

Half Year Report



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# Qoria Limited

ACN 167 509 177

Half Year Report for the period ended  
31 December 2023

[qoria.com](http://qoria.com)

**Qoria**

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## Corporate Information

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### Directors

Tim Levy	Managing Director
Peter Pawlowitsch	Non-Executive Chairman
Phil Warren	Non-Executive Director
Matthew Stepka	Non-Executive Director
Georg Ell	Non-Executive Director
Dr Jane Watts	Non-Executive Director

### Company secretary

Kate Sainty

### Registered and principal administrative office

Level 5, 191 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 2 9299 9690

### 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](http://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: QOR)

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## Appendix 4D Information

### Reporting period

Current period: Half year ended 31 December 2023

Previous corresponding period: Half year ended 31 December 2022

### Results for announcement to market

The Group reported total revenue and other income for the period ended 31 December 2023 of \$48,782,973 (31 December 2022: \$37,104,585) with revenue from ordinary activities being \$48,479,032 (31 December 2022: \$36,935,460). The net loss attributable to members of the Group for the period ended 31 December 2023 amounted to \$32,781,919 (31 December 2022: \$38,962,801). A summary of operational results is presented below:

	% increase/ (decrease) over corresponding period	31 December 2023 \$	31 December 2022 \$
Revenue from ordinary activities	31%	48,479,032	36,935,460
Profit/(loss) after tax from ordinary activities attributable to members	16%	(32,781,919)	(38,962,801)
Total comprehensive income / (loss) for the period attributable to members	27%	(28,170,039)	(38,577,326)
Profit/(loss) from ordinary activities after tax attributable to members excluding share based deferred consideration	8%	(28,121,958)	(30,458,757)
Underlying EBITDA / (negative EBITDA)	37%	(5,766,631)	(9,086,488)

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	31 December 2023 \$	31 December 2022 \$
Net profit/(loss) for the period attributable to members	16%	(32,781,919)	(38,962,801)
Less: Income tax (benefit) / expense	(23%)	(2,461,422)	(1,998,018)
Less: Depreciation and amortisation	(25%)	13,778,369	11,062,814
Less: Finance costs	(80%)	4,143,679	2,296,385
Less: Acquisition related expenses	90%	103,100	1,058,149
Less: Share based payments - employment related	24%	6,791,601	8,952,939
Less: Share based payments - deferred consideration	45%	4,659,961	8,504,044
Less: Unrealised gain/(loss) on foreign exchange	281%	3,904,073	(2,155,809)
Underlying EBITDA / (negative EBITDA)	83%	(1,862,558)	(11,242,297)

### Dividends

No dividends have been declared or paid during the period ended 31 December 2023. The Directors do not recommend the payments of a dividend in respect of the period ended 31 December 2023.

The Group does not have a dividend reinvestment plan in operation.

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## Appendix 4D Information

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### Explanation of results

Please refer to Results and Review of Operations within the Directors' Report for an explanation of the results.

<b>Net tangible asset/(liabilities) per share</b>	<b>31 December 2023</b>	<b>30 June 2023</b>
Net tangible asset/(liabilities) (cents per share)	(9.00)	(8.38)

### Audit

The Independent Auditor's Review Report includes an unmodified opinion.

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## Directors' Report

### Directors

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

Mr Tim Levy	Managing Director
Mr Peter Pawlowitsch	Non-Executive Independent Chairman
Mr Phil Warren	Non-Executive Independent Director
Mr Matthew Stepka	Non-Executive Independent Director
Mr Georg Ell	Non-Executive Independent Director
Dr Jane Watts	Non-Executive Independent Director

### Company Secretary

Kate Sainty held the position of Company Secretary for the entire period and up to the date of this report.

### 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 period 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 period.

### Results

The Group reported total revenue and other income for the period ended 31 December 2023 of \$48,782,973 (31 December 2022: \$37,104,585) with revenue from ordinary activities being \$48,479,032 (31 December 2022: \$36,935,460).

The net loss attributable to members of the Group for the period ended 31 December 2023 amounted to \$32,781,919 (31 December 2022: \$38,962,801).

### Review of operations

The operations of the Group during the financial period 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. During the period ended 31 December 2023, the Group:

- Experienced a positive operating cash flow with strong collections and cost controls during the period. Positive operating cash flow of \$9 million was reported.
- Achieved ARR (Annual Recurring Revenue) of \$106 million with a 26% increase in ARR year-on-year. With recent changes to KCSIE regulations in the UK, there was a 42% year-on-year increase in new sales in the UK K12 business.
- Continued to drive global growth in the consumer product with a growth in consumer ARR to \$22.8 million. Following the Qustodio consumer product launch into the UK, US, and ANZ education technology markets in the previous period, an increase in annualised growth greater than 20% in Qustodio has continued.
- Subsequent to the end of the period, an additional \$7.5 million was added to the current debt facility with Ashgrove.

## Directors' Report

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### 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 Group 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.

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 mainly 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 previous 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 maintaining a positive operating cash flow whilst 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 period

On 14 July 2023, an initial drawdown of \$20.35 million was made on the Group's \$30.35 million debt facility (subsequent to period end was increased by \$7.5 million to \$37.85 million). Refer to Note 11 of the accompanying notes to the consolidated financial statements for further details.

Strong progress in the Group's cash cost management was achieved with a reduction in data and hosting, marketing and channel costs during the period. In addition, the continued efforts towards the Group's cost-out program announced in December 2023 saw a reduction in staff costs through the reorganisation of team structures, rationalisation of roles and elimination of non-core lines of the business.

The Group implemented 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. Refer to Note 5 of the accompanying notes to the consolidated financial statements for further details.

## Directors' Report

### 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 customer experience (CX) value.
- 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 - The Group is looking to leverage its global education 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 27,000 schools and 22 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 Group. The Group continues to trade in a loss-making position, and strives to continue 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 Group's performance could be adversely affected if existing or new competitors limit the Group'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 Group to generate income. A slower or reduced uptake in both retail and wholesale subscriber numbers will affect the Group's earnings ability.

#### *International business risks*

The Group has operations internationally, notably in the United States, United Kingdom, 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.



## Directors' Report

### *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*

Most 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.

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 over time 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 half-year ended 31 December 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 achieved net cash inflows from operating activities of \$9,232,723 (12 months ending 30 June 2023: \$23,637,583 outflows).

As at 31 December 2023, the Group held cash of \$12,664,344 (June 2023: \$6,620,286) and had a working capital deficit of \$61,317,880 (June 2023: \$58,294,577). On 30 June 2023 the Group entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital Management Ltd ("Ashgrove"). 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 31 December 2023. Subsequent to period end, on 23 January 2024, this facility was increased by \$7,500,000 from \$30,350,000 to \$37,850,000 and on 31 January 2024, an additional drawdown of \$13,275,000 (net of costs) was made with a further \$4,000,000 remaining available for drawdown at the Group's discretion as at the date of this report. Refer Note 11 - Borrowings for further details.

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.

## Directors' Report

The cash flow forecast is dependent on the Group complying with terms and conditions of lending (Refer Note 11 - Borrowings and 30 June 2023 financial statements) 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.

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*

Acquired businesses 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 Group 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 suitably qualified personnel. There is no guarantee that the Group will be able to attract and retain suitably qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.

### *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.

## Significant changes in state of affairs

There have been no 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.

## Directors' Report

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### Dividends

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

### Events after balance date

On 23 January 2024, the Company increased its debt facility from \$30.35 million to \$37.85 million. 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. 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. On 23 January 2024, the Company also issued 16,045,408 unquoted warrants at \$0.2411 per warrant to Ashgrove. The warrants may be exercised by the Warrant Holder at any time during the exercise period. Any warrants which have not been exercised by the expiry date of 22 January 2029 will automatically lapse.

