to FY26 include:

- A move away from any STI or LTI remuneration tied solely to continued employment for the KMP and senior leadership team (SLT). All STI and LTI for members of the SLT are now measured on performance as well as continued employment;
- STI targets are a combination of stretching operational target including, achieving budgeted targets for operating cash flow, Cash EBITDA, Annual Recurring Revenue, job performance and employee satisfaction, LTI targets include ARR growth including in non-English speaking markets and B2B2C and employee satisfaction;
- In addition 3 million TSR Options have been allocated to our Managing Director. These options can technically be achieved earlier than 3 years, however that would require share price growth of over 300% for tranche 1 compared to the share price at the time of structuring these awards (circa \$0.18) and at the date of this report. Significant Shareholder value will be delivered in this scenario over and above any relative market movements. Tranche 3 is significantly more stretching, requiring share price growth of almost 600%.

FY2023 Performance

Setting challenging targets is evidenced in the STI ARR growth targets for FY23, these were achieved at 85% for the majority of executives, and at 95% - 99% for certain SLT members. This is notwithstanding ARR growing by 65% during FY23. No discretion was applied by the Board in relation to STI (no LTI vested in FY23), all items were paid as they measured.

I look forward to continuing to develop Qoria's remuneration framework to ensure our strategic objectives are achieved and we are delivering long term value to Shareholders.



Peter Pawlowitsch

Chairman

Qoria Limited

Directors' report

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel ("KMP") of the Group for the year ended 30 June 2023. The information contained in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

This remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group, and includes the following specified Executives in the Group:

A. Details of Key Management Personnel

Name	Position	Period of Responsibility
Mr Tim Levy	Managing Director	Appointed 1 April 2014
Mr Peter Pawlowitsch	Non-Executive Chairman	Appointed 24 September 2019
Mr Crispin Swan	Chief Operating Officer (previously Executive Director - Sales)	Appointed 3 September 2015 and resigned as Director on 8 February 2023
Mr Phil Warren	Non-Executive Director	Appointed 13 May 2016
Mr Matthew Stepka	Non-Executive Director	Appointed 1 May 2020
Mr Georg Ell	Non-Executive Director	Appointed 21 January 2022
Dr Jane Watts	Non-Executive Director	Appointed 2 June 2022
Mr Ben Jenkins	Chief Financial Officer	Appointed 15 August 2022

Remuneration policies

Remuneration levels for Directors, secretaries and senior executives of the Group ("the Directors and senior executives") will be competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board may obtain independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally and the objectives of the Group's remuneration strategy.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for Shareholders. The remuneration structures take into account:

- the capability and experience of the Directors and senior executives;
- the Directors' and senior executives' ability to control the relevant performance;
- the Group's performance; and
- the amount of incentives within each Directors and senior executives remuneration.

Remuneration packages include a mix of fixed remuneration and variable remuneration and short and long-term performance-based incentives.

Fixed remuneration consists of base remuneration, employer contributions to superannuation funds as well as securities issued under the Staff Incentive Plan as part of the Group's cash conservation strategy. These securities are considered fixed remuneration when they are not at risk as a result of performance.

Directors' report

Remuneration report (Audited)

Remuneration levels will be, if necessary, reviewed annually by the Board through a process that considers the overall performance of the Group. If required, external consultants provide analysis and advice to ensure the Directors' and senior executives' remuneration is competitive in the marketplace.

The remuneration policy will be tailored to increase goal congruence between Shareholders and Directors and Key Management Personnel. This will be facilitated through the issue of options and performance shares to Key Management Personnel to encourage the alignment of personal and Shareholder interests. The Group believes this policy will be effective in increasing Shareholder wealth.

During the 2021 financial year, the Group implemented a Staff Incentive Plan to apply through to June 2023 with the following core objectives:

- conserving cash by converting cash-based remuneration to security based remuneration;
- attract and retain staff;
- align executives incentives to the Group's annual recurring revenue targets; and
- align remuneration with Shareholders through employees having an equity interest in the Company.

The Staff Incentive Plan, first introduced in 2021, comprises:

Remuneration in securities

The Executive Directors and a number of senior staff agreed to convert part of their cash based remuneration into security based remuneration. Shares and remuneration performance rights were issued in lieu of salaries with the objective of conserving cash and aligning the employee remuneration with Shareholders through employees having an equity interest in the Company. This continued for the financial year ended 30 June 2023.

Employee incentive scheme

The Group also continued its Employee Incentive Scheme across all staff, including Executive Directors, with the objective of attracting and retaining staff within the business through the issue of employee performance rights. The employee performance rights were issued under the Company's performance rights plan in three equal tranches which vest subject to continued employment over a 3 year period. This continued for the financial year ended 30 June 2023.

Executive incentive scheme

The Group also maintains the Executive Incentive Scheme for senior executives, including Executive Directors, focused on growing annual recurring revenue (ARR). The continued growth of the Group's ARR has been identified as a key strategic objective of the Group.

Executive performance rights issued under the Company's performance rights plan include vesting conditions which originally focused on the achievement of \$16 million of ARR by 30 June 2021. This was revised to a quarterly recurring revenue target (QRR Target) of \$4 million for the June 2021 quarter following approval at a Shareholder Meeting on 9 June 2021.

Since this time, the Board has set short term and long term performance targets. Short term (including STI 2022 and 2023 performance rights) incentives include 100% growth in recurring revenue each financial year and a positive personal scorecard (scorecard as determined by the Board each year). Long term incentives were set in 2021 for the following 2 years and are linked to delivery of the Group's key strategic objectives under its business plan as well as growth in Shareholder value over the current term of the Remuneration Incentive Scheme (i.e. by 30 June 2023). Key longer term strategic objectives include:

- Expand Markets – global market expansion and growth in annual recurring revenues outside the United States of America, Australia and New Zealand;
- Expand Products – development and launch of additional product offerings;
- Launch Consumer Products – growth of the Company's consumer products outside Australia;
- Make Sustainable – improve efficiency and reduce data and hosting costs to improve gross product margins; and;

Directors' report

Remuneration report (Audited)

- Improve Revenue per Subscriber – increase the revenues generated per student through providing additional product offerings.

Personal scorecard and other milestones in relation to the STI 2022 performance rights were assessed in July 2022 by the Board and accordingly these rights vested in full. Personal scorecard and other milestones in relation to the STI 2023 performance rights were assessed in August 2023 by the Board and accordingly these rights vested in full.

The Board set additional short term and long term performance targets during the current financial year. Short term (including STI 2023 and 2024 performance rights) incentives include annual recurring revenue targets for each financial year, continued employment and job performance. Long term incentives require continued employment for a 3 year period.

Executive service agreements - Directors

The Group has services agreements with each of its Executive Directors and Key Management Personnel. The Group has also entered into Non-Executive Director appointment letters outlining the policies and terms of this appointment including compensation.

The principal terms of the executive service agreements existing at reporting date are set out below:

Mr Tim Levy – Managing Director

The Company has an executive services agreement with Mr Tim Levy for his role as Managing Director of the Group which commenced 29 August 2016 (the date the Company was admitted to the Official List of ASX) and continues until terminated under the termination provisions outlined below. The principal terms of this agreement (as varied) are as follows:

- a) a base salary of \$500,000 per annum including statutory superannuation (previously \$375,000 plus superannuation), effective 1 July 2023;
- b) the agreement may be terminated;
 - i) by either party without cause with 12 months written notice or if the Company elects to with payment in lieu of notice;
 - ii) by the Company with one month's notice, or immediately with payment in lieu of notice if Mr Levy is unable to perform his duties under the agreement for three consecutive months or a period aggregating to three months in a 12-month period;
 - iii) by either party with 12 months written notice if the role of Managing Director becomes redundant. If the Company terminates the employment of Mr Levy within 12 months of a Change of Control, it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy, it shall be obliged to pay Mr Levy for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 12 months base salary (less tax) and any accumulated entitlements;
 - iv) by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and
 - v) by Mr Levy immediately, by giving notice, if the Company is in breach of a material term of this agreement.

Under the Company's 2022-2023 Staff Incentive Plan, Mr Levy was issued 1,000,000 STI 2022 Performance Rights, 1,000,000 STI 2023 Performance Rights, 1,500,000 LTI Performance Rights and 1,500,000 New Director Options (\$0.50, 30 June 2025) on 30 June 2021 (granted in year ended 30 June 2021) as a security-based incentive component of his remuneration package. Refer to Note 18: Reserves and Note 20: Share based payments for details on these incentive securities including the vesting conditions.

All of the above performance rights have fully vested at 30 June 2023 based on the achievement of the following:

1. Individual job performance / scorecard for FY2023 (STI 2023 rights)
2. Company ARR growth for FY2023 (STI 2023 rights)

Directors' report

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3. Achievement across 5 business objectives by 30 June 2023. Please refer to Note 18 for detailed vesting conditions (LTI 2023 rights)

Mr Levy was also issued 1,000,000 Director Zero Priced Options expiring 30 November 2024 as incentive-based remuneration approved at Shareholders meeting held on 19 November 2021. Please refer to Section D for details.

Non-Executive Directors and Chairman Fees

Non-Executive Director fees are set based on fees paid to other Non-Executive Directors of comparable companies. The aggregate remuneration for Non-Executive Directors has been set by the Board at an amount not to exceed \$1,000,000 per annum as approved by Shareholders on 17 August 2023 (previously \$500,000).

From 1 July 2023, Non-Executive Chairman, Mr Peter Pawlowitsch receives a base cash fee of \$104,955 per annum (including statutory superannuation) (previously \$100,000) and a base pay in shares of \$50,000.

From 1 July 2023, Non-Executive Director Mr Phil Warren receives a base cash fee of \$52,477 (plus statutory superannuation) per annum (previously \$50,000) and a base pay in shares of \$25,000.

From 1 July 2023, Non-Executive Director Mr Matthew Stepka receives a base cash fee of USD 36,600 per annum (previously AUD 60,000) and a base pay in shares of USD 30,000.

From 1 July 2023, Non-Executive Director Mr Georg Ell receives a base cash fee of GBP 43,800 per annum plus statutory pension (previously GBP 30,000) and a base pay in shares of GBP 20,000.

Non-Executive Director Dr Jane Watts receives a base cash fee of \$52,477 (plus statutory superannuation) per annum (previously \$50,000) and a base pay in shares of \$25,000.

The Company does not have a Directors Retirement Scheme in place at present.

Executive service agreements - Other KMP

Remuneration and other terms of employment for Executives are formalised in employment agreements. Each of these employment agreements provides for the payment of fixed and performance-based remuneration and employer superannuation contributions. The following outlines the details of these agreements:

Name	Agreement expires	Notice of termination by Company	Employee notice
Mr Crispin Swan	No expiry, continuous agreement	12 months	12 months
Mr Ben Jenkins	No expiry, continuous agreement	12 months	6 months

Directors' report

Remuneration report (Audited)

B. Remuneration of Key Management Personnel

Details of the remuneration of the Directors and the Key Management Personnel (KMP) (as defined in AASB 124 Related Party Disclosures) of the Group for the year ended 30 June 2023 are set out in the following table.

Directors and KMP	Short term			Post employment	Long term	Share-based payments	TOTAL	Performance based % of remuneration	
30-Jun-23	Salary fees (\$)	Annual Leave (\$)	Other (\$)	Super-annuation (\$)	Long Service Leave (\$)	Shares/Options/Performance Rights (\$)	(\$)	Fixed based (\$)	Performance based (\$)
Mr Tim Levy ¹	375,000	18,989	50,000	14,244	16,987	1,121,069	1,596,289	30%	70%
Mr Peter Pawlowitsch	100,000	-	-	10,500	-	449,519	560,019	20%	80%
Mr Phil Warren	47,083	-	-	4,944	-	38,205	90,232	58%	42%
Mr Matthew Stepka	60,000	-	-	-	-	38,205	98,205	61%	39%
Mr Georg Ell	53,600	-	-	2,680	-	779,719	835,999	7%	93%
Dr Jane Watts	49,811	-	-	5,230	-	268,793	323,834	17%	83%
Mr Crispin Swan	359,375	6,008	-	19,244	14,513	916,156	1,315,296	30%	70%
Mr Ben Jenkins ²	302,899	12,581	-	20,849	648	462,349	799,326	42%	58%
Total Directors	1,347,768	37,578	50,000	77,691	32,148	4,074,015	5,619,200	27%	73%

¹ Mr Levy received \$50,000 in additional remuneration due to additional services performed during the period, as approved by the Board.

² Mr Ben Jenkins commenced employment as Chief Financial Officer on 15 August 2022.

Details of the remuneration of the Directors and the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) of the Group for the year ended 30 June 2022 are set out in the following table.

Directors and KMP	Short term			Post employment	Long term	Share-based payments	TOTAL	Performance based % of remuneration	
30-Jun-22	Salary fees (\$)	Annual Leave (\$)	Other (\$)	Super-annuation (\$)	Long Service Leave (\$)	Shares/Options/Performance Rights (\$)	(\$)	Fixed based (\$)	Performance based (\$)
Mr Tim Levy ¹	375,000	28,847	50,000	36,048	32,823	1,870,065	2,392,783	37%	63%
Mr Crispin Swan	375,000	28,847	-	31,048	33,182	1,620,381	2,088,458	40%	60%
Mr Peter Pawlowitsch	100,000	-	-	10,042	-	466,580	576,622	19%	81%
Mr Phil Warren	40,000	-	-	4,017	-	-	44,017	100%	0%
Matthew Stepka	60,000	-	-	-	-	14,000	74,000	81%	19%
Mr Georg Ell ²	205,363	-	18,697	20,776	-	2,183,754	2,428,590	54%	46%
Dr Jane Watts ³	3,977	-	-	418	-	21,388	25,783	100%	0%
Total Directors	1,159,340	57,694	68,697	102,349	66,005	6,176,168	7,630,253	29%	71%

¹ Mr Levy received each \$50,000 in additional remuneration due to additional services performed during the period, as approved by the Board.

Directors' report

Remuneration report (Audited)

²Mr Georg Ell was appointed as Non-Executive Director on 21 January 2022. Prior to this Mr Georg Ell was the CEO of Smoothwall. The fees set out in the above table reflect this.

³Dr Jane Watts was appointed as Non-Executive Director on 2 June 2022.

C. Relationship between remuneration and Company performance

The Directors assess performance of the Group with regard to the achievement of both operational and financial targets with a current focus on subscriber numbers, recurring (contracted) sales revenues and share price. Directors and employees are issued options and/or performance rights, to encourage the alignment of personal and Shareholder interests.

Options issued to Directors and employees may be subject to market-based price hurdles and other vesting conditions that encourage the achievement of strategic targets and/or ongoing commitment to the Group. The exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Board believes this policy will be effective in increasing Shareholder wealth. Key Management Personnel are also entitled to participate in the employee share and option arrangements.

Performance rights vest on the achievement of operational milestones, providing those Directors and executives holding performance rights an incentive to meet the operational and financial milestones prior to the expiry date of the performance rights.

On the resignation of Directors and employees any vested options and performance rights issued as remuneration are generally retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as options and performance rights. The policy is designed to reward Key Management Personnel for performance that results in long-term growth in Shareholder value, to also encourage employee commitment to the Group and to align staff and Shareholders' interests.

The following table shows Group's operating revenue, profits/(losses) and dividends for the last five financial years, as well as the Company's share prices at the end of the respective financial years. The Group has continued to grow its operating revenue over the last financial year. As outlined in the operating and financial review growth in revenue in particular contracted recurring revenues from the education business is a key focus of the Group. The Board has been issued equity based incentives during the financial year as a reward for the operational performance of the Group but also as an incentive with performance based vesting conditions linked to the Group's key strategic objectives being recurring revenue growth and share price appreciation, therefore aligning the interests of Directors with Shareholders.

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Operating revenue	81,881,785	44,725,569	8,962,485	5,090,173	4,184,323
Net profit/(loss)	(86,720,022)	(64,015,461)	(21,930,396)	(17,617,120)	(14,401,137)
Share price at year-end	0.245	0.300	0.600	0.195	0.150
Dividends paid	-	-	-	-	-

Directors' report

Remuneration report (Audited)

D. Key Management Personnel's equity holding

a) Number of options held by Key Management Personnel

The number of the options of the Company held, directly, indirectly or beneficially, by each Director and Key Management Personnel, including their personally related entities for the year ended 30 June 2023 are as follows:

Directors and Executives	Held at 1 July 2022	Options exercised	Options expired	Options issued as remuneration	Held at 30-Jun-23	Vested and exercisable at 30 June 2023
Mr Tim Levy	2,500,000	-	-	-	2,500,000	-
Mr Peter Pawlowitsch ¹	6,000,000	(3,000,000)	-	-	3,000,000	-
Mr Phil Warren ²	1,000,000	-	-	1,400,000	2,400,000	1,000,000
Mr Matthew Stepka ²	-	-	-	1,400,000	1,400,000	-
Mr Georg Ell	2,100,000	-	-	-	2,100,000	700,000
Dr Jane Watts	2,100,000	-	-	-	2,100,000	700,000
Mr Crispin Swan	1,000,000	-	-	-	1,000,000	1,000,000
Mr Ben Jenkins	-	-	-	-	-	-
Total	14,700,000	(3,000,000)	-	2,800,000	14,500,000	3,400,000

¹ Mr Peter Pawlowitsch exercised 3,000,000 Employee Options (\$0.21, 8 November 2022) to acquire shares on 21 July 2022. The intrinsic value on the date of exercise was \$0.35 per option exercised.

² 1,400,000 (\$0.60, 31 December 2025) options were issued to Mr Phil Warren and Mr Matthew Stepka on 24 March 2023 under the Employee Securities Incentive Plan. These options were approved by Shareholders at the Annual General Meeting on 29 November 2022 in accordance with ASX Listing Rule 10.14.

During the year ended 30 June 2021, 4,500,000 Director options were issued. 3,000,000 options were granted to Non-Executive Director Peter Pawlowitsch and 1,500,000 options were granted to Managing Director Tim Levy for services to be provided, expiring 30 June 2025. Shareholder approval was obtained 9 June 2021 and options were issued 30 June 2021. These options are subject to various vesting conditions, the details of which have been outlined below.

Peter Pawlowitsch	Vesting Condition ¹	Number	Value Per Option	Total Value	Total Share-Based Payment Expense for the year \$
Tranche 1	The 20 day VWAP of the Company's Shares being greater than \$0.90	750,000	\$0.348	261,225	126,960
Tranche 2	The 20 day VWAP of the Company's Shares being greater than \$1.45	750,000	\$0.314	235,725	114,567
Tranche 3	The 20 day VWAP of the Company's Shares being greater than \$1.90	1,500,000	\$0.285	427,950	207,992
Total		3,000,000		924,900	449,519

¹ The holder must also be continuously employed by the Company on 30 June 2023.

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Remuneration report (Audited)

Tim Levy	Vesting Condition ¹	Number	Value Per Option	Total Value	Total Share-Based Payment Expense for the year \$
Tranche 1	The 20 day VWAP of the Company's Shares being greater than \$0.90	500,000	\$0.348	174,150	84,640
Tranche 2	The 20 day VWAP of the Company's Shares being greater than \$1.45	500,000	\$0.314	157,150	76,378
Tranche 3	The 20 day VWAP of the Company's Shares being greater than \$1.90	500,000	\$0.285	142,650	69,331
Total		1,500,000		473,950	230,349

¹ The holder must also be continuously employed by the Company on 30 June 2023.

The fair value of the Director options have been determined using a Monte Carlo simulation model and the inputs are outlined below:

New Director Options	Tranche 1	Tranche 2	Tranche 3
Underlying share price	\$0.58	\$0.58	\$0.58
Exercise price	\$0.50	\$0.50	\$0.50
Target price	\$0.90	\$1.45	\$1.90
Expiry date (years)	4	4	4
Expected Volatility	80%	80%	80%
Risk free rate	0.11%	0.11%	0.11%
Value per option	\$0.35	\$0.31	\$0.29

Additional Director options were granted during the year ended 30 June 2022. 2,100,000 options were granted to non-executive Director Georg Ell on appointment, expiring 31 December 2025. The options were granted on the date of common understanding of terms, 24 January 2022. These options are subject to various vesting conditions, the details of which have been outlined below.

Number of Options	Vesting Conditions	Exercise Price	Expiry Date
700,000	Continued service as a director, consultant or employee until 31 December 2022	\$0.60	31 December 2025
700,000	Continued service as a director, consultant or employee until 31 December 2023	\$0.60	31 December 2025
700,000	Continued service as a director, consultant or employee until 31 December 2024	\$0.60	31 December 2025

Directors' report

Remuneration report (Audited)

The fair value of Georg Eli's options (excluding ZEPOs) have been determined using a Black Scholes model and the inputs are outlined below:

	Director options
Grant Date	24 January 2022
No of Options	2,100,000
Underlying share price	\$0.51
Exercise price	\$0.60
Expected volatility	100%
Expiry date (years)	3.9
Expected dividends	Nil
Risk free rate	1.24%
Value per option (rounded)	\$0.33
Total Share-Based Payment Expense for the year	\$324,077

On 19 November 2021, 1,000,000 Zero Priced Director Options were issued to each of Mr Tim Levy and Mr Crispin Swan. These ZEPOs expire on 30 November 2024 and vest on 12 months of continuous service to the Company by the holder. These options are valued based on share price of \$0.59 per share on the grant date of 19 November 2021 and valued at \$1,170,000. Share based payment expense recognised during the period in relation to these is \$455,178.

New Director options were granted during the year ended 30 June 2022. 2,100,000 options were granted to Non-Executive Director Dr Jane Watts on appointment, expiring 31 December 2025. The options were granted on the date of appointment, 1 June 2022. These options are subject to various vesting conditions, the details of which have been outlined below.

Number of Options	Vesting Conditions	Exercise Price	Expiry Date
700,000	Continued service as a director until 30 June 2023	\$0.60	31 December 2025
700,000	Continued service as a director until 30 June 2024	\$0.60	31 December 2025
700,000	Continued service as a director until 30 June 2025	\$0.60	31 December 2025

The fair value of Dr Jane Watts' options have been determined using a Black Scholes model and the inputs are outlined below:

	Director options
Grant Date	1 June 2022
No of Options	2,100,000
Underlying share price	\$0.38
Exercise price	\$0.60
Expected volatility	100%
Expiry date (years)	3.6
Expected dividends	Nil
Risk free rate	2.92%
Value per option (rounded)	\$0.22
Total Share-Based Payment Expense for the year	\$268,793

New Director options were granted during the year ended 30 June 2023. 1,400,000 options were granted to both Non-Executive Directors Mr Phil Warren and Mr Matthew Stepka, expiring 31 December 2025. The options were granted on the date of Shareholder approval, 29 November 2022. These options are subject to various vesting conditions, the details of which have been outlined below.

