Annual Report

Qoria Limited

ACN 167 509 177

Annual Report for the year ended
30 June 2024

qoria.com

Qoria

Contents

Corporate Information

Directors

Tim Levy	Managing Director
Peter Pawlowitsch	Independent Non-Executive Chairman
Phil Warren	Independent Non-Executive Director
Matthew Stepka	Independent Non-Executive Director
Georg Ell	Non-Executive Director
Dr Jane Watts	Independent 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 Group's website at www.qoria.com/investors 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 Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Telephone: +61 8 6382 4600

Securities exchange listing

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

Chairman's Message

Dear Shareholders

On behalf of the Board of Directors, I am pleased to report on the activities of Qoria Limited (the "Company") and its controlled entities ("Qoria" or the "Group") for the financial year ended 30 June 2024. This financial year was one of continued consolidation, unification and building scale. The Group is now firmly established as the world's only truly global digital safety and student wellbeing provider.

Annual Recurring Revenue (ARR) has grown 22% to $116 million with Qoria one of the few ASX listed SaaS companies with true scale. Our expectations for revenue growth globally remain strong and this, combined with a continued focus on cost control and unification, gives us confidence that the Group will comfortably pass through free cash flow break even and be cash EBITDA positive on a monthly basis before the end of FY25.

FY24 growth, particularly in the US and UK, was a beneficiary of regulatory, funding and industry tailwinds present throughout the industry. These tailwinds are expected to continue through FY25 and beyond as public awareness of digital safety and student wellbeing continues to grow. This positions the Group well to deliver further growth over the coming years. In the US over $125 billion of residual funding will be apportioned over time, with a portion likely to be relevant to Qoria's online safety product offering in US schools. The Group's consumer offering through Qustodio is gaining traction in US schools. The current strategy to gain awareness and use of the 'freemium' product will not materially drive revenue growth in FY25 but will lay the foundation for growth in the years beyond.

Legislation continues to be implemented in the US, with the 'SCOPE' (Securing Children Online Through Parental Empowerment) regulations announced in Texas last year becoming effective in September 2024. These laws require that parents are provided with the resources necessary to understand cyber security risks and online safety before the child uses an electronic device at school. This requirement aligns with the services we provide, which have a core purpose of creating a safer environment for children.

During the year the Group divested 60% of Migiri, a small subsidiary within the Qustodio business. This asset was loss-making and considered non-core. The divestment provided an injection of $2 million of capital and removed the distraction of a non-core business.

Qoria is firmly established as a world leader in online safety and education technology, supporting educators so that children can thrive. The Group now has over 500 employees globally, serving more than 29,000 schools and protecting 24 million children.

I would like to thank our Staff and Executives for their contribution to the business during FY24 which was another highly successful year for the Group. I would also like to thank our Shareholders and fellow Board members for their support.

None of us is as powerful as all of us.

Peter Pawlowitsch
Chairman
Qoria Limited

Review of Operations

Operational results

The Group reported total revenue and other income for the year ended 30 June 2024 of $101,883,723 (30 June 2023: $82,428,599) with revenue from ordinary activities being $99,449,374 (30 June 2023: $81,881,785). The net loss attributable to members of the Group for the year ended 30 June 2024 amounted to $54,770,230 (30 June 2023: $86,720,022). A summary of operational results is presented below:

	% increase/ (decrease) over corresponding period	30 June 2024 $	30 June 2023 $
Revenue from ordinary activities	21%	99,449,374	81,881,785
Profit/(loss) after tax from ordinary activities attributable to members	37%	(54,770,230)	(86,720,022)
Total comprehensive income / (loss) for the period attributable to members	33%	(52,035,242)	(77,992,315)
Profit/(loss) from ordinary activities after tax attributable to members excluding share based deferred consideration	32%	(46,093,817)	(68,168,904)
Underlying EBITDA / (negative EBITDA)	Significant	1,961,618	(26,118,636)

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, share-based payments, foreign exchange differences as well as any significant non-operating costs:

	% increase/ (decrease) over corresponding period	30 June 2024 $	30 June 2023 $
Total comprehensive income / (loss) for the period attributable to members	33%	(52,035,242)	(77,992,315)
Less: Income tax (benefit) / expense	(41%)	(6,122,130)	(4,347,982)
Less: Depreciation and amortisation	(31%)	31,515,188	24,009,325
Less: Finance costs	(41%)	7,579,559	5,367,656
Less: Acquisition related expenses	61%	605,875	1,546,931
Less: Share based payments - employment related	44%	11,453,519	20,341,673
Less: Share based payments - deferred consideration	53%	8,676,413	18,551,118
Less: Foreign Exchange Differences	Significant	288,436	(13,595,042)
Underlying EBITDA / (negative EBITDA)	Significant	1,961,618	(26,118,636)

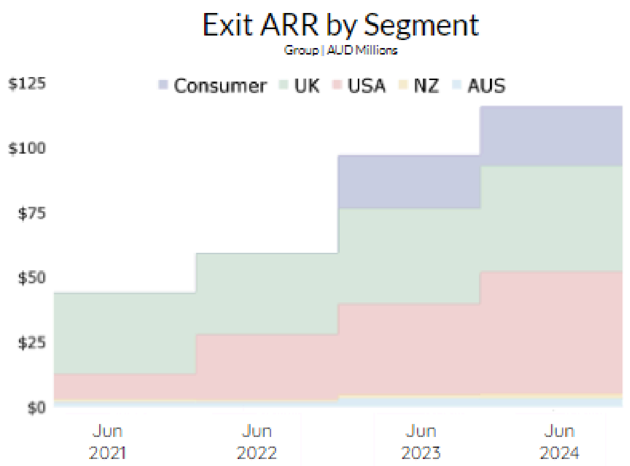
While total comprehensive loss has improved steadily when compared to the prior year, underlying EBITDA has strengthened significantly which is consistent with the Group's targeted approach to achieve operating cash flow break-even point in the near term.

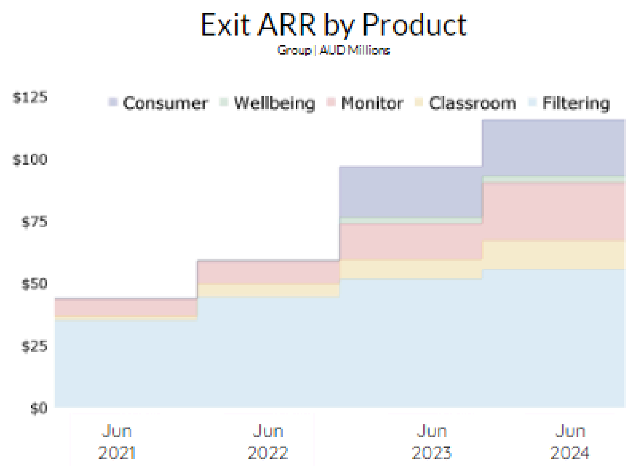
Review of Operations

Review of operations

The Group continued its momentum during the year, building on its successes. During the year ended 30 June 2024, the Group:

- Underlying EBITDA positive for the first time, noting that Education development costs were capitalised for the first time in FY24. Underlying EBITDA was $2.0 million, up from ($26.1 million) in FY23. Continued strong cost control by the Group has ensured costs were well maintained in the second half of the year.
- Grew organically across all products and major regions with total ARR of $116 million up 22% on prior period ($95.5 million after adjusting for the divestment of Migiri). Growth in the US was a standout with US ARR up 30% on FY23. ARR growth in the UK was up 8% on FY23 with scope for significant increases in future periods due to the strategically-important UK Schools Broadband deal which was announced on 19 September 2024.
- Divestment of 60% of Qustodio's Migiri business during the year to ensure focus on core assets. The Migiri business is a non-core asset focused on adult addiction to pornography and was loss making. Operating and marketing costs for the Migiri business were circa $3.2 million annualised with ARR of approximately $2.4 million.
- Free cash flow (operating and investing cash flows) improved significantly, from ($49 million) in FY23 to ($19 million) in FY24 as strong revenue expansion combined with cost control pushed the Group closer to free cash flow breakeven.





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 and advice. To support educators so that children can thrive. To be a global influence in online safety. We seek to deliver our staff their best ever employment experience and to deliver exceptional returns for our investors.

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

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

[1] *ARR is a non-IFRS measure used by the Group to assess its contracted recurring revenue at a point in time based on a monthly non-IFRS revenue value.*

Review of Operations

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

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

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

Financially, the Group's continued focus has been on the execution of its plan to reach free cash flow break-even point and cash EBITDA profitability in 2025. Management's strategy is a combination of effective cost control combined with continued growth in Group revenues. Cost synergies resulting from recent acquisitions are expected to be realised in coming years and the Group's three year goal is to be the largest and most impactful safety and wellbeing provider globally.

Impact of key developments and relevant events throughout the reporting period

The unification and integration of the Group's acquisitions has continued well over the period, with a number of operational efficiencies delivered through the process. Increased revenue opportunities are also expected in the medium term as the unification process completes and the Group's various technologies become seamlessly available globally.

The Group further improved its financing structure and strengthened its balance sheet during the period, settling both convertible notes relating to the Qustodio acquisition (W8 note subsequent to year end) by increasing the AshGrove debt facility to $48,850,000. The Group has formed a significant relationship with AshGrove, a London-based firm and expects this to continue throughout the 5 year term of this facility, of which 3 years remains.

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

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

Review of Operations

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** - Ongoing unification program to deliver platform efficiencies and 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 will also look to leverage its global EDU and telecommunication service provider partnerships to further expand outside of English-speaking markets.

Qoria is now firmly established as a world leader in online safety tools and advice, supporting educators so that children can thrive. The Group now has over 500 employees across Australia, the UK, US and Europe, serving more than 29,000 schools and 24 million children.

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

Material business risks

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

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

Competition risk

The K-12 education and parental controls market is highly competitive. Competition within these markets arises from a number of sources including companies with greater capital resources. Qoria's competitors include telecommunication companies, internet companies and computer software and hardware manufacturers. The Company's performance could be adversely affected if existing or new competitors limit the Group's subscriber growth strategy through aggressive marketing, and improving or expanding 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 USA, UK, Europe, Australia and New Zealand. Wherever the Group sets up operations it is exposed to a range of multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Group operates. Businesses that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction.

Review of Operations

Information technology security & privacy risks

The Group provides a range of products and services to its customers that are reliant on digital technology. As with any digital services, there are inherent risks in terms of confidentiality, privacy, regulatory compliance, integrity and availability of technology which cannot be entirely mitigated.

While much of the Group's technology is built in-house, the platform also utilises and runs on third party technology and software. To protect these systems and the data they house, the Group works closely with industry leading security partners, invests in industry standard frameworks & controls, and employs both internal and external security teams.

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

Technology choices

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

Going concern

The financial statements for the year ended 30 June 2024 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 generated net cash outflows from operating and investing activities of $18,697,397 (2023: $49,335,092).

As at 30 June 2024, the Group had a working capital deficit of $52,663,406 (30 June 2023: $58,294,577). On a proforma basis, excluding current contract liabilities of $55,421,731 (2023: $42,670,210) the Group had a working capital surplus of $2,758,325, not including the additional $10,000,000 facility entered into on 26 July 2024 (30 June 2023: $14,725,633 working capital surplus including AshGrove Capital Management Ltd facility of $30,350,000 that was available at that date.). Refer Note 15 - 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 and continued strong financial management. The Directors believe the Group will have sufficient cash flows to meet all commitments and working capital requirements.

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

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

Review of Operations

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.

Integration risks

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

Key personnel risk

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

Due diligence risk

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

Debt financing and covenant compliance risks

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

Director's Report

Directors

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

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

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

Company Secretary

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 year have been continued sales and distribution, marketing and customer support of its suite of cyber safety products and services. There have been no other significant changes in the nature of these activities during the financial year.

Results

The Group reported total revenue and other income for the year ended 30 June 2024 of $101,883,723 (30 June 2023: $82,428,599) with revenue from ordinary activities being $99,449,374 (30 June 2023: $81,881,785).

The net loss attributable to members of the Group for the year ended 30 June 2024 amounted to $54,770,230 (30 June 2023: $86,720,022).

Review of operations

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

Significant changes in state of affairs

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.

Director's Report

Environmental regulation

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

Dividends

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

Events after balance date

On 26 July 2024, the Company increased its debt facility with AshGrove Capital Management from $37,850,000 to $47,850,000. The term of the facility is 5 years and the interest rate is 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 Statement of financial position, tested monthly, an ARR-to-debt ratio and an EBITDA-to-debt ratio commencing 31 December 2025, both tested quarterly and events of default customary for a facility of this kind. Refer Note 15 - Borrowings for details regarding this facility.

Other subsequent events

On 4 July 2024, 2,000,000 shares were issued to the Company's treasury share trust to be transferred/allocated to employees on the exercise of options and performance rights under the Company's Employee Share Scheme.

On 4 July 2024, 136,077 shares were issued relating to the interest on W8 notes paid in shares for the period 1 April to 30 June 2024.

On 26 July 2024 and 1 August 2024, 1,844,845 and 217,235 shares respectively were issued from the Company's treasury share trust under the Company's Employee Securities Incentive Scheme. Included in the issue were 133,581 and 122,833 issued to KMPs Crispin Swan and Ben Jenkins respectively.

On 8 August 2024, 15,000,000 shares were issued to the Company's treasury share trust to be transferred/allocated to employees on the exercise of options and performance rights under the Company's Employee Share Scheme.

On 16 August 2024, the Company repaid 4,161 convertible notes owed to W8 Ventures issued as part of the Company's acquisition of Qustodio in 2022. This resulted in a payment of $6,239,773. 46,356 shares were also issued in relation to remaining accrued interest owning at that date.

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

Director's Report

Information on Directors

Mr Tim Levy

B. Com, CA

Experience and expertise

Mr Levy is a successful telecommunications and technology entrepreneur. He is the founder of Vodafone's largest Australian retail partner Mo's Mobiles and was the former CEO and COO of listed Optus reseller B Digital Limited. Prior to working in commerce Mr Levy was a management consultant at Andersen's working in technology and change projects across Australia, South Africa, Zambia, Jordan and Saudi Arabia.

Mr Levy is a graduate of the University of Western Australia and was a practising Chartered Accountant prior to his move into commerce.

Other current directorships of ASX listed companies

- None

Other directorships held in ASX listed companies in the last three years

- None

Mr Peter Pawlowitsch

B. Comm, CPA MBA, FGIA

Experience and expertise

Mr Pawlowitsch is an experienced ASX company Director. Mr Pawlowitsch specialises in technology businesses and the transition from startup to sustainability.