On 1 February 2024, the Company's registered office changed from 945 Wellington Street West Perth WA 6005 to Level 5/191 St Georges Terrace Perth WA 6000.

On 2 February 2024, 3,730,590 shares were issued from the Trust under the Company's Employee Securities Incentive Scheme. Included in the issue were 172,660 and 158,768 issued to KMPs Crispin Swan and Ben Jenkins respectively.

On 13 February 2024, 3,328 convertible notes (face value \$1,000 USD) issued to Kibo Ventures as part of the acquisition of Qustodio during the year ending 30 June 2023 were repaid in cash totalling \$5,142,356.

On 14 February 2024, Executive Director Tim Levy exercised 300,000 performance rights.

### 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 period, 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.

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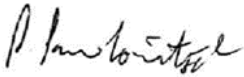
## Directors' Report

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### Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the half year ended 31 December 2023 is provided in this report.

Signed in accordance with a resolution of the Directors.



Mr Peter Pawlowitsch  
**Non-Executive Chairman**  
Qoria Limited  
26 February 2024

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## DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF QORIA LTD

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

This declaration is in respect of Qoria Ltd and the entities it controlled during the period.



**Jarrad Prue**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth  
26 February 2024

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 December 2023

	Note	31 December 2023	31 December 2022
		\$	\$
<b>Revenue</b>			
Revenue from ordinary activities	3	48,479,032	36,935,460
Other income		303,941	169,125
<b>Expenses</b>			
Direct costs	4	(14,235,172)	(11,715,142)
Employee benefits costs	4	(29,614,944)	(31,052,260)
Administration costs	4	(6,795,415)	(5,579,480)
Finance costs	4	(4,143,679)	(2,296,385)
Depreciation and amortisation	4	(13,778,369)	(11,062,814)
Acquisition related expenses		(103,100)	(1,058,149)
Share based payments - employment related	5	(6,791,601)	(8,952,939)
Share based payments - deferred consideration <sup>1</sup>		(4,659,961)	(8,504,044)
Unrealised gain/(loss) on foreign exchange		(3,904,073)	2,155,809
<b>Loss before income tax</b>		<b>(35,243,341)</b>	<b>(40,960,819)</b>
Income tax benefit		2,461,422	1,998,018
<b>Loss after tax for the period attributable to the members of Qoria Limited</b>		<b>(32,781,919)</b>	<b>(38,962,801)</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Exchange differences on translating foreign operations, net of tax		4,611,880	385,475
<b>Total comprehensive (loss) for the period attributable to the members of Qoria Limited</b>		<b>(28,170,039)</b>	<b>(38,577,326)</b>
Basic and diluted loss per share (cents per share) for the period attributed to the members of Qoria Limited	16	(2.98)	(4.41)

<sup>1</sup> 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 was 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 first tranche was fully recognised and repaid on 31 August 2023.

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 31 December 2023

	Note	31 December 2023	30 June 2023
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		12,664,344	6,620,286
Trade and other receivables	6	15,155,910	18,971,917
Prepayments		2,583,671	4,407,937
Inventory		596,475	1,134,169
Contract assets		2,094,481	2,527,592
<b>Total current assets</b>		<b>33,094,881</b>	<b>33,661,901</b>
<b>Non-current assets</b>			
Intangible assets	7	241,000,988	243,315,825
Financial assets		227,616	215,007
Plant and equipment	8	6,632,742	5,401,353
Right-of-use assets	9	3,269,746	4,023,306
Contract assets		769,730	895,497
Deferred tax asset		1,869,089	-
<b>Total non-current assets</b>		<b>253,769,911</b>	<b>253,850,988</b>
<b>Total assets</b>		<b>286,864,792</b>	<b>287,512,889</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	23,192,777	24,291,447
Contract liabilities	3	50,271,390	42,670,210
Deferred consideration	12	6,167,264	6,878,438
Provisions		4,198,185	3,661,168
Borrowings	11	10,996,443	13,002,062
Lease liabilities	9	1,455,791	1,453,153
<b>Total current liabilities</b>		<b>96,281,850</b>	<b>91,956,478</b>
<b>Non-current liabilities</b>			
Contract liabilities	3	11,806,976	13,141,267
Deferred consideration	12	-	701,734
Provisions		386,202	449,550
Borrowings	11	16,743,056	1,738,981
Lease liabilities	9	2,401,133	3,123,807
Deferred tax liability	18	15,144,440	17,541,266
<b>Total non-current liabilities</b>		<b>46,481,807</b>	<b>36,696,605</b>
<b>Total liabilities</b>		<b>142,763,657</b>	<b>128,653,083</b>
<b>Net assets</b>		<b>144,101,135</b>	<b>158,859,806</b>
<b>EQUITY</b>			
Issued capital	13	334,297,143	331,923,526
Reserves	14	77,954,007	62,304,376
Accumulated losses	15	(268,150,015)	(235,368,096)
<b>Total equity</b>		<b>144,101,135</b>	<b>158,859,806</b>

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

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## Consolidated Statement of Changes in Equity

For the period ended 31 December 2023

		Issued capital	Share-based payments reserve	Accumulated losses	Foreign currency translation reserve	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2023</b>		331,923,526	65,005,968	(235,368,096)	(2,701,592)	158,859,806
Loss for the period		-	-	(32,781,919)	-	(32,781,919)
Total other comprehensive income		-	-	-	4,611,880	4,611,880
Total comprehensive loss for the year		-	-	(32,781,919)	4,611,880	(28,170,039)
Transaction with owners, directly recorded in equity:						
Issue of ordinary shares, net of transaction costs	13	2,373,617	-	-	-	2,373,617
Issue of options, performance rights & performance shares	14	-	11,461,101	-	-	11,461,101
Reversal of performance rights		-	(423,350)	-	-	(423,350)
<b>Total transactions with owners</b>		<b>2,373,617</b>	<b>11,037,751</b>	<b>-</b>	<b>-</b>	<b>13,411,368</b>
<b>Balance at 31 December 2023</b>		<b>334,297,143</b>	<b>76,043,719</b>	<b>(268,150,015)</b>	<b>1,910,288</b>	<b>144,101,135</b>

		Issued capital	Share-based payments reserve	Accumulated losses	Foreign currency translation reserve	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>		294,524,795	30,862,024	(148,648,074)	(11,429,299)	165,309,446
Loss for the period		-	-	(38,962,801)	-	(38,962,801)
Total other comprehensive loss		-	-	-	385,475	385,475
Total comprehensive loss for the period		-	-	(38,962,801)	385,475	(38,577,326)
Transaction with owners, directly recorded in equity:						
Issue of ordinary shares, net of transaction costs	13	11,566,661	-	-	-	11,566,661
Issue of options, performance rights & performance shares	14	-	16,721,909	-	-	16,721,909
Reversal of performance rights		-	(349,372)	-	-	(349,372)
<b>Total transactions with owners</b>		<b>11,566,661</b>	<b>16,372,537</b>	<b>-</b>	<b>-</b>	<b>27,939,198</b>
<b>Balance at 31 December 2022</b>		<b>306,091,456</b>	<b>47,234,561</b>	<b>(187,610,875)</b>	<b>(11,043,824)</b>	<b>154,671,318</b>

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

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## Consolidated Statement of Cash Flows