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Remuneration report (Audited)

Number of Options	Vesting Conditions	Exercise Price	Expiry Date
700,000	Continued service as a director, consultant or employee until 30 June 2024	\$0.60	30 June 2024
700,000	Continued service as a director, consultant or employee until 30 June 2025	\$0.60	30 June 2025

The fair value of Mr Phil Warren and Mr Matthew Stepka's Options have been determined using a Black Scholes model and the inputs are outlined below:

	Director options
Grant Date	29 November 2022
No of Options	2,800,000
Underlying share price	\$0.30
Exercise price	\$0.60
Expected volatility	70%
Expiry date (years)	3.1
Expected dividends	Nil
Risk free rate	3.06%
Value per option (rounded)	\$0.09
Total Share-Based Payment Expense for the year	\$76,409

b) Number of shares held by Key Management Personnel

The number of ordinary shares of the Company held directly, indirectly or beneficially by each Director and Key Management Personnel, including their personally related entities for the year ended 30 June 2023 is as follows:

Directors and Executives	Held at 1 July 2022	Received as remuneration	Shares issued for cash subscription	Share issued on exercise of Options, Performance Rights	Other changes	Held at 30 June 2023
Mr Tim Levy ¹	12,098,859	-	2,516,340	1,071,429	-	15,686,628
Mr Peter Pawlowitsch ²	9,934,449	-	2,581,700	3,000,000	-	15,516,149
Mr Phil Warren ³	493,325	-	138,889	-	-	632,214
Mr Matthew Stepka ⁴	2,500,000	-	555,556	-	-	3,055,556
Mr Georg Ell ⁴	1,329,568	-	555,556	-	-	1,885,124
Dr Jane Watts ⁴	-	-	555,556	-	-	555,556
Mr Crispin Swan ⁵	4,574,416	-	58,824	1,250,000	-	5,883,240
Mr Ben Jenkins ⁶	-	-	138,889	-	-	138,889
Total	30,930,617	-	7,101,310	5,321,429	-	43,353,356

¹ On 1 July 2022, Mr Tim Levy purchased 294,118 shares at \$0.34 per share. Mr Levy also acquired 1,071,429 shares on exercise of 1,071,429 remuneration performance rights. and purchased 2,222,222 shares at \$0.18 per share as part of the 9 March 2023 share placement.

² On 1 July 2022, Mr Peter Pawlowitsch purchased 1,470,589 shares at \$0.34 per share. Mr Peter Pawlowitsch also acquired 3,000,000 shares on exercise of 3,000,000 Director Options (\$0.21, 8 Nov 2021) and purchased 1,111,111 shares at \$0.18 per share as part of the 9 March 2023 share placement.

³ Mr Phil Warren purchased 138,889 shares at \$0.18 per share as part of the 9 March 2023 share placement.

⁴ Mr Matthew Stepka, Mr Georg Ell and Dr Jane Watts each purchased 555,556 shares at \$0.18 per share as part of the 9 March 2023 share placement.

⁵ Mr Crispin Swan exercised 100,000 Class A and 100,000 Class B performance rights, 814,286 remuneration performance rights and 235,714 STI 2022 performance rights to acquire fully paid ordinary shares. Mr Crispin Swan purchased 58,824 shares at \$0.34 on 1 July 2022.

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⁶ Mr Ben Jenkins purchased 138,889 shares on 16 May 2023 at \$0.17 per share.

c) Performance rights holdings of Key Management Personnel

The number of Performance Rights of the Company held, directly, indirectly or beneficially, by each Director and Key Management Personnel, including their related entities for the year ended 30 June 2023 are as follows:

Directors and Executives	Held at 1 July 2022	Received as remuneration	Exercised	Forfeited rights due to milestones not met	Held at 30 June 2023	Vested and exercisable at year end
Mr Tim Levy ¹	5,871,429	-	(1,071,429)	(75,961)	4,724,039	4,724,039
Mr Peter Pawlowitsch	-	-	-	-	-	-
Mr Phil Warren	-	-	-	-	-	-
Mr Matthew Stepka	-	-	-	-	-	-
Mr Georg Ell	2,095,210	-	-	(28,700)	2,066,510	2,018,905
Dr Jane Watts	-	-	-	-	-	-
Mr Crispin Swan ²	4,614,286	198,762	(1,250,000)	(75,961)	3,487,087	3,288,325
Mr Ben Jenkins ³	-	2,082,323	-	(6,591)	2,075,732	413,712
Total	12,580,925	2,281,085	(2,321,429)	(187,213)	12,353,368	10,444,981

¹ Mr Tim Levy was issued 1,000,000 STI 2022 performance rights, 1,000,000 STI 2023 performance rights and 1,500,000 LTI performance rights on 30 June 2021. These were approved at the Shareholder meeting on 9 June 2021. These have vested as on 30 June 2023. Mr Tim Levy exercised 1,071,429 remuneration performance rights to acquire 1,071,429 ordinary shares.

² Mr Crispin Swan was issued 1,000,000 STI 2022 Performance Rights, 1,000,000 STI 2023 performance rights and 1,500,000 LTI performance rights on 30 June 2021. These were approved at the Shareholder meeting on 9 June 2021. These have vested as on 30 June 2023. Mr Crispin Swan exercised 100,000 Class A, 100,000 Class B, 814,286 remuneration and 235,714 STI 2022 performance rights to acquire ordinary shares. Mr Crispin Swan also received 198,762 performance rights under the Company's Employee Share Scheme.

³ Mr Ben Jenkins commenced employment on 15 August 2022 and was issued 380,000 STI 2023 performance rights (vesting date 30 June 2023), 380,000 STI 2024 performance rights (vesting date 30 June 2024) and 1,000,000 LTI Performance rights (vesting 30 June 2025) on 28 September 2022. Mr Ben Jenkins also received 322,323 performance rights under the Company's Employee Share Scheme.

Securities issued (that continue to vest in the current year) to Mr Georg Ell upon formalisation of the terms and conditions of his position as CEO of Smoothwall (which occurred in September 2021) were valued as below:

142,815 employee performance rights granted to Mr Georg Ell were issued under Employee Share Scheme and were valued based on share price at \$0.67 per share and a grant date of 16 August 2021. These were issued in three tranches vesting on continued employment on 30 June 2022, 30 June 2023, and 30 June 2024. Share based payment expense in relation to these rights for the year is \$24,931.

1,000,000 STI rights with 500,000 vesting upon the achievement of each of the Smoothwall UK ("STI 2023 UKARR") and Smoothwall ("STI 2023 SMARR") annual recurring revenue ("ARR") targets for the year ended 30 June 2023, as disclosed in the table below. The STI rights also required continued employment to 30 June 2023 with a grant date of 7 September 2021. Milestones for the Smoothwall STI 2023 were 99.3% and 95.1% achieved for Smoothwall UK and Smoothwall respectively. The rights were adjusted and vested accordingly as of 30 June 2023:

Measure	Target ARR for the year ended 30 June 2023 (£)	Actual ARR for the year ended 30 June 2023 (£)	Awarded %
Smoothwall UK ARR	17,319,000	17,191,513	99.3%
Smoothwall ARR	20,590,000	19,575,547	95.1%

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Remuneration report (Audited)

760,000 STI and 1,000,000 LTI performance rights were issued during the year ended 30 June 2023 to Mr Ben Jenkins. The rights were valued at the share price at grant date \$0.48 per share. The grant date was determined as the date that Mr Ben Jenkins' employment was accepted (25 April 2022). However, vesting commenced from the employment commencement date of 15 August 2022. The various vesting dates for the rights are as follows:

Performance Rights	Vesting Date	Number of performance rights	Total Expense for Current Year (\$)
STI 2023 performance rights	30 June 2023	380,000	179,236
STI 2024 performance rights	30 June 2024	380,000	84,942
LTI 2023 performance rights	30 June 2025	1,000,000	145,829
Total		1,760,000	410,007

Mr Ben Jenkins' performance rights are subject to the following vesting milestones:

Performance Rights	Vesting Condition	Milestone Date
STI 2023 Performance Rights	a. Continued employment until 30 June 2023; b. Job performance: Receive a performance review of "exceeds expectation" rating c. Revenue growth MRR Growth - If the Group achieves an Monthly Recurring Revenue (MRR) target of \$8.3m by 30 June 2023. 100% is paid if MRR target is met and 80% paid if 80% of the target is met with a straight line pro-rata between.	30 June 2023
STI 2024 Performance Rights	a. Continued employment until 30 June 2024; b. Receive a performance review of "exceeds expectation" rating c. MRR Growth - If the Group achieves an Monthly Recurring Revenue (MRR) target of \$10.8m by 30 June 2024. 100% is paid if MRR target is met and 80% paid if 80% of the target is met with a straight line pro-rata between.	30 June 2024
LTI 2023 Performance Rights	Issued in the year ended 30 June 2023: Continued employment with the Company in existing role from issue date until the Milestone Date	30 June 2025

For STI 2023 rights issued in the current year, 50% of the milestones targets were linked to job performance and vested 100%. The remaining 50% were set at a target of \$8.3 million in monthly recurring revenue (MRR). By 30 June 2023, MRR of \$6.35 million was achieved resulting in a payment of 96.5% of the total rights. The rights vested accordingly as of 30 June 2023:

	30 June 2022	30 June 2023	Growth (%)	Awarded (%)
Monthly Recurring Revenue	4,920,244	6,353,131	29.1%	96.5%

Mr Ben Jenkins also received 322,323 performance rights under the Company's Employee Share Scheme. The performance rights are granted across 3 equal tranches and vests subject to achievement of an underlying service condition to remain employed by the Group at each vesting date. The performance rights have been valued using the share price at the grant date. Mr Ben Jenkins received a total of 2,082,323 performance rights including STI 2023, STI 2024, LTI 2023 and employee share scheme rights.

Mr Crispin Swan received 198,762 performance rights under the Company's Employee Share Scheme. The performance rights are granted across 3 equal tranches and vests subject to achievement of an underlying service condition to remain employed by the Group at each vesting date. The performance rights have been valued using the share price at the grant date.

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The performance rights that were granted in the prior financial years which continue to vest are subject to the following vesting milestones:

Performance Rights	Vesting Condition	Milestone Date
Class C Employee Performance Rights	Continued employment with the Company in existing role from issue date until the Milestone Date	4 May 2023
STI 2023 Performance Rights	<p>a. Continued employment until 30 June 2023;</p> <p>b. Receive a positive Personal Scorecard for the financial year ended 30 June 2023 from the Board for performance over the previous 12 months, 50% of the STI 2023 Performance Rights shall vest;</p> <p>c. QRR Growth - If the Company achieves 40% growth in Quarterly Recurring Revenue (QRR) from 1 April 2023 to 30 June 2023 compared to the corresponding period in the previous year, 50% of the remaining 50% of the STI 2023 Performance Rights shall vest, with straight line pro- rata vesting for additional percentages of QRR Growth up to 100% from 1 April 2023 to 30 June 2023 compared to the corresponding period in the previous year.</p>	30 June 2023
LTI 2023 Performance Rights	<p>150,000 LTI Performance Rights (per holder) shall vest subject to the achievement of each of the Operational Milestone outlined below, which are linked to the following key business Objectives:</p> <p>a. Expand Markets;</p> <p>b. Expand Products;</p> <p>c. Launch Community;</p> <p>d. Make Sustainable;</p> <p>e. Improve Revenue per Student.</p> <p>A maximum of 450,000 LTI Performance rights (per holder) can vest per business</p>	30 June 2023

For STI 2023 rights issued in the prior year, 50% of the milestones targets were linked to job performance and vested 100%. The remaining 50% were set at a quarterly recurring revenue growth target of 40% for 50% vesting and 100% for 100% vesting. By 30 June 2023, 63.5% growth was achieved resulting in a payment of 84.8% of the total rights. The rights vested accordingly as of 30 June 2023:

	30 June 2022	30 June 2023	Growth (%)	Awarded (%)
Quarterly Recurring Revenue	14,760,732	24,132,700	63.5%	84.8%

Objective	Operational Milestones
Expand Markets	Achieving revenue of greater than \$500,000 in total prior to 30 June 2023 in a market other than USA, Australia or New Zealand.
Expand Products	<p>Launch of a new product which generates revenue of greater than \$500,000 in total prior to 30 June 2023.</p> <p>Launch of a new product which achieves 2.5% take-up by School Clients in a particular country.</p>
Launch Community	<p>Launch of Community in a market outside of Australia and achieve greater than 20% take-up by School Clients.</p> <p>Launch of Community in a market outside of Australia and achieve greater than 30% take-up by School Clients.</p> <p>Launch of Community in a market outside of Australia and achieve 2% of parents within all participating School Clients activating a Consumer Account.</p> <p>Launch of Community in a country outside of Australia and achieve 5% of parents within all participating School Clients activating a Consumer Account</p>
Make Sustainable	<p>Achieve quarterly average data and hosting costs per student below targets set by the Board</p> <p>Achieve quarterly Service Margin above targets set by the Board.</p>
Improve Revenues per Student	Achieve Average Revenue Per Student targets set by the Board.

Directors' report

Remuneration report (Audited)

The number of rights held by each Key Management Personnel at 30 June 2023 has been outlined below:

Performance Rights		Mr Tim Levy	Mr Phil Warren	Mr Peter Pawlowitsch	Mr Matthew Stepka	Mr Georg Ell	Mr Crispin Swan	Dr Jane Watts	Mr Ben Jenkins
Remuneration PRs	Number	-	-	-	-	-	-	-	-
	Grant Date	-	-	-	-	-	-	-	-
Employee Class A, B & C /Executive PRs	Number	300,000	-	-	-	95,210	298,762	-	322,323
	Grant Date	5/1/2020	-	-	-	7/9/2021	2/3/2020 & 1/7/2023	-	26/8/2022
STI 2023 PRSMARR	Number	-	-	-	-	500,000	-	-	-
	Grant Date	-	-	-	-	7/9/2021	-	-	-
STI 2023 PRUKARR	Number	-	-	-	-	500,000	-	-	-
	Grant Date	-	-	-	-	7/9/2021	-	-	-
STI 2022 SMARR	Number	-	-	-	-	500,000	-	-	-
	Grant Date	-	-	-	-	7/9/2021	-	-	-
STI UK 2022 ARR	Number	-	-	-	-	500,000	-	-	-
	Grant Date	-	-	-	-	7/9/2021	-	-	-
SP PRs	Number	1,000,000	-	-	-	-	-	-	-
	Grant Date	1/5/2020	-	-	-	-	-	-	-
STI 2022 PRs	Number	1,000,000	-	-	-	-	764,286	-	-
	Grant Date	30/6/2021	-	-	-	-	30/6/2021	-	-
STI 2023 PRs	Number	1,000,000	-	-	-	-	1,000,000	-	380,000
	Grant Date	30/6/2021	-	-	-	-	30/6/2021	-	15/8/2022
STI 2024 PRs	Number	-	-	-	-	-	-	-	380,000
	Grant Date	-	-	-	-	-	-	-	15/8/2022
LTI 2023 PRs	Number	1,500,000	-	-	-	-	1,500,000	-	1,000,000
	Grant Date	30/6/2021	-	-	-	-	30/6/2021	-	15/8/2022
Total		4,800,000	-	-	-	2,095,210	3,563,048	-	2,082,323

Directors' report

Remuneration report (Audited)

Management has assessed the probability of achieving the vesting conditions as at reporting date. If it was assessed that the hurdle was likely to be met prior to the expiry date. As a result, the share-based payment expense has been adjusted to reflect a shorter vesting period. Management has applied a 100% probability of achievement for all hurdles listed above.

During the financial year ended 30 June 2021, the Company issued the following performance rights to Mr Tim Levy and Mr Crispin Swan as an incentive and as remuneration for services provided. The issue of these performance rights was approved by Shareholders on 9 June 2021 and the performance rights were issued on 30 June 2021.

Performance Rights	Tim Levy	Crispin Swan	Total Number	Total Expense for Current Year (\$)
STI 2022 performance rights	1,000,000	1,000,000	2,000,000	-
STI 2023 performance rights	1,000,000	1,000,000	2,000,000	845,672
LTI 2023 performance rights	1,500,000	1,500,000	3,000,000	475,667
Total	3,500,000	3,500,000	7,000,000	1,321,339

The STI 2022 Performance Rights, STI 2023 Performance Rights and LTI Performance Rights issued to Mr Tim Levy and Mr Crispin Swan have been value using the Black & Scholes Option Pricing Model based on the following key assumptions:

Tim Levy	STI 2022 Performance Rights	STI 2023 Performance Rights	LTI Performance Rights	Total
	<i>Vested</i>	<i>Vested</i>	<i>Vested</i>	
Vesting Date	30-Jun-22	30-Jun-23	30-Jun-23	
Number of PR issued	1,000,000	1,000,000	1,500,000	3,500,000
Share price at grant date	\$0.58	\$0.58	\$0.58	
Exercise Price	nil	nil	nil	
Volatility	80.00%	80.00%	80.00%	
Risk Free Rate	0.11%	0.11%	0.11%	
Fair value per Performance Right	\$0.58	\$0.58	\$0.58	
Total Value of PR	\$580,000	\$580,000	\$870,000	\$2,030,000
Total Expense for Period	\$0	\$237,833	\$12,542	\$250,375

Crispin Swan	STI 2022 Performance Rights	STI 2023 Performance Rights	LTI 2023 Performance Rights	Total
	<i>Vested</i>	<i>Vested</i>	<i>Vested</i>	
Vesting Date	30-Jun-22	30-Jun-23	30-Jun-23	
Number of PR issued	1,000,000	1,000,000	1,500,000	3,500,000
Share price at grant date	\$0.58	\$0.58	\$0.58	
Exercise Price	nil	nil	nil	
Volatility	80.00%	80.00%	80.00%	
Risk Free Rate	0.11%	0.11%	0.11%	
Fair value per Performance Right	\$0.58	\$0.58	\$0.58	
Total Value of PR	\$580,000	\$580,000	\$870,000	\$2,030,000
Total Expense for Period	\$0	\$5,374	\$12,542	\$17,916

Directors' report

Remuneration report (Audited)

c) Key Management Personnel Loans

No loans were provided to, made, guaranteed, or secured directly or indirectly to any KMP or their related entities during the financial year.

d) Other Transactions with Key Management Personnel

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Grange

Consulting

Mr Phil Warren, a Director of the Company, is also Managing Director of Grange Consulting and an entity related to him is a shareholder of Grange Consulting.

Grange Consulting is engaged to provide company secretarial services to the Group. A summary of the fees paid to Grange Consulting for the year ended 30 June 2023 and 30 June 2022 is as follows:

	2023	2022
	\$	\$
Company secretarial and financial management services	88,579	142,488
Total	88,579	142,488

\$88,579 was paid to Grange for financial management and company secretarial services for the year ended 30 June 2023. \$36,300 was outstanding and payable to Grange as at 30 June 2023.

Gyoen Pty Ltd

During the previous financial year, advisory services of \$50,000 were provided by Mr Peter Pawlowitsch's consultancy company, Gyoen Pty Ltd, for services outside his usual Board duties. No such services were provided in the year ended 30 June 2023.

***** END OF AUDITED REMUNERATION REPORT *****

Signed in accordance with a resolution of the Directors.



Mr Tim Levy
Managing Director
Qoria Limited

22 September 2023

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF QORIA LIMITED

As lead auditor of Qoria 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 Qoria Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

22 September 2023

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Revenue from ordinary activities	4	81,881,785	44,725,569
Other income		546,814	455,083
Expenses			
Direct costs	5	(27,108,296)	(16,595,772)
Employee benefits costs	5	(66,561,071)	(48,899,090)
Administration costs	5	(10,010,533)	(9,898,347)
Finance costs		(5,367,656)	(2,093,952)
Depreciation and amortisation	5	(24,009,325)	(10,532,162)
Acquisition related expenses		(1,546,931)	(3,101,906)
Share based payments - employment related	20	(20,341,673)	(19,488,977)
Share based payments - deferred consideration ¹		(18,551,118)	-
Loss before income tax		(91,068,004)	(65,429,554)
Income tax benefit	6	4,347,982	1,414,093
Loss after tax for the year attributable to the members of Qoria Limited		(86,720,022)	(64,015,461)
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		8,727,707	(11,362,718)
Total comprehensive (loss) for the year attributable to the members of Qoria Limited		(77,992,315)	(75,378,179)
Basic and diluted loss per share (cents per share) for the year attributed to the members of Qoria Limited	7	(10.33)	(9.23)

¹ Deferred consideration for the acquisition of Qustodio which is contingent on the continued employment of the recipients. As the consideration is contingent on employment, AASB 3 - Business Combinations requires the consideration to be treated under AASB 2 - Share based payments and expensed over the service period. The balance is payable in two tranches 12 and 24 months from acquisition date and therefore the expense is recognised over the respective service periods of 12 and 24 months.

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

Consolidated statement of financial position

As at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	6,620,286	32,746,157
Trade and other receivables	9	18,971,917	12,012,607
Prepayments		4,407,937	2,063,394
Inventory		1,134,169	1,118,019
Contract assets		2,527,592	3,381,735
Total current assets		33,661,901	51,321,912
Non-current assets			
Intangible assets	10	243,315,825	182,208,713
Financial assets		215,007	189,740
Plant and equipment	11	5,401,353	3,161,989
Right-of-use assets	12	4,023,306	3,249,322
Contract assets		895,497	1,143,106
Total non-current assets		253,850,988	189,952,870
Total assets		287,512,889	241,274,782
LIABILITIES			
Current liabilities			
Trade and other payables	13	23,198,991	10,957,788
Contract liabilities	4	42,670,210	29,312,838
Deferred consideration	16	6,878,438	1,731,101
Provisions	14	3,661,168	2,943,041
Borrowings	15	13,763,247	662,199
Lease liabilities	12	1,453,153	1,315,393
Total current liabilities		91,625,207	46,922,360
Non-current liabilities			
Contract liabilities	4	13,141,267	12,289,822
Deferred consideration	16	701,734	1,836,071
Provisions	14	449,550	374,179
Borrowings	15	2,070,252	203,339
Lease Liabilities	12	3,123,807	2,336,868
Deferred Tax Liability	6	17,541,266	12,002,697
Total non-current liabilities		37,027,876	29,042,976
Total liabilities		128,653,083	75,965,336
Net assets		158,859,806	165,309,446
EQUITY			
Issued capital	17	331,923,526	294,524,795
Reserves	18	62,304,376	19,432,725
Accumulated losses	19	(235,368,096)	(148,648,074)
Total equity		158,859,806	165,309,446

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

Consolidated statement of changes in equity

For the year ended 30 June 2023

		Issued capital	Share-based payments reserve	Accumulated losses	Foreign currency translation reserve	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2022		294,524,795	30,862,024	(148,648,074)	(11,429,299)	165,309,446
Loss for the year		-	-	(86,720,022)	-	(86,720,022)
Total other comprehensive income		-	-	-	8,727,707	8,727,707
Total comprehensive loss for the year		-	-	(86,720,022)	8,727,707	(77,992,315)
Transaction with owners, directly recorded in equity:						
Issue of ordinary shares, net of transaction costs	17	37,398,731	-	-	-	37,398,731
Issue of options, performance rights & performance shares	18	-	34,716,822	-	-	34,716,822
Reversal of performance rights		-	(572,878)	-	-	(572,878)
Total transactions with owners		37,398,731	34,143,944	-	-	71,542,675
Balance at 30 June 2023		331,923,526	65,005,968	(235,368,096)	(2,701,592)	158,859,806

		Issued capital	Share-based payments reserve	Accumulated losses	Foreign currency translation reserve	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2021		106,052,956	11,983,960	(84,632,613)	(66,581)	33,337,722
Loss for the year		-	-	(64,015,461)	-	(64,015,461)
Total other comprehensive loss		-	-	-	(11,362,718)	(11,362,718)
Total comprehensive loss for the year		-	-	(64,015,461)	(11,362,718)	(75,378,179)
Transaction with owners, directly recorded in equity:						
Issue of ordinary shares, net of transaction costs	17	188,471,839	-	-	-	188,471,839
Issue of options, performance rights & performance shares	18	-	20,744,061	-	-	20,744,061
Reversal of performance rights		-	(1,865,997)	-	-	(1,865,997)
Total transactions with owners		188,471,839	18,878,064	-	-	207,349,903
Balance at 30 June 2022		294,524,795	30,862,024	(148,648,074)	(11,429,299)	165,309,446

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

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		74,932,391	41,337,361
Payments to suppliers and employees		(97,291,318)	(81,739,482)
Government grants received		73,200	3,475,816
Interest received		49,390	49,447
Interest paid		(884,647)	(390,574)
Income taxes paid		(516,869)	-
Net cash flows (used in) operating activities	21	(23,637,853)	(37,267,432)
Cash flows from investing activities			
Investments in businesses, net of cash acquired		(19,864,160)	(142,361,068)
Investment in development assets		(1,810,344)	-
Payments for plant & equipment		(4,158,928)	(1,327,742)
Proceeds from disposal of investments		136,193	-
Net cash flows (used in) investing activities		(25,697,239)	(143,688,810)
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)		19,560,725	179,729,455
Proceeds from borrowings (net of transaction costs)		5,143,056	3,518,016
Repayment of borrowings		(2,099,639)	(3,243,061)
Repayment of lease liabilities		(1,623,326)	(1,135,965)
Net cash flows from financing activities		20,980,816	178,868,445
Net decrease in cash and cash equivalents		(28,354,276)	(2,087,797)
Cash and cash equivalents at the beginning of the year		32,746,157	34,933,166
Effects of changes in foreign exchange rates		2,228,405	(99,212)
Cash and cash equivalents at the end of the year	8	6,620,286	32,746,157

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 1: Reporting entity

Qoria Limited (formerly known as Family Zone Cyber Safety Limited) ("Company" or "parent entity") is a listed public Company limited by shares, incorporated and domiciled in Australia and head of the Group ("Group") consisting of Qoria Limited and the entities it controlled at the end of, or during, the year.