Mr Pawlowitsch is also a Fellow of the Governance Institute of Australia and holds a Master of Business Administration from Curtin University. These qualifications have underpinned more than 20 years of experience in the Accounting profession and more recently in business management and the evaluation of businesses and projects.

Other current directorships of ASX listed companies

- Dubber Corporation Limited (September 2011 – present) (currently part time (40%) Executive Director and was in a full time role as Acting CEO from 1 March 2024 to 10 September 2024)
- VRX Silica Limited (February 2010 – present) Non-Executive Director
- Novatti Group Limited (June 2015 – present) Non-Executive Chairman

Other directorships held in ASX listed companies in the last three years

- Knosys Limited (March 2015 – December 2021)

Director's Report

Information on Directors (continued)

Mr Phil Warren

B. Com, CA

Experience and expertise

Mr Warren is a Chartered Accountant and a principal of Automic Group. Mr Warren has over 30 years of experience in finance and corporate roles in Australia and Europe. He has specialised in equity capital markets, mergers and acquisitions, capital raisings, debt financing, financial management, corporate governance and company secretarial services for a number of public and private companies.

Mr Warren has established a number of ASX listed companies and continues to act as corporate advisor to some of these companies.

Other current directorships of ASX listed companies

- Rent.com.au Limited (September 2014 – present)
- Narryer Metals Limited (July 2021 – present)
- Killi Resources Limited (August 2021 – present)
- Anax Metals Limited (April 2021 – present)

Other directorships held in ASX listed companies in the last three years

- None

Mr Matthew Stepka

B.Science, Juris Doctorate

Experience and expertise

Mr Stepka is Managing Director of Machina Ventures, an investment firm focused on early stage, artificial intelligence enabled companies. He is also a Lecturer at UC Berkeley, Haas School of Business. Previously, Mr Stepka was Vice President, Business Operations and Strategy at Google where he led and incubated strategic initiatives, especially mission-driven projects with high social impact, over his nine years with the company.

Prior to joining Google, Mr Stepka held positions including Vice President at drugstore.com, Chief Operating Officer at WorldRes (a leading online hotel reservation network), Management Consultant with McKinsey & Company and Systems Consultant with Price Waterhouse.

Mr Stepka holds a Juris Doctorate from UCLA School of Law. He has Bachelor of Science degrees in Computer Engineering and Management from Case Western Reserve University. Mr Stepka serves as a Trustee of the Knight Foundation. Previously he served on the Board of the World Affairs Council and is an inaugural Disruptor Foundation Fellow. Mr Stepka is an inactive member of the California State Bar.

Other current directorships of ASX listed companies

- None

Other directorships held in ASX listed companies in the last three years

- None

Director's Report

Information on Directors (continued)

Mr Georg Ell

Experience and expertise

Mr Ell was the Chief Executive Officer of the Smoothwall business in the UK from May 2018 until its acquisition by Qoria in August 2021. He stepped down from the CEO role and became a Non-Executive Director of Qoria Limited in January 2022.

During his time as Chief Executive Officer of Smoothwall, he focused on growth through developing a strong culture, innovating with new product lines, a transition to a SaaS business model, a high degree of customer orientation, implementation of customer success principles and M&A. Under his leadership Smoothwall was twice a Top 100 UK employer and won two and three stars in the annual Sunday Times' Best Companies Awards for employee engagement.

Prior to joining Smoothwall, Mr Ell was a Director for Western Europe at Tesla for more than four years where he led a team of over 330 people across the UK, Ireland, Netherlands, Belgium and Luxembourg on a mission to accelerate the world's adoption of sustainable energy. He was also the general manager of EMEA for the enterprise social networking service Yammer which was acquired by Microsoft. Mr Ell started his career at Microsoft where he was the first quota-carrying salesperson for Microsoft's enterprise cloud business in Europe.

Today, Mr Ell is CEO of Phrase, a Carlyle-backed SaaS language technology business which uses AI, machine translation and sophisticated workflow technology to help companies of all sizes to localize all forms of their content.

Mr Ell is a venture partner and Senderwood Fellow with LocalGlobe, a venture partner with Craft Ventures, and an advisory board member of EQL:Her.

Other current directorships of ASX listed companies

- None

Other directorships held in ASX listed companies in the last three years

- None

Dr Jane Watts

B. Social Science (Honours, cum laude), Ph.D., GAICD

Experience and expertise

Dr Jane Watts is a Non-Executive Director with over 30 years of frontline experience across banking and financial services as a senior executive leading significant P&L businesses in Westpac (including BT Financial Group), Macquarie and Lendlease. Most recently Dr Watts was the Chief Customer Engagement Officer for the Business Bank of Westpac, which included SME and commercial banking for Westpac, St.George Bank, Bank of Melbourne and BankSA.

Dr Watts was also formerly a Non-Executive Director on the financial advisory and accounting boards of Findex and Lachlan Partners and is currently on the boards of Liberty Financial (ASX: LFG), Orygen, Westpac Foundation and Chair of the Orygen Youth Mental Health Foundation. She is also on the Hospital Advisory Board of Birchtree Centre and is a Director at the B Team Australasia's Climate Leaders Coalition, focusing on Demand-Side Energy, Carbon Pricing, Scope 3 and Credible Transition Action Plans.

Other current directorships of ASX listed companies

- Liberty Financial Group Limited (July 2022 - present)

Other directorships held in ASX listed companies in the last three years

- None

Director's Report

Meetings of Directors

The number of Board meetings held and the number attended by each of the Directors, for the year ended 30 June 2024:

Director	Number of Board meetings eligible to attend	Number of Board meetings attended
Tim Levy	9	8
Peter Pawlowitsch (Chairman)	9	9
Phil Warren	9	9
Matthew Stepka	9	8
Georg Ell	9	8
Jane Watts	9	9

The number of Audit Committee meetings held and the number attended by each of the Directors, for the year ended 30 June 2024:

Director	Number of Audit Committee meetings eligible to attend	Number of Audit Committee meetings attended
Phil Warren (Chairman)	6	6
Peter Pawlowitsch	6	6
Jane Watts	6	6

The number of Remuneration Committee meetings held, and the number of meetings attended by each of the Directors, for the year ended 30 June 2024:

Director	Number of Remuneration Committee meetings eligible to attend	Number of Remuneration Committee meetings attended
Peter Pawlowitsch (Chairman)	2	2
Phil Warren	2	2
Jane Watts	2	2

Directors' interests in the shares and options of the Company

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

Director	Shares	Options	Performance Rights[1]
Tim Levy	15,986,628	8,061,168	4,424,039
Peter Pawlowitsch	15,516,149	680,679	-
Phil Warren	1,632,214	1,740,341	-
Matthew Stepka	3,055,556	1,808,408	-
Georg Ell	1,885,124	2,372,271	2,066,894
Jane Watts	555,556	2,440,341	-

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

Director's Report

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

Performance right class	Tim Levy	Phil Warren	Peter Pawlowitsch	Matthew Stepka	Georg Ell	Jane Watts
Class A, B, C & D TL SP Performance Rights	1,000,000	-	-	-	-	-
Class E3 Employee Performance Rights - FY22	-	-	-	-	47,605	-
Class F3 Employee Performance Rights - FY22	-	-	-	-	47,605	-
STI Performance Rights - 2022 - TL and CS	1,000,000	-	-	-	-	-
STI Performance Rights - 2023 - TL and CS	924,039	-	-	-	-	-
LTI Performance Rights - 2023 - TL and CS	1,500,000	-	-	-	-	-
STI Performance Rights - 2022	-	-	-	-	971,684	-
STI Performance Rights - 2023	-	-	-	-	1,000,000	-

Indemnification and insurance of Directors and Officers

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

Proceedings on behalf of the Group

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

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2024 is provided in this report.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Director's Report

Non-audit services

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

The Directors are of the opinion that the services do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. The Directors are satisfied that the provision of non-audit services during the financial year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Unissued shares under option

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

Options	Grant date	Exercise Price ($)	Expiry date	Number of securities
Company Secretary options	01/09/2021	0.55	30/06/2025	500,000
Director ZEPOs	19/11/2021	-	30/11/2024	2,000,000
Director options	24/01/2022	0.60	31/12/2025	2,100,000
WC facility options	18/01/2022, 01/08/2022 & 24/03/2023	0.60	31/01/2026	7,000,000
Director options	02/06/2022	0.60	31/12/2025	2,100,000
ZEPOs	16/08/2022	-	30/06/2025	-
Company Secretary options	22/08/2022	0.60	31/12/2025	350,000
Director options	29/11/2022	0.60	31/12/2025	2,800,000
Non-Executive Director options	01/07/2023	-	30/06/2027	2,042,040
Executive Director STI options	01/07/2023	-	30/06/2027	1,338,447
Executive Director LTI options	01/07/2023	-	30/06/2027	2,722,721
Executive Director TSR options	01/07/2023	0.36	30/06/2027	3,000,000
Ashgrove warrants	24/01/2024	0.24	22/01/2029	16,045,408
Performance rights	02/03/2020 - 07/02/2024	-	13/07/2023 - 31/12/2027	90,239,817
Total				**132,238,433**

Director’s Report

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

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

Options	Date Granted	Exercise Price	Number of Shares issued	Amount paid for Shares
Director options	30/06/2020	$0.21	1,000,000	210,000
ZEPOs	16/08/2022	$0.00	120,000	-
Performance / Remuneration Rights	02/03/2020 - 07/02/2024	Nil	24,407,893	-
Total			**25,527,893**	**210,000**

Rounding of amounts

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

Directors' Report

Remuneration report (Audited)

Dear Shareholder

On behalf of the Board of Qoria Limited ("Qoria" or the "Company"), I am pleased to present the 2024 Remuneration Report and outline our remuneration framework and strategy moving forward as we grow and mature. Qoria's focus for our remuneration framework is to align executive performance and retention with long term Shareholder returns.

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

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

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

- A move away from any STI or LTI remuneration tied solely to continued employment for the KMP and Senior Leadership Team (SLT). All STI and LTI for members of the SLT are now measured on performance as well as continued employment;
- STI targets are a combination of stretching operational targets including, achieving budgeted targets for operating cash flow, Cash EBITDA, Annual Recurring Revenue, job performance and employee satisfaction and LTI targets include ARR growth including in non-English speaking markets, B2B2C growth and employee satisfaction;
- In addition, 3 million TSR Options were allocated to our Managing Director in FY24. These options can technically be achieved earlier than 3 years, however that would require share price growth of over 300% for tranche 1 compared to the share price at the time of structuring these awards (circa $0.18) and at the date of this report. Significant Shareholder value will be delivered in this scenario over and above any relative market movements. Tranche 3 is significantly more stretching, requiring share price growth of almost 600%.

Further changes were made to the Executive Remuneration Framework for FY25 to FY27 including:

- Cash flow targets were amended to include investing activities following the accounting policy change to capitalise development costs as this is a material expense for the business.

FY2024 performance

Setting challenging targets is evidenced in the STI growth targets for FY24, the business delivered outstanding growth with ARR up 22%, cash EBITDA improved by $7.7m or 29% and operating cash flows (prior to capitalisation of Education development costs) improved $14.8 million or 63%. Notwithstanding these excellent results STI awards were achieved at 98.3%, reflecting the stretch nature of targets set for Executives. No LTI awards vested in FY24.

I look forward to continuing to develop Qoria's remuneration framework with Dr Jane Watts, who is assuming the role of Remuneration Committee Chair in FY25, to ensure our strategic objectives are achieved and we are delivering long term value to Shareholders.

Peter Pawlowitsch
Chairman
Qoria Limited

Directors' Report

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for Key Management Personnel ("KMP") of the Group for the year ended 30 June 2024. The information contained in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

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

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

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

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

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

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

1. Key management personnel

Directors		
Tim Levy	Managing Director	Appointed 1 April 2014
Peter Pawlowitsch	Independent Non-Executive Chairman	Appointed 24 September 2019
Phil Warren	Independent Non-Executive Director	Appointed 13 May 2016
Matthew Stepka	Independent Non-Executive Director	Appointed 1 May 2020
Georg Ell	Non-Executive Director	Appointed 21 January 2022
Jane Watts	Independent Non-Executive Director	Appointed 2 June 2022
Executives		
Crispin Swan[1]	Chief Operating Officer	Appointed 3 September 2015
Ben Jenkins	Chief Financial Officer	Appointed 15 August 2022

[1] *Crispin Swan held a position as Executive Director until his resignation on 8 February 2023.*

Directors' Report

Remuneration report (Audited)

2. Executive remuneration structures

The following remuneration components are in place for executive employees:

Condition type	Remuneration component	Description
Service-based remuneration	Fixed annual remuneration	Base salary, statutory superannuation and other benefits.
	Employee share scheme (ESS)	In previous financial years, performance rights were issued under the employee share scheme (ESS) and were granted across 3 equal tranches and vest subject to the achievement of an underlying service condition to remain employed by the Group at each vesting date. These rights continue to vest in the current financial year.
Performance-based remuneration	Short term incentive (STI)	Short term incentive performance rights are subject to vesting conditions of continued employment at the milestone date, specified job performance ratings and revenue growth targets.
	Long term incentive (LTI)	Long term incentive performance rights are subject to vesting conditions of continued employment at the milestone date and operational milestones.

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

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

2.1 Executive service-based remuneration

Executives receive fixed annual remuneration in the form of base salary, statutory superannuation, leave entitlements and other benefits. In previous financial years, executives were also issued performance rights under the Employee share scheme (ESS). ESS performance right quantities were determined based on a fixed percentage of the executives' base salary and the 20-day VWAP.

2.2 Executive performance-based remuneration

The Group also maintains the Executive Incentive Scheme for executives focused on aligning the executives' incentives to the Company's annual recurring revenue targets, positive cash flow, EBITDA targets, strategic objectives and operational milestones. Emphasis has been placed on the following specified areas in determining the remuneration policy for executives:

- the Company is in a growth and development stage of its life cycle; and
- as the Company is transitioning to being cash flow positive, it is increasing the cash base salaries and reducing the proportion that is issued using equity.