For the period ended 31 December 2023

	31 December 2023	31 December 2022
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	55,795,711	41,623,143
Payments to suppliers and employees	(45,929,865)	(48,252,067)
Government grants received	36,600	73,200
Interest received	26,849	-
Interest paid	(674,140)	(284,879)
Income taxes paid	(22,432)	-
<b>Net cash flows from / (used in) operating activities</b>	<b>9,232,723</b>	<b>(6,840,603)</b>
<b>Cash flows from investing activities</b>		
Investments in businesses, net of cash acquired	(949,459)	(18,936,966)
Investments in development assets	(10,311,387)	-
Payments for plant and equipment	(3,082,289)	(1,484,001)
<b>Net cash flows from / (used in) investing activities</b>	<b>(14,343,135)</b>	<b>(20,420,967)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net of transaction costs)	137,761	946,422
Proceeds from borrowings (net of transaction costs)	16,114,018	-
Repayment of borrowings	(3,971,152)	(802,548)
Repayment of lease liabilities	(999,690)	(804,975)
<b>Net cash flows from / (used in) financing activities</b>	<b>11,280,937</b>	<b>(661,101)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,170,525</b>	<b>(27,922,673)</b>
Cash and cash equivalents at the beginning of the period	6,620,286	32,933,166
Effects of changes in foreign exchange rates	(126,467)	1,476,682
<b>Cash and cash equivalents at the end of the period</b>	<b>12,664,344</b>	<b>6,487,175</b>

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

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 1: Reporting entity

Qoria 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 period.

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

The half-year financial statements are general purpose financial statements prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, including AASB 134 - Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year condensed financial statements, the half-year has been treated as a discrete reporting period. These condensed interim financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

It is recommended that this half-year report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Qoria Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. Qoria Limited is a company limited by shares. The half-year report is presented in Australian currency and all amounts noted are in Australian dollars unless otherwise noted. Qoria Limited is a for-profit entity.

Except as disclosed in Note 2(c), the accounting policies have been consistently applied by the consolidated entity and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

#### a. Going concern

The financial statements for the half-year ended 31 December 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 achieved net cash inflows from operating activities of \$9,232,723 (12 months ending 30 June 2023: \$23,637,583 outflows).

As at 31 December 2023, the Group held cash of \$12,664,344 (June 2023: \$6,620,286) and had a working capital deficit of \$61,317,880 (June 2023: \$58,294,577). On 30 June 2023 the Group entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital Management Ltd (“Ashgrove”). 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 31 December 2023. Subsequent to period end, On 23 January 2024, this facility was increased by \$7,500,000 from \$30,350,000 to \$37,850,000 and on 31 January 2024, an additional drawdown of \$13,275,000 (net of costs) was made with a further \$4,000,000 remaining available for drawdown at the Group’s discretion as at the date of this report. Refer Note 11 - Borrowings for further details.

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.

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 2: Basis of preparation (continued)

#### a. Going concern (continued)

The cash flow forecast is dependent on the Group complying with terms and conditions of lending (Refer Note 11 - Borrowings and 30 June 2023 financial statements) and incorporates various targets for revenues, operating costs and overheads and is dependent on the Group's ability to achieve various assumptions around growth, retention rates and cost control.

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.

#### 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 the financial period ended 31 December 2023. They have not been adopted in preparing the financial statements for the period ended 31 December 2023 and are not expected to impact the entity in the period of initial application.

#### d. Use of estimates and judgements

The following change to disclosures has been made since 30 June 2023:

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements were included in the 30 June 2023 Annual Report. Significant changes since the issue of the report are detailed below:

##### *i. Development costs*

The Group capitalises costs for product development projects that meet the requirements of AASB 138 - Intangible Assets. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed and that future economic benefits will be available as a result of development activities, alongside the other requirements of AASB 138. In determining the amounts to be capitalised, management makes assumptions regarding the expected future economic benefits of the project and the value of costs relating to each project, in particular the proportion of staff time spent on qualifying development activities. Management will capitalise development cost for new additions to existing products where it is determined that it enhances the product's future economic benefits.

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 2: Segment reporting

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 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. This is consistent with the internal reporting provided to the CODM as disclosed in the 30 June 2023 Annual Report.

31 December 2023	USA \$	UK \$	ANZ \$	Europe \$	Total \$
<b>Segment Income</b>					
Sales revenue	18,971,975	16,189,990	2,621,072	10,695,995	48,479,032
Other income	84,461	108	90,320	129,052	303,941
<b>Total income</b>	<b>19,056,436</b>	<b>16,190,098</b>	<b>2,711,392</b>	<b>10,825,047</b>	<b>48,782,973</b>
<b>Segment Expenses</b>					
Direct cost	(3,665,351)	(2,462,215)	(4,617,234)	(3,490,372)	(14,235,172)
Operating expenses	(11,695,822)	(10,287,353)	(17,050,899)	(5,527,137)	(44,561,211)
Share-based payments	(1,218,904)	(1,537,141)	(3,500,576)	(534,980)	(6,791,601)
Share based deferred consideration	-	-	-	(4,659,961)	(4,659,961)
<b>Profit / (Loss) before depreciation and amortisation</b>	<b>2,476,359</b>	<b>1,903,389</b>	<b>(22,457,317)</b>	<b>(3,387,403)</b>	<b>(21,464,972)</b>
Depreciation and amortisation	(2,674,816)	(3,971,856)	(1,144,983)	(5,986,714)	(13,778,369)
<b>Loss before income tax</b>	<b>(198,457)</b>	<b>(2,068,467)</b>	<b>(23,602,300)</b>	<b>(9,374,117)</b>	<b>(35,243,341)</b>
<b>31 December 2022</b>					
	USA \$	UK \$	ANZ \$	Europe \$	Total \$
<b>Segment income</b>					
Sales revenue	13,890,219	13,886,550	2,513,999	6,644,692	36,935,460
Other income	87,054	36,476	(68,795)	114,390	169,125
<b>Total income</b>	<b>13,977,273</b>	<b>13,923,026</b>	<b>2,445,204</b>	<b>6,759,082</b>	<b>37,104,585</b>
<b>Segment expenses</b>					
Direct costs	(4,578,826)	(2,336,675)	(3,729,447)	(1,070,194)	(11,715,142)
Operating expenses	(6,143,702)	(10,215,290)	(15,828,432)	(5,643,041)	(37,830,465)
Share-based payments	(1,640,653)	(1,690,822)	(5,383,254)	(238,210)	(8,952,939)
Share based deferred consideration	-	-	-	(8,504,044)	(8,504,044)
<b>Profit / (Loss) before depreciation and amortisation</b>	<b>1,614,092</b>	<b>(319,761)</b>	<b>(22,495,929)</b>	<b>(8,696,407)</b>	<b>(29,898,005)</b>
Depreciation and amortisation	(2,066,960)	(3,518,926)	(833,400)	(4,643,528)	(11,062,814)
<b>Loss before income tax</b>	<b>(452,868)</b>	<b>(3,838,687)</b>	<b>(23,329,329)</b>	<b>(13,339,935)</b>	<b>(40,960,819)</b>

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 2: Segment reporting (continued)

31 December 2023	USA	UK	ANZ	Europe	Total
	\$	\$	\$	\$	\$
Segment assets	23,256,189	185,899,100	23,957,671	53,751,832	286,864,792
Segment liabilities	(41,434,939)	(41,740,504)	(40,061,625)	(19,526,589)	(142,763,657)
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)

### Note 3: Revenue

Operating Revenue	31 December 2023	31 December 2022
	\$	\$
Service revenue <sup>1</sup>	48,407,946	36,526,575
Hardware revenue <sup>2</sup>	71,086	408,885
	<b>48,479,032</b>	<b>36,935,460</b>

<sup>1</sup> 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.