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report which does not form part of this financial report.

The financial statements were authorised by the Board of Directors on the date of signing the Directors' Declaration.

Note 2: Basis of preparation

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) (AASB) and the Corporations Act 2001.

The financial statements and notes of the Group comply with Australian Accounting Standards (AASB), which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial statements of the Group are as at, and for the year ended, 30 June 2023 and are presented in Australian dollars as the Company's presentation currency. Qoria Limited is a for-profit entity.

a. Going concern

The financial statements for the year ended 30 June 2023 have been prepared on the basis that the entity is a going concern which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. During the period the entity incurred net cash outflows from operating activities of \$23,637,853 (30 June 2022: \$37,267,432).

Notwithstanding the above, on 30 June 2023 the Group entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital Management Ltd. Subsequent to balance date, on 14 July 2023 an initial drawdown of \$20,350,000 was made. A further \$10,000,000 remains available for drawdown at the Group's discretion as at the date of this report. Refer Note 15 - Borrowings for further details.

As at 30 June 2023, the Group had a working capital deficit of \$57,963,306 (30 June 2022: \$4,399,552 working capital surplus). On a proforma basis, excluding current contract liabilities of \$42,670,210 (2022: \$29,312,838) and including the Ashgrove Capital Management Ltd facility of \$30,350,000 (2022: nil), the Group had a working capital surplus of \$15,056,904 (2022: \$33,712,390 working capital surplus).

The Directors believe that the entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report based on forecasted cash flows which indicate that the Group will have sufficient cash flows to meet all commitments, working capital requirements and lending covenants during the forecast period.

The cash flow forecast is dependent on the Group complying with terms and conditions of lending (Refer Note 15 - Borrowings) and incorporates various targets for revenues, operating costs and overheads and which is dependent on the Group's ability to achieve various assumptions around growth, retention rates and cost control. At the date of this report and having considered the above factors the Directors are of the opinion that the Group will be able to continue as a going concern.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2: Basis of preparation (continued)

a. Going concern (continued)

statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

b. Adoption of new and revised accounting standards

The consolidated entity has adopted all of the new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted, with the exception of 2 c) below.

c. Standards issued but not yet effective

Certain new and amended accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2023. They have not been adopted in preparing the financial statements for the year ended 30 June 2023 (with the exception of the below) and are not expected to impact the entity in the period of initial application.

Early adoption of AASB 2020-1: Amendments to Australian Accounting Standards: Classification of Liabilities as Current or Noncurrent.

Effective for annual reporting periods beginning on or after 1 January 2023, there are four main changes to the classification requirements within AASB 101 Presentation of financial statements:

- 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.

d. Use of Estimates and Judgements

Significant Judgements and Key Assumptions

The preparation of financial statements in conformity with AASBs 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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

(i) Revenue from contracts with customers

The Group considers contracts for the provision of services which are bundled with hardware or other goods and judges whether or not these contain separately identifiable performance obligations. Where hardware and software are interdependent on one another and cannot be separated, they are bundled together to form one bundled performance obligation.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2: Basis of preparation (continued)

d. Use of Estimates and Judgements (continued)

In determining the transaction price for contracts with customers the Group considers the existence of significant financing components for long term contracts. Where a significant discount is provided for upfront payment of the contract value, the value of the contract is adjusted to account for any financing expenses which may be implicit within the contract. The Group also considers whether it is a principle or an agent with regard to any contracts in which it deals with third parties in order to determine the contract value. In doing so, it makes an assessment surrounding the control of goods as well as the risks and responsibilities associated with the contract.

The Group considers the treatment of costs associated with obtaining contracts, as well as costs incurred at the commencement of a contract. The costs of obtaining a contract are then recognised in line with the pattern of revenue recognition for that contract. A portion of revenue is recognised at the time that any costs to commence a contract are incurred, in line with the value of those costs, without recognising any profit margin in line with the requirements of AASB 15. The Group has judged whether any contracts with customers are excluded, or partially excluded, from the scope of AASB 15 and applied other standards where applicable.

(ii) Share-based payments

The Group measures the cost of equity-settled transactions with suppliers by reference to the fair value of the goods or services received provided that this can be estimated reliably. For equity-settled transactions with employees, the fair value is determined indirectly by reference to the fair value of the equity instruments granted. The fair value of the equity instruments granted is determined using an appropriate option pricing model taking into account the terms and conditions upon which the instruments were granted. The Group also made an assessment on the probability of the achievement of non-market based vesting hurdles in assessing the ongoing vesting of the value of the equity instruments granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Please refer to Note 20 for further details.

For share-based payments relating to deferred consideration for the Qustodio acquisition, the Company made an assessment on the probability of the achievement of non-market based vesting hurdles, and the expected timing of these hurdles being achieved in assessing the ongoing vesting of the value of the equity instruments granted. Please refer to Note 20 and Note 24 for further details.

(iii) Impairment of non-financial assets other than goodwill

The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(iv) Business combinations

As discussed in Note 24, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired and liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

The fair value of intangible assets acquired have been determined using the income approach, including excess earnings method and relief from royalty method. Significant judgement is required in determination of the inputs applied in these models (including discount rate and growth rates).

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2: Basis of preparation (continued)

d. Use of Estimates and Judgements (continued)

(v) Deferred consideration

Deferred consideration resulting from business combinations is valued at fair value at the acquisition date. When the deferred consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date, including a present value adjustment for any long term deferred consideration payable.

For deferred consideration relating to the Educator Impact acquisition, significant judgements have been made regarding the probability of the performance target being met, as well as the timing of that event.

(vi) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and any forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 9, is calculated based on the information available at balance date. Actual credit losses in future years may be higher or lower.

(vii) 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.

(viii) 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, in accordance with the accounting policy stated in Note 3. 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. Refer to Note 10 for further information.

Goodwill is allocated to cash generating units (CGUs) for the purpose of annual impairment testing on the basis of estimated expected benefits and synergies in relation to each business combination from which goodwill is recognised.

(ix) Recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(x) Fair value measurement hierarchy

The Group is required to classify all assets and liabilities measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2: Basis of preparation (continued)

d. Use of Estimates and Judgements (continued)

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to Note 22 for further information

Note 3: Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The Group has adopted all of the new, revised or amending accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new, revised or amending accounting standards or interpretations that are not yet mandatory have not been early adopted.

a. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

b. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

c. Financial assets and financial liabilities

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

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial instruments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of the Group's trade receivables that do not contain a significant financing component, the Group initially measures the financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

c. Financial assets and financial liabilities (continued)

Group's accounting policy for revenue recognition. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the Group.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, deferred consideration, borrowings and lease liabilities. All financial liabilities are measured at either amortised cost using the effective interest rate method, or at fair value. The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or un-collectability. A financial liability is removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

d. Trade and other receivables

Trade and other receivables represent the principal amounts due at reporting date less, where applicable, any allowances for expected credit losses.

The Group applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In determining the provision required, the Group utilises its historical credit loss experience adjusted, where appropriate, for forward-looking factors specific to the receivables and the economic environment.

e. Inventories

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

f. 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 impairment, if any. 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. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

f. Intangible assets (continued)

reliably. Development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Customer contracts and relationships

Customer contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 - 7 years.

Brand names

Brand names acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 15 years.

g. Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation.

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. If any such indication exists and where the carrying amount values exceeds the estimated recoverable amount the assets are written down to the recoverable amounts.

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The useful life for each class of depreciable assets are:

Class of fixed asset	Useful life
Network devices	3-5 years
Computer equipment	3 years
Office equipment	3 years

h. Research and development expense

The Group expenses all research costs as incurred. The Group will only record a development asset in accordance with the policy set out in Note 3(f). The amounts incurred in relation to patent development costs and patent applications are expensed until the Group has received formal notification that a patent has been granted. The Group believes expensing patent development and application costs provides the most relevant and reliable information to financial statement users. During the period of development, the asset is tested for impairment annually.

i. Impairment of non-financial assets

At each reporting date, the Group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets should be impaired. If such indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. Goodwill (and any indefinite life intangible assets) are tested for impairment annually.

j. Trade and other payables

Trade and other payables and accrued liabilities represent the principal amounts outstanding at reporting date plus, where applicable, any accrued interest.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

k. Deferred consideration

Deferred consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of each business combination. When deferred consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date, including a present-value adjustment for any long term deferred consideration payable. For deferred consideration relating to the Educator Impact acquisition, significant judgements have been made regarding the probability of the performance target being met, as well as the timing of that event.

l. Borrowings

Borrowings - Convertible notes

Convertible notes issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder or at the option of the issuer in certain circumstances. The notes include embedded derivative liability representing a conversion feature to convert a variable amount of liability in the functional currency based on a fixed conversion price. The Company had elected upon initial recognition of the convertible notes (including its embedded derivative) to recognise the whole instrument as a financial liability carried at fair value through profit or loss. On initial recognition the fair value of the convertible note will equate to the fair value of consideration paid, as no gain or loss on initial recognition can be recognised per the requirements of the accounting standards AASB9. The financial liability will subsequently be measured at fair value at each reporting period or until settlement and fair value movements will be recognised in the profit or loss as finance cost.

The fair value of the financial liabilities carried at fair value through profit or loss (i.e. the convertible note portion) is calculated based on the present value of estimated cash flows taking into account credit risk profile of the Company, market interest rates, share price of the Company and foreign exchange rates. The convertible notes are classified as a current liability given the noteholder's ability to settle via conversion into shares at any time between issue date and maturity date.

Borrowings - Other

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

m. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

n. Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which are not expected to be settled wholly within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

n. Employee benefits (continued)

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Contributions are made by the Group to employee's superannuation funds. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

o. Share-based payment arrangements

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.

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

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model for options with non-market based vesting conditions and the Monte Carlo simulation model for options and performance rights with market based vesting conditions. The fair value of shares issued and performance rights with non-market vesting conditions is based on the closing market price of the Company's shares on the grant date.

p. 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.

q. Revenue

The principal activities of the Group are the sale, distribution, marketing and customer support of its suite of education technology and cyber safety products and services.

Subscription revenues

Subscription service revenues are recognised over time over the life of the service contract as and when the Group's service obligations under the contract are satisfied.

Bundle revenues

Revenues from the provision of subscription services which are bundled with interrelated hardware are recognised over time over the life of the contract as and when the Group's service obligations under the contract are satisfied. Services are considered to be bundled with hardware when the entity would not be able to fulfil its contractual obligations by transferring each of the goods or services independently.

Significant financing components

In determining the transaction price for contracts with customers the Group considers the existence of significant financing components for long term contracts. Where a significant discount is provided for upfront payment of the contract value, the value of the contract is adjusted to account for any financing expenses which may be implicit within the contract.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

q. Revenue (continued)

Sales of hardware

Revenue from the sale of standalone equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, other goods or services). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Contract balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities above.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the relevant performance obligations under the contract.

Capitalised contract cost

Incremental costs of obtaining a contract and certain costs to fulfil a contract are recognised as an asset if the following criteria are met:

- the costs relate directly to a customer contract
- the costs generate or enhance resources of the entity that will be used in satisfying performance obligations attaching to the customer contracts; and
- the costs are recoverable from the customer.

Any capitalised contract costs assets are amortised on a systematic basis that is consistent with the Group's transfer of the related goods or services to the customer.

Prepaid commissions

Commissions owing to resellers and internal sales staff are paid at the inception of the contract and recognised as a contract asset, amortised to direct costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the term of the contract. The contract liability balance in the Consolidated Statement of Financial Position is shown net of any prepaid commissions.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

r. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s. Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group), whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

AASB 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and assess its performance.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Group has four main operating segments being the provision of educational technology services in Australia & New Zealand ("ANZ"), the United Kingdom ("UK"), the United States of America ("USA") and Europe. Previously, during the year ended 30 June 2022, the Group operated within three main operating segments being ANZ, USA and UK. This is consistent with the internal reporting provided to the CODM.

t. Current and non-current classification

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

u. Value-added taxes

Revenues, expenses and assets are recognised net of the amount of associated value-added taxes (including GST, VAT, Sales Tax and other similar taxes), unless the value added tax incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of value added tax receivable or payable. The net amount of value added tax recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The value added tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of value added tax recoverable from, or payable to, the tax authority.

v. Foreign currency translation

(i) Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The functional currency of the Parent Company is Australian Dollars. The consolidated financial statements of the Group are presented in Australian Dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the transition of monetary items are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise, except where deferred in equity as a qualifying cash flow.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are transferred to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which an operation is disposed of (there were no operations disposed of in either the current or prior years). For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Australian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

w. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

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 is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of either 12 months from the date of the acquisition or when the acquirer receives all the information possible to determine fair value.

x. 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 consolidated entity 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 re-measurement of lease liabilities. The consolidated entity 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.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Significant accounting policies (continued)

y. 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 consolidated entity's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

z. Basis of consolidation

The financial statements are those of the Group, comprising the financial statements of the Company, and of all entities which the Company controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries are eliminated from the date on which control is established and are de-recognised from the date that control ceases.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 4: Revenue

Operating Revenue	2023	2022
	\$	\$
Service revenue ¹	81,307,188	44,377,054
Hardware revenue ²	574,597	348,515
	81,881,785	44,725,569

¹ Service revenue is recognised over the life of the service contract as the service obligations under the contract are satisfied. Service revenue includes bundled hardware and software contracts.

² Hardware revenue is recognised at the point in time when control of the asset is transferred to the customer and over the life of the service as the supply obligations under the contract are satisfied.

Disaggregation of revenue from contracts with customers

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

Timing of revenue recognition - 30 June 2023	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
At a point in time	-	-	574,597	574,597
Over time	62,627,817	18,679,371	-	81,307,188
Total	62,627,817	18,679,371	574,597	81,881,785

Geographical Regions - 30 June 2023	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
Australia	2,578,495	294,039	100,351	2,972,885
New Zealand	1,503,027	-	-	1,503,027
UK	26,602,769	845,288	-	27,448,057
USA	30,982,722	3,525,299	474,246	34,982,267
Europe	635,396	13,677,496	-	14,312,892
Rest of the world	325,408	337,249	-	662,657
Total	62,627,817	18,679,371	574,597	81,881,785

Timing of revenue recognition - 30 June 2022	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
At a point in time	-	-	348,515	348,515
Over time	43,813,658	563,396	-	44,377,054
Total	43,813,658	563,396	348,515	44,725,569

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 4: Revenue (continued)

Geographical Regions - 30 June 2022	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
Australia	1,765,861	563,396	71,635	2,400,892
New Zealand	1,099,567	-	58	1,099,625
UK	24,439,321	-	7,256	24,446,577
USA	15,799,453	-	269,566	16,069,019
Europe	370,198	-	-	370,198
Rest of the world	339,258	-	-	339,258
Total	43,813,658	563,396	348,515	44,725,569

Reconciliation of movements in contract liabilities:

Contract Liabilities	\$
Balance at 1 July 2021	9,628,607
Additions arising from business combination – Smoothwall	33,577,266
Additions arising from business combination – Cipafilter	1,904,082
Additions during the year	38,646,162
Recognised within service revenue	(44,377,054)
Other including foreign exchange movements	2,223,597
Balance at 30 June 2022	41,602,660
Additions arising from business combination – Qustodio ¹	7,381,398
Additions arising from business combination – Educator Impact ¹	651,988
Additions during the year	84,932,717
Recognised within service revenue	(81,881,785)
Other including foreign exchange movements	3,124,499
Balance at 30 June 2023	55,811,477

¹ Refer to Note 24 – Business Combinations

As at 30 June 2023 \$42,670,210 (2022: \$29,312,838) has been recognised as current contract liabilities representing services to be provided within the next 12 months. A further \$13,141,267 (2022: \$12,289,822) represents contracts signed for services to be delivered in the next 2-5 years.

The Group recognises a contract asset or liability in relation to the Services fixed-price contracts whereby the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. \$29,312,838 (2022: \$6,691,581) revenue was recognised in the current reporting period relating to carried-forward contract liabilities or performance obligations satisfied in a prior year. \$55,811,477 (2022: \$41,602,660) of transaction price relates to unsatisfied performance obligations that will be satisfied in the future financial periods.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 5: Expenses

	2023	2022
	\$	\$
Direct costs		
Service costs	4,623,074	3,670,857
Hardware costs	3,615,567	2,933,764
Cloud data and hosting	9,963,456	6,849,919
Marketing	6,441,449	1,991,807
Other costs	2,464,750	1,149,425
	27,108,296	16,595,772
Employee and director benefits cost		
Employee wages and superannuation	54,299,380	39,322,780
Staff and contractor commissions	3,693,868	3,184,471
Other employee costs	8,567,823	6,391,839
	66,561,071	48,899,090
Administration		
Legal costs	329,177	2,388,060
IT costs	4,652,752	2,445,999
Corporate and compliance costs	2,067,889	1,980,259
General administrative costs	2,960,715	3,084,029
	10,010,533	9,898,347
Depreciation and amortisation		
Depreciation of plant and equipment	2,329,396	3,643,108
Amortisation of right-of-use assets	1,468,374	1,207,923
Amortisation of intangible assets	20,211,555	5,681,132
	24,009,325	10,532,162

Note 6: Income tax

	2023	2022
	\$	\$
(a) The major components of income tax expense / (benefit) comprise of:		
Current tax benefit	17,220	43,609
Deferred tax benefit	(4,365,202)	(1,457,702)
Under/ (over) provision in prior years	-	-
Total income tax expense from continuing operations	(4,347,982)	(1,414,093)
Deferred income tax expense/ (revenue) included in income tax expense comprises:		
Decrease/ (increase) in deferred tax assets	-	-
(Decrease)/ increase in deferred tax liabilities	(4,365,202)	(1,457,702)
	(4,365,202)	(1,457,702)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 6: Income tax (continued)

	2023 \$	2022 \$
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit / (loss) before tax for the year	(91,068,001)	(65,429,554)
Prima facie income tax payable on profit / (loss) before income tax at:		
- 30.00% (Australia) (2022: 25.00%)	(8,745,987)	(10,994,761)
- 21.00% (US)	(12,580,239)	(3,707,212)
- 19.00% (UK)	(3,100,419)	(1,635,016)
- 25.00% (Spain)	(2,857,722)	-
- 28.00% (New Zealand)	(35,593)	(114,519)
- 17.00% (Singapore)	(440)	712
Adjustments for:		
Share-based payments	11,579,407	3,325,781
Non-deductible expenditure	63,436	205,626
Foreign Tax Rate Differential	(1,527,745)	339,283
Tax losses and temporary differences not recognised	12,857,319	11,166,013
Income tax expense / (benefit) attributable to loss	(4,347,983)	(1,414,093)
(c) Unrecognised deferred tax assets		
<i>Deferred tax asset balance comprises:</i>		
Tax losses	42,705,926	24,522,788
Plant & Equipment and Right-of-use Assets	1,837,378	1,492,919
Provisions & Accruals	1,166,912	699,192
Other	1,226,781	204,576
Capital & Business related costs	1,128,291	2,318,706
Total unrecognised deferred tax assets	48,065,288	29,238,181
<i>Deferred tax liability balances comprises:</i>		
PPE and Intangible assets	(2,676,431)	(1,267,051)
Business Combination	(17,541,266)	(12,002,697)
Offset against deferred tax assets / not recognised	2,676,431	1,267,051
Net deferred tax asset / (liability)	(17,541,266)	(12,002,697)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 6: Income tax (continued)

	2023 \$	2022 \$
(d) Deferred tax liability arising from business combination		
Opening balance	(12,002,697)	-
Initial recognition from acquisitions	(9,057,508)	(14,330,048)
Unwinding of deferred tax liabilities during the period	3,518,939	2,327,351
Deferred tax liability from business combinations	(17,541,266)	(12,002,697)
(e) Deferred income tax related to items charged or credited directly to equity		
Decrease / (increase) in deferred tax assets	268,583	2,302,944
Adjust for derecognition / offset of DTA/DTL	(268,583)	(2,302,944)
Total items charged or credited directly to equity	-	-
(f) Deferred tax assets / liabilities not brought to account		
Temporary differences	2,682,930	3,448,342
Operating tax losses – Australia	22,110,173	14,911,973
Operating tax losses – Other jurisdictions	20,595,753	9,610,815
Deferred tax assets not brought to account	45,388,856	27,971,130

Total tax losses (tax effected) of \$42,705,926 (2022: \$24,522,788) have not been brought to account for the year ended 30 June 2023.

The tax benefits of the above deferred tax assets, including tax losses, will only be obtained if the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised, the Company continues to comply with the conditions for deductibility imposed by law and no changes in income tax legislation adversely affect the Company in utilising the benefits.