Directors' Report

Remuneration report (Audited)

2.2.1 Executive performance-based remuneration targets

During the year ended 30 June 2024, the Company implemented a new Executive Remuneration Framework. The objectives and milestones for short-term and long-term incentives for the executives are detailed below:

Class of performance rights	Vesting conditions			Milestone date
STI 2024 Performance rights	**Weighting**	**Operational milestone**	**Other vesting conditions**	30 June 2024
	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		
LTI 2024 Performance rights	30%	Achieve the Company's scale ambition	Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026
	20%	Achieve the Company's goal ambition		
	30%	Achieve the Company's B2B2C ambition		
	20%	Achieve the Company's engagement ambition		

The executives' STI and LTI performance rights issued to Ben Jenkins during the year ended 30 June 2023 are subject to the following vesting milestones:

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

2.2.2 Executive performance-based remuneration outcomes

For the STI 2024 performance rights issued to Crispin Swan and Ben Jenkins during the year ended 30 June 2024, 20% of the milestones targets were linked to cash EBITDA, 20% to annual recurring revenue (ARR), 20% to job performance and 20% to employee engagement score. All of these milestones vested at 100%. The remaining 20% were linked to operating cash flow. The table below shows the 62.6% increase in operating cash flow from prior year that was achieved resulting in a payment of 91.6% of the total rights allocated to this milestone. The rights vested accordingly as of 30 June 2024:

STI 2024 performance rights	30 June 2024	30 June 2023	Growth (%)	Awarded (%)
Operating Cash Flow[1]	(8,847,087)	(23,637,853)	62.6%	91.6%
Cash EBITDA[2]	(18,829,647)	(26,491,629)	28.9%	100%
Annual Recurring Revenue[3]	118,393,289	96,914,920	22.2%	100%

[1] Operating Cash Flow for the year ended 30 June 2024 has been adjusted to exclude the impacts of capitalised development costs in line with the original milestone.

[2] Cash EBITDA is the underlying EBITDA disclosed in the operational review adjusted for the impacts of capitalised development costs in line with the original milestone.

[3] Annual Recurring Revenue for the year ended 30 June 2024 and 30 June 2023 includes revenue from the previously 100% owned subsidiary Digital Literacy (known as 'Migiri') which was deconsolidated from the Group as part of the partial divestment that occurred on 1 June 2024.

Directors' Report

Remuneration report (Audited)

For the STI 2024 performance rights issued to Ben Jenkins during the year ended 30 June 2023, 50% of the milestones targets were linked to job performance and vested 100%. The remaining 50% were set at a target of $130,000,000 in annual recurring revenue (ARR). By 30 June 2024, ARR of $118,393,289 was achieved resulting in a payment of 91.1% of the total rights allocated to this milestone. The rights vested accordingly as of 30 June 2024:

STI 2024 Performance Rights	30 June 2024	30 June 2023	Growth (%)	Awarded (%)
Annual Recurring Revenue	118,393,289	95,615,630	23.8%	91.1%

3. Director remuneration structures

The following remuneration components are in place for Directors:

Condition type	Remuneration component	Description
Executive Director		
Service-based remuneration[1]	Fixed annual remuneration	Base salary, statutory superannuation and other benefits.
Performance-based remuneration	Short term incentive (STI)	In previous financial years, short term incentives were issued as performance rights with job performance and revenue growth targets. In the current financial year, short term incentives are zero price share options with operational milestones.
	Long term incentive (LTI)	In previous financial years, long term incentives were issued as performance rights with operational milestones. In the current financial year, long term incentives are both zero price share options with operational milestones and total shareholder return (TSR) options with 20-day VWAP target vesting conditions.
Non-Executive Directors		
Service-based remuneration[1]	Fixed annual remuneration	Base salary, statutory superannuation and other benefits.
	Non-Executive Director (NED) Options	In previous financial years, options were issued to Directors on an adhoc basis as approved by the board. In the current financial year, a fixed Director remuneration structure has been implemented whereby Directors elected to receive a portion of their fixed annual remuneration as Zero Price Options which vest in 3 tranches over 3 years with continued service.

[1] In previous financial years, some Executive and Non-Executive Directors received performance rights issued under the Company's Employee Share Scheme (ESS). These performance rights vest subject to the achievement of an underlying service condition to remain in current position at each vesting date. These rights are fully vested in the current financial year.

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

a) a base salary of $500,000 per annum including statutory superannuation, effective 1 July 2023;

b) the agreement may be terminated;

   i) by either party without cause with 12 months written notice or, if the Company elects to, with payment in lieu of notice;

   ii) by the Company with one month's notice, or immediately with payment in lieu of notice if Tim Levy is unable to perform his duties under the agreement for three consecutive months or a period aggregating to three months in a 12-month period;

   iii) by either party with 12 months written notice if the role of Managing Director becomes redundant. If the Company terminates the employment of Tim Levy within 12 months of a change of control, it will be

Directors' Report

Remuneration report (Audited)

deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy, it shall be obliged to pay Tim Levy for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 12 months base salary (less tax) and any accumulated entitlements;

iv) by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and

v) by Tim Levy immediately, by giving notice, if the Company is in breach of a material term of this agreement.

The Group has also entered into Non-Executive Director appointment letters outlining the policies and terms of this appointment including compensation. Non-Executive Director fees are set based on fees paid to other Non-Executive Directors of comparable companies. The aggregate remuneration for Non-Executive Directors has been set by the Board at an amount not to exceed $1,000,000 per annum as approved by Shareholders on 17 August 2023.

Non-Executive Director Peter Pawlowitsch receives a base fee of $166,500 per annum (including statutory superannuation and $15,000 for committee fees). $50,000 of the base fee is received in zero-exercise priced options with the remainder of the base fee and statutory superannuation paid in cash. Peter Pawlowitsch received ZEPOs equivalent for a three year period in the year ended 30 June 2024, with a third vesting on 30 June 2024, a third vesting on 30 June 2025 and a third vesting on 30 June 2026.

Non-Executive Director Phil Warren receives a base fee of $83,250 per annum (including statutory superannuation and $15,000 for committee fees). $25,000 of the base fee is received in zero-exercise priced options with the remainder of the base fee and statutory superannuation paid in cash. Phil Warren received ZEPOs equivalent for a three year period in the year ended 30 June 2024, with a third vesting on 30 June 2024, a third vesting on 30 June 2025 and a third vesting on 30 June 2026.

Non-Executive Director Matthew Stepka receives a base fee of $66,600 per annum (including statutory superannuation equivalent). $30,000 of the base fee is received in zero-exercise priced options with the remainder of the base fee and statutory superannuation equivalent paid in cash. Matthew Stepka received ZEPOs equivalent for a three year period in the year ended 30 June 2024, with a third vesting on 30 June 2024, a third vesting on 30 June 2025 and a third vesting on 30 June 2026.

Non-Executive Director Georg Ell receives a base fee of $66,600 per annum (including statutory superannuation equivalent). $20,000 of the base fee is received in zero-exercise priced options with the remainder of the base fee and statutory superannuation equivalent paid in cash. Georg Ell received ZEPOs equivalent for a three year period in the year ended 30 June 2024, with a third vesting on 30 June 2024, a third vesting on 30 June 2025 and a third vesting on 30 June 2026.

Non-Executive Director Jane Watts receives a base fee of $83,250 per annum (including statutory superannuation and $15,000 for committee fees). $25,000 of the base fee is received in zero-exercise priced options, with the remainder of the base fee and statutory superannuation paid in cash. Jane Watts received ZEPOs equivalent for a three year period in the year ended 30 June 2024, with a third vesting on 30 June 2024, a third vesting on 30 June 2025 and a third vesting on 30 June 2026.

The Company does not have a Directors retirement scheme in place at present.

3.1 Director service-based remuneration

On 17 August 2023, the Board approved the issue of 2,042,040 zero exercise price options to Non-Executive Directors as part of the revised remuneration for the year ending 30 June 2024. The Non-Executive Director options issued during the

Directors' Report

Remuneration report (Audited)

year ended 30 June 2024 have been valued at the share price on the grant date ($0.23) and are subject to the following service based conditions:

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

3.2 Director performance-based remuneration

3.2.1 Director performance-based remuneration targets

During the year ended 30 June 2024, the Company implemented a new Director Remuneration Framework. The objectives and milestones for short-term and long-term incentives for the Executive Director are detailed below:

Class	Exercise	Vesting conditions			Milestone date
Executive Director STI Options	Each STI zero exercise price option ("ZEPO") will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	**Weighting**	**Operational milestone (to be achieved by 30 June 2024)**	**Other vesting conditions**	
		20%	Achieve budgeted operating cash flow	Continued employment with the Company in existing role from issue date until the vesting date	30 June 2024
		20%	Achieve budgeted cash EBITDA		
		20%	Achieve ARR budget		
		20%	Satisfactory job performance		
		20%	Satisfactory employee engagement score		
Executive Director LTI Options	Each LTI ZEPO will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	**Weighting**	**Operational milestone (to be achieved by 30 June 2026)**	**Other vesting conditions**	
		30%	Achieve the Company's scale ambition	Continued employment with the Company in existing role from issue date until the vesting date	30 June 2026
		20%	Achieve the Company's goal ambition		
		30%	Achieve the Company's B2B2C ambition		
		20%	Achieve the Company's engagement ambition		
Executive Director Total Shareholder Return ("TSR") Options[1]	Each Tranche LTI TSR Option entitles the holder to subscribe for one Share upon payment of the exercise price of $0.36, any time prior to the Expiry Date, once vested.	**Tranche**	**Vesting condition**		
		Tranche 1 TSR Options	20-day VWAP of $0.75 by 30 June 2026 and continued service with the Company until 20-day VWAP of $0.75 is achieved.		30 June 2026
		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.		

[1] Whilst the TSR Options may vest early upon achievement of the above vesting conditions, the share price on the grant date ($0.225) when compared to the VWAP milestones of $0.75, $1.00 and $1.25 means the vesting period is likely to be long term and if not the returns to shareholders will be very significant and potentially market leading.

Directors' Report

Remuneration report (Audited)

3.2.2 Director performance-based remuneration outcomes

Management has assessed the probability of achieving the vesting conditions and milestones as at reporting date. If it was assessed that the hurdle was likely to be met prior to the expiry date, the share-based payment expense has been adjusted to reflect a shorter vesting period. Management has applied a 100% probability of achievement for all hurdles which have not yet reached their milestone date.

For the STI 2024 options issued to Tim Levy during the year ended 30 June 2024, 20% of the milestones targets were linked to cash EBITDA, 20% to annual recurring revenue (ARR), 20% to job performance and 20% to employee engagement score. All of these milestones vested at 100%. The remaining 20% were linked to operating cash flow. The table below shows the 62.6% increase in operating cash flow from prior year that was achieved resulting in a payment of 91.6% of the total rights allocated to this milestone. The rights vested accordingly as of 30 June 2024:

STI 2024 Performance Rights	30 June 2024	30 June 2023	Growth (%)	Awarded (%)
Operating Cash Flow[1]	(8,847,087)	(23,637,853)	62.6%	91.6%
Cash EBITDA[2]	(18,829,647)	(26,491,629)	28.9%	100%
Annual Recurring Revenue[3]	118,393,289	96,914,920	22.2%	100%

[1] Operating Cash Flow for the year ended 30 June 2024 has been adjusted to exclude the impacts of capitalised development costs in line with the original milestone.

[2] Cash EBITDA is the underlying EBITDA disclosed in the operational review adjusted for the impacts of capitalised development costs in line with the original milestone.

[3] Annual Recurring Revenue for the year ended 30 June 2024 and 30 June 2023 includes revenue from the previously 100% owned subsidiary Digital Literacy (known as 'Migiri') which was deconsolidated from the Group as part of the partial divestment that occurred on 1 June 2024.

4. Statutory remuneration tables

Details of the remuneration of the Directors and Key Management Personnel ("KMP") of the Group (as defined by AASB 124 - Related Party Disclosures) for the year ended 30 June 2024 are set out in the following table.

Directors and KMP	Short term		Post employment	Long term	Share-based payments	TOTAL	Performance based % of remuneration	
30 June 2024	Salary fees ($)	Annual Leave ($)	Super -annuation ($)	Long Service Leave ($)	Shares/ Options/ Performance Rights ($)	($)	Fixed based (%)	Performance based (%)
Directors								
Tim Levy	472,601	48,633	27,399	27,548	578,585	**1,154,766**	50%	50%
Peter Pawlowitsch	100,000	-	16,500	-	95,673	**212,173**	55%	45%
Phil Warren	50,000	-	8,250	-	113,178	**171,428**	34%	66%
Matthew Stepka[1]	30,000	-	6,600	-	122,745	**159,345**	23%	77%
Georg Ell[1]	44,381	-	2,219	-	178,454	**225,054**	21%	79%
Jane Watts	50,000	-	8,250	-	173,219	**231,469**	25%	75%
Executives								
Crispin Swan	369,750	42,156	31,568	14,495	433,553	**891,522**	51%	49%
Ben Jenkins	340,000	17,585	31,232	1,946	490,819	**881,582**	44%	56%
Total KMP	**1,456,732**	**108,374**	**132,018**	**43,989**	**2,186,225**	**3,927,338**	**44%**	**56%**

[1] During the period, Matthew Stepka was overpaid by $36,344 and Georg Ell was overpaid by $40,199. Corrections will be made in due course.

Directors' Report

Remuneration report (Audited)

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

Directors and KMP	Short term			Post employment	Long term	Share-based payments	TOTAL	Performance based % of remuneration	
30 June 2023	Salary fees ($)	Annual Leave ($)	Other ($)	Super -annuation ($)	Long Service Leave ($)	Shares/ Options/ Performance Rights ($)	($)	Fixed based (%)	Performance based (%)
Directors									
Tim Levy[1]	375,000	18,989	50,000	14,244	16,987	1,121,069	**1,596,289**	30%	70%
Peter Pawlowitsch	100,000	-	-	10,500	-	449,519	**560,019**	20%	80%
Phil Warren	47,083	-	-	4,944	-	38,205	**90,232**	58%	42%
Matthew Stepka	60,000	-	-	-	-	38,205	**98,205**	61%	39%
Georg Ell	53,600	-	-	2,680	-	779,719	**835,999**	7%	93%
Jane Watts	49,811	-	-	5,230	-	268,793	**323,834**	17%	83%
Executives									
Crispin Swan	359,375	6,008	-	19,244	14,513	916,156	**1,315,296**	30%	70%
Ben Jenkins[2]	302,899	12,581	-	20,849	648	462,349	**799,326**	42%	58%
Total KMP	**1,347,768**	**37,578**	**50,000**	**77,691**	**32,148**	**4,074,015**	**5,619,200**	**27%**	**73%**

[1] *Tim Levy received $50,000 in additional remuneration due to additional services performed during the period, as approved by the Board.*

[2] *Ben Jenkins commenced employment as Chief Financial Officer on 15 August 2022.*

5. Relationship between remuneration and Group performance

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

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

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

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

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

The following table shows Group's operating revenue, net profits/(losses) and dividends for the last five financial years, as well as the Company's share price at the end of each financial year. The Group has continued to grow its operating revenue over the last financial year. As outlined in the Review of Operations growth in revenue, in particular contracted

Directors' Report

Remuneration report (Audited)

recurring revenue from the education business, is a key focus for the Group. The Board has been issued equity-based incentives during the financial year as a reward for the operational performance of the Group but also as an incentive with performance-based vesting conditions linked to the Group's key strategic objectives being recurring revenue growth and share price appreciation, therefore aligning the interests of Directors with Shareholders.