<sup>2</sup> 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 - 31 December 2023	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
At a point in time	-	-	71,086	71,086
Over time	37,457,954	10,949,992	-	48,407,946
<b>Total</b>	<b>37,457,954</b>	<b>10,949,992</b>	<b>71,086</b>	<b>48,479,032</b>

Geographical regions - 31 December 2023	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
Australia	2,061,704	1,219	-	2,062,923
New Zealand	853,084	-	-	853,084
UK	16,238,910	1,025,251	-	17,264,161
USA	18,160,037	4,954,249	71,086	23,185,372
Europe	-	4,685,598	-	4,685,598
Rest of the world	144,219	283,675	-	427,894
<b>Total</b>	<b>37,457,954</b>	<b>10,949,992</b>	<b>71,086</b>	<b>48,479,032</b>

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 3: Revenue (continued)

Timing of revenue recognition - 31 December 2022	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
At a point in time	-	-	408,885	408,885
Over time	30,836,577	5,689,998	-	36,526,575
<b>Total</b>	<b>30,836,577</b>	<b>5,689,998</b>	<b>408,885</b>	<b>36,935,460</b>

Geographical regions - 31 December 2022	Service Revenue: Education	Service Revenue: Consumer	Hardware Revenue	Total
Australia	2,165,058	174,636	65,857	2,405,551
New Zealand	658,439	-	-	658,439
UK	13,130,290	-	-	13,130,290
USA	14,732,974	-	343,028	15,076,002
Europe	-	5,515,362	-	5,515,362
Rest of the world	149,816	-	-	149,816
<b>Total</b>	<b>30,836,577</b>	<b>5,689,998</b>	<b>408,885</b>	<b>36,935,460</b>

#### Reconciliation of movements in contract liabilities:

Contract Liabilities	\$
Balance at 1 July 2022	41,602,660
Additions arising from business combination – Qustodio	7,381,398
Additions arising from business combination – Educator Impact	651,988
Additions during the year	84,932,717
Recognised within service revenue	(81,881,785)
Other including foreign exchange movements	3,124,499
<b>Balance at 30 June 2023</b>	<b>55,811,477</b>
Additions during the period	55,942,515
Recognised within service revenue	(48,407,946)
Other including foreign exchange movements	(1,267,680)
<b>Balance at 31 December 2023</b>	<b>62,078,366</b>

As at 31 December 2023 \$50,271,390 (30 June 2023: \$42,670,210) has been recognised as current contract liabilities representing services to be provided within the next 12 months. A further \$11,806,976 (30 June 2023: \$13,141,267) 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 services rendered by the Company exceed the payment in relation to those services, a contract asset is recognised. If payments exceed the services rendered, a contract liability is

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 3: Revenue (continued)

recognised. \$25,192,886 of revenue was recognised in the current reporting period relating to carried-forward contract liabilities or performance obligations satisfied in a prior period. \$62,078,366 of transaction price relates to unsatisfied performance obligations that will be satisfied in the future financial periods (30 June 2023: \$55,811,477).

### Note 4: Expenses

	31 December 2023	31 December 2022
	\$	\$
<b>Direct costs</b>		
Service costs	3,691,782	2,861,042
Hardware costs	72,372	1,249,784
Cloud data and hosting	5,461,465	4,440,183
Marketing	3,794,881	2,476,485
Other costs	1,214,672	687,648
	<b>14,235,172</b>	<b>11,715,142</b>
<b>Employee and director benefits cost</b>		
Employee wages and superannuation	23,669,410	26,623,605
Staff and contractor commissions	2,232,486	360,500
Other employee costs	3,713,048	4,068,155
	<b>29,614,944</b>	<b>31,052,260</b>
<b>Administration</b>		
Legal costs	485,748	511,832
IT costs	2,005,912	1,778,135
Corporate and compliance costs	1,210,702	955,496
General administrative costs	3,093,053	2,334,017
	<b>6,795,415</b>	<b>5,579,480</b>
<b>Depreciation and amortisation</b>		
Depreciation of plant and equipment	1,612,504	1,469,803
Amortisation of right-of-use assets	725,158	687,381
Amortisation of intangible assets	11,440,707	8,905,630
	<b>13,778,369</b>	<b>11,062,814</b>
<b>Finance costs</b>		
Ashgrove interest (cash)	855,018	-
Ashgrove interest (capitalised against borrowings)	546,774	-
Ashgrove transaction costs amortised over the term of the facility	387,657	-
Convertible note interest (cash)	397,282	322,917
Convertible note interest (paid through issue of ordinary shares)	128,180	104,187
Interest on other borrowings (cash)	32,348	292,967
Lease interest accounted for under AASB 16	174,190	143,883
Effective interest accounted for under AASB 15	1,423,626	833,073
Other non-cash interest	198,604	599,358
	<b>4,143,679</b>	<b>2,296,385</b>

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments

Share-based payments made during the period ended 31 December 2023 are summarised below:

#### Recognised share-based payments expense

	31 December 2023	31 December 2022
	\$	\$
Options issued to employees as incentive	-	1,652,320
Options issued to Directors as incentive	666,014	-
Performance rights issued to employees for services	6,189,723	6,158,167
Performance rights issued to Directors for services	6,867	-
Capitalisation of development assets - performance rights	(831,255)	-
Shares issued to employees as remuneration, in lieu of cash	1,384,102	1,491,824
Capitalisation of development assets - shares issued to employees as remuneration, in lieu of cash	(200,500)	-
Reversal of share based payments expenses where vesting conditions were not met	(423,350)	(349,372)
	<b>6,791,601</b>	<b>8,952,939</b>

#### (a) Options

The options granted as at 31 December 2023 are detailed below:

Options	Exercise Price (\$)	Number on issue as at 31 December 2023	Total Expense for the period (\$)
Director options	0.50	4,500,000	-
Company Secretary options	0.55	500,000	-
Director ZEPOs	-	2,000,000	-
Director options	0.60	2,100,000	100,652
Working capital ("WC") facility options	0.60	7,000,000	-
Director options	0.60	2,100,000	63,034
Company Secretary options	0.60	350,000	-
Director options	0.60	2,800,000	65,698
Non-executive Director options	-	2,042,040	143,903
Executive Director STI options	-	1,361,360	156,985
Executive Director LTI options	-	2,722,721	104,657
Executive Director TSR options	0.36	3,000,000	31,085
<b>Closing balance - 31 December 2023</b>		<b>30,476,121</b>	<b>666,014</b>

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments (continued)

#### i. Non-Executive Director options

On 17 August 2023, the Board approved the issue of 2,042,040 options to Non-Executive Directors as part of the revised remuneration for the financial year commencing 1 July 2023. See below:

Peter Pawlowitsch	Vesting condition	Vesting date	Expiry date	Number of options
Tranche 1	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2024.	30 June 2024	30 June 2027	226,893
Tranche 2	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2025.	30 June 2025	30 June 2027	226,893
Tranche 3	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2026.	30 June 2026	30 June 2027	226,893

Matthew Stepka	Vesting condition	Vesting date	Expiry date	Number of options
Tranche 1	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2024.	30 June 2024	30 June 2027	136,136
Tranche 2	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2025.	30 June 2025	30 June 2027	136,136
Tranche 3	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2026.	30 June 2026	30 June 2027	136,136

Phil Warren	Vesting condition	Vesting date	Expiry date	Number of options
Tranche 1	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2024.	30 June 2024	30 June 2027	113,447
Tranche 2	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2025.	30 June 2025	30 June 2027	113,447
Tranche 3	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2026.	30 June 2026	30 June 2027	113,447