Note 7: Loss per share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income or loss and share data used in the total operations basic and diluted earnings per share computations:

	2023 \$	2022 \$
Loss used in the calculation of basic and diluted loss per share	(86,720,022)	(64,015,461)
Basic and diluted loss per share attributable to equity holders (cents per share)	(10.33)	(9.23)
	Number	Number
Weighted average number of ordinary shares outstanding	839,588,868	693,575,436
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	839,588,868	693,575,436

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 7: Loss per share (continued)

Options and other potentially dilutive ordinary shares outstanding during the year have not been taken into account in the calculation of the weighted average number of ordinary shares as they are considered anti-dilutive.

Note 8: Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	6,620,286	32,746,157
Total Cash and Cash Equivalents	6,620,286	32,746,157

Cash at bank earns interest at floating rates based on daily bank rates. Refer to Note 22 on financial instruments for details on the Company's exposure to risk in respect of its cash balance.

Note 9: Trade and other receivables

	2023	2022
	\$	\$
Current:		
Trade receivable	14,408,801	10,465,928
Less provision for expected credit losses	(350,522)	(268,375)
	14,058,279	10,197,553
Other current receivables:		
GST receivables	2,746,797	780,905
R&D grant receivables	799,158	-
Other receivables	1,367,683	1,034,149
Total trade and other receivables	18,971,917	12,012,607

Note 10: Intangible assets

	2023	2022
	\$	\$
Goodwill at cost	169,941,625	130,698,211
Software at cost ¹	63,401,022	50,738,191
Less: Accumulated amortisation and impairment	(30,308,271)	(19,531,378)
Customer lists at cost ²	43,712,631	15,545,349
Less: Accumulated amortisation and impairment	(10,807,956)	(1,166,278)
Branding at cost ³	6,673,030	6,163,109
Less: Accumulated amortisation and impairment	(832,453)	(238,491)
Development asset at cost ⁴	1,843,436	-
Less: Accumulated amortisation and impairment	(307,239)	-
	243,315,825	182,208,713

¹ Software is amortised on a straight-line basis over the period of its expected benefit, being its finite life of 3 - 7 years.

² Customer lists are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-10 years.

³ Branding is amortised on a straight-line basis over the period of its expected benefit, being its finite life of 15 years.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 10: Intangible assets (continued)

The useful life of software, customer lists and branding was determined using judgement based on life cycles of related products, expected technical or commercial obsolescence and economic life of other comparable assets.

⁴ Development assets are amortised on a straight-line basis over the period of its expected benefit, being its finite life of 3 years.

Intangible Assets	Goodwill	Software	Customer contracts	Branding	Development assets	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	-	5,039,060	934,254	-	-	5,973,314
Additions arising from business combinations - Smoothwall	129,436,090	34,657,003	13,785,971	6,619,537	-	184,498,601
Additions arising from business combinations - Cipafilter	9,719,326	263,575	1,370,568	-	-	11,353,469
Amortisation expense	-	(5,963,253)	(1,536,005)	(373,448)	-	(7,872,706)
Foreign exchange movements	(8,457,205)	(2,789,572)	(175,717)	(321,471)	-	(11,743,965)
Balance at 30 June 2022	130,698,211	31,206,813	14,379,071	5,924,618	-	182,208,713
Additions arising from business combinations - Qustodio ¹	21,599,257	8,674,904	21,902,959	-	-	52,177,120
Additions arising from business combinations - Educator Impact ¹	5,925,498	94,200	3,660,618	-	-	9,680,316
Additions - Development assets	-	-	-	-	1,843,436	1,843,436
Amortisation expense	-	(9,749,504)	(9,734,264)	(420,548)	(307,239)	(20,211,555)
Foreign exchange movements	11,718,659	2,866,338	2,696,291	336,507	-	17,617,795
Balance at 30 June 2023	169,941,625	33,092,751	32,904,675	5,840,577	1,536,197	243,315,825

¹ Refer to Note 24 – Business Combinations

Impairment of intangible assets

Goodwill is not amortised. Instead, it is tested at least annually for impairment. The Group performed this annual impairment testing as at 30 April 2023 and thereafter assessed whether there were indicators of any impairment as at balance date 30 June 2023.

Goodwill is carried at cost less accumulated impairment. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to groups of cash generating units (CGUs) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those groups of CGUs.

Impairment is determined by assessing the recoverable amount of the groups of CGUs to which the goodwill relates. The recoverable value of each CGU is estimated based on its value in use. When the recoverable amount of the groups of CGUs is less than the carrying amount, an impairment loss is recognised. Where certain assets cease to be a part of a CGU they are tested for impairment individually and where required are written down to their recoverable value.

Impairment losses recognised for goodwill are not subsequently reversed. Impairment losses recognised for assets other than goodwill can be subsequently reversed where it is supported by the recoverable value amount.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 10: Intangible assets (continued)

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Management has assessed that the lowest level at which Goodwill is monitored is the four operating segments reporting to the Managing Director and Board of Directors being USA, UK, Australia & New Zealand ("ANZ") and Europe. Management has allocated Goodwill in relation to the Qustodio and Educator Impact acquisitions as at 30 June 2023 by attributing it proportionally to the relative size of the markets made available to these businesses by joining the Qoria Group. Goodwill recognised as a result of the Qustodio business combination is allocated to the USA, UK, ANZ and Europe CGUs, while Goodwill recognised in relation to the Educator Impact business combination is allocated to the USA, UK and ANZ CGUs. Consistent with the approach taken in previous periods, Management has allocated Goodwill in relation to the Smoothwall acquisition by attributing the relative forecast improvement in performance of each CGU as a result of the expected synergies obtained and Goodwill in relation to the Cipafilter acquisition is allocated to the USA CGU.

Impairment testing value in use modelling uses cash flow projections based on financial forecasts consistent with current and historical performance along with external data. Estimating future cash flows requires assumptions to be made regarding future performance of each CGU while considering the likelihood of uncertain events. The business' strategy considers the industry it operates in, its current operating structure and estimates of likely market growth based on credible market research and external sources of information. The models used cover a 5 year projected cash flow period based on budget approved by Management for FY2024, extrapolated for the remaining 4 years based on estimated growth rates stated below.

Impairment assessment key estimates & assumptions

The key assumptions used for testing impairment using a value-in-use model were as follows:

Balance	USA	UK	Europe	ANZ
Carrying amount	106,875,780	97,880,804	26,405,252	19,962,029
Board-approved budget	Year 1 (FY2024)	Year 1 (FY2024)	Year 1 (FY2024)	Year 1 (FY2024)
Pre-tax discount rate	10.73%	11.68%	10.73%	10.73%
Revenue growth rate (per annum, FY2025 to FY2028)	27%	30%	9%	20%
CGU cost growth rate (per annum, FY2025 to FY2028)	10%	9%	2%	4%
Long term growth rate	2.00%	2.00%	2.00%	3.00%

- Carrying amount - Represents the total written down value of all relevant assets including intangible assets, goodwill, property, plant and equipment and right-of-use assets as at date of annual impairment testing on 30 April 2023, allocated to each CGU.
- Board-approved budget - Management has prepared a long term forecast based on the Board-approved budget for the financial year ending 30 June 2024 and has made assumptions relating to market growth rates, renewal rates and operating cost structure for the forecast period.
- Pre-tax discount rate - In determining the fair value of each CGU, the future cash flows were discounted based on the Group's estimated weighted average cost of capital ("WACC"), adjusted for regional differences.
- Revenue growth rate - The expected rate by which each CGU's revenue will grow year-on-year. The rate is based on available past experience and market consensus research for the industry the Group operates in and includes revenue expected in relation to the cross-selling of recently acquired products to the Group's existing customer base.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 10: Intangible assets (continued)

- CGU cost growth rate – The expected rate by which each CGU's costs will grow year-on-year, including each CGU's allocation of Group overhead costs which is determined with consideration to forecasted revenues per CGU. Cost growth is based on available past experience and includes costs expected in relation to ongoing growth as well as the cross-selling of recently acquired products to the Group's existing customer base.
- Long-term growth rate – Represents the long-term growth rate, limited to the long-term inflation outlook for each region.

Group overheads which are not directly attributable to an individual CGU are allocated to CGUs proportionally with consideration to forecasted revenues per CGU. Group overheads are forecasted to grow by an average 2 percent per annum during the 4 year projection period.

Forecast cash flows

Forecast cash flows have been based on a combination of factors including the Group's past experience and the assessment of economic and regulatory factors affecting the markets within which the Group operates. The Group's operating structure and recent business acquisitions provides the structural framework for growth and increased distribution channels which will ensure growth strategy objectives are met. The Group is seeing opportunities accelerate across all regions and is well positioned to capture these opportunities with both potential and existing customers.

Sensitivity analysis

Management recognises that the actual cash flows, discount and growth rates used to calculate the value in use may vary from what has been estimated as part of the annual impairment testing.

Value-in-use estimates are particularly sensitive to the achievement of long-term growth rates, discount rates and forecast performance. The Group's position is that a reasonable possible change in these key inputs would be free of impairment at reporting date. Changes in any of the aforementioned assumptions may be accompanied by changes in other assumptions, which may have an offsetting impact.

Note 11: Plant and equipment

	2023 \$	2022 \$
Plant & equipment – at cost	11,161,910	6,482,846
Less: Accumulated depreciation	(5,760,557)	(3,320,857)
	5,401,353	3,161,989

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 11: Plant and equipment (continued)

a) Reconciliation of movements in plant and equipment

Plant and equipment	\$
Balance at 1 July 2021	2,764,399
Additions arising from business combination - Smoothwall	235,868
Additions arising from business combination - Cipafilter	135,858
Additions	1,559,039
Depreciation expense	(1,653,271)
Foreign exchange movements	120,096
Balance at 30 June 2022	3,161,989
Additions arising from business combination - Qustodio ¹	128,814
Additions	4,485,233
Depreciation expense	(2,329,396)
Foreign exchange movements	(45,287)
Balance at 30 June 2023	5,401,353

¹ Refer to Note 24 – Business Combinations

Note 12: Right-of-use assets and lease liabilities

a) Amounts recognised in the balance sheet

Right-of-use assets	2023	2022
	\$	\$
Land and buildings – right-of-use assets	6,683,032	5,052,812
Less: accumulated amortisation	(2,659,726)	(1,803,490)
Total right-of-use assets	4,023,306	3,249,322
Lease liabilities		
	2023	2022
	\$	\$
Current		
Lease liability	1,453,153	1,315,393
Total current lease liability	1,453,153	1,315,393
Non-current		
Lease liability	3,123,807	2,336,868
Total non-current lease liability	3,123,807	2,336,868
Total lease liabilities	4,576,960	3,652,261

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 12: Right-of-use assets and lease liabilities (continued)

b) Amounts recognised in the statement of profit or loss

	2023	2022
	\$	\$
Depreciation on right-of-use assets	1,468,374	1,207,922
Interest expense	288,245	305,299
Expense relating to short-term leases (included in administrative expenses)	46,550	113,331

Note 13: Trade and other payables

	2023	2022
	\$	\$
Trade payables ¹	8,712,325	4,576,523
VAT, GST and other sales taxes	3,635,171	1,399,270
Employment related payables	6,459,621	3,248,269
Accruals & other payables	4,391,874	1,733,726
Total Trade and Other Payables	23,198,991	10,957,788

¹ Current trade payables are non-interest bearing and are normally settled on 30-day terms

Note 14: Provisions

	2023	2022
	\$	\$
Current:		
Employee leave provisions	3,661,168	2,299,188
Warranty provision	-	643,853
Total current provisions	3,661,168	2,943,041
Non-current:		
Employee leave provisions	449,550	374,179
Total non-current provisions	449,550	374,179
Total provisions	4,110,718	3,317,220

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 15: Borrowings

	2023	2022
	\$	\$
Current:		
Insurance premium funding	445,329	418,317
Oracle loan financing	315,856	169,252
Convertible notes ¹	11,309,094	-
Loans from Santander Bank and Caixa Bank	1,591,437	-
Other loan facilities	101,531	74,630
Total current borrowings	13,763,247	662,199
Non-current:		
Oracle loan financing	331,271	203,339
Loans from Santander Bank and Caixa Bank	1,738,981	-
Total non-current borrowings	2,070,252	203,339

¹ 7,489 notes issued on 1 August 2022 at a face value of USD\$1,000. 3,328 of the notes are convertible at the option of the holder (Kibo Ventures LLC) for an 18-month period (ending 31 January 2024) at a conversion price of USD\$0.429 per share. Interest on the Kibo notes accrues daily at a rate of 8% per annum and is paid in cash quarterly in arrears. The other 4,161 are convertible at the option of the holder (W8 Venture LLC) for a 24-month period (ending 31 July 2024) at a conversion price of USD\$0.429 per share. Interest on the W8 notes accrues daily at a rate of 10% per annum and is paid 60% in cash and 40% in issue of shares quarterly in arrears. Note holders can also elect to have all or a portion of their debt repaid in cash if they do not wish to convert at the end of the conversion period. The fair value at acquisition date was determined with reference to the comparable price per share paid to other vendors of Qustodio, used to determine the number of notes issued.

Oracle Project

Key Facility Terms

- Counterparty: Oracle Corporation Australia Pty Ltd facilitated by BOQ Finance
- Amount: \$1,049,599
- Final Maturity Date: 31 December 2025. Qoria has the option to repay earlier without penalties
- Interest Rate: 0% per annum with a service fee of around 10% per invoice
- Security: Unsecured
- Conditions: Nil
- Purpose of Loan as per agreement: Implementation & licencing of the Group's Enterprise Resource Planning System ("ERP")

Northcity Asset Pty Ltd - Working capital loan facility

On 3 May 2022, the Group entered into a \$10,000,000 working capital loan facility with Northcity Asset Pty Ltd.

The facility had a 5-year term. Interest was accrued at 10% per annum on funds drawn and 1% per annum on undrawn funds, payable in cash only at maturity. No debt covenants were applicable. Negative pledges were included with regards to incurring any additional indebtedness, granting security, making distributions and disposing of assets that were material in nature. Security was provided through a first ranking registered security over all present and future assets of the Group.

A facility fee of 2% of the Facility amount (\$200,000) was paid on establishment along with 3,000,000 options to acquire ordinary shares of the Company with an exercise price of \$0.60 per share, expiring on 31 January 2026. Thereafter, a facility maintenance fee of up to 7,000,000 options (subject to Shareholder approval which was subsequently obtained) at an exercise price of \$0.60 per share, expiring 31 January 2026, were payable in three instalments on 31 July 2022 (2,000,000 options), 31 January 2023 (2,000,000 options) and 31 July 2023 (3,000,000 options) unless the facility was terminated by the Group prior to these dates. Cash fees of up to \$500,000 were payable in the event that the facility remains open until 31 July 2023, in the event that Shareholder approval was not granted. The facility was repaid on 17

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 15: Borrowings (continued)

March 2023, with the issue of 27,777,778 shares in Qoria Limited. The quantity of shares were calculated with a share price of \$0.18 per share and the drawn down portion of the facility at settlement date being \$5,000,000. The shares were valued using the share price on date of issue (17 March 2023) of \$0.16 per share and a resulting gain of \$555,556 was recognised in profit or loss upon application of AASB Interpretation 19. The 3,000,000 options payable on 31 July 2023 were not issued as a result of the termination of the facility as a result of this early settlement.

Ashgrove Specialty Lending Investments - Debt facility

On 30 June 2023, the Group entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital Management Ltd. Subsequent to balance date, on 14 July 2023 an initial drawdown of \$20,350,000 was made. A further \$10,000,000 remains available for drawdown at the Group's discretion as at the date of this report.

The term of the facility is 5 years and the interest rate will be set at the prevailing BBSY rate plus 8.75% per annum with the ability to capitalise up to 4.25% per annum for the first 2 years (with additional interest of 0.33% per annum payable for every 100 basis points elected to be capitalised by the Group). The facility is secured over all assets of the Group, globally and is subject to various terms and conditions including financial ratios, a liquidity covenant that requires a minimum cash balance held on the balance sheet, tested monthly, an ARR-to-debt ratio and an ARR-to-EBITDA ratio commencing 30 June 2025, both tested quarterly and events of default customary for a facility of this kind.

Transaction costs associated with the facility totalled \$1,704,242 and are retained as a prepaid expense as at 30 June 2023, until drawdown date.

Note 16: Deferred consideration

	2023	2022
	\$	\$
Current:		
Deferred Consideration – Cipafilter ¹	1,446,477	1,731,101
Deferred Consideration – Qustodio ²	650,222	-
Deferred Consideration – Educator Impact ³	4,781,739	-
Total current deferred consideration	6,878,438	1,731,101
Non-Current:		
Deferred Consideration – Cipafilter ¹	701,734	1,836,071
Total non-current deferred consideration	701,734	1,836,071
Total deferred consideration	7,580,172	3,567,172

¹ Cash paid in equal instalments over the period of 30 months from acquisition date on 1 March 2022.

² The full deferred consideration balance of \$1,224,466 was 50% repaid during the year ended 30 June 2023 and the remaining 50% is payable on 31 December 2023. Refer to Note 24 – Business Combinations.

³ Convertible performance consideration due 30 June 2024 unless revenue-based performance target is met sooner. Refer to Note 24 – Business Combinations. Convertible performance consideration and any accrued interest is convertible at the election of the sellers at \$0.60 per fully paid ordinary share. If revenue-based performance target is met sooner than 30 June 2024, convertible performance consideration may be converted to fully paid ordinary shares early at the election of the sellers but not settled in cash. Management has exercised its judgement to determine that this performance target will be met based on its forecasts.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 17: Issued capital

	2023 Number of Shares	2022 Number of Shares
Issued ordinary shares - no par value (fully paid)	1,057,930,869	821,925,394
Treasury Shares	(2,643,788)	-
Total	1,055,287,081	821,925,394

	Number of Shares	Value \$
Opening balance - 1 July 2021	391,266,604	106,052,956
Shares issued on exercise of performance rights	6,158,131	-
Shares issued on exercise of broker and advisor options	1,507,500	303,075
Shares issued on exercise of employee options	1,502,697	270,485
Issue of placement shares ¹	355,587,242	163,858,818
Issue of Cipafilter shares	13,116,316	5,508,853
Issue of Netref consideration	4,225,921	1,358,854
Shares issued in lieu of cash remuneration or as incentive	3,312,679	1,874,674
Shares issued on exercise of Director zero exercise price options	686,753	-
Issue of retail entitlement offer shares	44,561,551	24,508,853
Costs of shares issued	-	(9,211,773)
Closing balance - 30 June 2022	821,925,394	294,524,795
Issue of placement shares	143,605,425	19,599,985
Convertible note interest	220,721	163,918
Qustodio consideration shares issued	19,653,323	6,486,012
Educator Impact consideration shares issued	9,744,567	3,118,261
Shares issued on exercise of zero exercise price options	120,000	-
Shares issued on exercise of seller/advisor options ²	1,506,600	406,422
Shares issued on exercise of Director options	3,000,000	630,000
Shares issued on exercise of performance rights	16,036,127	-
Repayment of working capital facility by issued of shares	27,777,778	4,444,444
Shares issued in lieu of cash remuneration or as incentive	11,697,146	3,444,966
Cost of shares issued	-	(895,277)
Closing balance - 30 June 2023	1,055,287,081	331,923,526

¹ Consideration for 32,494,312 shares issued by placement was received prior to 30 June 2022 and shares were subsequently issued on 1 July 2022.

² Consideration for 500,000 Advisor options exercised was received prior to 30 June 2023 and shares were subsequently issued on 7 July 2023.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 17: Issued capital (continued)

(b) Treasury shares

	Number of shares
Opening balance - 1 July 2022	-
Acquisition of shares by the trust	17,300,000
Issue of deferred shares under the Company's employee incentive plan	(14,656,212)
Closing balance - 30 June 2023	2,643,788

Capital risk management

When managing capital, the Board's objective is to ensure that the Group continues as a going concern as well as to maximise the returns to Shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board is constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may issue new shares, return capital to Shareholders or sell assets to reduce debt. The Group was not subject to any externally imposed capital requirements during the year.

Note 18: Reserves

Nature and purpose of share-based payments reserve

The share-based payments reserve records the value of options, performance rights and performance shares issued to the Group's employees, Directors, and third parties. The value of the amount disclosed during the year reflects the value of options, performance rights and performance shares issued by the Group.

	2023	2022
	\$	\$
Options	13,755,919	11,436,735
Performance shares	18,491,584	1,660,671
Performance rights	32,758,465	17,764,618
Total share-based payments reserve	65,005,968	30,862,024

Nature and purpose of foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the Group's foreign controlled subsidiaries.

	2023	2022
	\$	\$
Foreign currency translation reserve	(2,701,592)	(11,429,299)
Total foreign currency translation reserve	(2,701,592)	(11,429,299)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Options outstanding at 30 June 2023

The following options over ordinary shares of the Company existed at reporting date:

Options	Grant date	Expiry date	Exercise Price (\$)	Balance at start of Period (Number)	Granted During the Period (Number)	Exercised during the Period (Number)	Forfeited/lapsed during the Period (Number)	Balance at Period end (Number)	Vested and exercisable at Period end (Number)
Selling/Advisor Options	11/8/2019	11/8/2022	0.21	1,537,500	-	(1,506,500)	(31,000)	-	-
Director Options	11/8/2019	11/8/2022	0.21	3,000,000	-	(3,000,000)	-	-	-
Employee options	29/04/2020	29/05/2023	0.21	500,000	-	-	(500,000)	-	-
Director Options	30/06/2020	7/7/2023	0.21	1,000,000	-	-	-	1,000,000	1,000,000
Advisor options	30/06/2020	13/07/2023	0.24	700,000	-	-	-	700,000	700,000
Advisor options	30/06/2020	13/07/2023	0.18	500,000	-	(500,000)	-	-	-
Director options	6/9/2021	30/06/2025	0.50	4,500,000	-	-	-	4,500,000	4,500,000
Company Secretary options	9/1/2021	30/06/2025	0.55	500,000	-	-	-	500,000	500,000
Director ZEPOs	19/11/2021	30/11/2024	-	2,000,000	-	-	-	2,000,000	2,000,000
Director options	24/01/2022	31/12/2025	0.60	2,100,000	-	-	-	2,100,000	700,000
WC Facility Options	18/01/2022, 01/08/2022 & 31/03/2023	31/01/2026	0.60	3,000,000	4,000,000	-	-	7,000,000	7,000,000
Director options	6/1/2022	31/12/2025	0.60	2,100,000	-	-	-	2,100,000	700,000
ZEPOs	16/08/2022	30/06/2025	-	-	240,000	(120,000)	-	120,000	120,000
Co sec options	22/08/2022	31/12/2025	0.60	-	350,000	-	-	350,000	350,000
Director options	29/11/2022	31/12/2025	0.60	-	2,800,000	-	-	2,800,000	-
Total				21,437,500	7,390,000	(5,126,500)	(531,000)	23,170,000	17,570,000

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Reconciliation of movement in option reserve:

	Number of options	Expense recognised \$
Opening balance - 1 July 2021	15,025,942	5,548,202
Options issued for company secretarial services	500,000	266,452
Director ZEPOs issued to Tim Levy and Crispin Swan	2,000,000	714,822
Director options issued to Georg Ell on appointment	2,786,753	541,129
Director options issued to Dr Jane Watts on appointment	2,100,000	21,388
Share-based payments expense in respect to employee options granted and cancelled during the current year	6,559,398	2,384,053
Share-based payments expense in respect to Director options on issue as at 1 July 2021	-	696,928
Share-based payments expense in respect of working capital options	3,000,000	1,263,761
Exercised during the year	(3,696,950)	-
Lapsed/forfeited during the year	(6,837,643)	-
Closing balance - 30 June 2022	21,437,500	11,436,735
Director options issued to Phil Warren and Matthew Stepka	2,800,000	76,409
Options issued for company secretarial services	350,000	55,178
Share-based payments expense in respect to employee options granted	240,000	98,400
Share-based payments expense in respect to Director options on issue as at 1 July 2021	-	1,727,915
Share-based payments expense in respect of working capital facility options	4,000,000	361,282
Exercised during the year	(5,126,500)	-
Lapsed/forfeited during the year	(531,000)	-
Closing balance - 30 June 2023	23,170,000	13,755,919

Performances shares outstanding at 30 June 2023

The following performance shares of the Company existed at reporting date. On achievement of the performance milestones attaching to the class of performance shares the performance shares automatically convert into fully paid ordinary shares for nil consideration.