	2024 $	2023 $	2022 $	2021 $	2020 $
Operating revenue	99,449,374	81,881,785	44,725,569	8,962,485	5,090,173
Net profit/(loss)	(54,770,230)	(86,720,022)	(65,429,554)	(21,930,396)	(17,617,120)
Share price at year-end	0.430	0.245	0.300	0.600	0.195
Dividends paid	-	-	-	-	-

6. Key Management Personnel's equity holdings

6.1 Number of shares held by Key Management Personnel

The number of ordinary shares of the Company held directly, indirectly or beneficially by each Director and Key Management Personnel, including their personally related entities, for the year ended 30 June 2024 is as follows:

Directors	Balance at 1 July 2023	Received as remuneration	Shares issued on exercise of options or performance rights	Sale of shares	Balance at 30 June 2024
Tim Levy[1]	15,686,628	-	300,000	-	15,986,628
Peter Pawlowitsch	15,516,149	-	-	-	15,516,149
Phil Warren[2]	632,214	-	1,000,000	-	1,632,214
Matthew Stepka	3,055,556	-	-	-	3,055,556
Georg Ell	1,885,124	-	-	-	1,885,124
Jane Watts	555,556	-	-	-	555,556
Executives					
Crispin Swan[3]	5,883,240	346,834	250,000	-	6,480,074
Ben Jenkins[4]	138,889	318,928	480,850	(526,369)	412,298
Total	**43,353,356**	**665,762**	**2,030,850**	**(526,369)**	**45,523,599**

[1] On 14 February 2024, Tim Levy exercised 300,000 Class A, B and C employee performance rights to acquire fully paid ordinary shares.

[2] On 7 July 2023, Phil Warren exercised 1,000,000 Director options ($0.21, 7 July 2023) to acquire fully paid ordinary shares.

[3] On 16 October 2023, Crispin Swan exercised 100,000 Class C employee performance rights and 150,000 STI 2022 performance rights to acquire fully paid ordinary shares. On 3 August 2023, 174,174 were issued to Crispin Swan at a share price of $0.255 in lieu of cash remuneration. On 2 January 2024, an additional 172,660 were issued to Crispin Swan at a share price of $0.189 in lieu of cash remuneration.

[4] On 10 August 2023, 5 October 2023 and 8 January 2024, Ben Jenkins exercised 40,303 Class A employee performance rights, 373,409 STi 2023 performance rights and 67,138 Class D employee performance rights respectively to acquire fully paid ordinary shares. On 3 August 2023, 160,160 shares were issued to Ben Jenkins at a share price of $0.255 in lieu of cash remuneration. On 2 January 2024, an additional 158,768 shares were issued to Ben Jenkins at a share price of $0.189 in lieu of cash remuneration.

Directors' Report

Remuneration report (Audited)

6.2 Number of options held by Key Management Personnel

The number of the options of the Company held, directly, indirectly or beneficially, by each Director and Key Management Personnel, including their personally related entities for the year ended 30 June 2024 are as follows:

	Balance at 1 July 2023	Options issued as remuneration	Options exercised	Options forfeited	Balance at 30 June 24	Vested and exercisable at 30 June 2024
Directors						
Tim Levy[1]	2,500,000	7,084,081	-	(1,522,913)	8,061,168	2,338,447
Peter Pawlowitsch[2]	3,000,000	680,679	-	(3,000,000)	680,679	226,893
Phil Warren[2, 3]	2,400,000	340,341	(1,000,000)	-	1,740,341	813,447
Matthew Stepka[2]	1,400,000	408,408	-	-	1,808,408	836,136
Georg Ell[2]	2,100,000	272,271	-	-	2,372,271	1,490,757
Jane Watts[2]	2,100,000	340,341	-	-	2,440,341	1,513,447
Executives						
Crispin Swan	1,000,000	-	-	-	1,000,000	1,000,000
Ben Jenkins	-	-	-	-	-	-
Total	**14,500,000**	**9,126,121**	**(1,000,000)**	**(4,522,913)**	**18,103,208**	**8,219,127**

[1] On 17 August 2023, 1,361,360 Short Term Incentive ("STI") Options, 2,722,721 Long Term Incentive ("LTI") Options, and 3,000,000 LTI total shareholder return ("TSR") Options were issued to Tim Levy. At 30 June 2024, the outcome of the milestone on the STI options were assessed and 22,915 options were forfeited. Refer to section 3.2.2 Director performance-based remuneration outcomes. On 30 June 2024, 1,500,000 Director Options ($0.50, 30 June 2025) were forfeited as the market milestones were not met.

[2] On 17 August 2023, 2,042,040 NED Director options were issued to the Non-executive Directors. On 30 June 2024, 3,000,000 Director Options ($0.50, 30 June 2025) were forfeited as the market milestones were not met.

[3] On 7 July 2023, Phil Warren exercised 1,000,000 Director options ($0.21, 7 July 2023) to acquire fully paid ordinary shares.

The following KMP options were still vesting or held at 30 June 2024:

Name	Period of issue	Options class	Grant date	Vesting date	Expiry date	Number of options	Total expense for current year ($)
Directors							
Tim Levy	Year ended 30 June 2022	Director Zero Price Options	19 November 2021	19 November 2022	30 November 2024	1,000,000	-
	Year ended 30 June 2024	Executive Director STI options[1]	17 August 2023	30 June 2024	30 June 2027	1,338,447	307,843
		Executive Director LTI options[1]	17 August 2023	30 June 2026	30 June 2027	2,722,721	208,742
		Executive Director TSR options[3]	17 August 2023	30 June 2026	30 June 2027	3,000,000	62,000
Peter Pawlowitsch	Year ended 30 June 2024	Non-executive Director Options - Tranche 1[2]	17 August 2023	30 June 2024	30 June 2027	226,893	52,185
		Non-executive Director Options - Tranche 2[2]	17 August 2023	30 June 2025	30 June 2027	226,893	26,093
		Non-executive Director Options - Tranche 3[2]	17 August 2023	30 June 2026	30 June 2027	226,893	17,395
Phil Warren	Year ended 30 June 2023	Director Options - Tranche 1	29 November 2022	30 June 2024	31 December 2025	700,000	40,500
		Director Options - Tranche 2	29 November 2022	30 June 2025	31 December 2025	700,000	24,841

Directors' Report

Remuneration report (Audited)

Name	Period of issue	Options class	Grant date	Vesting date	Expiry date	Number of performance rights	Total expense for current year ($)
Directors							
Phil Warren	Year ended 30 June 2024	Non-executive Director Options - Tranche 1[2]	17 August 2023	30 June 2024	30 June 2027	113,447	26,093
		Non-executive Director Options - Tranche 2[2]	17 August 2023	30 June 2025	30 June 2027	113,447	13,046
		Non-executive Director Options - Tranche 3[2]	17 August 2023	30 June 2026	30 June 2027	113,447	8,698
Matthew Stepka	Year ended 30 June 2023	Director Options - Tranche 1	29 November 2022	30 June 2024	31 December 2025	700,000	40,500
		Director Options - Tranche 2	29 November 2022	30 June 2025	31 December 2025	700,000	24,841
	Year ended 30 June 2024	Non-executive Director Options - Tranche 1[2]	17 August 2023	30 June 2024	30 June 2027	136,136	31,311
		Non-executive Director Options - Tranche 2[2]	17 August 2023	30 June 2025	30 June 2027	136,136	15,656
		Non-executive Director Options - Tranche 3[2]	17 August 2023	30 June 2026	30 June 2027	136,136	10,437
Georg Ell	Year ended 30 June 2022	Director Options - Tranche 1	24 January 2022	31 December 2022	31 December 2025	700,000	-
		Director Options - Tranche 2	24 January 2022	31 December 2023	31 December 2025	700,000	60,686
		Director Options - Tranche 3	24 January 2022	31 December 2024	31 December 2025	700,000	79,499
	Year ended 30 June 2024	Non-executive Director Options - Tranche 1[2]	17 August 2023	30 June 2024	30 June 2027	90,757	20,874
		Non-executive Director Options - Tranche 2[2]	17 August 2023	30 June 2025	30 June 2027	90,757	10,437
		Non-executive Director Options - Tranche 3[2]	17 August 2023	30 June 2026	30 June 2027	90,757	6,958
Jane Watts	Year ended 30 June 2022	Director Options - Tranche 1	2 June 2022	30 June 2023	31 December 2025	700,000	-
		Director Options - Tranche 2	2 June 2022	30 June 2024	31 December 2025	700,000	74,843
		Director Options - Tranche 3	2 June 2022	30 June 2025	31 December 2025	700,000	50,539
	Year ended 30 June 2024	Non-executive Director Options - Tranche 1[2]	17 August 2023	30 June 2024	30 June 2027	113,447	26,093
		Non-executive Director Options - Tranche 2[2]	17 August 2023	30 June 2025	30 June 2027	113,447	13,046
		Non-executive Director Options - Tranche 3[2]	17 August 2023	30 June 2026	30 June 2027	113,447	8,698
Executives							
Crispin Swan	Year ended 30 June 2022	Director Zero Price Options	19 November 2021	19 November 2022	30 November 2024	1,000,000	-

[1] The Executive Director STI and LTI zero price options issued to Tim Levy during the year ended 30 June 2024 were valued using the share price on the grant date ($0.23).

[2] The Non-executive Director zero price options issued during the year ended 30 June 2024 were valued using the share price on the grant date ($0.23).

[3] If the performance milestones targets are met prior to 30 June 2026 the options will vest early.

Directors' Report

Remuneration report (Audited)

The TSR options issued to Tim Levy during the year ended 30 June 2024 have been valued using an up-and-in trinomial option pricing model. See the key inputs of the model below:

Executive Director TSR Options	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	$0.23	$0.23	$0.23
Exercise price	$0.36	$0.36	$0.36
Expected volatility	70.00%	70.00%	70.00%
Expiry date (years)	4.00	4.00	4.00
Expected dividends	Nil	Nil	Nil
Risk free rate	3.97%	3.97%	3.97%
Value per option (rounded)	$0.07	$0.06	$0.05
Total valuation	$73,000	$62,000	$51,000
Total share-based payment expense for the period	$24,333	$20,667	$17,000

The Director options issued to Non-executive Directors during previous financial years are subject to the vesting condition of continued service as a Director of the company until the vesting date and the fair value has been determined using a Black Scholes model with the inputs outlined below:

	Georg Ell[1]	Jane Watts[2]	Phil Warren[3]	Matthew Stepka[3]
Grant date	24 January 2022	1 June 2022	29 November 2022	29 November 2022
Number of options	2,100,000	2,100,000	1,400,000	1,400,000
Underlying share price	$0.51	$0.38	$0.30	$0.30
Exercise price	$0.60	$0.60	$0.60	$0.60
Expected volatility	100%	100%	70%	70%
Expiry date (years)	3.9	3.6	3.1	3.1
Expected dividends	Nil	Nil	Nil	Nil
Risk free rate	1.24%	2.92%	3.06%	3.06%
Value per option (rounded)	$0.33	$0.22	$0.09	$0.09
Total share-based payment expense for the year	$140,185	$125,382	$65,341	$65,341

[1] *Georg Ell's options vest in 3 equal tranches of 700,000 options upon continuous service to each of 31 December 2022, 31 December 2023 and 31 December 2024.*

[2] *Jane Watts' options vest in 3 equal tranches of 700,000 options upon continuous service to each of 30 June 2023, 30 June 2024 and 30 June 2025.*

[3] *Phil Warren and Matthew Stepka's options vest in 2 equal tranches of 700,000 options upon continuous service to each of 30 June 2024 and 30 June 2025.*

Board discretion to accelerate vesting is available upon change of control. The Group does not pay dividends on unvested awards, does not reprice and does not allow cash buyouts. All awards are also capped at 100%.

Directors' Report

Remuneration report (Audited)

6.3 Number of performance rights held by Key Management Personnel

The number of performance rights of the Company held, directly, indirectly or beneficially, by each Director and Key Management Personnel, including their related entities, for the year ended 30 June 2024 are as follows:

	Held at 1 July 2023	Received as remuneration	Exercised	Forfeited rights due to milestones not met	Held at 30 June 2024	Vested and exercisable at year end
Directors						
Tim Levy[1]	4,724,039	-	(300,000)	-	4,424,039	4,424,039
Peter Pawlowitsch	-	-	-	-	-	-
Phil Warren	-	-	-	-	-	-
Matthew Stepka	-	-	-	-	-	-
Georg Ell	2,066,894	-	-	-	2,066,894	2,066,894
Jane Watts	-	-	-	-	-	-
Executives						
Crispin Swan[2]	3,487,087	3,553,147	(250,000)	(19,934)	6,770,300	3,492,729
Ben Jenkins[3]	2,075,732	1,296,534	(480,850)	(25,693)	2,865,723	573,301
Total	**12,353,752**	**4,849,681**	**(1,030,850)**	**(45,627)**	**16,126,956**	**10,556,963**

[1] *On 14 February 2024, Tim Levy exercised 300,000 Class A, B and C employee performance rights to acquire fully paid ordinary shares.*

[2] *On 3 July 2023, Crispin Swan was issued 1,184,382 STI 2024 performance rights and 2,368,765 LTI 2024 performance rights. In addition, on 16 October 2023, Crispin Swan exercised 100,000 Class C employee performance rights and 150,000 STI 2022 performance rights to acquire fully paid ordinary shares.*

[3] *On 3 July 2023, Ben Jenkins was issued 518,613 STI 2024 performance rights and 777,921 LTI 2024 performance rights. In addition, on 10 August 2023, 5 October 2023 and 8 January 2024, Ben Jenkins exercised 40,303 Class A employee performance rights, 373,409 STI 2023 performance rights and 67,138 Class D employee performance rights respectively to acquire fully paid ordinary shares.*

The following KMP performance rights were still vesting or held at 30 June 2024:

Name	Period of issue	Performance right class	Grant date	Vesting date	Expiry date	Number of performance rights	Total expense for current year ($)
Directors							
Tim Levy	Year ended 30 June 2020	Class A, B, C & D TL SP Performance Rights	1 May 2020	8 September 2021	30 June 2025	1,000,000	-
	Year ended 30 June 2021	STI Performance Rights - 2022 - TL and CS	9 June 2021	30 June 2022	30 June 2025	1,000,000	-
		STI Performance Rights - 2023 - TL and CS	9 June 2021	30 June 2023	30 June 2025	924,039	-
		LTI Performance Rights - 2023 - TL and CS	9 June 2021	30 June 2023	30 June 2025	1,500,000	-
Georg Ell	Year ended 30 June 2022	Class E3 Employee Performance Rights - FY22	16 August 2021	31 December 2022	30 June 2025	47,605	-
		Class F3 Employee Performance Rights - FY22	16 August 2021	31 December 2023	30 June 2025	47,605	-
	Year ended 30 June 2022	STI Performance Rights - 2022	7 September 2021	30 June 2022	30 June 2025	971,684	-
		STI Performance Rights - 2023	7 September 2021	30 June 2023	30 June 2025	1,000,000	-

Directors' Report

Remuneration report (Audited)

Name	Period of issue	Performance right class	Grant date	Vesting date	Expiry date	Number of performance rights	Total expense for current year ($)
Executives							
Ben Jenkins	Year ended 30 June 2023	Class B Employee Performance Rights - FY23	1 July 2022	30 June 2024	30 June 2026	40,303	7,264
		Class C Employee Performance Rights - FY23	1 July 2022	30 June 2025	30 June 2026	40,303	4,845
		Class D Employee Performance Rights - FY23	1 July 2022	31 December 2023	31 December 2026	-	6,413
		Class E Employee Performance Rights - FY23	1 July 2022	31 December 2024	31 December 2026	67,138	7,654
		Class F Employee Performance Rights - FY23	1 July 2022	31 December 2025	31 December 2026	67,138	5,471
		STI 2024 Performance Rights	25 April 2022	30 June 2024	30 June 2026	363,036	92,971
		LTI 2023 Performance Rights	25 April 2022	30 June 2025	30 June 2026	1,000,000	167,155
	Year ended 30 June 2024	STI 2024 Performance Rights - Class A[1]	3 July 2023	30 June 2024	30 June 2027	169,962	38,241
		STI 2024 Performance Rights - Class B[1]	3 July 2023	30 June 2025	30 June 2027	169,961	19,094
		STI 2024 Performance Rights - Class C[1]	3 July 2023	30 June 2026	30 June 2027	169,961	12,724
		LTI 2024 Performance Rights[1]	3 July 2023	30 June 2026	30 June 2027	777,921	58,237
Crispin Swan	Year ended 30 June 2022	STI Performance Rights 2022 - TL and CS	9 June 2021	30 June 2022	30 June 2025	614,286	-
		STI Performance Rights 2023 - TL and CS	9 June 2021	30 June 2023	30 June 2025	924,039	-
		LTI Performance Rights 2023 - TL and CS	9 June 2021	30 June 2023	30 June 2025	1,500,000	-
	Year ended 30 June 2023	Class D Employee Performance Rights - FY23	1 July 2022	31 December 2023	31 December 2026	66,254	6,329
		Class E Employee Performance Rights - FY23	1 July 2022	31 December 2024	31 December 2026	66,254	7,553
		Class F Employee Performance Rights - FY23	1 July 2022	31 December 2025	31 December 2026	66,254	5,399
	Year ended 30 June 2024	STI 2024 Performance Rights - Class A[1]	3 July 2023	30 June 2024	30 June 2027	388,150	87,334
		STI 2024 Performance Rights - Class B[1]	3 July 2023	30 June 2025	30 June 2027	388,149	43,607
		STI 2024 Performance Rights - Class C[1]	3 July 2023	30 June 2026	30 June 2027	388,149	29,058
		LTI 2024 Performance Rights[1]	3 July 2023	30 June 2026	30 June 2027	2,368,765	177,333

[1] *The STI 2024 Performance Rights and LTI 2024 Performance Rights issued during the year ended 30 June 2024 were valued at the share price on the grant date ($0.225)*

7. Other transactions and balances with KMP and their related parties

7.1 Key Management Personnel Loans

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

7.2 Other transactions with related parties

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

Grange Consulting Group Pty Ltd
Phil Warren, a Non-Executive Director of the Company, was also Managing Director and a shareholder of Grange Consulting Group Pty Ltd ("Grange"), a related party until 1 November 2023 when the company changed ownership and Phil Warren ceased his role of Managing Director.

	2024	2023
	$	$
Company secretarial and financial management services	58,062	88,579
Total	**58,062**	**88,579**

From the period 1 July 2023 to 31 October 2023, $58,062 was paid to Grange for financial management and company secretarial services. (2023: $88,579). No amounts were outstanding and payable to Grange as at 30 June 2024 (2023: $36,300).

8. Voting of shareholders at prior year's annual general meeting

Qoria Limited received more than 87% "yes" votes on its remuneration report for the 2023 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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

Signed in accordance with a resolution of the Directors.

Tim Levy
Managing Director
Qoria Limited

24 September 2024

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

As lead auditor of Qoria Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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

Jarrad Prue

Director

BDO Audit Pty Ltd

Perth

24 September 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue			
Revenue from ordinary activities	4	99,449,374	81,881,785
Other income		511,643	546,814
Gain on disposal of subsidiary		1,922,706	-
Expenses			
Direct costs	5	(30,615,908)	(27,108,296)
Employee benefits costs	5	(56,946,452)	(66,561,071)
Administration costs	5	(12,359,745)	(14,877,868)
Finance costs	5	(7,579,559)	(5,367,656)
Depreciation and amortisation	5	(31,515,188)	(24,009,325)
Acquisition related expenses		(605,875)	(1,546,931)
Share based payments - employment related	20	(11,453,519)	(20,341,673)
Share based payments - deferred consideration[1]		(8,676,413)	(18,551,118)
Unrealised gains/(losses) on foreign exchange		(3,023,424)	4,867,335
Loss before income tax		**(60,892,360)**	**(91,068,004)**
Income tax benefit	6	6,122,130	4,347,982
Loss after tax for the year attributable to the members of Qoria Limited		**(54,770,230)**	**(86,720,022)**
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		2,734,988	8,727,707
Total comprehensive loss for the year attributable to the members of Qoria Limited		**(52,035,242)**	**(77,992,315)**
Basic and diluted loss per share (cents per share) for the year attributed to the members of Qoria Limited	7	(4.87)	(10.33)

[1] Deferred consideration for the acquisition of Qustodio which was contingent on the continued employment of the recipients. As the consideration was contingent on employment, AASB 3 – Business Combinations required 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. See Note 16 - Deferred consideration for further details.

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

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 $	2023 $
ASSETS			
Current assets			
Cash and cash equivalents	8	9,386,112	6,620,286
Trade and other receivables	9	26,367,699	18,971,917
Prepayments		2,355,409	4,407,937
Inventory		1,054,757	1,134,169
Contract assets		2,651,466	2,527,592
Total current assets		**41,815,443**	**33,661,901**
Non-current assets			
Intangible assets	10	239,980,005	243,315,825
Plant and equipment	11	7,424,663	5,401,353
Right-of-use assets	12	4,003,359	4,023,306
Contract assets		1,032,858	895,497
Financial assets		229,470	215,007
Investments accounted for using the equity method		1,230,514	-
Deferred tax asset	6	1,689,722	-
Total non-current assets		**255,590,591**	**253,850,988**
Total assets		**297,406,034**	**287,512,889**
LIABILITIES			
Current liabilities			
Trade and other payables	13	25,977,153	24,291,447
Borrowings	15	6,239,773	13,002,062
Contract liabilities	4	55,421,731	42,670,210
Deferred consideration	16	471,639	6,878,438
Lease liabilities	12	1,445,380	1,453,153
Provisions	14	4,923,173	3,661,168
Total current liabilities		**94,478,849**	**91,956,478**
Non-current liabilities			
Borrowings	15	32,825,457	1,738,981
Contract liabilities	4	15,959,696	13,141,267
Deferred consideration	16	-	701,734
Lease liabilities	12	3,203,169	3,123,807
Provisions	14	470,870	449,550
Deferred tax liability	6	12,516,622	17,541,266
Total non-current liabilities		**64,975,814**	**36,696,605**
Total liabilities		**159,454,663**	**128,653,083**
Net assets		**137,951,371**	**158,859,806**
EQUITY			
Issued capital	17	340,257,548	331,923,526
Reserves	18	60,644,632	62,304,376
Accumulated losses	19	(262,950,809)	(235,368,096)
Total equity		**137,951,371**	**158,859,806**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Issued capital $	Share-based payments reserve $	Accumulated losses $	Foreign currency translation reserve $	Total $
Balance at 1 July 2023		**331,923,526**	**65,005,968**	**(235,368,096)**	**(2,701,592)**	**158,859,806**
Loss for the year		-	-	(54,770,230)	-	(54,770,230)
Total other comprehensive income		-	-	-	2,734,988	2,734,988
Total comprehensive loss for the year		-	-	(54,770,230)	2,734,988	(52,035,242)
Transaction with owners, directly recorded in equity:						
Issue of ordinary shares, net of transaction costs	17	8,334,022	-	-	-	8,334,022
Issue of options, performance rights & warrants	18	-	23,710,455	-	-	23,710,455
Reclassification from reserve to accumulated losses		-	(27,187,517)	27,187,517	-	-
Reversal of performance rights		-	(917,670)	-	-	(917,670)
Total transactions with owners		**8,334,022**	**(4,394,732)**	**27,187,517**	**-**	**31,126,807**
Balance at 30 June 2024		**340,257,548**	**60,611,236**	**(262,950,809)**	**33,396**	**137,951,371**

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

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024	2023
		$	**$**
Cash flows from operating activities			
Receipts from customers		97,494,167	74,932,391
Payments to suppliers and employees		(88,701,718)	(97,291,318)
Government grants received		126,774	73,200
Interest received		98,587	49,390
Interest paid		(2,248,691)	(884,647)
Income taxes paid		-	(516,869)
Net cash flows from/(used in) operating activities	21	**6,769,119**	**(23,637,853)**
Cash flows from investing activities			
Investment in businesses net of cash acquired		(1,908,062)	(19,864,160)
Investment in development assets		(19,554,720)	(1,810,344)
Payments for plant and equipment		(5,968,898)	(4,158,928)
Proceeds from disposal of investments		1,965,164	136,193
Net cash flows (used in) investing activities		**(25,466,516)**	**(25,697,239)**
Cash flows from financing activities			
Proceeds from issue of shares net of transaction costs		137,761	19,560,725
Proceeds from borrowings net of transaction costs		32,945,339	5,143,056
Repayment of borrowings		(9,416,508)	(2,099,639)
Repayment of lease liabilities		(1,999,380)	(1,623,326)
Net cash flows from financing activities		**21,667,212**	**20,980,816**
Net increase/(decrease) in cash and cash equivalents		**2,969,815**	**(28,354,276)**
Cash and cash equivalents at the beginning of the year		6,620,286	32,746,157
Effects of changes in foreign exchange rates		(203,989)	2,228,405
Cash and cash equivalents at the end of the year	8	**9,386,112**	**6,620,286**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 1: Reporting entity

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Group are as at and for the year ended 30 June 2024 and are presented in Australian dollars ("AUD") as the Group's presentation currency. Qoria Limited is a for-profit entity.

a. Going concern

The financial statements for the year ended 30 June 2024 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 generated net cash outflows from operating and investing activities of $18,697,397 (2023: $49,335,092).

As at 30 June 2024, the Group had a working capital deficit of $52,663,406 (30 June 2023: $58,294,577). On a proforma basis, excluding current contract liabilities of $55,421,731 (2023: $42,670,210) the Group had a working capital surplus of $2,758,325, not including the additional $10,000,000 facility entered into on 26 July 2024 (30 June 2023: $14,725,633 working capital surplus including AshGrove Capital Management Ltd facility of $30,350,000 that was available at that date.). Refer Note 15 - 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 and continued strong financial management. The Directors believe the Group will have sufficient cash flows to meet all commitments and working capital requirements.

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 2: Basis of preparation (continued)

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.

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

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

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

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

c. Standards issued but not yet effective

Certain new and amended accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2024. They have not been adopted in preparing the financial statements for the year ended 30 June 2024 (with the exception of the below) and are not expected to impact the entity in the period of initial application.

AASB 18 (issued June 2024) - Presentation and disclosure in financial statements

Effective for annual reporting periods beginning on or after 1 January 2027. AASB 18 replaces *AASB 101 - Presentation of Financial Statements* and requires income and expenses to be classified in profit or loss as one of the five categories, being investing, financing, income taxes, discontinued operations and operating (which is the residual category). There are also two mandatory sub-totals:

- Operating profit or loss
- Profit or loss before financing and income taxes, which comprises operating profit or loss and all investing income and expenses.

d. Use of estimates and judgements

Significant judgements and key assumptions

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 2: Basis of preparation (continued)

d. Use of estimates and judgements (continued)

(i) Revenue from contracts with customers

The Group considers contracts for the provision of services which are bundled with hardware or other goods and judges whether or not these contain separately identifiable performance obligations. Where hardware and software are interdependent on one another and cannot be separated, they are bundled together to form one bundled performance obligation. In determining the transaction price for contracts with customers the Group considers the existence of significant financing components for long term contracts. Where a significant discount is provided for upfront payment of the contract value, the value of the contract is adjusted to account for any financing expenses which may be implicit within the contract. The Group also considers whether it is a principle or an agent with regard to any contracts in which it deals with third parties in order to determine the contract value. In doing so, it makes an assessment surrounding the control of goods as well as the risks and responsibilities associated with the contract.

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

(ii) Share-based payments

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 2: Basis of preparation (continued)

d. Use of Estimates and Judgements (continued)

(iv) Business combinations

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

The fair value of intangible assets acquired have been determined using the income approach, including excess earnings method and relief from royalty method. Significant judgement is required in determination of the inputs applied in these models (including discount rate and growth rates). See Note 24 - Business combinations for further details.

(v) Deferred consideration

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

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

(vi) Allowance for expected credit losses

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

(vii) Estimation of useful lives of assets

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

(viii) Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 10 - Intangible assets. The recoverable amounts of cash-generating units (CGUs) have been determined based on their fair value less disposal costs. These calculations require the use of assumptions, including estimated

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 2: Basis of preparation (continued)

d. Use of Estimates and Judgements (continued)

transaction multiples, revenues and disposal cost estimates. Refer to Note 10 - Intangible assets for further information.

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

(ix) Recoverability of deferred tax assets

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

(x) Fair value measurement hierarchy

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

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

(xi) 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 quantity of staff time spent on qualifying development activities. Management will capitalise development costs for new additions to existing products where it is determined that they enhance the product's expected future economic benefits.