Jane Watts	Vesting condition	Vesting date	Expiry date	Number of options
Tranche 1	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2024.	30 June 2024	30 June 2027	113,447
Tranche 2	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2025.	30 June 2025	30 June 2027	113,447
Tranche 3	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2026.	30 June 2026	30 June 2027	113,447

Georg Ell	Vesting condition	Vesting date	Expiry date	Number of options
Tranche 1	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2024.	30 June 2024	30 June 2027	90,757
Tranche 2	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2025.	30 June 2025	30 June 2027	90,757
Tranche 3	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2026.	30 June 2026	30 June 2027	90,757

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments (continued)

These options have been valued using the share price on grant date. Key details of the options granted are noted below:

	Non-Executive Director options
Grant Date	17 August 2023
Number of options	2,042,040
Value per option (rounded)	\$0.23
Exercise price	\$0
Total valuation	\$469,669
Expense recognised in the period	\$143,903
Vesting date	30 June 2024, 30 June 2025, 30 June 2026
Expiry date	30 June 2027

#### ii. Executive Director STI options

On 17 August 2023, the Board approved the issue of 1,361,360 STI options to Managing Director Tim Levy as part of the revised remuneration for the year commencing 1 July 2023. See the vesting conditions detailed below:

Class	Exercise	Vesting conditions		
		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
		20%	Achieve budgeted cash EBITDA	
		20%	Achieve ARR budget	
		20%	Satisfactory job performance	
		20%	Satisfactory employee engagement score	

Other key details of the options granted are noted below:

	Executive Director STI options
Grant Date	17 August 2023
Number of options	1,361,360
Value per option (rounded)	\$0.23
Exercise price	\$0
Total valuation	\$313,113
Expense recognised in the period	\$156,985
Vesting date	30 June 2024
Expiry date	30 June 2027

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments (continued)

#### iii. Executive Director LTI options

On 17 August 2023, the Board approved the issue of 2,722,721 LTI options to Managing Director Tim Levy as part of the revised remuneration for the year commencing 1 July 2023. See the vesting conditions detailed below:

Class	Exercise	Vesting conditions		
		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
		20%	Achieve the Company's goal ambition	
		30%	Achieve the Company's B2B2C ambition	
		20%	Achieve the Company's engagement ambition	

Other key details of the options granted are noted below:

	Executive Director LTI options
Grant Date	17 August 2023
Number of options	2,722,721
Value per option (rounded)	\$0.23
Exercise price	\$0
Total valuation	\$626,226
Expense recognised in the period	\$104,657
Vesting date	30 June 2026
Expiry date	30 June 2027

#### iv. Executive Director TSR options

On 17 August 2023, the Board approved the issue of 3,000,000 TSR options to Managing Director Tim Levy as part of the revised remuneration for the year commencing 1 July 2023. See the vesting conditions detailed below:

Class	Exercise	Vesting conditions	
		Tranche	Vesting Condition
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 1 TSR options	20-day VWAP of \$0.75 by 30 June 2026 and continued service 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.

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments (continued)

The options have been valued using an up-and-in trinomial option pricing model. See the key inputs of the model below:

	Tranche 1	Tranche 2	Tranche 3
Milestone for vesting	\$0.75	\$1.00	\$1.25
Grant Date	17 August 2023	17 August 2023	17 August 2023
Number of options	1,000,000	1,000,000	1,000,000
Underlying share price	\$0.225	\$0.225	\$0.225
Exercise price	\$0.36	\$0.36	\$0.36
Expected volatility	70%	70%	70%
Expiry date (years)	4.00	4.00	4.00
Expected dividends	0	0	0
Risk free rate	3.969%	3.969%	3.969%
Value per option (rounded)	\$0.073	\$0.062	\$0.051
Total valuation	\$73,000	\$62,000	\$51,000
Total share-based payment expense for the period	\$12,200	\$10,362	\$8,523

#### (b) Performance rights

Details of the performance rights granted as at 31 December 2023 are below:

Performance rights	Balance as at 31 December 2023 (Number)	Total expense for the period (\$)	Current period grants - fair value per right
Class A Employee Performance Rights - FY20	260,397	-	N/A
Class B Employee Performance Rights - FY20	195,397	-	N/A
Class C Employee Performance Rights - FY20	337,896	-	N/A
Class C1 Employee Performance Rights - FY20	21,334	1,426	N/A
Class A, B, C & D TL SP Performance Rights	1,000,000	-	N/A
Class A3 Employee Performance Rights - FY22	337,540	(1,664)	N/A
Class B3 Employee Performance Rights - FY22	471,795	(5,455)	N/A
Class C3 Employee Performance Rights - FY22	744,727	68,151	N/A
Class D3 Employee Performance Rights - FY22	31,283	-	N/A
Class E3 Employee Performance Rights - FY22	924,625	(2,101)	N/A
Class F3 Employee Performance Rights - FY22	1,199,205	125,788	N/A
Class G3 Employee Performance Rights - FY22	1,120,317	82,584	N/A
Class H3 Employee Performance Rights - FY22	69,527	(2,854)	N/A
Sign On Employee Performance Rights - FY22	1,201,693	-	N/A
Class A2 Employee Performance Rights - FY21	53,020	-	N/A
Class B2 Employee Performance Rights - FY21	50,585	-	N/A
Class C2 Employee Performance Rights - FY21	139,284	5,867	N/A
STI Performance Rights 2022 - TL and CS	1,614,286	-	N/A
STI Performance Rights 2023 - TL and CS	1,848,078	-	N/A

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments (continued)

Performance rights	Balance as at 31 December 2023 (Number)	Total expense for the period (\$)	Current period grants - fair value per right
LTI Performance Rights 2023 - TL and CS	3,000,000	-	N/A
LTI Performance Rights - 2023	2,270,000	84,034	N/A
STI Performance Rights - 2023	3,604,983	84	N/A
STI Performance Rights - 2022	2,942,332	-	N/A
Executive Performance Rights - Replacement - FY22	1,602,442	-	N/A
Class A Employee Performance Rights - FY22	111,440	(105)	N/A
Class B Employee Performance Rights - FY22	163,862	16,630	N/A
Class C Employee Performance Rights - FY22	163,864	11,840	N/A
Remuneration Performance Rights - FY22	276,724	-	N/A
Class T3 Remuneration Performance Rights - FY22	150,709	-	N/A
Rights based pay - FY22	1,430,872	-	N/A
Class A Employee Performance Rights POT - FY22	2,516,666	12,563	N/A
Class B Employee Performance Rights POT - FY22	4,349,999	419,596	N/A
Class C Employee Performance Rights POT - FY22	4,350,002	285,626	N/A
Replacement rights - 2022	690,902	64,761	N/A
Class A Employee Performance Rights - FY23	2,006,005	4,283	N/A
Class B Employee Performance Rights - FY23	3,669,880	299,130	N/A
Class C Employee Performance Rights - FY23	3,669,880	204,624	N/A
Class D Employee Performance Rights - FY23	4,963,168	434,020	N/A
Class E Employee Performance Rights - FY23	5,004,643	262,102	N/A
Class F Employee Performance Rights - FY23	5,004,643	192,952	N/A
Class G Employee Performance Rights - FY23	471,697	63,749	\$0.23
Sign On Employee Performance Rights - FY23	1,582,575	193,053	\$0.19
STI Performance Rights - 2024	6,986,276	567,123	\$0.23-\$0.48
LTI Performance Rights - 2024	5,475,021	204,938	\$0.23
Class A Employee Performance Rights POT - FY24	100,000	11,250	\$0.23
Class B Employee Performance Rights POT - FY24	100,000	5,617	\$0.23
Class C Employee Performance Rights POT - FY24	100,000	3,743	\$0.23
Class A Employee Performance Rights - FY24	5,027,459	568,300	\$0.22
Class B Employee Performance Rights - FY24	5,027,459	324,914	\$0.22
Class C Employee Performance Rights - FY24	5,027,459	243,933	\$0.22
Class D Employee Performance Rights - FY24 <sup>1</sup>	238,238	418,470	\$0.22
Class E Employee Performance Rights - FY24 <sup>1</sup>	-	219,916	\$0.22
Class F Employee Performance Rights - FY24 <sup>1</sup>	-	159,060	\$0.22
Class G Employee Performance Rights - FY24	465,327	62,134	\$0.22
Sign On Employee Performance Rights - FY24	663,704	74,667	\$0.23
<b>Total</b>	<b>94,829,220</b>	<b>5,684,749</b>	

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments (continued)

<sup>1</sup> D, E and F Employee Performance Rights FY24 were granted on 1 July 2023, but only issued subsequent to the reporting date.