Class	Grant Date	Expiry Date	Balance at start of Year (Number)	Granted During the Year (Number)	Converted during the year (Number)	Forfeited during the year	Balance at year end (Number)
H	29/11/2017	29/11/2022	3,000,000	-	-	(3,000,000)	-

The Class H performance shares were issued in part consideration for the Linewize acquisition. The performance shares convert into ordinary shares on a one for one basis subject to the achievement of various performance targets and have been reported as contingent consideration for the acquisition, consistent with the disclosure in the 30 June 2019 Annual Report. The performance shares were forfeited on expiry on 29 November 2022.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Reconciliation of movement in performance share reserve:

	Number of performance shares	Value (\$)
Opening balance - 1 July 2021	3,000,000	1,660,671
Closing balance - 30 June 2022	3,000,000	1,660,671
Forfeited performance shares	(3,000,000)	(1,660,671)
Share based pay - deferred consideration ¹	80,527,017	18,551,118
Foreign exchange movements	-	(59,534)
Closing balance - 30 June 2023	80,527,017	18,491,584

¹ Refer to Note 20 - Share based payment for further details

Performance rights outstanding as at 30 June 2023

The following performance rights of the Company existed at reporting date:

Performance rights	Grant date	Expiry Date	Balance at start of year (Number)	Granted During the year (Number)	Exercised during the year (Number)	Forfeited during the year (Number)	Balance at year end (Number)	Vested and exercisable at year end (Number)
Class A Employee Performance Rights - FY20	30/06/2020	30/04/2023	100,000	-	(100,000)	-	-	-
Class A, B and C Employee Performance Rights - FY20	02/03/2020	04/04/2023 & 02/03/2024	2,799,579	-	(1,251,943)	(52,794)	1,494,842	1,494,842
Class A, B and C Employee Performance Rights - FY22	26/04/2022, 02/05/2022 & 26/08/2022	30/06/2026	2,288,823	1,899,175	(714,496)	(750,201)	2,723,301	2,366,857
Class A, B and C Employee Performance Rights - FY23	01/07/2022 & 01/08/2022	30/06/2026	-	13,903,566	(1,101,201)	(1,659,439)	11,142,926	3,247,446
Class A, B and C Employee Performance Rights POT - FY22	26/08/2022	30/06/2026	-	14,550,000	(1,700,000)	(200,000)	12,650,000	3,449,999
Class A, B, C & D TL SP Performance Rights	01/05/2020	30/06/2025	1,000,000	-	-	-	1,000,000	1,000,000
Class A2, B2 and C2 Employee Performance Rights - FY21	19/02/2021	12/03/2025	776,640	-	(408,710)	(71,579)	296,351	142,599
Class A3, B3 and C3 Employee Performance Rights - FY22	29/07/2021 & 24/09/2021	04/04/2023, 24/08/2023 & 30/06/2025	2,748,434	-	(453,315)	(341,104)	1,954,015	1,172,927
Class B1 and C1 Employee Performance Rights - FY20	19/10/2020	19/10/2024	64,001	-	(32,000)	-	32,001	-
Class D, E and F Employee Performance Rights - FY23	01/07/2022, 01/08/2022 & 29/12/2022	31/12/2025 & 31/12/2026	-	17,018,358	(318,236)	(791,916)	15,908,206	151,059

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Performance rights outstanding as at 30 June 2023 (continued)

Performance rights (continued)	Grant date	Expiry Date	Balance at start of year (Number)	Granted During the year (Number)	Exercised during the year (Number)	Forfeited during the year (Number)	Balance at year end (Number)	Vested and exercisable at year end (Number)
Class D3, E3, F3, G3 and H3 Employee Performance Rights - FY22	26/07/2021, 16/08/2021, 04/11/2021 & 21/02/2022	04/04/2023, 24/08/2023 & 30/06/2025	5,619,254	-	(987,177)	(769,445)	3,862,632	1,394,728
Class T3 & T4 Remuneration Performance Rights - FY22	19/02/2021	12/03/2024 & 09/04/2024	346,253	-	(82,708)	-	263,545	263,545
Class T6 Remuneration Performance Rights - FY21	16/08/2021	30/06/2024	128,677	-	-	-	128,677	128,677
Executive Performance Rights - Replacement - FY22	22/11/2021	30/06/2025	2,437,500	-	(835,058)	-	1,602,442	1,602,442
Incentive Performance Rights - FY20	01/07/2020	13/07/2023	4,500,000	-	(1,768,000)	-	2,732,000	2,732,000
LTI Performance Rights - 2023	29/07/2021, 06/08/2021, 16/08/2021 & 15/08/2022	30/06/2025 & 30/06/2026	1,300,000	1,000,000	-	-	2,300,000	1,300,000
LTI Performance Rights 2023 - TL and CS	09/06/2021	30/06/2025	3,000,000	-	-	-	3,000,000	3,000,000
Remuneration Performance Rights - FY20	02/03/2020	02/03/2023, 30/04/2023 & 05/05/2023	2,968,817	-	(2,968,817)	-	-	-
Remuneration Performance Rights - FY22	29/07/2021	31/12/2024	290,955	-	(14,231)	-	276,724	276,724
Replacement rights - FY22	26/08/2022	30/06/2026	-	1,559,633	(558,325)	(289,933)	711,375	-
Rights based pay - FY22	26/08/2022 & 09/09/2022	30/06/2025 & 31/12/2026	-	1,478,602	(24,055)	-	1,454,547	1,454,547
Sign On Employee Performance Rights - FY22	07/09/2020, 23/08/2021, 06/09/2021 & 20/09/2021	30/06/2025	299,599	-	(243,674)	-	55,925	55,925
Sign On Employee Performance Rights - FY23	29/12/2022 & 31/03/2023	31/12/2026	-	2,038,212	(212,008)	(59,741)	1,766,463	236,749
STI Performance Rights - 2022	26/07/2021, 29/07/2021, 30/07/2021, 06/08/2021, 16/08/2021 & 07/09/2021	24/08/2023 & 30/06/2025	4,770,500	-	(1,674,000)	-	3,096,500	3,096,500

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Performance rights outstanding as at 30 June 2023 (continued)

Performance rights (continued)	Grant date	Expiry Date	Balance at start of year (Number)	Granted During the year (Number)	Exercised during the year (Number)	Forfeited during the year (Number)	Balance at year end (Number)	Vested and exercisable at year end (Number)
STI Performance Rights - 2023	26/07/2021, 29/07/2021, 30/07/2021, 06/08/2021, 16/08/2021, 07/09/2021, 01/08/2022 & 15/08/2022	30/06/2025 & 30/06/2026	3,700,000	1,070,360	(350,000)	(429,812)	3,990,548	3,905,740
STI Performance Rights - 2024	01/08/2022 & 15/08/2022	30/06/2026	-	1,070,360	-	-	1,070,360	-
STI Performance Rights 2022 - TL and CS	09/06/2021	30/06/2025	2,000,000	-	(235,714)	-	1,764,286	1,764,286
STI Performance Rights 2023 - TL and CS	09/06/2021	30/06/2025	2,000,000	-	-	(151,922)	1,848,078	1,848,078
			43,139,032	55,588,266	(16,033,668)	(5,567,886)	77,125,744	36,085,670

Reconciliation of movement in performance right reserve:

	Number of Performance Rights	Value \$
Opening Balance - 1 July 2021	25,314,750	4,775,087
Performance Rights granted during the year	29,030,673	11,757,180
Performance Rights expense recognised for the current year	-	3,098,349
Performance rights exercised during the year	(6,006,191)	-
Reversal of share-based payment expense as vesting conditions are not met	(5,200,200)	(1,865,998)
Closing Balance - 30 June 2022	43,139,032	17,764,618
Performance Rights granted during the year	55,588,266	-
Performance Rights expense recognised for the current year	-	15,426,681
Performance rights exercised during the year	(16,033,668)	-
Reversal of share-based payment expense as vesting conditions are not met	(5,567,886)	(572,878)
Other including foreign exchange movements	-	140,044
Closing Balance - 30 June 2023	77,125,744	32,758,465

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

The following performance rights have been valued at grant date and each class of performance rights are being expensed over the vesting period.

Performance Rights	Grant Date	Vesting Date (Expected)	Fair Value at Grant Date	Balance as at 30 June 2023 (Number)	Total Expense for the period (\$)
Class A Employee Performance Rights - FY20	02/03/2020 & 30/06/2020	30/06/2020, 02/03/2021, 18/01/2022 & 09/03/2022	\$0.11-\$0.20	443,096	-
Class B Employee Performance Rights - FY20	02/03/2020	02/03/2022 & 09/03/2022	\$0.11	381,350	-
Class B1 Employee Performance Rights - FY20	19/10/2020	19/10/2022	\$0.44	-	2,141
Class C Employee Performance Rights - FY20	02/03/2020	02/03/2023	\$0.11	670,396	29,439
Class C1 Employee Performance Rights - FY20	19/10/2020	19/10/2023	\$0.44	32,001	4,693
Incentive Performance Rights - FY20	01/07/2020	24/03/2021, 05/10/2021 & 14/02/2022	\$0.23	2,732,000	-
Remuneration Performance Rights - FY20	02/03/2020	02/09/2020	\$0.11	-	-
Class A, B, C & D TL SP Performance Rights	01/05/2020	08/09/2021	\$0.13	1,000,000	-
Class A3 Employee Performance Rights - FY22	29/07/2021 & 24/09/2021	30/06/2022	\$0.57-\$0.72	423,322	-
Class B3 Employee Performance Rights - FY22	29/07/2021 & 24/09/2021	31/10/2022, 02/02/2023, 05/05/2023, 30/06/2023 & 01/07/2023	\$0.57-\$0.72	760,838	216,473
Class C3 Employee Performance Rights - FY22	29/07/2021 & 24/09/2021	31/10/2022, 02/02/2023, 05/05/2023, 30/06/2023, 01/07/2023 & 30/06/2024	\$0.57-\$0.72	769,855	142,185
Class D3 Employee Performance Rights - FY22	04/11/2021	31/12/2021	\$0.61	31,283	-
Class E3 Employee Performance Rights - FY22	26/07/2021 & 16/08/2021	07/10/2022, 31/10/2022 & 31/12/2022	\$0.6-\$0.67	1,273,769	346,141
Class F3 Employee Performance Rights - FY22	26/07/2021 & 16/08/2021	31/10/2022, 02/02/2023, 03/03/2023, 05/05/2023, 01/07/2023 & 31/12/2023	\$0.6-\$0.67	1,273,396	283,624
Class G3 Employee Performance Rights - FY22	26/07/2021 & 16/08/2021	31/10/2022, 02/02/2023, 03/03/2023, 05/05/2023, 01/07/2023 & 31/12/2024	\$0.6-\$0.67	1,194,508	190,570

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For the year ended 30 June 2023

Note 18: Reserves (continued)

Performance Rights (continued)	Grant Date	Vesting Date (Expected)	Fair Value at Grant Date	Balance as at 30 June 2023 (Number)	Total Expense for the period (\$)
Class H3 Employee Performance Rights - FY22	21/02/2022	31/03/2022	\$0.43	89,676	-
Sign On Employee Performance Rights - FY22	07/09/2020, 23/08/2021, 06/09/2021, 20/09/2021, 02/05/2022 & 26/08/2022	11/08/2022, 30/09/2022, 01/02/2023, 31/03/2023 & 30/06/2023	\$0.36-\$0.81	2,243,819	1,032,254
Class A2 Employee Performance Rights - FY21	19/02/2021	12/03/2022	\$0.50	58,680	-
Class B2 Employee Performance Rights - FY21	19/02/2021	02/02/2023 & 12/03/2023	\$0.50	83,919	44,267
Class C2 Employee Performance Rights - FY21	19/02/2021	02/02/2023 & 13/03/2024	\$0.50	153,752	25,244
STI Performance Rights 2022 - TL and CS	09/06/2021	30/06/2022	\$0.58	1,764,286	-
STI Performance Rights 2023 - TL and CS	09/06/2021	30/06/2023	\$0.58	1,848,078	475,667
LTI Performance Rights 2023 - TL and CS	09/06/2021	30/06/2023	\$0.58	3,000,000	845,672
LTI Performance Rights - 2023	29/07/2021, 06/08/2021, 16/08/2021 & 15/08/2022	30/06/2022, 30/06/2023 & 30/06/2025	\$0.48-\$0.67	2,300,000	145,829
STI Performance Rights - 2023	26/07/2021, 29/07/2021, 30/07/2021, 06/08/2021, 16/08/2021, 07/09/2021, 01/08/2022 & 15/08/2022	30/06/2022, 30/06/2023 & 01/07/2023	\$0.32-\$0.78	3,990,548	796,756
STI Performance Rights - 2022	26/07/2021, 29/07/2021, 30/07/2021, 06/08/2021, 16/08/2021 & 07/09/2021	30/06/2022, 05/05/2023 & 30/06/2023	\$0.57-\$0.78	3,096,500	879,725
Class T4 Remuneration Performance Rights - FY21	19/02/2021	09/10/2021	\$0.50	-	-
Class T6 Remuneration Performance Rights - FY21	16/08/2021	01/03/2022	\$0.67	128,677	-
Executive Performance Rights - Replacement - FY22	22/11/2021	30/06/2022	\$0.57	1,602,442	-
Class A Employee Performance Rights - FY22	26/04/2022 & 26/08/2022	30/06/2023	\$0.36-\$0.46	178,963	71,473
Class B Employee Performance Rights - FY22	26/04/2022 & 26/08/2022	30/06/2024	\$0.36-\$0.46	178,221	34,738
Class C Employee Performance Rights - FY22	26/04/2022 & 26/08/2022	30/06/2025	\$0.36-\$0.46	178,223	23,605
Remuneration Performance Rights - FY22	29/07/2021	04/08/2022	\$0.57	276,724	15,739
Class T3 Remuneration Performance Rights - FY22	19/02/2021	19/09/2021	\$0.50	263,545	-

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Performance Rights (continued)	Grant Date	Vesting Date (Expected)	Fair Value at Grant Date	Balance as at 30 June 2023 (Number)	Total Expense for the period (\$)
Rights based pay - FY22	26/08/2022 & 09/09/2022	31/12/2022 & 30/06/2023	\$0.32-\$0.36	1,454,547	477,863
Class A Employee Performance Rights POT - FY221	26/08/2022	05/05/2023, 30/06/2023, 01/07/2023 & 30/09/2023	\$0.36	3,749,999	1,733,405
Class B Employee Performance Rights POT - FY221	26/08/2022	05/05/2023, 30/06/2023, 01/07/2023, 31/12/2023 & 30/06/2024	\$0.36	4,449,999	878,348
Class C Employee Performance Rights POT - FY221	26/08/2022	05/05/2023, 30/06/2023, 01/07/2023, 30/06/2024 & 30/06/2025	\$0.36	4,450,002	629,382
Replacement rights - 2022	26/08/2022	02/02/2023, 30/06/2023 & 30/06/2024	\$0.36	711,375	334,844
Class A Employee Performance Rights - FY231	01/07/2022 & 01/08/2022	31/10/2022, 02/02/2023, 03/03/2023, 05/05/2023, 30/06/2023, 01/07/2023 & 30/09/2023	\$0.32-\$0.36	3,310,498	1,467,001
Class B Employee Performance Rights - FY231	01/07/2022 & 01/08/2022	31/10/2022, 02/02/2023, 03/03/2023, 05/05/2023, 30/06/2023, 01/07/2023, 31/12/2023 & 30/06/2024	\$0.32-\$0.36	3,916,214	773,444
Class C Employee Performance Rights - FY231	01/07/2022 & 01/08/2022	31/10/2022, 02/02/2023, 03/03/2023, 05/05/2023, 30/06/2023, 01/07/2023, 30/06/2024 & 30/06/2025	\$0.32-\$0.36	3,916,214	546,121
Class D Employee Performance Rights - FY231	01/07/2022, 01/08/2022 & 29/12/2022	03/03/2023, 05/05/2023, 30/06/2023, 01/07/2023, 31/12/2023 & 30/06/2024	\$0.29	5,285,686	1,028,827

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Performance Rights (continued)	Grant Date	Vesting Date (Expected)	Fair Value at Grant Date	Balance as at 30 June 2023 (Number)	Total Expense for the period (\$)
Class E Employee Performance Rights - FY231	01/07/2022 & 01/08/2022	03/03/2023, 05/05/2023, 30/06/2023, 01/07/2023, 30/06/2024 & 31/12/2024	\$0.29	5,311,260	645,724
Class F Employee Performance Rights - FY231	01/07/2022 & 01/08/2022	03/03/2023, 05/05/2023, 30/06/2023, 01/07/2023, 30/06/2024 & 31/12/2025	\$0.29	5,311,260	480,886
Sign On Employee Performance Rights - FY23	29/12/2022 & 31/03/2023	31/12/2022, 30/06/2023 & 31/12/2023	\$0.19-\$0.29	1,766,463	201,582
STI Performance Rights - 2024	01/08/2022 & 15/08/2022	30/06/2024	\$0.32-\$0.48	1,070,360	190,185
Total				77,125,744	14,993,847

¹ One third of employee performance rights vest one year from issue date, one third of the employee performance rights vest two years from issue date and one third of the Employee Performance Rights vest three years from issue date.

The performance rights convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date as outlined below:

Performance Rights	Vesting Condition	Milestone Date
Class T3 Remuneration Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	12 September 2021
Class T6 Remuneration Performance Rights - FY21	Continued employment with the Company in existing role from issue date until the Milestone Date	1 March 2022
Incentive Performance Rights - FY20	Vest upon the Company achieving \$200,000, \$400,000 and \$600,000 of revenue within 2 years from acquisition date of Cyber Education Pty Ltd	30 June 2022
Remuneration Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	4 August 2022
Class A Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class A Employee Performance Rights POT - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights POT - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Performance Rights (continued)	Vesting Condition	Milestone Date
Class C Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C Employee Performance Rights POT - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C1 Employee Performance Rights - FY20	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C2 Employee Performance Rights - FY21	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class D Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class E Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class F Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class F3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class G3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Replacement rights - 2022	Continued employment with the Company in existing role from issue date until the Milestone Date	30 June 2024
Sign On Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	31 March 2023
Sign On Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	1 year from issue date
STI 2022 Performance Rights - TL and CS	<p>a. Continued employment until 30 June 2022;</p> <p>b. Receive a positive Personal Scorecard for the financial year ended 30 June 2022 from the Board for performance over the previous 12 months, 50% of the STI 2022 Performance Rights shall vest;</p> <p>c. QRR Growth - If the Company achieves 50% growth in Quarterly Recurring Revenue (QRR) from 1 April 2022 to 30 June 2022 compared to the corresponding period in the previous year, 60% of the remaining 50% of the STI 2022 Performance Rights shall vest, with straight line pro- rata vesting for additional percentages of QRR Growth up to 100% from 1 April 2022 to 30 June 2022 compared to the corresponding period in the previous year.</p>	30 June 2022

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Performance Rights (continued)	Vesting Condition	Milestone Date
STI 2023 Performance Rights & STI Performance Rights 2023 - TL and CS	<p>a. Continued employment until 30 June 2023;</p> <p>b. Job performance:</p> <ul style="list-style-type: none"> -Issued in the year ended 30 June 2022: Receive a positive Personal Scorecard for the financial year ended 30 June 2023 from the Board for performance over the previous 12 months, 50% of the STI 2023 Performance Rights shall vest; -Issued in the year ended 30 June 2023: Receive a performance review of "exceeds expectation" rating <p>c. Revenue growth</p> <ul style="list-style-type: none"> -Issued in the year ended 30 June 2022: QRR Growth - If the Company achieves 40% growth in Quarterly Recurring Revenue (QRR) from 1 April 2023 to 30 June 2023 compared to the corresponding period in the previous year, 50% of the remaining 50% of the STI 2023 Performance Rights shall vest, with straight line pro- rata vesting for additional percentages of QRR Growth up to 100% from 1 April 2023 to 30 June 2023 compared to the corresponding period in the previous year. -Issued in the year ended 30 June 2023: MRR Growth - If the Group achieves an Monthly Recurring Revenue (MRR) target of \$8.3m by 30 June 2023. 100% is paid if MRR target is met and 80% paid if 80% of the target is met with a straight line pro-rata between. 	30 June 2023
STI 2024 Performance Rights	<p>a. Continued employment until 30 June 2024;</p> <p>b. Receive a performance review of "exceeds expectation" rating</p> <p>c. MRR Growth - If the Group achieves an Monthly Recurring Revenue (MRR) target of \$10.8m by 30 June 2024. 100% is paid if MRR target is met and 80% paid if 80% of the target is met with a straight line pro-rata between.</p>	30 June 2024
LTI 2023 Performance Rights & LTI Performance Rights 2023 - TL and CS	<p>Issued in the year ended 30 June 2022: LTI Performance Rights shall vest subject to the achievement of each of the Operational Milestone outlined below, which are linked to the following key business Objectives:</p> <ul style="list-style-type: none"> a. Expand Markets; b. Expand Products; c. Launch Community; d. Make Sustainable; e. Improve Revenue per Student. <p>A maximum of 450,000 LTI Performance rights (per holder) can vest per business objective.</p>	30 June 2023
	<p>Issued in the year ended 30 June 2023: Continued employment with the Company in existing role from issue date until the Milestone Date</p>	30 June 2025

Objective	Operational Milestones
Expand Markets	Achieving revenue of greater than \$500,000 in total prior to 30 June 2023 in a market other than USA, Australia or New Zealand.
Expand Products	<p>Launch of a new product which generates revenue of greater than \$500,000 in total prior to 30 June 2023.</p> <p>Launch of a new product which achieves 2.5% take-up by School Clients in a particular country.</p>
Launch Community	<p>Launch of Community in a market outside of Australian and achieve greater than 20% take-up by School Clients.</p> <p>Launch of Community in a market outside of Australian and achieve greater than 30% take-up by School Clients.</p> <p>Launch of Community in a market outside of Australia and achieve 2% of parents within all participating School Clients activating a Consumer Account.</p> <p>Launch of Community in a country outside of Australia and achieve 5% of parents within all participating School Clients activating a Consumer Account</p>

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 18: Reserves (continued)

Objective (continued)	Operational Milestones
Make Sustainable	Achieve quarterly average data and hosting costs per student below targets set by the Board Achieve quarterly Service Margin above targets set by the Board.
Improve Revenues per Student	Achieve Average Revenue Per Student targets set by the Board.