Note 3: Material accounting policies

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

a. Trade and other receivables

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

The Group applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In determining the provision required, the Group utilises its

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 3: Material accounting policies (continued)

a. Trade and other receivables (continued)

historical credit loss experience adjusted, where appropriate, for forward-looking factors specific to the receivables and the economic environment.

b. Research and development expense

The Group expenses all research costs as incurred. The Group will only record a development asset in accordance with the policy set out in Note 10. The amounts incurred in relation to patent development costs and patent applications are expensed until the Group has received formal notification that a patent has been granted. The Group believes expensing patent development and application costs provides the most relevant and reliable information to financial statement users. During the period of development, the asset is tested for impairment annually.

c. Impairment of non-financial assets

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

d. Deferred consideration

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

e. Borrowings

Borrowings - Convertible notes

Convertible notes issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder or at the option of the issuer in certain circumstances. The notes include embedded derivative liability representing a conversion feature to convert a variable amount of liability in the functional currency based on a fixed conversion price. The Company had elected upon initial recognition of the convertible notes (including its embedded derivative) to recognise the whole instrument as a financial liability carried at fair value through profit or loss. On initial recognition the fair value of the convertible note will equate to the fair value of consideration paid, as no gain or loss on initial recognition can be recognised per the requirements of AASB 9 - Financial Instruments. The financial liability will subsequently be measured at fair value at each reporting period or until settlement and fair value movements will be recognised in the profit or loss as finance cost.

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

Borrowings - AshGrove

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 3: Material accounting policies (continued)

f. Cash and cash equivalents

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

g. Value-added taxes

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

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

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

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

h. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 3: Material accounting policies (continued)

h. Foreign currency translation (continued)

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

i. Basis of consolidation

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

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

Note 4: Revenue

Accounting policy

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

Subscription revenues

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

Bundle revenues

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

Significant financing components

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

Sales of hardware

Revenue from the sale of standalone equipment is recognised at the point in time that control of the asset is transferred to the customer, generally upon delivery of the equipment. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 4: Revenue (continued)

determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any.

Contract balances

Contract Assets

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

Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets at Note 22 - Financial Instruments.

Contract liabilities

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

Capitalised contract cost

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

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

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

Prepaid commissions

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

Operating Revenue	**2024**	**2023**
	$	**$**
Service revenue[1]	99,449,374	81,881,785
	99,449,374	**81,881,785**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 4: Revenue (continued)

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 or at a point in time. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Timing of revenue recognition – 30 June 2024	Service Revenue: Education	Service Revenue: Consumer	Total
Over time	74,169,234	25,280,140	99,449,374
Total	**74,169,234**	**25,280,140**	**99,449,374**

Geographical regions - 30 June 2024	Service Revenue: Education	Service Revenue: Consumer	Total
Australia	3,527,715	58,425	3,586,140
New Zealand	1,619,751	-	1,619,751
UK	31,725,828	2,571,408	34,297,236
USA	37,096,235	11,118,105	48,214,340
Europe	-	11,044,721	11,044,721
Rest of the world	199,705	487,481	687,186
Total	**74,169,234**	**25,280,140**	**99,449,374**

Timing of revenue recognition – 30 June 2023	Service Revenue: Education	Service Revenue: Consumer	Total
Over time	62,627,817	19,253,968	81,881,785
Total	**62,627,817**	**19,253,968**	**81,881,785**

Geographical regions - 30 June 2023	Service Revenue: Education	Service Revenue: Consumer	Total
Australia	2,578,495	394,390	2,972,885
New Zealand	1,503,027	-	1,503,027
UK	26,602,769	845,288	27,448,057
USA	30,982,722	3,999,545	34,982,267
Europe	635,396	13,677,496	14,312,892
Rest of the world	325,408	337,249	662,657
Total	**62,627,817**	**19,253,968**	**81,881,785**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 4: Revenue (continued)

Reconciliation of movements in contract liabilities:

Contract Liabilities	**$**
Balance at 1 July 2022	**41,602,660**
Additions arising from business combination – Qustodio[1]	7,381,398
Additions arising from business combination – Educator Impact[1]	651,988
Additions during the year	84,932,717
Recognised within service revenue	(81,881,785)
Other including foreign exchange movements	3,124,499
Balance at 30 June 2023	**55,811,477**
Additions during the year	114,622,190
Recognised within service revenue	(99,449,374)
Other including foreign exchange movements	397,134
Balance at 30 June 2024	**71,381,427**

[1] Refer to Note 24 – Business Combinations

As at 30 June 2024 $55,421,731 (2023: $42,670,210) has been recognised as current contract liabilities representing services to be provided within the next 12 months. A further $15,959,696 (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 the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. $42,670,210 of revenue was recognised in the current reporting period (2023: $29,312,838) relating to carried-forward contract liabilities or performance obligations satisfied in a prior year. $71,381,427 (2023: $55,811,477) of transaction price relates to unsatisfied performance obligations that will be satisfied in the future financial periods.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 5: Expenses

	2024	2023
Direct costs	**$**	**$**
Data and hosting costs	10,406,006	9,963,456
Service costs	9,751,120	4,623,074
Marketing	8,119,380	6,441,449
Hardware costs	275,227	3,615,567
Other costs	2,064,175	2,464,750
	30,615,908	**27,108,296**
Employee and director benefits cost		
Employee wages and superannuation	46,419,404	54,299,380
Staff and contractor commissions	4,641,599	3,693,868
Other employee costs	5,885,449	8,567,823
	56,946,452	**66,561,071**
Administration		
IT costs	5,336,385	4,652,752
Corporate and compliance costs	2,016,957	2,067,889
General administrative costs	4,175,577	7,828,050
Legal costs	830,826	329,177
	12,359,745	**14,877,868**
Depreciation and amortisation		
Amortisation of intangible assets	26,374,748	20,211,555
Depreciation of plant and equipment	3,560,242	2,329,396
Amortisation of right-of-use assets accounted for under AASB 16	1,580,198	1,468,374
	31,515,188	**24,009,325**
Finance costs		
AshGrove interest (cash)	2,405,163	-
AshGrove interest (capitalised against borrowings)	1,536,294	-
AshGrove transaction costs amortised over the term of the facility	983,109	-
Convertible note interest (cash)	620,785	704,426
Convertible note interest (paid through issue of ordinary shares)	254,468	227,278
Interest on other borrowings (cash)	120,951	84,720
Lease interest accounted for under AASB 16	345,308	288,245
Effective interest accounted for under AASB 15	1,238,895	2,917,925
Other non-cash interest	74,586	1,145,062
	7,579,559	**5,367,656**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 6: Income tax

		2024 $	2023 $
(a)	**The major components of income tax expense / (benefit) comprise of:**		
	Current tax benefit	(208,420)	17,220
	Deferred tax benefit	(6,714,365)	(4,365,202)
	Under/ (over) provision in prior years	800,655	-
	Total income tax expense from continuing operations	**(6,122,130)**	**(4,347,982)**
	Deferred income tax expense/ (revenue) included in income tax expense comprises:		
	Decrease/ (increase) in deferred tax assets (DTAs)	(1,689,721)	-
	(Decrease)/ increase in deferred tax liabilities (DTLs)	(5,024,644)	(4,365,202)
		(6,714,365)	**(4,365,202)**
(b)	**The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:**		
	Profit / (loss) before tax for the year	(60,892,360)	(91,068,001)
	Prima facie tax payable on profit from ordinary activities before income tax at 30.0%	(18,267,708)	(27,320,400)
	Adjustments for:		
	Share-based payments	3,440,063	6,014,072
	Non-deductible expenditure	2,208,904	63,436
	Foreign tax rate differential	(540,908)	(1,527,745)
	Tax losses and temporary differences not recognised	6,236,864	18,422,655
	Under/ (over) provision in prior years	800,655	
	Income tax expense / (benefit) attributable to loss	**(6,122,130)**	**(4,347,982)**
(c)	**Unrecognised deferred tax assets**		
	Unrecognised deferred tax asset balance comprises:		
	Tax losses - Australia	27,943,550	22,110,173
	Tax losses - Foreign	18,657,826	20,595,753
	Intangible assets	-	1,212,227
	Plant and equipment and right-of-use assets	449,889	625,151
	Provisions and accruals	1,331,994	1,166,912
	Other temporary differences	5,725,490	1,226,781
	Capital and business related costs	782,202	1,128,291
		54,890,951	**48,065,288**
	Offset against deferred tax liability not recognised	(4,181,478)	(2,676,431)
	Net deferred tax assets unrecognised	**50,709,473**	**45,388,857**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 6: Income tax (continued)

		2024 $	2023 $
(d)	**Recognised deferred tax assets/liabilities**		
	Deferred tax asset balance comprises:		
	Other temporary differences	(5,073)	-
	Spanish R&D tax receivable	768,333	-
	Intangible assets	926,462	-
	Net deferred tax asset recognised	**1,689,722**	**-**
	Deferred tax liability balances comprises:		
	PPE and Intangible assets	3,824,222	612,916
	Right-of-use asset	357,256	950,751
	Foreign exchange	-	1,112,764
	Intangibles acquired via business combination	12,516,622	17,541,266
		16,698,100	**20,217,697**
	Offset against deferred tax assets / not recognised	(4,181,478)	(2,676,431)
	Net deferred tax liability recognised	**12,516,622**	**17,541,266**
(e)	**Deferred tax liability arising from intangibles acquired via business combinations**		
	Opening balance	17,541,266	12,002,697
	Initial recognition from acquisitions	(313,466)	9,057,508
	Derecognition from divestment	229,546	846,264
	Unwinding of deferred tax liabilities during the period	(4,940,724)	(4,365,203)
	Deferred tax liability from intangibles acquired via business combinations	**12,516,622**	**17,541,266**
(f)	**Deferred income tax related to items charged or credited directly to equity**		
	Decrease / (increase) in deferred tax assets	(27,510)	268,583
	Adjust for derecognition / offset of DTA/DTL	27,510	(268,583)
	Total items charged or credited directly to equity	-	-

Total tax losses (tax effected) of $50,478,816 (2023: $42,705,926) have not been brought to account for the year ended 30 June 2024.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 7: Loss per share

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

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

	2024	2023
	$	$
Loss used in the calculation of basic and diluted loss per share	(54,770,230)	(86,720,022)
Basic and diluted (loss) per share attributable to equity holders (cents per share)	(4.87)	(10.33)

	Number	Number
Weighted average number of ordinary shares outstanding	1,124,893,274	839,588,868
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	**1,124,893,274**	**839,588,868**

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

Note 8: Cash and cash equivalents

	2024	2023
	$	$
Cash at bank	9,386,112	6,620,286
Total cash and cash equivalents	**9,386,112**	**6,620,286**

Cash at bank earns interest at floating rates based on daily bank rates. Refer to Note 22 - Financial Instruments for details regarding the Group's exposure to risk in respect of its cash balances.

Note 9: Trade and other receivables

	2024	2023
	$	$
Current:		
Trade receivables	21,999,808	14,053,703
Less provision for expected credit losses	(417,387)	(350,522)
	21,582,421	**13,703,181**
Other current receivables:		
GST, VAT & other sales tax receivables	3,450,836	2,746,797
R&D grant receivables	-	799,158
Other receivables	1,334,442	1,722,781
Total trade and other receivables	**26,367,699**	**18,971,917**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 10: Intangible assets

Accounting policy

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and impairment, if any. Gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

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

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; when the Group is able to use or sell the asset; when the Group has sufficient resources and intent to complete the development; and when its costs can be measured reliably. Development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Customer contracts and relationships

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

Software

Software acquired as part of a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 - 7 years.

Brand names

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

	2024	**2023**
	$	**$**
Goodwill at cost	169,692,072	169,941,625
Software at cost	57,915,239	63,401,022
Less: accumulated amortisation and impairment	(34,211,865)	(29,262,801)
Customer lists at cost	42,404,275	43,712,631
Less: accumulated amortisation and impairment	(21,927,454)	(11,853,426)
Branding at cost	6,616,747	6,673,030
Less: accumulated amortisation and impairment	(1,266,548)	(832,453)
Development assets at cost	25,243,104	1,843,436
Less: accumulated amortisation and impairment	(4,485,565)	(307,239)
	239,980,005	**243,315,825**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 10: Intangible assets (continued)

Intangible Assets	**Goodwill**	**Software**	**Customer contracts**	**Branding**	**Development assets**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2022	130,698,211	31,857,411	13,728,473	5,924,618	-	182,208,713
Additions arising from business combinations - Qustodio[1]	21,599,257	8,674,904	21,902,959	-	-	52,177,120
Additions arising from business combinations - Educator Impact[1]	5,925,498	94,200	3,660,618	-	-	9,680,316
Additions - Development assets	-	-	-	-	1,843,436	1,843,436
Amortisation expense	-	(9,438,087)	(10,045,681)	(420,548)	(307,239)	(20,211,555)
Foreign exchange movements	11,718,659	2,949,794	2,612,835	336,507	-	17,617,795
Balance at 30 June 2023	**169,941,625**	**34,138,222**	**31,859,204**	**5,840,577**	**1,536,197**	**243,315,825**
Additions - Development assets	-	-	-	-	23,434,822	23,434,822
Disposals	-	(325,676)	(822,289)	-	-	(1,147,965)
Amortisation expense	-	(10,326,563)	(11,360,918)	(446,960)	(4,240,307)	(26,374,748)
Foreign exchange movements	(249,553)	217,391	800,824	(43,418)	26,827	752,071
Balance at 30 June 2024	**169,692,072**	**23,703,374**	**20,476,821**	**5,350,199**	**20,757,539**	**239,980,005**

[1] *Refer to Note 24 – Business Combinations*

Impairment of intangible assets

Goodwill is not amortised. Instead, it is tested at least annually for impairment. The Group performed this annual impairment testing as at 30 April 2024 and thereafter assessed whether there were indicators of any impairment as at balance date 30 June 2024.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 10: Intangible assets (continued)

Management has assessed that the lowest level at which Goodwill is monitored is at the four operating segments reporting to the Managing Director and Board of Directors being USA, UK, Australia & New Zealand ("ANZ") and Europe ("EU"). Consistent with the approach taken in previous periods, management has allocated Goodwill in relation to the Qustodio and Educator Impact acquisitions as at 30 June 2024 by attributing it proportionally to the relative size of the markets made available to these businesses by joining the Qoria Group. Goodwill recognised as a result of the Qustodio business combination is allocated to the USA, UK, ANZ and Europe CGUs, while Goodwill recognised in relation to the Educator Impact business combination is allocated to the USA, UK and ANZ CGUs. Likewise, Goodwill in relation to the Smoothwall acquisition has been allocated by attributing the relative forecast improvement in performance of each CGU as a result of the expected synergies obtained and Goodwill in relation to the Cipafilter acquisition is allocated to the USA CGU. Development assets have been allocated to CGU's based on the origin of economic benefits expected from the use of these assets.