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

Ben Jenkins	Vesting conditions	Grant date	Vesting date	Number of rights	Share price	Value <sup>1</sup>
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	3 July 2023	30 June 2024	172,871	\$0.225	\$38,896
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	3 July 2023	30 June 2025	172,871	\$0.225	\$38,896
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	3 July 2023	30 June 2026	172,871	\$0.225	\$38,896
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	3 July 2023	30 June 2026	777,921	\$0.225	\$175,032

Crispin Swan	Vesting conditions	Grant date	Vesting date	Number of rights	Share price	Value <sup>1</sup>
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	3 July 2023	30 June 2024	394,794	\$0.225	\$88,829
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	3 July 2023	30 June 2025	394,794	\$0.225	\$88,829
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	3 July 2023	30 June 2026	394,794	\$0.225	\$88,829
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	3 July 2023	30 June 2026	2,368,765	\$0.225	\$532,972

<sup>1</sup> STI and LTI performance rights were valued using the share price on the grant date.

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 5: Share-based payments (continued)

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	Expiry date
STI Performance rights	Achieve budgeted operating cash flow	20%	30 June 2024	30 June 2027
	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	30 June 2027
	Achieve the Company's goal ambition	20%		
	Achieve the Company's B2B2C ambition	30%		
	Achieve the Company's engagement ambition	20%		

#### (c) Shares issued to employees as remuneration in lieu of cash

Details of the shares granted during the period are detailed in the table below:

Shares granted in lieu of cash remuneration or as an incentive	Number issued at 31 December 2023	Total expense for the period (\$)
Shares issued in lieu of cash remuneration or as an incentive <sup>1</sup>	5,555,548	1,384,101

<sup>1</sup>Shares issued to certain employees, valued using share price at grant date and fully expensed.

#### (d) Deferred performance rights issued to employees

As part of the acquisition of Qustodio, \$25,768,646 in deferred consideration is payable in the form of shares determined based on 80,527,017 shares at 1 August 2022 closing rate of \$0.32 per share. 40,263,509 shares were issued on 31 August 2023 representing 100% achievement of milestones as per Note 13.

The remaining 50% of the deferred consideration entitlement will be settled in shares 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.

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 for tranche 2 and have therefore recognised an expense of \$4,659,961 from 1 July 2023 to 31 December 2023 in relation to this share-based payment. An additional \$4,033,463 is expected to be recognised as share-based payment relating to this deferred consideration by 1 August 2024.

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 6: Trade and other receivables

	31 December 2023	30 June 2023
	\$	\$
<b>Current:</b>		
Trade receivable	10,670,548	14,053,703
Less: provision for expected credit losses	(370,285)	(350,522)
	<b>10,300,263</b>	<b>13,703,181</b>
<b>Other current receivables:</b>		
VAT, GST and other sales taxes receivable	3,823,513	2,746,797
R&D grant receivables	-	799,158
Other receivables	1,032,134	1,722,781
<b>Total trade and other receivables</b>	<b>15,155,910</b>	<b>18,971,917</b>

### Note 7: Intangible assets

	31 December 2023	30 June 2023
	\$	\$
Goodwill at cost	168,161,398	169,941,625
Software at cost <sup>1</sup>	62,989,035	63,401,022
Less: Accumulated amortisation	(34,489,101)	(30,308,271)
Customer lists at cost <sup>2</sup>	44,514,388	43,712,631
Less: Accumulated amortisation	(17,392,522)	(10,807,956)
Branding at cost <sup>3</sup>	6,538,881	6,673,030
Less: Accumulated amortisation	(1,033,681)	(832,453)
Development asset at cost <sup>4</sup>	12,375,369	1,843,436
Less: Accumulated amortisation	(662,779)	(307,239)
	<b>241,000,988</b>	<b>243,315,825</b>

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

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

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

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.

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

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 7: Intangible assets (continued)

Intangible Assets	Goodwill	Software	Customer contracts	Branding	Development assets	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	130,698,211	31,206,813	14,379,071	5,924,618	-	182,208,713
Additions arising from business combinations - Qustodio	21,599,257	8,674,904	21,902,959	-	-	52,177,120
Additions arising from business combinations - Educator Impact	5,925,498	94,200	3,660,618	-	-	9,680,316
Additions - Development assets	-	-	-	-	1,843,436	1,843,436
Amortisation expense	-	(9,043,215)	(10,440,553)	(420,548)	(307,239)	(20,211,555)
Foreign exchange movements	11,718,659	2,866,338	2,696,291	336,507	-	17,617,795
<b>Balance at 30 June 2023</b>	<b>169,941,625</b>	<b>33,799,040</b>	<b>32,198,386</b>	<b>5,840,577</b>	<b>1,536,197</b>	<b>243,315,825</b>
Additions - Development assets	-	-	-	-	10,636,320	10,636,320
Amortisation expense	-	(5,174,033)	(5,714,143)	(223,042)	(329,489)	(11,440,707)
Foreign exchange movements	(1,780,227)	(125,073)	637,623	(112,335)	(130,438)	(1,510,450)
<b>Balance at 31 December 2023</b>	<b>168,161,398</b>	<b>28,499,934</b>	<b>27,121,866</b>	<b>5,505,200</b>	<b>11,712,590</b>	<b>241,000,988</b>

### Note 8: Plant and equipment

	31 December 2023	30 June 2023
	\$	\$
Plant and equipment - at cost	13,838,437	11,161,910
Less: accumulated depreciation	(7,205,695)	(5,760,557)
	<b>6,632,742</b>	<b>5,401,353</b>

#### a) Reconciliation of movements in plant and equipment

Plant and equipment	\$
Balance at 1 July 2022	3,161,989
Additions arising from business combination - Qustodio	128,814
Additions	4,485,233
Depreciation expense	(2,329,396)
Foreign exchange movements	(45,287)
<b>Balance at 30 June 2023</b>	<b>5,401,353</b>
Additions	2,843,807
Depreciation expense	(1,612,504)
Foreign exchange movements	86
<b>Balance at 31 December 2023</b>	<b>6,632,742</b>

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 9: Right-of-use assets and lease liabilities

#### a) Amounts recognised in the balance sheet

	31 December 2023	30 June 2023
	\$	\$
<b>Right-of-use assets</b>		
Land and buildings – right-of-use assets	6,413,761	6,683,032
Less: accumulated amortisation	(3,144,015)	(2,659,726)
<b>Total right-of-use assets</b>	<b>3,269,746</b>	<b>4,023,306</b>
<b>Lease liabilities</b>		
<b>Current</b>		
Lease liabilities	1,455,791	1,453,153
<b>Total current lease liabilities</b>	<b>1,455,791</b>	<b>1,453,153</b>
<b>Non-current</b>		
Lease liabilities	2,401,133	3,123,807
<b>Total non-current lease liabilities</b>	<b>2,401,133</b>	<b>3,123,807</b>
<b>Total lease liabilities</b>	<b>3,856,924</b>	<b>4,576,960</b>

### Note 10: Trade and other payables

	31 December 2023	30 June 2023
	\$	\$
Trade payables <sup>1</sup>	5,684,111	8,712,325
VAT, GST and other sales taxes payable	5,503,157	3,635,171
Employment-related payables	4,730,435	6,459,621
Accruals & other payables	7,275,074	5,484,330
<b>Total trade and other payables</b>	<b>23,192,777</b>	<b>24,291,447</b>

<sup>1</sup> Current trade payables are non-interest bearing and are normally settled on 30-day terms.