Note 19: Accumulated losses

	2023 \$	2022 \$
Accumulated Losses	(235,368,096)	(148,648,074)
Opening balance	(148,648,074)	(84,632,613)
Net loss for the financial year	(86,720,022)	(64,015,461)
Total Accumulated Losses	(235,368,096)	(148,648,074)

Note 20: Share-based payments

Share-based payments made during the year ended 30 June 2023 are summarised below:

(a) Recognised share-based payments expense

	2023 \$	2022 \$
Options issued to employees as incentive	98,400	2,384,052
Options issued to Directors as incentive	1,804,324	1,974,267
Performance rights issued to employees for services	13,626,953	12,296,248
Performance rights issued to Directors for services	1,799,728	2,559,281
Shares issued to employees as remuneration, in lieu of cash	3,529,968	1,874,674
Options issued as consideration for services provided	-	266,452
Options issued for company secretarial services	55,178	-
Reversal of share based payments expenses where vesting conditions were not met	(572,878)	(1,865,997)
	20,341,673	19,488,977

Shares issued to employees as remuneration in lieu of cash

During the year the Group issued 11,697,146 fully paid ordinary shares to employees in lieu of their cash salary. The shares issued to employees in the current year have been valued at \$3,529,968 based on the closing share price at grant date.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

Number of shares	Grant date	Share price	Expense recognised
1,542,735	16/8/2022	\$0.41	\$651,429
3,082,260	26/8/2022	\$0.36	\$1,137,296
1,649,596	9/9/2022	\$0.32	\$561,663
3,315,018	7/2/2023	\$0.24	\$801,808
2,107,537	14/3/2023	\$0.18	\$377,772

Options issued during the year

- (a) On 1 August 2022, 2,000,000 options were issued to Northcity Asset Pty Ltd as tranche 1 of the deferred facility fee under the working capital agreement and are treated as finance costs. On 24 March 2023, 2,000,000 were issued as tranche 2 under the same agreement. These options vested immediately. The fair value of the services received was unable to be reliably measured and as such the value of services received was deemed to equal the value of equity instruments granted. These options were valued using the Black-Scholes option pricing model applying the following inputs:

	Working capital facility options Tranche 1
Grant Date	1 August 2022
No of Options	2,000,000
Underlying share price	\$0.32
Exercise price	\$0.60
Expected volatility	70%
Expiry date (years)	3.5
Expected dividends	Nil
Risk free rate	2.73%
Value per option (rounded)	\$0.11
Total share-based payment expense for the year	\$225,572

	Working capital facility options Tranche 2
Grant Date	31 January 2023
No of Options	2,000,000
Underlying share price	\$0.27
Exercise price	\$0.60
Expected volatility	70%
Expiry date (years)	2.9
Expected dividends	Nil
Risk free rate	3.24%
Value per option (rounded)	\$0.07
Total share-based payment expense for the year	\$135,710

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

(b) On 16 August 2022, a total of 240,000 zero exercise price options ("ZEPOs") were issued to Management. These options have been valued using the share price on grant date. Key details of the options granted are noted below:

	ZEPOs
Grant Date	16 August 2022
No of Options	240,000
Value per option (rounded)	\$0.41
Exercise price	Nil
Total valuation	98,400
Expense recognised in the year	98,400
Vesting date	Vests immediately
Expiry date	30/06/2025

(c) On 22 August 2022, 350,000 options were granted to the previous Company Secretary, Emma Wates and have been valued using the black-scholes option pricing model applying the following inputs:

	Company Secretary options
Grant Date	22 August 2022
No of Options	350,000
Underlying share price	\$0.40
Exercise price	\$0.60
Expected volatility	70%
Expiry date (years)	3.4
Vesting date	Vests immediately
Expected dividends	Nil
Risk free rate	3.30%
Value per option (rounded)	\$0.16
Total share-based payment expense for the year	\$55,178

(d) On 29 November 2022, 1,400,000 options were granted to Non-Executive Directors Matthew Stepka and Phil Warren. 50% of the options vest on 30 June 2024 and the remaining on 30 June 2025 subject to continued employment to the vesting dates. The options have been valued using the black-scholes option pricing model applying the following inputs:

	Director options
Grant Date	29 November 2022
No of Options	2,800,000
Underlying share price	\$0.30
Exercise price	\$0.60
Expected volatility	70%
Expiry date (years)	3.1
Expected dividends	Nil
Risk free rate	3.06%
Value per option (rounded)	\$0.09
Total Share-Based Payment Expense for the year	\$76,409

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

Share-based payment on options issued in prior years to Directors:

- (a) Director options were granted during the year ended 30 June 2021, 3,000,000 options were granted to Non-Executive Director Peter Pawlowitsch and 1,500,000 options for Managing Director, Tim Levy for services to be provided, expiring 30 June 2025. Shareholder approval was obtained 9 June 2021, options were issued 1 July 2021. These options are subject to various vesting conditions, the details of which have been outlined below.

Peter Pawlowitsch	Vesting Condition ¹	Number	Value Per Option	Total Value	Total Share-Based Payment Expense for the year
Tranche 1	The 20 day VWAP of the Company's Shares being greater than \$0.90	750,000	\$0.35	\$261,225	\$126,960
Tranche 2	The 20 day VWAP of the Company's Shares being greater than \$1.45	750,000	\$0.31	\$235,725	\$114,567
Tranche 3	The 20 day VWAP of the Company's Shares being greater than \$1.90	1,500,000	\$0.29	\$427,950	\$207,992
Total		3,000,000		\$924,900	\$449,519

Tim Levy		Number	Value Per Option	Total Value	Total Share-Based Payment Expense for the year
Tranche 1	The 20 day VWAP of the Company's Shares being greater than \$0.90	500,000	\$0.35	\$174,150	\$84,640
Tranche 2	The 20 day VWAP of the Company's Shares being greater than \$1.45	500,000	\$0.31	\$157,150	\$76,378
Tranche 3	The 20 day VWAP of the Company's Shares being greater than \$1.90	500,000	\$0.29	\$142,650	\$69,331
Total		1,500,000		\$473,950	\$230,349

The fair value of the above director options has been determined using a Monte Carlo simulation model using the inputs outlined below:

New Director Options	Tranche 1	Tranche 2	Tranche 3
Underlying share price	\$0.58	\$0.58	\$0.58
Exercise price	\$0.50	\$0.50	\$0.50
Target price	\$0.90	\$1.45	\$1.90
Expiry date (years)	4	4	4
Expected Volatility	80%	80%	80%
Risk free rate	0.11%	0.11%	0.11%
Value per option	\$0.35	\$0.31	\$0.29

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

- (b) On 19 November 2021, 1,000,000 Zero Exercise Price Options (ZEPOs) were issued to each of Mr Tim Levy and Mr Crispin Swan. These ZEPOs expire on 30 November 2024 and vest on 12 months of continuous service to the Company by the holder. These options are valued based on share price of \$0.59 per share on the grant date of 19 November 2021 and valued at \$1,170,000. Share based payment expense recognised during the period in relation to these is \$455,178.
- (c) During the year ended 30 June 2022, Mr Georg Ell was granted 686,753 Zero Priced Director Options and 2,100,000 director options on his appointment as Non-Executive Director on 24 January 2022. 686,753 of these options were zero priced options with no vesting condition and were valued at the share price on grant date of \$0.50. These options were exercised during the year ended 30 June 2022. The remaining options are subject to various vesting conditions, the details of which have been outlined below.

Number of Options	Vesting Conditions	Exercise Price	Expiry Date
700,000	Continued service as a director, consultant or employee until 31 December 2022	\$0.60	31 December 2025
700,000	Continued service as a director, consultant or employee until 31 December 2023	\$0.60	31 December 2025
700,000	Continued service as a director, consultant or employee until 31 December 2024	\$0.60	31 December 2025

The fair value of Georg Ell's options (excluding ZEPOs) have been determined using a Black Scholes model and the inputs are outlined below:

	Director options
Grant Date	24 January 2022
No of Options	2,100,000
Underlying share price	\$0.51
Exercise price	\$0.60
Expected volatility	100%
Expiry date (years)	3.9
Expected dividends	Nil
Risk free rate	1.24%
Value per option (rounded)	\$0.33
Total Share-Based Payment Expense for the year	\$324,077

- (d) During the year ended 30 June 2022, 2,100,000 options were granted to Non-Executive Director Dr Jane Watts on appointment, expiring 31 December 2025. The options were granted on the date of appointment, 1 June 2022. These options are subject to various vesting conditions, the details of which have been outlined below.

Number of Options	Vesting Conditions	Exercise Price	Expiry Date
700,000	Continued service as a director until 30 June 2023	\$0.60	31 December 2025
700,000	Continued service as a director until 30 June 2024	\$0.60	31 December 2025
700,000	Continued service as a director until 30 June 2025	\$0.60	31 December 2025

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

(e) The fair value of Dr Jane Watts' options have been determined using a Black Scholes model and the inputs are outlined below:

	Director options
Grant Date	1 June 2022
No of Options	2,100,000
Underlying share price	\$0.38
Exercise price	\$0.60
Expected volatility	100%
Expiry date (years)	3.6
Expected dividends	Nil
Risk free rate	2.92%
Value per option (rounded)	\$0.22
Total Share-Based Payment Expense for the year	\$268,793

A total of \$1,804,324 share-based payment expense was recognised in the profit or loss in relation to the options on issue and issued to directors in the current year.

Share-based payments on performance rights issued to employees

During the year 1,070,360 STI 2023 executive rights, 1,070,360 STI 2024 executive rights and 1,000,000 LTI 2023 executive rights were issued to various executives which vest on meeting the performance milestones (Please see the milestones set out in Note 18).

Share based payment expense is also recognised on existing STI 2022, STI 2023 and LTI 2023 performance rights.

Performance Rights	Number of performance rights	Expense recognised during the year
LTI Performance Rights - 2023	2,300,000	145,829
STI Performance Rights - 2023	3,990,548	796,756
STI Performance Rights - 2022	3,096,500	879,725
STI Performance Rights - 2024	1,070,360	190,185

Included with the above rights are 1,000,000 STI 2022 rights issued to Non-Executive Director Georg Ell with 500,000 vesting upon the achievement of each of the Smoothwall UK and Smoothwall annual recurring revenue (ARR) targets for the year ended 30 June 2022, as disclosed in the table below. The STI rights also require continued employment to 30 June 2022. The 1,000,000 STI 2022 rights vested as of 30 June 2022.

1,000,000 STI 2023 rights with 500,000 vesting upon the achievement of each of the Smoothwall UK and Smoothwall annual recurring revenue (ARR) targets for the year ended 30 June 2023, as disclosed in the table below. The STI rights also require continued employment to 30 June 2023. Milestones for the Smoothwall STI 2023 were 99.3% and 95.1% achieved for Smoothwall UK and Smoothwall respectively. The rights were adjusted and vested accordingly as of 30 June 2023:

The LTI and STI rights were valued based on the share price on grant date (7 September 2021) of \$0.78 and have been vested over the above service hurdle periods.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

Smoothwall ARR Targets			
Area	Measure	FY Ended 30 June 2022 (£)	FY ended 30 June 2023 (£)
UK	Smoothwall	13,300,000	15,694,000
UK	eSafe	1,625,000	1,625,000
UK	<i>Smoothwall UK ARR</i>	14,925,000	17,319,000
US	Smoothwall	2,677,000	3,271,000
All	<i>Smoothwall ARR</i>	17,602,000	20,590,000

During the year 1,766,463 remuneration performance rights were issued to new employees as sign on rights on accepting their employment at Qoria. These rights vest 12 months from their commencement date and are valued at the share price on commencement.

2,912,765 remuneration rights existed at 30 June 2023 granted in previous financial periods, for which an ongoing vesting expense of \$1,047,993 was recognised in the current year.

These performance rights have been valued based on the share price of the Company at grant date, with the share-based payment recognised over the vesting period of the Performance Rights. These Performance Rights convert into ordinary shares on a one for one basis, subject to the achievement of the vesting condition of continued employment.

During the previous year, 500,000 rights were issued to Mr Georg Ell as sign on rights on his accepting of employment, vesting upon continued employment to 31 December 2021. These rights were valued at \$390,000 based on a share price on the grant date (7 September 2021) of \$0.70.

Performance Rights	Number of performance rights	Expense recognised during the year (\$)
Class T3 Remuneration Performance Rights - FY22	263,545	-
Class T6 Remuneration Performance Rights - FY21	128,677	-
Remuneration Performance Rights - FY22	276,724	15,739
Sign On Employee Performance Rights - FY22	2,243,819	1,032,254
Sign On Employee Performance Rights - FY23	1,766,463	201,582

55,588,266 employee performance rights were granted to new and existing employees and consultants during the current year. These performance rights have been valued based on the share price of the Company at grant date, with the share-based payment expense recognised over the vesting period of the performance rights. These Performance Rights convert into ordinary shares on a one for one basis subject to the achievement of the vesting conditions as disclosed in Note 18. Of the rights granted in the current year, 718,277 lapsed and 4,176,570 were exercised prior to 30 June 2023.

29,239,360 rights granted in previous years remained on issue at 30 June 2023, with an ongoing vesting expense of \$5,151,010 recognised in the current year.

Share-based payment expense on existing and new performance rights for the current year is as below:

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

Performance Rights	Number of performance rights	Expense recognised during the year (\$)
Class B1 Employee Performance Rights - FY20	-	2,141
Class C Employee Performance Rights - FY20	670,396	29,439
Class C1 Employee Performance Rights - FY20	32,001	4,693
Class B3 Employee Performance Rights - FY22	760,838	216,473
Class C3 Employee Performance Rights - FY22	769,855	142,185
Class E3 Employee Performance Rights - FY22	1,273,769	346,141
Class F3 Employee Performance Rights - FY22	1,273,396	283,624
Class G3 Employee Performance Rights - FY22	1,194,508	190,570
Class B2 Employee Performance Rights - FY21	83,919	44,267
Class C2 Employee Performance Rights - FY21	153,752	25,244
STI Performance Rights 2023 - TL and CS	1,848,078	475,667
LTI Performance Rights 2023 - TL and CS	3,000,000	845,672
LTI Performance Rights - 2023	2,300,000	145,829
STI Performance Rights - 2023	3,990,548	796,756
STI Performance Rights - 2022	3,096,500	879,725
Class A Employee Performance Rights - FY22	178,963	71,473
Class B Employee Performance Rights - FY22	178,221	34,738
Class C Employee Performance Rights - FY22	178,223	23,605
Rights based pay - FY22	1,454,547	477,863
Class A Employee Performance Rights POT - FY22	3,749,999	1,733,405
Class B Employee Performance Rights POT - FY22	4,449,999	878,348
Class C Employee Performance Rights POT - FY22	4,450,002	629,382
Replacement rights - 2022	711,375	334,844
Class A Employee Performance Rights - FY23	3,310,498	1,467,001
Class B Employee Performance Rights - FY23	3,916,214	773,444
Class C Employee Performance Rights - FY23	3,916,214	546,121
Class D Employee Performance Rights - FY23	5,285,686	1,028,827
Class E Employee Performance Rights - FY23	5,311,260	645,724
Class F Employee Performance Rights - FY23	5,311,260	480,886
STI Performance Rights - 2024	1,070,360	190,185

Included above are 95,210 employee performance rights granted to Mr Georg Ell during the prior year that were issued under the Employee Share Scheme and were valued based on share price at grant date of \$0.67. These were issued in two tranches vesting on continued employment on 31 December 2022 and 31 December 2023. Share based payment on these rights for the year is \$24,931.

Share-based payment on performance rights issued to Directors:

The Company issued a number of performance rights to Directors as an incentive and as remuneration for services during prior year. The relevant vesting hurdles attached to these are disclosed in Note 18. The expense recognised in respect of these rights in the current year is as tabled below:

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

Class of Performance Rights	Number of Performance Rights	Expense recognised during the year
Tim Levy		
Class A Employee Performance Rights - FY20	100,000	\$0
Class B Employee Performance Rights - FY20	100,000	\$0
Class C Employee Performance Rights - FY20	100,000	\$2,461
Class A, B, C & D TL SP Performance Rights	1,000,000	\$0
LTI Performance Rights 2023 - TL and CS	1,500,000	\$422,836
STI Performance Rights 2022 - TL and CS	1,000,000	\$0
STI Performance Rights 2023 - TL and CS	1,000,000	\$237,833
Georg Ell		
STI Performance Rights - 2023	1,000,000	\$430,711
STI Performance Rights - 2022	1,000,000	\$0
Class E3 Employee Performance Rights - FY22	47,605	\$11,603
Class F3 Employee Performance Rights - FY22	47,605	\$13,327
Crispin Swan (resigned as director on 8 February 2023)		
Class C Employee Performance Rights - FY20	100,000	\$2,461
Class D Employee Performance Rights - FY23	66,254	\$12,542
Class E Employee Performance Rights - FY23	66,254	\$7,520
Class F Employee Performance Rights - FY23	66,254	\$5,374
LTI Performance Rights 2023 - TL and CS	1,500,000	\$422,836
STI Performance Rights 2022 - TL and CS	764,286	\$0
STI Performance Rights 2023 - TL and CS	1,000,000	\$237,833

The STI 2022 performance rights, STI 2023 performance rights and LTI performance rights issued to Tim Levy and Crispin Swan have been value using the Black & Scholes Option Pricing Model based on the following key assumptions:

Tim Levy	STI 2022 Performance Rights	STI 2023 Performance Rights	LTI Performance Rights	Total
	<i>Vested</i>	<i>Vested</i>	<i>Vested</i>	
Vesting Date	30-Jun-22	30-Jun-23	30-Jun-23	
Number of PR issued	1,000,000	1,000,000	1,500,000	3,500,000
Share price at grant date	\$0.58	\$0.58	\$0.58	
Exercise Price	nil	nil	nil	
Volatility	80.00%	80.00%	80.00%	
Risk Free Rate	0.11%	0.11%	0.11%	
Fair value per Performance Right	\$0.58	\$0.58	\$0.58	
Total Value of PR	\$580,000	\$580,000	\$870,000	\$2,030,000
Total Expense for Period	\$0	\$237,833	\$12,542	\$250,375

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

Crispin Swan	STI 2022 Performance Rights	STI 2023 Performance Rights	LTI 2023 Performance Rights	Total
	<i>Vested</i>	<i>Vested</i>	<i>Vested</i>	
Vesting Date	30-Jun-22	30-Jun-23	30-Jun-23	
Number of PR issued	1,000,000	1,000,000	1,500,000	3,500,000
Share price at grant date	\$0.58	\$0.58	\$0.58	
Exercise Price	nil	nil	nil	
Volatility	80.00%	80.00%	80.00%	
Risk Free Rate	0.11%	0.11%	0.11%	
Fair value per Performance Right	\$0.58	\$0.58	\$0.58	
Total Value of PR	\$580,000	\$580,000	\$870,000	\$2,030,000
Total Expense for Period	\$0	\$5,374	\$12,542	\$17,916

Each of the performance rights above will vest when the applicable vesting condition(s) outlined per Note 18.

Management has assessed the probability of achieving the vesting condition, as at reporting date. If it was assessed that the hurdle was likely to be met prior to the expiry date the share-based payment expense has been adjusted to reflect a shorter vesting period. Management has assessed non-market hurdles as having a 100% probability of achievement.

All other existing performance rights on issue have continued to be expensed and recognised for the year ended 30 June 2023.

Share-based payment on performance rights issued to other Key Management Personnel:

The Company issued a number of performance rights to Key Management Personnel as an incentive and as remuneration for services during prior year. The relevant vesting hurdles attached to these are disclosed in Note 18. The expense recognised in respect of these rights in the current year is as tabled below:

Performance Rights	Number of performance rights	Total Expense for Current Year (\$)
STI 2023 performance rights	380,000	179,236
STI 2024 performance rights	380,000	84,942
LTI 2023 performance rights	1,000,000	145,829
Total	1,760,000	410,007

Performance Shares issued to employees

As part of the acquisition of Qustodio, \$25,768,646 in deferred consideration is payable in the form of shares (estimated as 80,527,017 shares at 1 August 2022 closing rate of \$0.32 per share). 50% of the deferred consideration entitlement will be payable 12 months from closing date, on 1 August 2023, if both of the following conditions are met: a revenue-based target “monthly recurring revenue” (“MRR”) reaches at least \$1,003,000 US Dollars by 1 August 2023 and the ratio of EBITDA to “gross billed revenue” for the business returns at least 9.5% margin for the 12-month period ending 1 August 2023.

The remaining 50% of the deferred consideration entitlement will be payable on 1 August 2024 if both of the following conditions are met: MRR reaches at least \$1,154,000 US Dollars by 1 August 2024 and the ratio of EBITDA to “gross billed revenue” for the business returns at least 9.5% margin for the 12-month period ending 1 August 2024. Both tranches of shares require continued employment until the vesting date.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 20: Share-based payments (continued)

The deferred consideration for the acquisition of Qustodio is contingent on the continued employment of the recipients. As a result, AASB 3 – Business Combinations, requires the consideration to be treated under AASB 2 – Share Based Payments and expensed over the service period. As the balance is payable in two tranches 12 and 24 months from acquisition date, the expense is therefore recognised over the respective service periods of 12 and 24 months to 1 August 2023 and 1 August 2024 respectively.

Management has assessed a 100% probability of the performance milestones being met and have therefore recognised an expense of \$18,551,118 from 1 July 2022 to 30 June 2023 in relation to this share-based payment. An additional \$8,491,786 is expected to be recognised as share-based payment relating to this deferred consideration by 1 August 2024.

Note 21: Operating cash flow information

Reconciliation of cash outflows from operations with loss after income tax	2023	2022
	\$	\$
Loss for the year	(86,720,022)	(64,015,461)
Non cash items included in loss for the year:		
- Share based payments	38,892,791	19,488,977
- Depreciation, amortisation and impairment	24,009,325	10,766,813
- Non-cash interest expense	1,660,585	1,703,380
- Non-cash other income	(455,009)	(249,435)
- Non-cash other expenses	48,118	-
- Non-cash foreign currency movements	(5,196,753)	-
Movements in operating assets and liabilities:		
- Increase / (Decrease) in deferred tax balances	(3,402,871)	(1,414,093)
- Increase / (Decrease) in trade and other payables	7,697,796	(6,377,898)
- (Increase) / Decrease in trade and other receivables	(3,894,027)	4,359,076
- (Increase) / Decrease in prepayments and other assets	(2,583,688)	857,857
- Increase / (Decrease) in contract liabilities	4,911,998	(4,427,669)
- (Increase) / Decrease in contract assets	1,100,386	1,241,648
- (Increase) / Decrease in inventory balances	(18,050)	(432,622)
- Increase / (Decrease) in provisions	311,568	1,231,995
Cash inflows/(outflows) from operations	(23,637,853)	(37,267,432)

Non-cash financing and investing activities

On 1 August 2022, 18,241,404 shares (\$5,837,250 valued at \$0.32 per share) and 7,489 convertible notes (\$10,648,365 at \$1,000 USD face value) were issued as part of the consideration for the acquisition of Qustodio. Refer to Note 24 - Business combinations for further details. An additional 220,721 shares (\$163,918 valued at various share prices on issue dates) were issued as interest repayment on the convertible notes.