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 11: Borrowings

	31 December 2023	30 June 2023
	\$	\$
<b>Current:</b>		
Convertible notes <sup>1</sup>	10,996,443	11,309,094
Loans from Santander Bank and Caixa Bank	-	1,591,437
Other loan facilities	-	101,531
<b>Total current borrowings</b>	<b>10,996,443</b>	<b>13,002,062</b>
<b>Non-current:</b>		
Ashgrove funding principal	20,349,956	-
Ashgrove capitalised interest	546,774	-
Ashgrove capitalised transaction costs	(4,153,674)	-
Loans from Santander Bank and Caixa Bank	-	1,738,981
<b>Total non-current borrowings</b>	<b>16,743,056</b>	<b>1,738,981</b>

<sup>1</sup> 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 ("Kibo")) 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 ("W8")) 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. On 13 February 2024, the 3,328 convertible notes issued to Kibo Ventures were repaid in cash totalling \$5,142,356.

#### 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 ("Ashgrove"). On 14 July 2023 an initial drawdown of \$20,350,000 was made. A further \$10,000,000 remained available for drawdown at the Group's discretion as at 31 December 2023. On 23 January 2024, the Company increased its debt facility from \$30,350,000 to \$37,850,000. On 23 January 2024, the Company also issued 16,045,408 unquoted warrants at \$0.2411 per warrant to Ashgrove. The warrants may be exercised by the Warrant Holder at any time during the exercise period. Any warrants which have not been exercised by the expiry date of 22 January 2029 will automatically lapse.

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 \$4,153,674 and have been capitalised against the loan as at 31 December 2023 and amortised over the term of the loan.

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 12: Deferred consideration

	31 December 2023	30 June 2023
	\$	\$
<b>Current:</b>		
Deferred Consideration – Cipafilter <sup>1</sup>	1,385,525	1,446,477
Deferred Consideration – Qustodio <sup>2</sup>	-	650,222
Deferred Consideration – Educator Impact <sup>3</sup>	4,781,739	4,781,739
<b>Total current deferred consideration</b>	<b>6,167,264</b>	<b>6,878,438</b>
<b>Non-Current:</b>		
Deferred Consideration – Cipafilter <sup>1</sup>	-	701,734
<b>Total non-current deferred consideration</b>	<b>-</b>	<b>701,734</b>
<b>Total deferred consideration</b>	<b>6,167,264</b>	<b>7,580,172</b>

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

<sup>2</sup> The full deferred consideration balance of \$1,224,466 was 50% repaid during the year ended 30 June 2023 and the remaining 50% was paid in shares on 20 December 2023. Refer to Note 13.

<sup>3</sup> Convertible performance consideration due 30 June 2024 unless revenue-based performance target is met sooner. 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.

### Note 13: Issued capital

	31 December 2023	30 June 2023
	Number of Shares	Number of Shares
Issued ordinary shares - no par value (fully paid)	1,119,578,142	1,057,930,869
Treasury Shares	(5,993,927)	(2,643,788)
<b>Total</b>	<b>1,113,584,215</b>	<b>1,055,287,081</b>

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 13: Issued capital (continued)

#### (a) Ordinary shares

	Number of Shares	Value \$
<b>Opening balance - 1 July 2022</b>	<b>821,925,394</b>	<b>294,524,795</b>
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 <sup>1</sup>	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)
<b>Closing balance - 30 June 2023</b>	<b>1,055,287,081</b>	<b>331,923,526</b>
Convertible note interest	416,297	129,516
Qustodio deferred consideration shares issued <sup>2</sup>	1,411,919	601,477
Shares issued upon vesting of Qustodio deferred consideration rights <sup>3</sup>	40,263,509	-
Shares issued on exercise of ZEPO	120,000	-
Shares issued on exercise of seller/advisor options	500,000	27,015
Shares issued on exercise of Director options	1,000,000	210,000
Shares issued on exercise of performance rights	9,029,861	-
Shares issued in lieu of cash remuneration or as incentive	5,555,548	1,413,513
Cost of shares issued	-	(7,904)
<b>Closing balance - 31 December 2023</b>	<b>1,113,584,215</b>	<b>334,297,143</b>
Add: Closing balance of shares in QOR Trust Account	5,993,927	
	<b>1,119,578,142</b>	

<sup>1</sup> Partial consideration for 500,000 Advisor options exercised was received prior to 30 June 2023 and shares were subsequently issued on 7 July 2023.

<sup>2</sup> On 20 December 2023, 1,411,919 shares (\$430,635 USD equivalent at the date of settlement) were issued to settle the second 50% tranche of deferred consideration payable for the acquisition of Qustodio. The quantity of shares were determined based on the fixed consideration of \$430,635 USD and the share price of \$0.426 AUD.

<sup>3</sup> On 31 August 2023, 40,263,509 shares were issued as tranche 1 for the deferred performance rights consideration payable for the acquisition of Qustodio. The second 50% tranche is payable in shares on 31 August 2024.

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 13: Issued capital (continued)

#### (b) Treasury shares

	Number of shares
<b>Opening balance - 1 July 2022</b>	-
Acquisition of shares by the Trust	17,300,000
Issued of deferred shares under the Company's Employee Incentive Plan	(14,656,212)
<b>Closing balance - 30 June 2023</b>	<b>2,643,788</b>
Acquisition of shares by the Trust	19,055,548
Issued of deferred shares under the Company's Employee Incentive Plan	(15,705,409)
<b>Closing balance - 31 December 2023</b>	<b>5,993,927</b>

#### 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 14: 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.

	31 December 2023	30 June 2023
	\$	\$
Options	14,421,933	13,755,919
Performance shares	23,178,572	18,491,584
Performance rights	38,443,214	32,758,465
<b>Total share-based payments reserve</b>	<b>76,043,719</b>	<b>65,005,968</b>

#### 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.

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 14: Reserves (continued)

	31 December 2023	30 June 2023
	\$	\$
Foreign currency translation reserve	1,910,288	(2,701,592)
<b>Total foreign currency translation reserve</b>	<b>1,910,288</b>	<b>(2,701,592)</b>

Movement in share-based payment reserve:

	Performance Rights	Options	Performance Shares	Total
Balance at 1 July 2023	32,758,465	13,755,919	18,491,584	65,005,968
Performance rights expense recognised for the period - Remuneration	6,196,590	-	-	6,196,590
Options expense recognised for the period	-	666,014	-	666,014
Share based pay expense - deferred consideration	-	-	4,659,961	4,659,961
Reversal of share-based payment expense as vesting conditions are not met	(423,350)	-	-	(423,350)
Other including foreign exchange movements	(88,491)	-	27,027	(61,464)
<b>Balance at 31 December 2023</b>	<b>38,443,214</b>	<b>14,421,933</b>	<b>23,178,572</b>	<b>76,043,719</b>

### Note 15: Accumulated losses

	31 December 2023	30 June 2023
	\$	\$
<b>Accumulated Losses</b>	<b>(268,150,015)</b>	<b>(235,368,096)</b>
Opening balance	(235,368,096)	(148,648,074)
Net loss for the financial year/period	(32,781,919)	(86,720,022)
<b>Total Accumulated Losses</b>	<b>(268,150,015)</b>	<b>(235,368,096)</b>

### Note 16: Loss per share

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

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

	31 December 2023	31 December 2022
	\$	\$
Loss used in the calculation of basic and diluted loss per share	(32,781,919)	(38,962,801)
Basic and diluted (loss) per share attributable to equity holders (cents per share)	(2.98)	(4.41)
	Number	Number
Weighted average number of ordinary shares outstanding	1,099,410,879	884,405,189
<b>Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share</b>	<b>1,099,410,879</b>	<b>884,405,189</b>

## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 16: 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 17: Fair value measurement

The following tables detail the Group'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.

<b>Consolidated - 31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Liabilities</i>				
Deferred consideration payable - Cipafilter <sup>1</sup>	-	-	1,385,526	1,385,526
Deferred consideration payable - Educator Impact <sup>2</sup>	-	-	4,781,739	4,781,739
Convertible notes - Qustodio <sup>3</sup>	-	10,996,443	-	10,996,443
<b>Total liabilities</b>	<b>-</b>	<b>10,996,443</b>	<b>6,167,265</b>	<b>17,163,708</b>
<b>Consolidated - 30 June 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Liabilities</i>				
Deferred consideration payable - Cipafilter <sup>1</sup>	-	-	2,148,211	2,148,211
Deferred consideration payable - Educator Impact <sup>2</sup>	-	-	4,781,739	4,781,739
Convertible notes - Qustodio <sup>3</sup>	-	11,309,094	-	11,309,094
<b>Total liabilities</b>	<b>-</b>	<b>11,309,094</b>	<b>6,929,950</b>	<b>18,239,044</b>

<sup>1</sup> Level 3 input of discount rate for Cipafilter deferred consideration.

<sup>2</sup> Level 3 input of annual recurring revenue for Educator Impact deferred consideration.

<sup>3</sup> Level 2 input for forward-looking foreign exchange rate for Qustodio convertible notes.

There were no transfers between levels during the financial period.



## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 17: Fair value measurement (continued)

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

Description	Unobservable inputs	Sensitivity
Deferred consideration payable at 31 December 2023 - Educator Impact	Annual Recurring Revenue	10% change would decrease fair value by \$615,563
Deferred consideration payable at 31 December 2023 - Cipafilter	Discount rate	As at 31 December, the Cipafilter deferred consideration payable is all current and no longer discounted therefore face value approximates fair value.
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

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	Deferred consideration - Educator Impact	Convertible notes - Qustodio	Total
<b>Balance at 1 July 2022</b>	<b>3,567,172</b>	-	-	<b>3,567,172</b>
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
<b>Balance at 30 June 2023</b>	<b>2,148,211</b>	<b>4,781,739</b>	<b>11,309,094</b>	<b>18,239,044</b>
Additions	-	-	-	-
Consideration paid	(923,684)	-	-	(923,684)
Interest	-	-	-	-
Foreign exchange movements	160,999	-	(312,651)	(151,652)
<b>Balance at 31 December 2023</b>	<b>1,385,526</b>	<b>4,781,739</b>	<b>10,996,443</b>	<b>17,163,708</b>

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 18: Deferred tax liabilities

	31 December 2023	30 June 2023
	\$	\$
Deferred tax liabilities	15,144,440	17,541,266
Total deferred tax liabilities	<b>15,144,440</b>	<b>17,541,266</b>
		<b>\$</b>
<b>Balance at 1 July 2022</b>		<b>12,002,697</b>
Balance arising from business combinations fair value adjustments – Qustodio		7,644,466
Balance arising from business combinations fair value adjustments – Educator Impact		938,705
Movements through income tax benefit		(3,518,939)
Other including foreign exchange movements		474,337
<b>Balance at 30 June 2023</b>		<b>17,541,266</b>
Movements through income tax benefits		(2,497,928)
Other including foreign exchange movements		101,102
<b>Balance at 31 December 2023</b>		<b>15,144,440</b>

### Note 19: Related party transactions

Other than as presented below, there were no material changes to the Group's related party transactions to those disclosed in the 30 June 2023 Annual Report.

Other transactions with key personnel:

#### Directors

On 7 July 2023, 1,000,000 options were exercised by Non-Executive Director Phil Warren. Refer to Note 5 for further details.

On 17 August 2023, 9,126,121 options were granted to Executive and Non-Executive Directors. Refer to Note 5 for further details.

Subsequent to period end, Executive Director Tim Levy exercised 300,000 performance rights.

#### Other KMP

On 3 July 2023, 2,368,765 LTI and 1,184,382 STI performance rights were issued to KMP Crispin Swan and 777,921 LTI and 518,613 STI performance rights were issued to KMP Ben Jenkins. Refer to Note 5 for further details.

During the period, 250,000 and 373,409 performance rights were exercised by Crispin Swan and Ben Jenkins respectively.

Subsequent to period end, 172,660 and 158,768 shares were issued to KMPs Crispin Swan and Ben Jenkins respectively.

#### Grange Consulting

Mr Phil Warren, a Non-Executive Director of the Company, was also Managing Director and a shareholder of Grange Consulting, a related party until 1 November 2023 when the company changed ownership and Mr Phil Warren ceased his role of Managing Director. From the period 1 July 2023 to 31 October 2023, \$46,137 was paid to Grange Consulting for financial management and company secretarial services.

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## Notes to the Consolidated Financial Statements

For the period ended 31 December 2023

### Note 20: 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 31 December 2023 (2022: none).

### Note 21: Events occurring after the reporting period

On 23 January 2024, the Company increased its debt facility from \$30.35 million to \$37.85 million. 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. 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.

On 23 January 2024, the Company also issued 16,045,408 unquoted warrants at \$0.2411 per warrant to Ashgrove. The warrants may be exercised by the Warrant Holder at any time during the exercise period. Any warrants which have not been exercised by the expiry date of 22 January 2029 will automatically lapse.

On 1 February 2024, the Company's registered office changed from 945 Wellington Street West Perth WA 6005 to Level 5/191 St Georges Terrace Perth WA 6000.

On 2 February 2024, 3,730,590 shares were issued from the Trust under the Company's Employee Securities Incentive Scheme. Included in the issue were 172,660 and 158,768 issued to KMPs Crispin Swan and Ben Jenkins respectively.

On 13 February 2024, 3,328 convertible notes (face value \$1,000 USD) issued to Kibo Ventures as part of the acquisition of Qustodio during the year ending 30 June 2023 were repaid in cash totalling \$5,142,356.

On 14 February 2024, Executive Director Tim Levy exercised 300,000 performance rights.

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## Directors' Declaration

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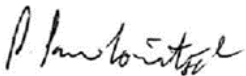
In the Directors' opinion:

- . the accompanying financial statements set out on pages 14 to 44 are in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the period 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 period ended 31 December 2023.

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

On behalf of the Directors



Mr Peter Pawlowitsch  
**Non-Executive Chairman**  
Qoria Limited  
26 February 2024

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Qoria Ltd

### Report on the Half-Year Financial Report

#### Conclusion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**

**Director**

Perth, 26 February 2024

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# Qoria

Qoria is a global technology company, dedicated to keeping children safe and well in their digital lives. We harness the power of connection to close the gaps that children fall through, and to seamlessly support them on all sides - at school, at home and everywhere in between.

Find out more  
[www.qoria.com](http://www.qoria.com)