On 4 October 2022, 9,744,567 shares were issued as part of the consideration for the acquisition of Educator Impact. Refer to Note 24 - Business combinations for further details.

On 17 March 2023, 27,777,778 shares (\$4,444,444 valued at \$0.16 per share) were issued for the repayment of the North City working capital facility. Refer to Note 15 - Borrowings for further details.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 22: Financial instruments

a. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, receivables, payables and lease liabilities. Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Group manages its exposure to key financial risks, including interest rate, foreign currency, credit and liquidity risks in accordance with the Company's risk management policy. The primary objective of the policy is to reduce the volatility of cash flows and asset values arising from such movements.

The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring the levels of exposure to interest rate risk, ageing analysis and monitoring of credit allowances to manage credit risk and the use of future cash flow forecasts to monitor liquidity risk.

b. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

c. Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for Shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

d. Categorisation of Financial Instruments

Details of each category in accordance with Australian Accounting Standard AASB 9 Financial Instruments, are disclosed either on the face of the Consolidated Statement of Financial Position or in the notes.

e. Credit Risk

(i) Exposure to Credit Risk

Credit risk is managed on a group basis. Credit risk arises predominantly from credit exposures to customers, including outstanding receivables and committed transactions. The key elements to manage credit risk are; for banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted and for customers to review aged trade debtors on a regular basis. There are no significant concentrations of credit risk through exposure to individual customers.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 22: Financial instruments (continued)

	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	6,620,286	32,746,157
Trade and other receivables	18,971,917	12,012,607
Financial assets	215,007	189,740
Total financial assets	25,807,210	44,948,504

Financial assets as at 30 June 2023 are not impaired. Trade and receivables are presented net of the provision for expected credit loss totalling \$268,375. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Refer to Note 3(c), (d) for the Group's accounting policy and Note 9 for further details on the Group's trade and other receivables balance.

(ii) Interest Rate Risk

	Effective Interest Rate %	Carrying Amount \$	Variable Interest Rate \$	Non-Interest Bearing \$	Fixed Interest Rate \$	Total \$
2023						
Financial Assets						
Cash and cash equivalents	0 – 3	6,620,286	6,620,286	-	-	6,620,286
Financial Liabilities						
Borrowings	0 - 10	15,833,499	-	-	15,833,499	15,833,499
Deferred consideration	15	7,580,172	-	650,222	6,929,950	7,580,172
2022						
Financial Assets						
Cash and cash equivalents	0 – 1	32,746,157	32,746,157	-	-	32,746,157
Financial Liabilities						
Borrowings	0	865,538	-	-	865,538	865,538
Deferred consideration payable	15	3,567,172	-	-	3,567,172	3,567,172

f. Fair value of financial instruments

The Directors consider the carrying amount of the Group's financial instruments to be a reasonable approximation of their fair value on account of their short maturity cycle.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 22: Financial instruments (continued)

g. Liquidity risk

(i) Exposure to liquidity risk

The carrying amount of the Group's financial liabilities represents the maximum liquidity risk. The Group's maximum exposure to liquidity risk at the reporting date was:

	2023	2022
	\$	\$
Financial Liabilities		
Trade and other payables	19,986,470	9,624,280
Deferred consideration payable	7,580,172	3,567,172
Borrowings	15,833,499	865,538
Lease liabilities	4,576,960	3,652,261
Total financial liabilities	47,977,101	17,709,251

(ii) Contractual Maturity Risk

The following table discloses the contractual maturity analysis at the reporting date:

2023	0-6 months	6-12 months	Over 1 to 5 years	More than 5 years	Total Contractual Cash Flow	Carrying Amount
Financial Instrument	\$	\$	\$	\$	\$	\$
Financial Assets						
Cash	6,620,286	-	-	-	6,620,286	6,620,286
Trade and other receivables	16,574,549	2,397,368	-	-	18,971,917	18,971,917
Other financial assets	-	-	215,007	-	215,007	215,007
Total financial assets	23,194,835	2,397,368	215,007	-	25,807,210	25,807,210
Financial Liabilities						
Trade and other payables	19,986,470	-	-	-	19,986,470	19,986,470
Deferred consideration	836,565	6,268,526	701,734	-	7,806,825	7,580,172
Borrowings ¹	1,588,041	5,487,497	9,768,585	-	16,844,123	15,833,499
Lease liabilities	844,624	848,473	3,387,517	-	5,080,614	4,576,960
Total financial liabilities	23,255,700	12,604,496	13,857,836	-	49,718,032	47,977,101

¹ Convertible notes are based on contractual cash flows unless conversion to equity elected earlier by the note holder.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 22: Financial instruments (continued)

2022	0-6 months	6-12 months	Over 1 to 5 years	More than 5 years	Total Contractual Cash Flow	Carrying Amount
Financial Instrument	\$	\$	\$	\$	\$	\$
Financial Assets						
Cash	32,746,157	-	-	-	32,746,157	32,746,157
Trade and other receivables	11,613,369	399,238	-	-	12,012,607	12,012,607
Other financial assets	-	-	189,740	-	189,740	189,740
Total financial assets	44,359,526	399,238	189,740	-	44,948,504	44,948,504
Financial Liabilities						
Trade and other payables	9,624,280	-	-	-	9,624,280	9,624,280
Deferred consideration payable	913,398	913,398	2,283,494	-	4,110,290	3,567,172
Borrowings	475,987	186,212	203,339	-	865,538	865,538
Lease liabilities	814,281	688,438	2,565,035	-	4,067,754	3,652,261
Total financial liabilities	11,827,946	1,788,048	5,051,868	-	18,667,862	17,709,251

h. Market Risk

(i) Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was as follow:

	Value of NZD exposure expressed in AUD		Value of USD exposure expressed in AUD		Value of GBP exposure expressed in AUD		Value of EUR exposure expressed in AUD	
	2023	2022	2023	2022	2023	2022	2023	2022
Net assets (liabilities)	(773,135)	(444,598)	(11,126,203)	2,370,957	144,821,305	135,249,750	30,924,824	-
Net profit (Loss)	59,008	(115,557)	(3,746,498)	(7,133,990)	(11,961,670)	(6,319,934)	(27,194,835)	-

Foreign Currency sensitivity:

Based on the net liability position of the foreign subsidiaries at 30 June 2023, had the Australian dollar weakened/strengthened by 10% against the New Zealand dollar with all other variables held constant, the Group's post-tax loss for the year would have been \$5,901 higher/\$5,901 lower (2022: \$11,556 higher/\$11,556 lower), and the effect on equity would have been \$77,314 higher/\$77,314 lower (2022: \$44,460 higher/\$44,460 lower).

Had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been \$374,650 higher/\$374,650 lower (2022: \$713,399 higher/\$713,399 lower), and the effect on equity would have been \$1,112,620 higher/\$1,112,620 lower (2022: \$237,096 higher/\$237,096 lower).

If the Australian dollar weakened/strengthened by 10% against the British pound with all other variables held constant, the Group's post-tax loss for the year would have been \$1,196,167 higher/\$1,196,167 lower (2022: \$631,993 higher/\$631,993 lower), and the effect on equity would have been \$14,482,131 higher/\$14,482,131 lower (2022: \$13,524,975 higher/\$13,524,975 lower).

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 22: Financial instruments (continued)

If the Australian dollar weakened/strengthened by 10% against the Euro with all other variables held constant, the Group's post-tax loss for the year would have been \$2,719,484 higher/\$2,719,484 lower, and the effect on equity would have been \$3,902,482 higher/\$3,902,482 lower.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

(ii) Interest Rate Risk

The Group's only exposure to interest rate risk is on balances held as cash. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. An official increase/decrease in interest rates of 100 (2022: 100) basis points would have an adverse/favourable effect on profit before tax of \$66,203 (2022: \$327,462) per annum.

(iii) Other Price Risk

By virtue of the nature and classification of the financial instruments held by the Group, the Group is not exposed to significant other price risk.

(iv) Sensitivity disclosure analysis

Taking into account past performance, future expectations and economic forecasts It is considered that 100 basis points is a 'reasonably possible' estimate of potential variations in interest rates (base rates are sourced from the Reserve Bank of Australia).

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Company at year end, if changes in the relevant risk occur.

i. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Consolidated - 2023	Level 1	Level 2	Level 3	Total
<i>Liabilities</i>				
Deferred consideration payable - Cipafilter ¹	-	-	2,148,211	2,148,211
Deferred consideration payable - Educator Impact ²	-	-	4,781,739	4,781,739
Convertible notes - Qustodio ³	-	11,309,094	-	11,309,094
Total liabilities	-	11,309,094	6,929,950	18,239,044
Consolidated - 2022	Level 1	Level 2	Level 3	Total
<i>Liabilities</i>				
Deferred consideration payable - Cipafilter ¹	-	-	3,567,172	3,567,172
Total liabilities	-	-	3,567,172	3,567,172

¹ Level 3 input of discount rate for Cipafilter deferred consideration.

² Level 3 input of annual recurring revenue for Educator Impact deferred consideration.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 22: Financial instruments (continued)

³ Level 2 input for forward looking foreign exchange rate for Qustodio convertible notes.

There were no transfers between levels during the financial year.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Sensitivity
Deferred consideration payable at 30 June 2023 - Educator Impact	Annual Recurring Revenue	10% change would decrease fair value by \$615,563
Deferred consideration payable at 30 June 2023 - Cipafilter	Discount rate	5% change would increase the fair value by \$46,498 and decrease fair value by \$44,411
Deferred consideration payable at 30 June 2022 - Cipafilter	Discount rate	5% change would increase the fair value by \$187,364 and decrease by \$173,427

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

	Deferred consideration - Cipafilter & NetRef	Deferred consideration - Educator Impact	Convertible notes - Qustodio	Total
Balance at 1 July 2021	3,499,474	-	-	3,499,474
Gains recognised in other comprehensive income	(775,196)	-	-	(775,196)
Consideration paid	(2,724,278)	-	-	(2,724,278)
Additions	3,567,172	-	-	3,567,172
Balance at 30 June 2022	3,567,172	-	-	3,567,172
Additions	-	4,781,739	11,309,094	16,090,833
Consideration paid	(1,899,892)	-	-	(1,899,892)
Interest	453,413	-	-	453,413
Foreign exchange movements	27,518	-	-	27,518
Balance at 30 June 2023	2,148,211	4,781,739	11,309,094	18,239,044

Note 23: Segment information

AASB 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segment and to assess its performance. The CODM has been identified as the Board of Directors.

The Group has four main operating segments being the provision of educational technology services in Australia & New Zealand ("ANZ"), the United Kingdom ("UK"), the United States of America ("USA") and Europe. Previously, during the year ended 30 June 2022, the Group operated within three main operating segments being ANZ, USA and UK. This is consistent with the internal reporting provided to the CODM.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 23: Segment information (continued)

30 June 2023	USA \$	UK \$	ANZ \$	Europe \$	Total \$
Segment Income					
Sales revenue	28,972,844	29,355,122	5,165,374	18,388,445	81,881,785
Other income	3,345	5,167	297,557	240,745	546,814
Total Income	28,976,189	29,360,289	5,462,931	18,629,190	82,428,599
Segment Expenses					
Direct cost	(4,694,444)	(7,524,124)	(8,312,357)	(6,577,371)	(27,108,296)
Operating expenses	(20,190,255)	(21,926,480)	(31,746,873)	(9,622,583)	(83,486,191)
Share-based payments	(3,504,393)	(4,503,197)	(11,591,997)	(742,086)	(20,341,673)
Share based deferred consideration	-	-	-	(18,551,119)	(18,551,119)
Loss before depreciation and amortization	587,097	(4,593,512)	(46,188,296)	(16,863,969)	(67,058,680)
Depreciation and amortisation	(4,333,595)	(7,368,158)	(1,976,705)	(10,330,866)	(24,009,324)
Loss before income tax	(3,746,498)	(11,961,670)	(48,165,001)	(27,194,835)	(91,068,004)
30 June 2022	USA \$	UK \$	ANZ \$	Europe \$	Total \$
Segment Income					
Sales revenue	15,846,213	25,080,793	3,798,563	-	44,725,569
Other income	226,257	79,246	149,580	-	455,083
Total Income	16,072,470	25,160,039	3,948,143	-	45,180,652
Segment Expenses					
Direct costs	(3,375,344)	(6,457,162)	(6,763,266)	-	(16,595,772)
Operating expenses	(13,223,369)	(18,269,267)	(32,500,659)	-	(63,993,295)
Share-based payments	(2,987,185)	(3,198,644)	(13,303,148)	-	(19,488,977)
Loss before depreciation and amortisation	(3,513,428)	(2,765,034)	(48,618,930)	-	(54,897,392)
Depreciation and amortisation	(3,441,221)	(5,724,078)	(1,366,863)	-	(10,532,162)
Loss before Income Tax	(6,954,649)	(8,489,112)	(49,985,793)	-	(65,429,554)
30 June 2023	USA \$	UK \$	ANZ \$	Europe \$	Total \$
Segment Assets	27,530,499	187,594,932	19,427,267	52,960,191	287,512,889
Segment Liabilities	(38,656,702)	(42,773,626)	(25,187,388)	(22,035,367)	(128,653,083)
30 June 2022	USA \$	UK \$	ANZ \$	Europe \$	Total \$
Segment Assets	23,619,588	178,388,736	39,266,458	-	241,274,782
Segment Liabilities	(24,016,917)	(40,370,701)	(11,577,718)	-	(75,965,336)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 24: Business combinations

a. Qustodio acquisition

On 2 May 2022, the Group announced an agreement to acquire Qustodio LLC and its controlled entities ("Qustodio"), a leading global parental control provider, based in Spain. The acquisition was subject to a number of pre-completion conditions including Spanish Foreign District Investment approval which was subsequently obtained on 21 July 2022. The acquisition was to be funded by a fully underwritten institutional placement of \$42 million before transaction costs.

The acquisition offers Qoria the opportunity to cross-sell the Qustodio products into its existing K-12 customer base, increase its global presence, expand consumer offerings and realise operating efficiencies across the Group.

A total of 123,529,412 ordinary shares were issued under equity raising at a price of \$0.34 per share across two tranches on 12 May 2022 and 1 July 2022.

The Company completed the acquisition of the Qustodio business on 1 August 2022. The total purchase consideration was \$25 million USD (AUD\$35.6 million) with \$24.2 million USD (\$34.4 million AUD) payable upfront in the form of cash (\$12.6 million USD, \$17.9 million AUD), issue of shares (\$4.1 million USD, \$5.8 million AUD) and issue of notes (\$7.5 million USD, \$10.6 million AUD). The remaining USD\$0.8 million (\$1.2 million AUD) is deferred consideration payable in Qoria Limited ordinary shares in two equal tranches on 1 April 2023 and 1 December 2023.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

	USD
Upfront cash consideration ¹	12,618,293
Upfront non-cash consideration ²	11,595,731
Deferred non-cash consideration ³	861,271
Total purchase consideration - USD	25,075,295
USD:AUD exchange rate applied	1.4217
Total consideration - AUD	35,649,470
Total purchase consideration - AUD	35,649,470

¹ Includes \$2.6 million USD (\$3.8 million AUD) cash held in escrow for indemnification claims.

² 18,241,404 shares issued on 1 August 2022 at a share issue price of \$0.23 USD (\$0.32 AUD) per share (1 August 2022 closing rate) and 7,490 notes issued on 1 August 2022 at a face value of \$1,000 USD per note. Refer to Note 15 - Borrowings.

³ 50% of shares (\$430,635 USD equivalent at the time of settlement) to be issued 8 months from completion and the remaining 50% (\$430,635 USD equivalent at the time of settlement) to be issued 16 months from completion. Fixed value of consideration will be settled via a variable number of shares, depending on the share price at settlement date. Amounts have been classified as a financial liability accordingly. Refer to Note 16 - Deferred consideration.

In addition to the total purchase consideration accounted for above under the provisions of AASB 3: Business Combinations, there are also amounts of share-based payments owed to some of the vendors of Qustodio which have been treated as share-based payments under the provisions of AASB 2: Share-based payments as they are contingent on the continued employment of these vendors. Refer Note 20, share-based payments, for further details.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 24: Business combinations (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair values \$
Assets acquired	
Cash and cash equivalents	1,603,320
Trade and other receivables	3,522,107
Prepayments	32,878
Property, plant and equipment	128,814
Right of use asset	709,008
Customer relationships	21,902,959
Software	8,674,904
Total assets acquired	36,573,990
Liabilities assumed	
Trade and other payables	(3,360,182)
Contract liabilities	(7,381,398)
Provisions	(347,745)
Borrowings	(3,080,978)
Lease liability	(709,008)
Deferred tax liabilities	(7,644,466)
Total liabilities assumed	(22,523,777)
Net identifiable assets acquired	14,050,213
Add: Goodwill¹	21,599,257
Acquisition date fair value of total consideration	35,649,470

¹ Goodwill of \$21,599,257 is attributable to the customer contracts acquired, software technology, workforce, know-how and the expected synergies from merging this business acquired into the Group's existing operations.

The fair value of the acquired customer relationships was determined with reference to an excess earnings methodology and the fair value of the software was determined with reference to a relief from royalty methodology. Both of these methods required key assumptions to be made around discount rate, royalty rate, forecasted revenues and attrition rates.

Cash used to acquire business, net of cash	\$
Acquisition-date cash consideration transferred	17,939,389
Less: cash and cash equivalents acquired	(1,603,320)
Net cash used	16,336,069

Acquisition related costs

Acquisition related costs of \$1,157,751 were included in the statement of profit or loss in the reporting period ending 30 June 2023 in relation to the Qustodio acquisition.

Revenue and profit contribution

Since acquisition, Qustodio has contributed revenue of \$18,388,445 and a loss of \$6,882,947 (including acquisition amortisation) which is included within the profit or loss of the Group. Excluding amortisation of acquired intangible assets, Qustodio returned a profit of \$2,905,216. Hypothetically, if this business had formed part of the Group from 1 July 2022, on

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 24: Business combinations (continued)

an extrapolated basis it would have contributed revenue of \$20,060,121 and a loss of \$7,508,669 (profit of \$3,169,327 excluding acquisition amortisation).

b. Educator Impact acquisition

On 3 October 2022, the Group acquired EI Pty Ltd and its controlled entities ("Educator Impact"), an Australian-based provider of student wellbeing technology.

Educator Impact's flagship product, Pulse, has the opportunity to be cross-sold expeditiously to the Group's existing customer base and through its channel partners to new clients.

The total purchase consideration was \$7,900,000 with 9,744,567 shares issued at \$0.32 per share (valued at \$3,118,261) upfront and the remaining \$4,781,739 consideration deferred until 30 June 2024.

Deferred consideration is subject to the satisfaction of a revenue-based target "Annual Recurring Revenue" (ARR) of \$2,100,000 relating to the Educator Impact "Pulse" product. If the milestone is achieved prior to that date, the deferred consideration and interest charges may be converted into shares, at the election of the vendors, at \$0.60 per fully paid ordinary share. Should the target not be reached prior to 30 June 2024, the value of this deferred consideration will be reduced by a factor of revenue, and the deferred consideration will be payable 50% in fully paid ordinary shares of the Company, at \$0.60 per fully paid ordinary share, and the remaining 50% in cash, unless taken in shares upon election of the vendors. The ARR targets have been assessed as a 100% probability of being met.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

Purchase consideration	
Upfront non-cash consideration	3,118,261
Deferred consideration	4,781,739
Total purchase consideration	7,900,000

The Group has applied provisional accounting on its measurement of its purchase price allocation for this business combination as per AASB 3 Business Combinations. The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair values
Assets acquired	\$
Cash and cash equivalents	50,485
Trade and other receivables	98,547
Customer relationships	3,660,618
Software	94,200
Total assets acquired	3,903,850
Liabilities assumed	
Trade and other payables	(156,664)
Contract liabilities	(651,988)
Provisions	(181,991)
Deferred tax liabilities	(938,705)
Total liabilities assumed	(1,929,348)
Net identifiable assets acquired	1,974,502
Add: Goodwill¹	5,925,498
Acquisition date fair value of total consideration	7,900,000

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 24: Business combinations (continued)

¹ Goodwill of \$5,925,498 is attributable to the customer contracts acquired, software technology, workforce, know-how and the expected synergies from merging this business acquired into Qoria's existing operations.

The fair value of the acquired customer relationships was determined with reference to an excess earnings methodology and the fair value of the software was determined with reference to a relief from royalty methodology. Both of these methods required key assumptions to be made around discount rate, royalty rate, forecasted revenues and attrition rates.

No acquisition related costs were included in the statement of profit or loss in the reporting period ending 30 June 2023 in relation to the Educator Impact acquisition.

Revenue and profit contribution

Since acquisition, Educator Impact has contributed revenue of \$1,409,674 and a profit of \$385,927 which is included within the profit or loss of the Group. Excluding amortisation of acquired intangible assets, Educator Impact returned a profit of \$1,322,060. Hypothetically, if this business had formed part of the Group from 1 July 2022, on an extrapolated basis it would have contributed revenue of \$1,879,566 and a profit of \$514,570 (profit of \$1,762,747 excluding acquisition amortisation).

c. Smoothwall acquisition

On 16 August 2021, the Company acquired 100% of the issued fully paid capital of the Smoothwall group of companies comprising Topco Oasis Limited and its wholly owned subsidiaries Bidco Oasis Limited, Oval (2304) Limited, Smoothwall Limited, Linewize Limited (Formerly known as Rubicon Bidco Limited), Smoothwall Inc, Safeguard Software Limited, Ensco 1227 Limited and eSafe Global Limited (Smoothwall).

Smoothwall is one of the world's leading providers of digital and safeguarding services with a strong market position in the UK and operations in the US. The acquisition creates the world's most compelling K-12 digital safety solution incorporating Family Zone's fast growing Linewize K-12 solutions, FZO parental controls and Smoothwall's scale and world-leading solutions.

Acquisition related costs of \$2,243,119 were included in the statement of profit or loss in the reporting period ending 30 June 2022 in relation to the Smoothwall acquisition.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

Cash consideration - GBP	74,723,466
GBP:AUD exchange rate applied	1.8924
Cash consideration - AUD	141,405,010
Total purchase consideration	141,405,010

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 24: Business combinations (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair values \$
Assets acquired	
Cash and cash equivalents	2,446,424
Trade and other receivables	7,739,558
Contract assets	5,156,487
Inventory	262,780
Prepayments	1,070,729
Right of use assets	677,829
Plant and equipment	235,868
Customer relationships ¹	13,785,971
Software	34,657,003
Branding	6,619,537
Total assets acquired	72,652,186
Liabilities assumed	
Trade and other payables	(12,245,897)
Contract liabilities	(33,577,266)
Provisions	(254,413)
Lease liability	(677,829)
Borrowings	(94,619)
Deferred tax liabilities	(13,833,242)
Total liabilities assumed	(60,683,266)
Net identifiable assets acquired	11,968,920
Add: Goodwill¹	129,436,090
Acquisition date fair value of total consideration	141,405,010

¹ Goodwill of \$129,436,090 is attributable to the know-how and the expected synergies from merging this business acquired into Qoria's current operations.

Revenue and profit contribution

In the previous financial year, the business contributed revenue of \$28,961,334 and a loss of \$2,705,851 which is included within the profit or loss of the Group.

d. Purchase consideration – cash outflow

	2023 \$	2022 \$
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration ¹	(21,517,965)	(144,913,080)
Less: cash balances acquired	1,653,805	2,552,012
Net inflow / (outflow) of cash – investing activities	(19,864,160)	(142,361,068)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 24: Business combinations (continued)

¹ The cash consideration paid represents cash payments for the acquisition of Qustodio (acquired 1 August 2022) in 2023, and Smoothwall (acquired 16 August 2021) in 2022 along with ongoing payments for Cipafilter (acquired 1 March 2022) in both 2023 and 2022.

Acquisition related costs

Acquisition related costs of \$1,546,931 included in the statement of profit or loss in the reporting period ending 30 June 2023. This includes \$389,180 acquisition related costs for Cipafilter acquired during the year ended 30 June 2022.

Note 25: Related party transactions

Parent and subsidiaries

The parent entity and ultimate parent entity of the Group is Qoria Limited (formerly Family Zone Cyber Safety Limited), a Company listed on the Australian Securities Exchange ("ASX"). The subsidiaries of the Group are:

Controlled entities	Country of incorporation	Extent of control	
		2023	2022
Parent entity			
Qoria Limited	Australia	-	-
Controlled entities			
Qoria Holdings Pty Ltd (incorporated 22 May 2023)	Australia	100%	-
Family Zone Inc.	United States of America	100%	100%
Family Zone Cyber Safety Pte. Ltd.	Singapore	100%	100%
Family Zone NZ Cyber Safety Ltd	New Zealand	100%	100%
Cyber Education Pty Ltd	Australia	100%	100%
NetRef Education LLC	United States of America	100%	100%
Family Zone UK Cyber Safety Limited	United Kingdom	100%	100%
Topco Oasis Limited	United Kingdom	100%	100%
Bidco Oasis Limited	United Kingdom	100%	100%
Oval (2304) Limited	United Kingdom	100%	100%
Smoothwall Limited	United Kingdom	100%	100%
Linewize Limited (formerly Rubicon Bidco Limited)	United Kingdom	100%	100%
Smoothwall Inc	United States of America	100%	100%
Safeguard Software Limited	United Kingdom	100%	100%
Ensco 1227 Limited	United Kingdom	100%	100%
eSafe Global Limited	United Kingdom	100%	100%
Derbytech Inc.	United States of America	100%	100%
Qustodio LLC ¹	United States of America	100%	-
Qustodio Technologies S.L.U. ¹	Spain	100%	-
Digital Literacy S.L.U. ¹	Spain	100%	-
EI Pty Ltd ¹	Australia	100%	-
Educator Impact Inc. ¹	United States of America	100%	-

¹ Refer to Note 24 – Business Combinations

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 25: Related party transactions (continued)

b. Key Management Personnel compensation

Information on remuneration of all Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report. The aggregated compensation paid to Directors and Key Management Personnel of the Group is as follows:

	2023	2022
	\$	\$
Short-term employee benefits	1,435,346	1,285,731
Post-employment benefits	77,691	102,349
Long service leave	32,148	66,005
Share-based payment	4,074,015	6,176,168
Total	5,619,200	7,630,253

c. Other Transactions with Key Management Personnel

(i) Grange Consulting

Mr Phil Warren, a Director of the Company, is also Managing Director of Grange Consulting and an entity related to him is a shareholder of Grange Consulting. A summary of the total fees paid to Grange Consulting for the year ended 30 June 2023 and 30 June 2022 is as follows:

	2023	2022
	\$	\$
Company secretarial and financial management services	88,579	142,488
Total	88,579	142,488

\$88,579 was paid to Grange Consulting for financial management and company secretarial services for the year ended 30 June 2023. \$36,300 was outstanding and payable to Grange as at 30 June 2023 (2022: \$6,628).

(ii) Gyoen Pty Ltd

During the previous financial year ended 30 June 2022, advisory services of \$50,000 were provided by Mr Peter Pawlowitsch's consultancy company, Gyoen Pty Ltd for services outside of his usual Board duties. No such additional services were provided in the year ended 30 June 2023.

Note 26: Commitments and contingent liabilities

The Directors are not aware of any commitments or any contingent liabilities that may arise from the Group's operations as at 30 June 2023 (2022: none).

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 27: Auditor's remuneration

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, its network firms and unrelated firms:

	2023 \$	2022 \$
<i>Audit services - BDO Audit (WA) Pty Ltd</i>		
Audit or review of the financial statements	335,584	253,798
<i>Other services</i>		
Taxation services	130,294	50,879
Due diligence services	230,841	133,318
<i>Audit services - network firms</i>		
Audit or review of the financial statements	343,846	243,571
<i>Other services - network firms</i>		
Taxation services	40,939	110,810
Due diligence services	-	135,103
Other agreed upon procedures	-	16,911
Total BDO Audit (WA) Pty Ltd and related network firms	1,081,504	944,390

Note 28: Parent entity disclosures

	2023 \$	2022 \$
Assets		
Current assets	6,093,399	31,822,980
Non-current assets	174,573,855	144,308,577
Total assets	180,667,254	176,131,557
Liabilities		
Current liabilities	19,505,614	8,549,891
Non-current liabilities	2,301,834	2,272,221
Total liabilities	21,807,448	10,822,112
Net assets/(deficiency)	158,859,806	165,309,445
Equity		
Issued capital	331,923,527	294,524,794
Reserves	64,913,027	30,769,082
Accumulated losses	(237,976,748)	(159,984,431)
Total equity	158,859,806	165,309,445
Profit/(loss) for the year	(77,992,317)	(76,592,605)
Total comprehensive income / (loss)	(77,992,317)	(76,592,605)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 28: Parent entity disclosures (continued)

The Parent Company did not have any guarantees, contingent liabilities or commitments as at 30 June 2023 (2022: none).

Note 29: Events occurring after the reporting period

Ashgrove loan facility - Drawdown

On 14 July 2023, the Company made an initial drawdown of \$20 million on the \$30 million Ashgrove loan facility entered into on 30 June 2023. Refer to Note 15 - Borrowings for further details on the loan facility.

New KMP and Executive Remuneration Framework

The Company has established a new KMP and Executive Remuneration Framework which includes changes to the remuneration packages of the Managing Director, the Non-Executive Directors and Executive Leadership Team. The terms of short-term and long-term incentives for the Managing Director, Mr Tim Levy, are detailed below:

Class	Exercise	Vesting conditions			Grant date	Vesting date	Expiry date	Number of options
		Weighting	Operational milestone (to be achieved by 30 June 2024)	Other vesting conditions				
Short Term Incentive ("STI") Options	Each STI zero exercise price option ("ZEPO") will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	20%	Achieve budgeted operating cash flow	Continued employment with the Company in existing role from issue date until the vesting date	17 August 2023	30 June 2024	30 June 2027	1,361,359
		20%	Achieve budgeted cash EBITDA					
		20%	Achieve ARR budget					
		20%	Satisfactory job performance					
		20%	Satisfactory employee engagement score					
		Weighting	Operational milestone (to be achieved by 30 June 2026)	Other vesting conditions				
Long Term Incentive ("LTI") Options	Each LTI ZEPO will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	30%	Achieve the Company's scale ambition	Continued employment with the Company in existing role from issue date until the vesting date	17 August 2023	30 June 2026	30 June 2027	2,722,721
		20%	Achieve the Company's goal ambition					
		30%	Achieve the Company's B2B2C ambition					
		20%	Achieve the Company's engagement ambition					

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 29: Events occurring after the reporting period (continued)

New KMP and Executive Remuneration Framework (continued)

Class	Exercise	Vesting conditions		Grant date	Vesting date	Expiry date	Number of options
LTI total shareholder return ("TSR") Options	Each Tranche LTI TSR Option entitles the holder to subscribe for one Share upon payment of the exercise price of \$0.36, any time prior to the Expiry Date, once vested.	Tranche	Vesting Condition	17 August 2023	30 June 2026	30 June 2027	3,000,000
		Tranche 1 TSR Options	20-day VWAP of \$0.75 by 30 June 2026 and continued service with the Company until 20-day VWAP of \$0.75 is achieved.				
		Tranche 2 TSR Options	20-day VWAP of \$1.00 by 30 June 2026 and continued service until 20-day VWAP of \$1.00 is achieved.				
		Tranche 3 TSR Options	20-day VWAP of \$1.25 by 30 June 2026 and continued service until 20-day VWAP of \$1.25 is achieved.				

The vesting conditions for short-term and long-term incentives for Non-Executive Directors are detailed below:

Class	Exercise	Vesting conditions	
NED Director Options	Each Tranche of NED Director Option will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	Tranche	Vesting Condition
		Tranche 1 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2024.
		Tranche 2 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2025.
		Tranche 3 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2026.

The details of options per Non-Executive Director are detailed below:

Peter Pawlowitsch	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	226,893
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	226,893
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	226,893

Matthew Stepka	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	136,136
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	136,136
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	136,136

Phil Warren	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	113,447
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	113,447
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	113,447

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 29: Events occurring after the reporting period (continued)

New KMP and Executive Remuneration Framework (continued)

Georg Ell	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	90,757
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	90,757
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	90,757

Jane Watts	Grant date	Vesting date	Expiry date	Number of options
NED Director Options Tranche 1	17 August 2023	30 June 2024	30 June 2027	113,447
NED Director Options Tranche 2	17 August 2023	30 June 2025	30 June 2027	113,447
NED Director Options Tranche 3	17 August 2023	30 June 2026	30 June 2027	113,447

The objectives for short-term and long-term incentives for the Executive Leadership Team are detailed below:

Class of performance rights	Objectives	Weighting	Milestone measurement date	Grant date	Vesting date	Expiry date	Number of rights
STI Performance rights	Achieve budgeted operating cash flow	20%	30 June 2024	17 August 2023	30 June 2024, 30 June 2025 & 30 June 2026	30 June 2027	8,324,154
	Achieve budgeted cash EBITDA	20%					
	Achieve ARR budget	20%					
	Satisfactory job performance	20%					
	Satisfactory employee engagement score	20%					
LTI 2024 Performance rights	Achieve the Company's scale ambition	30%	30 June 2026	17 August 2023	30 June 2026	30 June 2027	3,106,256
	Achieve the Company's goal ambition	20%					
	Achieve the Company's B2B2C ambition	30%					
	Achieve the Company's engagement ambition	20%					

The performance rights issued to Key Management Personnel are detailed below:

Crispin Swan	Vesting conditions	Vesting date	Number of rights
STI 2024 - Class A performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2024	394,794
STI 2024 - Class B performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2025	394,794
STI 2024 - Class C performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	394,794
LTI 2024 Performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	2,368,765

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 29: Events occurring after the reporting period (continued)

New KMP and Executive Remuneration Framework (continued)

Ben Jenkins	Vesting conditions	Vesting date	Number of rights
STI 2024 - Class A performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2024	172,871
STI 2024 - Class B performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2025	172,871
STI 2024 - Class C performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	172,871
LTI 2024 Performance rights	1) Achievement of objectives by milestone date 2) Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026	777,921

Other subsequent events

On 7 July 2023, Non-executive Director Phil Warren exercised 1,000,000 options (\$0.21, 7 July 2023) for \$210,000 and 500,000 advisory options were exercised for \$90,000. Consideration for the advisory options was received prior to 30 June 2023.

On 10 July 2023, 8,500,000 shares were issued to the Company's treasury shares to be transferred/allocated to employees on the exercise of options and performance rights under the Company's Employee Share Scheme.

On 31 August 2023, 40,263,509 performance shares were issued on the conversion of tranche 1 deferred consideration rights for the acquisition of Qustodio. Refer to Note 20 - Share based payments for further details on the performance shares.

Since the end of the financial year a total of 29,865,967 performance rights have been issued to employees under the Company's Employee Share Scheme, whilst 6,571,710 performance rights have been exercised. The shares issued upon exercise of the rights have been issued from the Company's treasury shares. In addition, since the end of the financial year, a total of 1,200,000 options have expired.

Apart from the events discussed above, no other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

In the Directors' opinion:

- . the accompanying financial statements set out on pages 38 to 114 and the Remuneration Report in the Directors' Report are 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 performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and
 - ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2023.

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

On behalf of the Directors



Tim Levy
Managing Director
Qoria Limited

22 September 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Qoria Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Qoria 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.

Carrying value of goodwill - impairment assessment

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's carrying value of goodwill as disclosed in Note 10 represents a significant asset to the Group. The Australian Accounting Standards require the Group to test its cash generating units to which goodwill is allocated for impairment at least annually.</p> <p>The assessment of impairment is complex and highly judgemental and includes assessing a range of external and internal factors and modelling a range of assumptions that could impact the recoverable amount of each cash generating unit ("CGU"). Accordingly, this was considered to be a key audit matter.</p> <p>Notes 2 d) (viii) and 3 f) of the financial report disclose the accounting policy for assessment of impairment and the significant judgements and estimates made.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the Group's identification of CGUs and management's allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and internal reporting; • Evaluating management's ability to accurately forecast cash flows by assessing the precision of the current year actuals against forecasted outcomes; • Evaluating management's calculation and basis for allocation of goodwill arising from current period acquisitions to the Group's CGUs; • In conjunction with our internal valuation specialists, challenging key inputs used in the value in use calculations including the following: <ul style="list-style-type: none"> ▪ Obtaining and reviewing the reasonableness of cash flow forecasts approved by the board; ▪ Assessing the discount rates against market data and industry research; ▪ Comparing growth rates with third party industry data; and ▪ Considering the appropriateness of the valuation methodology applied. • Assessing the adequacy of the related disclosures in Notes 2 d) (viii), 3 f) and 10 of the financial report.

Accounting for the acquisition of the Qustodio LLC and its controlled entities

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 24 a) of the financial report, the Group completed the acquisition of 100% of the issued capital of the Qustodio group of companies comprising Qustodio LLC and its wholly owned subsidiaries on 1 August 2022.</p> <p>The acquisition was accounted for in accordance with AASB 3: Business Combinations and was deemed to be a key audit matter given the material nature of the acquisition and the related estimates and judgements associated with the identification and determination of the fair value of assets acquired and liabilities assumed and consideration paid.</p> <p>Notes 2 d) (iv) and 3 w) of the financial report disclose the accounting policy for business combinations and the significant judgements and estimates made.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing the unit purchase agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; • Evaluating management's assessment of the accounting acquirer and whether the transaction constituted a business combination or asset acquisition; • Agreeing the acquisition date to the date at which the Group obtained control over the business assets and liabilities; • Evaluating the group's determination of purchase consideration including assessing the estimation of the deferred consideration; • Assessing whether the calculation and determination of the fair value of non-cash consideration was in accordance with contractual arrangements and the requirements of the accounting standards; • Reviewing the purchase price allocation, including the recognition of goodwill; • Assessing the competency and objectivity of the independent expert to which management has engaged to assess the fair value of specified assets acquired as part of the acquisition; • In conjunction with our internal experts, evaluating the assumptions and methodology in management's determination of the fair value of assets and liabilities acquired; and • Assessing the adequacy of the related disclosures in Notes 2 d) (iv), 3 w) and 24 a) of the financial report.

Going concern

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business.</p> <p>The Group relies on continued sales growth and the management of costs in line with forecast to continue as a going concern.</p> <p>Assessing the appropriateness of the basis of preparation for the Group's financial report was a key audit matter due to its importance to the financial report and the judgement involved in forecasting future cash flows for a period of at least 12 months from the date of the financial report.</p> <p>Note 2 a) of the financial report discloses the basis of preparation of the financial report and the Directors' assessment of the going concern assumption.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Group's assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of the financial report and that relevant information of which we are aware of as a result of the audit is included; • Inquiring with management and the Directors whether they are aware of any events or conditions, including beyond the period of assessment, that may cast significant doubt on the Group's ability to continue as a going concern; • Comparing the key underlying data and assumptions in the Group's cash flow forecast to approved budgets, historical cash flows and performance subsequent to reporting date; • Developing an understanding of what forecast expenditure in the cash flow forecast is committed and what could be considered discretionary; • Assessing management's historical accuracy of cash flow forecasting by comparing actual results to prior period forecasts; and • Assessing the adequacy of the related disclosure in Note 2 a) of 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 24 to 39 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Qoria 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


Jarrad Prue

Director

Perth

22 September 2023

ASX Additional Information

For the year ended 30 June 2023

Additional information required by the Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Number of holders and voting rights of each class of equity securities

The issued capital of the Company as at 18 September 2023 includes the following securities:

Equity Class	Number of holders	Total on issue
Fully paid ordinary shares	3,044	1,112,980,167
Options	9	21,350,000
Performance rights	516	97,893,346
Deferred consideration rights ¹	3	40,263,508

¹ Relates to the Qustodio business combination and are referred to as performance shares in Note 18 - Reserves per the notes to the consolidated financial statements for the year ended 30 June 2023.

All issued fully paid ordinary shares (**Shares**) carry one vote per share. Options, Performance Share and Performance Rights do not entitle the holder to vote on any resolution proposed at a general meeting of Shareholders.

2. Substantial holders in the Company

Substantial Shareholder	Number of Shares held	% of Total Shares
McCusker Holdings Pty Ltd	156,000,000	14.02%
Regal Funds Management Pty Ltd	134,039,468 ¹	12.04%
Perennial Value Management Limited	91,074,279 ²	8.18%

¹ Based on substantial holder notice lodged 14 October 2022

² Based on substantial holder notice lodged 16 March 2023

3. Distribution of equity securities as at 18 September 2023

a) Fully paid ordinary shares

Holding Ranges	Holders	Total Shares	% Total Shares
1 - 1,000	192	96,389	0.01%
1,001 - 5,000	724	1,954,632	0.18%
5,001 - 10,000	380	2,947,721	0.26%
10,001 - 100,000	1,248	47,817,263	4.30%
100,001 - 9,999,999,999	500	1,060,164,162	95.25%
Totals	3,044	1,112,980,167	100.00%

There were 508 holders with less than a marketable parcel of Shares based on the share price of \$0.22 on 18 September 2023.

b) Options

Holding Ranges	Holders	Total Employee Options	% Total Employee Options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	9	21,350,000	100.00%
Totals	9	21,350,000	100.00%

ASX Additional Information

For the year ended 30 June 2023

c) Performance Rights

Holding Ranges	Holders	Total Employee Options	% Total Employee Options
1 - 1,000	-	-	0.00%
1,001 - 5,000	1	2,202	0.00%
5,001 - 10,000	4	42,747	0.04%
10,001 - 100,000	323	16,462,655	16.82%
100,001 - 9,999,999,999	159	81,385,741	83.14%
Totals	516	97,893,346	100.00%

4. Top 20 Shareholder as at 18 September 2023

Position	Holder Name	Holding	% IC
1	CITICORP NOMINEES PTY LIMITED	200,656,483	18.03%
2	MCCUSKER HOLDINGS PTY LTD	156,000,000	14.02%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	149,602,185	13.44%
4	UBS NOMINEES PTY LTD	71,622,366	6.44%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	37,836,388	3.40%
6	EDUARDO CRUZ ECHEVARRIA	28,304,508	2.54%
7	AURO PTY LTD	27,450,000	2.47%
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	20,684,445	1.86%
9	SISU INTERNATIONAL PTY LTD	12,492,160	1.12%
10	TIMOTHY NOMINEES PTY LTD <TIMOTHY FAMILY A/C>	11,932,977	1.07%
11	MARTINDALE PTY LTD	11,350,000	1.02%
12	NEWECOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	10,541,094	0.95%
13	BPM INVESTMENTS LIMITED	10,000,000	0.90%
14	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	9,508,354	0.85%
15	JOSE GASPAR CUEVAS	7,972,572	0.72%
16	MOSCH PTY LTD	7,738,094	0.70%
17	1001 PTY LTD <D COLBRAN SUPER FUND A/C>	7,587,500	0.68%
18	GREYSKULL NOMINEES PTY LTD	6,967,379	0.63%
19	BNP PARIBAS NOMS PTY LTD <DRP>	6,833,321	0.61%
20	SUPER SEED PTY LTD <THE WERSMAN SUPER FUND A/C>	6,800,000	0.61%
	Total	801,879,826	72.06%
	Total issued capital - selected security class(es)	311,100,341	100.00%

ASX Additional Information

For the year ended 30 June 2023

5. Restricted Securities

Holding Ranges	Holders	Total Employee Options	% Total Employee Options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	-	-	-
Totals	-	-	-

6. Unquoted Securities

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

a) Options (\$0.00, 30 Nov 2024)

Holder Name	Holding	% Total Options
Timothy Nominees Pty Ltd <Timothy Family A/C>	1,000,000	50.00%
Freshie Pty Ltd	1,000,000	50.00%
Total	2,000,000	100.00%

b) Options (\$0.50, 30 Jun 2025)

Holder Name	Holding	% Total Options
Timothy Nominees Pty Ltd <Timothy Family A/C>	1,500,000	66.67%
Vault (WA) Pty Ltd <Vault A/C>	3,000,000	33.33%
Total	4,500,000	100.00%

c) Options (\$0.55, 30 Jun 2025)

Holder Name	Holding	% Total Options
Beachswing Pty Ltd	500,000	100.00%
Total	500,000	100.00%

d) Options (\$0.60, 31 Dec 2025)

Holder Name	Holding	% Total Options
Georg Ell	2,100,000	30.00%
JC Watts Holdings Pty Ltd <Jane Catherine Watts Investments Trust A/C>	2,100,000	30.00%
Total	4,200,000	60.00%

ASX Additional Information

For the year ended 30 June 2023

e) Options (\$0.60, 31 Jan 2026)

Holder Name	Holding	% Total Options
Auro Pty Ltd	7,000,000	100.00%
Total	7,000,000	100.00%

f) Performance Rights

Holder Name	Holding	% Total Performance Rights
Nil	-	-
Total		100.00%

7. On-market buy back

There is currently no on-market buyback program for any of the Company's listed securities and no securities were purchased on market during the financial period.

In accordance with ASX Listing Rule 4.10.3 the Company's corporate governance statement can be found at the following URL:

[Corporate Governance Statement](#)

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of Shareholders by whom they are elected and to whom they are accountable.

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (February 2019) unless otherwise stated.



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