Impairment testing using fair value less cost to dispose ("FVLCD") uses market-based valuation techniques based on key inputs derived from the Group's key financial information as well as observable inputs based on market information for similar market participants. The valuation is measured using inputs that are not based on observable market data and therefore they are considered to be level 3 inputs within the fair value hierarchy in AASB 13 - Fair Value Measurement. FVLCD was considered to be the appropriate methodology for impairment testing given the availability and reliability of revenue and market data now available for this purpose.

Key assumption	USA	UK	EU	ANZ
Carrying amount	111,963,097	97,004,047	25,738,518	17,429,524
Revenue	36,344,703	32,126,983	23,543,808	5,133,225
Revenue multiple	4.7x	4.7x	5.3x	4.7x

For the purpose of this assessment:

Carrying amount - Represents the total written down value of all relevant assets including intangible assets, goodwill, plant and equipment and right-of-use assets as at the date of annual impairment testing on 30 April 2024 allocated to each CGU.

Revenue – Represents each CGU's revenue rate as at the date of annual impairment testing on 30 April 2024.

Revenue multiple – Represents a market-based assessment of each CGU's expected revenue-based transaction multiple for a typical market participant, with specific consideration to recent transactions with a similar nature to the operations of the Group as assessed by an external expert as part of annual impairment testing on 30 April 2024.

Sensitivity analysis

Management recognises that the actual revenues and transaction multiples may vary from what has been estimated as part of the annual impairment testing. Fair value estimates may be sensitive to the achievement of revenue assumptions. The Group's position is that a reasonable possible change in this key input would be free of impairment at reporting date. Changes in any of the aforementioned assumptions may be accompanied by changes in other assumptions, which may have an offsetting impact.

Based on the above impairment testing, the recoverable amount of each CGU exceeds carrying amount and as such no impairment has been identified.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 11: Plant and equipment

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

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

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

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

	2024	**2023**
	$	**$**
Plant & equipment – at cost	16,628,358	11,161,910
Less: accumulated depreciation	(9,203,695)	(5,760,557)
	7,424,663	**5,401,353**

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[1]	128,814
Additions	4,485,233
Depreciation expense	(2,329,396)
Foreign exchange movements	(45,287)
Balance at 30 June 2023	**5,401,353**
Additions	5,593,206
Depreciation expense	(3,560,242)
Foreign exchange movements	(9,654)
Balance at 30 June 2024	**7,424,663**

[1] *Refer to Note 24 – Business Combinations*

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

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

a) Amounts recognised in the balance sheet

Right-of-use assets

	2024	2023
	$	$
Land and buildings – right-of-use assets	7,869,250	6,683,032
Less: accumulated amortisation	(3,865,891)	(2,659,726)
Total right-of-use assets	**4,003,359**	**4,023,306**

Lease liabilities

	2024	2023
Current	$	$
Lease liability	1,445,380	1,453,153
Total current lease liability	**1,445,380**	**1,453,153**
Non-current		
Lease liability	3,203,169	3,123,807
Total non-current lease liability	**3,203,169**	**3,123,807**
Total lease liabilities	**4,648,549**	**4,576,960**

b) Amounts recognised in the statement of profit or loss

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

	2024	2023
	$	$
Depreciation of right-of-use assets	1,580,198	1,468,374
Interest expense	345,308	288,245
Expense relating to short-term leases (included in administrative expenses)	-	46,550

Note 13: Trade and other payables

	2024	2023
	$	$
Trade payables[1]	7,936,314	8,712,325
VAT, GST and other sales taxes payable	4,509,729	3,162,877
Employment-related payables	7,085,302	6,931,915
Accruals & other payables	6,445,808	5,484,330
Total trade and other payables	**25,977,153**	**24,291,447**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 14: Provisions

	2024	2023
Current:	**$**	**$**
Employee leave provisions - Long service leave	531,831	212,536
Employee leave provisions - Annual leave	4,391,342	3,448,632
Total current provisions	**4,923,173**	**3,661,168**
Non-current:		
Employee leave provisions - Long service leave	470,870	449,550
Total non-current provisions	**470,870**	**374,179**
Total provisions	**5,394,043**	**4,035,347**

Note 15: Borrowings

	2024	2023
Current:	**$**	**$**
Convertible notes[1]	6,239,773	11,309,094
Loans from Santander Bank and Caixa Bank	-	1,591,437
Other loan facilities	-	101,531
Total current borrowings	**6,239,773**	**13,002,062**
Non-current:		
AshGrove funding principal	37,850,000	-
AshGrove capitalised interest	1,536,294	-
AshGrove capitalised transaction costs	(6,560,837)	-
Loans from Santander Bank and Caixa Bank	-	1,738,981
Total non-current borrowings	**32,825,457**	**1,738,981**

[1] The Group repaid all notes owed to W8 Ventures LLC on 16 August 2024. Balance in 2023 represents notes payable to Kibo Ventures LLC ("Kibo") and W8 Ventures LLC ("W8"). 7,489 notes were issued to Kibo and W8 on 1 August 2022 at a face value of USD$1,000. 3,328 of these notes were convertible at the option of the holder (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 accrued daily at a rate of 8% per annum and was paid in cash, quarterly in arrears. The Group repaid all notes owing to Kibo with a cash payment of $5,107,652 AUD on 13 February 2024. The remaining 4,161 were convertible at the option of the holder (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 (now repaid) accrued daily at a rate of 10% per annum and was paid 60% in cash and 40% in issue of shares quarterly in arrears. Note holders could also elect to have all or a portion of their debt repaid in cash if they did not wish to convert at the end of the conversion period. The fair value at acquisition date for all notes was determined with reference to the comparable price per share paid to other vendors of Qustodio, used to determine the number of notes issued.

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. 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. On 31 January 2024, a $13,500,000 drawdown on the original debt facility was made and two additional drawdowns of $2,000,000 each were made on 1 March 2024 and 2 April 2024.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 15: Borrowings (continued)

The term of the facility is 5 years and the interest rate is 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 along with various other conditions of default customary for a facility of this kind.

Terms and conditions currently include a monthly-tested liquidity covenant that requires a minimum cash balance to be held and a quarterly-tested ARR-to-debt ratio commencing from the quarter-ended 30 September 2023. For this purpose ARR is a non-IFRS measure agreed with AshGrove by the Group to assess its contracted recurring revenues.

In future periods, from the quarters ended 31 December 2025 and 30 June 2026 respectively, there will also be two quarterly-tested debt-to-EBITDA ratios included within the terms and conditions.

Transaction costs associated with the facility totalling $4,942,013 and warrant share based payment expense totalling $2,602,933 have been capitalised against the loan as at 30 June 2024 and amortised over the term of the loan in accordance with AASB 9 - Financial Instruments. Refer to Note 18 - Reserves for further details relating to these warrants.

Subsequent to balance date, on 26 July 2024 the Company increased this debt facility by $10,000,000, from $37,850,000 to $47,850,000, which it drew down on 2 August 2024.

Note 16: Deferred consideration

	2024	2023
Current:	**$**	**$**
Deferred Consideration – Cipafilter[1]	471,639	1,446,477
Deferred Consideration – Qustodio[2]	-	650,222
Deferred Consideration – Educator Impact[3]	-	4,781,739
Total current deferred consideration	**471,639**	**6,878,438**
Non-Current:		
Deferred Consideration – Cipafilter[1]	-	701,734
Total non-current deferred consideration	**-**	**701,734**
Total deferred consideration	**471,639**	**7,580,172**

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

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

[3] Convertible performance consideration was due on 30 June 2024 unless a revenue-based performance target was met sooner. Refer to Note 24 – Business Combinations. Convertible performance consideration and any accrued interest was convertible at the election of the sellers at $0.60 per fully paid ordinary share. If the revenue-based performance target was met sooner than 30 June 2024, convertible performance consideration may have been converted to fully paid ordinary shares early at the election of the sellers but not settled in cash. On 23 April 2024, 14,736,265 ordinary shares were issued as full and final payment for this deferred consideration.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 17: Issued capital

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

	2024 Number of Shares	2023 Number of Shares
Issued ordinary shares - no par value (fully paid)	1,191,582,155	1,057,930,869
Treasury Shares	(3,615,895)	(2,643,788)
Total	**1,187,966,260**	**1,055,287,081**

(a) Ordinary shares

	Number of Shares	Value $
Opening balance – 1 July 2022	**821,925,394**	**294,524,795**
Issue of placement shares	143,605,425	19,599,985
Convertible note interest	220,721	163,918
Qustodio consideration shares issued	19,653,323	6,486,012
Educator Impact consideration shares issued	9,744,567	3,118,261
Shares issued on exercise of zero exercise price options	120,000	-
Shares issued on exercise of seller/advisor options1	1,506,600	406,422
Shares issued on exercise of Director options	3,000,000	630,000
Shares issued on exercise of performance rights	16,036,127	-
Repayment of working capital facility by issued of shares	27,777,778	4,444,444
Shares issued in lieu of cash remuneration or as incentive	11,697,146	3,444,966
Cost of shares issued	-	(895,277)
Closing balance – 30 June 2023	**1,055,287,081**	**331,923,526**
Convertible note interest	689,947	255,518
Qustodio deferred consideration shares issued	1,411,919	601,477
Shares issued upon vesting of Qustodio deferred consideration rights	80,527,017	-
Shares issued as Educator Impact deferred consideration	14,736,265	5,213,268
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	24,407,893	-
Shares issued in lieu of cash remuneration or as incentive	9,286,138	2,118,444
Cost of shares issued	-	(91,700)
Closing balance – 30 June 2024	**1,187,966,260**	**340,257,548**
Add: Closing balance of shares in QOR Trustee Account	3,615,895	
	1,191,582,155	

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 17: Issued capital (continued)

(b) Treasury shares

	Number of shares
Opening balance - 1 July 2022	-
Acquisition of shares by the Trust	17,300,000
Issued of deferred shares under the Company's Employee Incentive Plan	(14,656,212)
Closing balance – 30 June 2023	**2,643,788**
Acquisition of shares by the Trust	35,786,138
Issued of deferred shares under the Company's Employee Incentive Plan	(34,814,031)
Closing balance – 30 June 2024	**3,615,895**

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 (refer to Note 2(a)).

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

Note 18: Reserves

Nature and purpose of share-based payments reserve

The share-based payments reserve records the value of options, performance rights, warrants 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.

	2024 $	2023 $
Options	15,017,771	13,755,919
Performance shares	-	18,491,584
Performance rights	42,991,532	32,758,465
Warrants	2,601,933	-
Total share-based payments reserve	**60,611,236**	**65,005,968**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

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.

	2024 $	2023 $
Foreign currency translation reserve	33,396	(2,701,592)
Total foreign currency translation reserve	**33,396**	**(2,701,592)**

(a) Options

Reconciliation of movement in option reserve:

	Number of options	Expense recognised $
Opening balance - 1 July 2022	**21,437,500**	**11,436,735**
Director options issued to Phil Warren and Matthew Stepka	2,800,000	76,409
Options issued for company secretarial services	350,000	55,178
Share-based payments expense in respect to employee options granted	240,000	98,400
Share-based payments expense in respect to Director options on issue as at 1 July 2022	-	1,727,915
Share-based payments expense in respect of working capital facility options	4,000,000	361,282
Exercised during the year	(5,126,500)	-
Lapsed/forfeited during the year	(531,000)	-
Closing balance – 30 June 2023	**23,170,000**	**13,755,919**
Issue of Non-Executive Director Options	2,042,040	287,020
Issue of Executive Director Options	7,084,081	578,585
Share-based payments expense in respect to Director options on issue as at 1 July 2022	-	396,247
Exercised during the year	(1,120,000)	-
Lapsed/forfeited during the year	(5,222,913)	-
Closing balance – 30 June 2024	**25,953,208**	**15,017,771**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

Options outstanding as at 30 June 2024

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

Options	Grant date	Expiry date	Exercise Price ($)	Balance at start of Period (Number)	Granted During the Period (Number)	Exercised during the Period (Number)	Forfeited/lapsed during the Period (Number)	Balance at Period end (Number)	Vested and exercisable at Period end (Number)
Director options	30/06/2020	07/07/2023	0.21	1,000,000	-	(1,000,000)	-	-	-
Advisor options	30/06/2020	13/07/2023	0.24	700,000	-	-	(700,000)	-	-
Director options	09/06/2021	30/06/2025	0.50	4,500,000	-	-	(4,500,000)	-	-
Company Secretary options	01/09/2021	30/06/2025	0.55	500,000	-	-	-	500,000	500,000
Director ZEPOs	19/11/2021	30/11/2024	0.00	2,000,000	-	-	-	2,000,000	2,000,000
Director options	24/01/2022	31/12/2025	0.60	2,100,000	-	-	-	2,100,000	1,400,000
WC Facility Options	18/01/2022, 01/08/2022 & 24/03/2023	31/01/2026	0.60	7,000,000	-	-	-	7,000,000	7,000,000
Director options	02/06/2022	31/12/2025	0.60	2,100,000	-	-	-	2,100,000	1,400,000
ZEPOs	16/08/2022	30/06/2025	0.00	120,000	-	(120,000)	-	-	-
Co sec options	22/08/2022	31/12/2025	0.60	350,000	-	-	-	350,000	350,000
Director options	29/11/2022	31/12/2025	0.60	2,800,000	-	-	-	2,800,000	1,400,000
Non-executive director options	01/07/2023	30/06/2027	0.00	-	2,042,040	-	-	2,042,040	680,680
Executive director STI options	01/07/2023	30/06/2027	0.00	-	1,361,360	-	(22,913)	1,338,447	1,338,447
Executive director LTI options	01/07/2023	30/06/2027	0.00	-	2,722,721	-	-	2,722,721	-
Executive director TSR options	01/07/2023	30/06/2027	0.36	-	3,000,000	-	-	3,000,000	-
Total				**23,170,000**	**9,126,121**	**(1,120,000)**	**(5,222,913)**	**25,953,208**	**16,069,127**

The following options were issued to Directors and other Key Management Personnel during the current year ended 30 June 2024:

Name	Security class	Grant date	Vesting date	Expiry date	Number of options	Total expense for current year ($)
Tim Levy	Executive Director STI options1	17 August 2023	30 June 2024	30 June 2027	1,338,447	307,843
	Executive Director LTI options	17 August 2023	30 June 2026	30 June 2027	2,722,721	208,742
	Executive Director TSR options	17 August 2023	30 June 2026	30 June 2027	3,000,000	62,000
Peter Pawlowitsch	Non-executive Director Options - Tranche 1	17 August 2023	30 June 2024	30 June 2027	226,893	52,185

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

Name	Security class	Grant date	Vesting date	Expiry date	Number of options	Total expense for current year ($)
Peter Pawlowitsch	Non-executive Director Options - Tranche 2	17 August 2023	30 June 2025	30 June 2027	226,893	26,093
	Non-executive Director Options - Tranche 3	17 August 2023	30 June 2026	30 June 2027	226,893	17,395
Phil Warren	Non-executive Director Options - Tranche 1	17 August 2023	30 June 2024	30 June 2027	113,447	26,093
	Non-executive Director Options - Tranche 2	17 August 2023	30 June 2025	30 June 2027	113,447	13,046
	Non-executive Director Options - Tranche 3	17 August 2023	30 June 2026	30 June 2027	113,447	8,698
Matthew Stepka	Non-executive Director Options - Tranche 1	17 August 2023	30 June 2024	30 June 2027	136,136	31,311
	Non-executive Director Options - Tranche 2	17 August 2023	30 June 2025	30 June 2027	136,136	15,656
	Non-executive Director Options - Tranche 3	17 August 2023	30 June 2026	30 June 2027	136,136	10,437
Georg Ell	Non-executive Director Options - Tranche 1	17 August 2023	30 June 2024	30 June 2027	90,757	20,874
	Non-executive Director Options - Tranche 2	17 August 2023	30 June 2025	30 June 2027	90,757	10,437
	Non-executive Director Options - Tranche 3	17 August 2023	30 June 2026	30 June 2027	90,757	6,958
Jane Watts	Non-executive Director Options - Tranche 1	17 August 2023	30 June 2024	30 June 2027	113,447	26,093
	Non-executive Director Options - Tranche 2	17 August 2023	30 June 2025	30 June 2027	113,447	13,046
	Non-executive Director Options - Tranche 3	17 August 2023	30 June 2026	30 June 2027	113,447	8,698

[1] For the STI 2024 options issued to Tim Levy during the year ended 30 June 2024, 20% of the milestones targets were linked to cash EBITDA, 20% to annual recurring revenue (ARR), 20% to job performance and 20% to employee engagement score. All of these milestones vested at 100%. The remaining 20% were linked to operating cash flow. A 62.6% increase in operating cash flow from prior year that was achieved resulting in a payment of 91.6% of the total rights allocated to this milestone. The expense recognised during the period was adjusted accordingly. As a result, 22,913 options were forfeited. The above table details the closing number of options following the forfeiture.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

i. Non-Executive Director Options

On 17 August 2023, the Shareholders 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. The Non-Executive Director options (as detailed in the table above) are subject to the following vesting conditions:

Tranche	Vesting condition
Tranche 1	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2024.
Tranche 2	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2025.
Tranche 3	Continued service of the holder as a Director, consultant or employee of the Company until 30 June 2026.

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	$0.00
Total valuation	$469,669
Expense recognised in the period	$287,020
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 Shareholders 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**
Executive Director 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	

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

These options have been valued using the share price on grant date. 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	$307,843
Vesting date	30 June 2024
Expiry date	30 June 2027

iii. Executive Director LTI Options

On 17 August 2023, the Shareholders 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**
Executive Director 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	

These options have been valued using the share price on grant date. 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	$208,742
Vesting date	30 June 2026
Expiry date	30 June 2027

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

iv. Executive Director TSR Options

On 17 August 2023, the Shareholders 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	
Executive Director Total Shareholder Return ("TSR") Options	Each Tranche LTI TSR option entitles the holder to subscribe for one share upon payment of the exercise price of $0.36, any time prior to the expiry date, once vested.	**Tranche**	**Vesting Condition**
		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.

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

Executive Director TSR Options	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	$0.23	$0.23	$0.23
Exercise price	$0.36	$0.36	$0.36
Expected volatility	70.00%	70.00%	70.00%
Expiry date (years)	4	4	4
Expected dividends	Nil	Nil	Nil
Risk free rate	3.97%	3.97%	3.97%
Value per option (rounded)	$0.07	$0.06	$0.05
Total valuation	$73,000	$62,000	$51,000
Total share-based payment expense for the period	$24,333	$20,667	$17,000

v. Options issued to Directors in previous financial years

The following options were issued to Directors and other Key Management Personnel during the comparative year ended 30 June 2023:

Name	Security class	Grant date	Vesting date	Expiry date	Number of performance rights	Total expense for current year ($)
Phil Warren	Director Options - Tranche 1	29 November 2022	30 June 2024	31 December 2025	700,000	40,500
	Director Options - Tranche 2	29 November 2022	30 June 2025	31 December 2025	700,000	24,841
Matthew Stepka	Director Options - Tranche 1	29 November 2022	30 June 2024	31 December 2025	700,000	40,500
	Director Options - Tranche 2	29 November 2022	30 June 2025	31 December 2025	700,000	24,841

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

These options are subject to continued employment to the vesting dates and have been valued using the black-scholes option pricing model applying the following inputs:

	Director Options
Grant date	29 November 2022
Number of options	2,800,000
Underlying share price	$0.30
Exercise price	$0.60
Expected volatility	70%
Expiry date (years)	3.1
Expected dividends	Nil
Risk free rate	3.06%
Value per option (rounded)	$0.09
Total share-based payment expense for the year	$130,682

(b) Performance shares

Reconciliation of movement in performance share reserve:

	Number of performance shares	Value ($)
Opening balance - 1 July 2022	**3,000,000**	**1,660,671**
Forfeited performance shares	(3,000,000)	(1,660,671)
Share based pay - deferred consideration[1]	80,527,017	18,551,118
Foreign exchange movements	-	(59,534)
Closing balance – 30 June 2023	**80,527,017**	**18,491,584**
Share based pay - deferred consideration[1]	(80,527,017)	8,676,413
Issue of shares	-	(27,187,517)
Foreign exchange movements	-	19,520
Closing balance – 30 June 2024	**-**	**-**

[1] *Refer to Note 20 - Share-based payments for further details*

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

(c) Performance rights

Reconciliation of movement in performance right reserve:

	Number of Performance Rights	Value $
Opening Balance - 1 July 2022	**43,139,032**	**17,764,618**
Performance Rights granted during the year	55,588,266	-
Performance Rights expense recognised for the current year	-	15,426,681
Performance rights exercised during the year	(16,033,668)	-
Reversal of share-based payment expense as vesting conditions are not met	(5,567,886)	(572,878)
Other including foreign exchange movements	-	140,044
Closing Balance - 30 June 2023	**77,125,744**	**32,758,465**
Performance Rights granted during the year	48,300,172	-
Performance Rights expense recognised for the current year	-	11,260,218
Performance Rights exercised during the year	(24,407,893)	-
Reversal of share-based payment expense as vesting conditions are not met	(8,441,012)	(917,670)
Other including foreign exchange movements	-	(109,481)
Closing Balance - 30 June 2024	**92,577,011**	**42,991,532**

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

Performance rights	Grant date	Expiry Date	Balance at start of Year (Number	Granted During the Year (Number)	Exercised during the Year (Number)	Forfeited during the Year (Number)	Balance at Year end (Number)	Vested and exercisable at Year end (Number)
Class A, B and C Employee Performance Rights - FY20	02/03/2020	02/03/2024 & 30/06/2024	1,494,842	-	(1,385,357)	(109,485)	-	-
Class A, B and C Employee Performance Rights - FY22	26/04/2022 & 26/08/2022	11/11/2023, 12/09/2024, 19/09/2024 & 30/06/2026	535,407	-	(115,047)	(56,335)	364,025	236,237
Class A, B and C Employee Performance Rights - FY23	01/07/2022 & 01/08/2022	05/10/2023, 11/11/2023, 18/11/2023, 25/11/2023, 28/03/2024, 30/03/2024, 11/09/2024, 12/09/2024, 19/09/2024, 31/03/2025, 30/06/2026 & 30/06/2027	11,142,926	18,272	(2,259,565)	(809,715)	8,091,918	4,908,221

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

Performance rights	Grant date	Expiry Date	Balance at start of Year (Number	Granted During the Year (Number)	Exercised during the Year (Number)	Forfeited during the Year (Number)	Balance at Year end (Number)	Vested and exercisable at Year end (Number)
Class A, B and C Employee Performance Rights POT - FY22	26/08/2022	30/03/2024, 19/09/2024 & 30/06/2026	12,650,000	-	(2,628,091)	(650,000)	9,371,909	5,771,907
Class A, B, C & D TL SP Performance Rights	01/05/2020	30/06/2025	1,000,000	-	-	-	1,000,000	1,000,000
Class A2, B2 and C2 Employee Performance Rights - FY21	19/02/2021	12/03/2025	296,351	-	(152,693)	(20,128)	123,530	123,530
Class A3, B3 and C3 Employee Performance Rights - FY22	29/07/2021 & 24/09/2021	24/08/2023, 05/10/2023, 18/11/2023, 25/11/2023, 30/03/2024, 11/09/2024, 19/09/2024 & 30/06/2025	1,954,015	-	(623,117)	(72,637)	1,258,261	1,258,261
Class B1 and C1 Employee Performance Rights - FY20	19/10/2020	19/10/2024	32,001	-	(10,667)	-	21,334	21,334
Class D, E and F Employee Performance Rights - FY23	01/07/2022, 01/08/2022, 29/12/2022 & 03/07/2023	30/03/2024, 03/09/2024, 09/09/2024, 12/09/2024, 19/09/2024, 28/09/2024, 31/03/2025, 31/12/2025, 31/12/2026 & 30/06/2027	15,908,206	575,926	(3,734,754)	(1,685,415)	11,063,963	2,427,717
Class D3, E3, F3, G3 and H3 Employee Performance Rights - FY22	26/07/2021, 16/08/2021, 04/11/2021 & 21/02/2022	24/08/2023, 18/11/2023, 25/11/2023, 28/03/2024, 30/03/2024, 11/09/2024, 19/09/2024 & 30/06/2025	3,862,632	-	(1,194,422)	(195,456)	2,472,754	1,452,209
Class A, B and C Employee Performance Rights - FY24	03/07/2023	12/09/2024, 19/09/2024, 28/09/2024, 31/03/2025 & 30/06/2027	-	15,949,599	(808,254)	(1,308,172)	13,833,173	4,761,901

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

Performance rights	Grant date	Expiry Date	Balance at start of Year (Number	Granted During the Year (Number)	Exercised during the Year (Number)	Forfeited during the Year (Number)	Balance at Year end (Number)	Vested and exercisable at Year end (Number)
Class D, E and F Employee Performance Rights - FY24	03/07/2023	12/09/2024, 31/03/2025, 30/06/2027 & 31/12/2027	-	14,973,452	(551,471)	(597,957)	13,824,024	217,047
Class G Employee Performance Rights - FY24	03/07/2023	30/04/2027 & 31/12/2027	-	1,354,868	(1,354,868)	-	-	-
Class A, B and C Employee Performance Rights POT - FY24	03/07/2023	30/06/2027	-	300,000	-	-	300,000	100,000
Class T3 & T4 Remuneration Performance Rights - FY22	19/02/2021	12/03/2024	263,545	-	(263,545)	-	-	-
Class T6 Remuneration Performance Rights - FY21	16/08/2021	30/06/2024	128,677	-	(128,677)	-	-	-
Executive Performance Rights - Replacement - FY22	22/11/2021	30/03/2024 & 30/06/2025	1,602,442	-	(625,000)	-	977,442	977,442
Incentive Performance Rights - FY20	01/07/2020	13/07/2023	2,732,000	-	(2,732,000)	-	-	-
Remuneration Performance Rights - FY22	29/07/2021	30/03/2024 & 31/12/2024	276,724	-	(138,362)	-	138,362	138,362
Replacement rights - FY22	26/08/2022	30/06/2026	711,375	-	(2,234)	(266,986)	442,155	442,155
Rights based pay - FY22	26/08/2022 & 09/09/2022	30/06/2025 & 31/12/2026	1,454,547	-	(23,675)	-	1,430,872	1,430,872
Rights based pay - FY24	02/01/2024	31/12/2027	-	236,167	-	-	236,167	236,167
Sign On Employee Performance Rights - FY22	07/09/2020, 02/05/2022 & 26/08/2022	11/11/2023, 19/09/2024, 30/06/2025 & 30/06/2026	2,243,819	-	(1,321,488)	-	922,331	922,331
Sign On Employee Performance Rights - FY23	29/12/2022 & 31/03/2023	31/12/2026	1,766,463	-	(1,142,493)	(103,428)	520,542	520,542
Sign On Employee Performance Rights - FY24	03/07/2023	30/06/2027 & 31/12/2027	-	740,177	-	-	740,177	663,704

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

Performance rights	Grant date	Expiry Date	Balance at start of Year (Number	Granted During the Year (Number)	Exercised during the Year (Number)	Forfeited during the Year (Number)	Balance at Year end (Number)	Vested and exercisable at Year end (Number)
LTI Performance Rights 2023 - TL and CS	09/06/2021	30/06/2025	3,000,000	-	-	-	3,000,000	3,000,000
LTI Performance Rights - 2023	29/07/2021, 06/08/2021, 16/08/2021 & 15/08/2022	30/03/2024, 30/06/2025 & 30/06/2026	2,300,000	-	(770,000)	-	1,530,000	530,000
LTI Performance Rights - 2024	03/07/2023	30/06/2027	-	5,475,021	-	-	5,475,021	-
STI Performance Rights - 2022	26/07/2021, 29/07/2021, 30/07/2021, 06/08/2021, 16/08/2021 & 07/09/2021	24/08/2023, 30/03/2024 & 30/06/2025	3,096,500	-	(510,000)	(54,168)	2,532,332	2,532,332
STI Performance Rights - 2023	26/07/2021, 29/07/2021, 30/07/2021, 06/08/2021, 16/08/2021, 07/09/2021, 01/08/2022, 15/08/2022 & 07/02/2024	30/03/2024, 12/09/2024, 31/03/2025, 30/06/2025 & 30/06/2026	3,990,548	352,536	(1,496,165)	54,902	2,901,821	2,901,821
STI Performance Rights - 2024	01/08/2022, 15/08/2022 & 03/07/2023	19/09/2024, 31/03/2025, 30/06/2026 & 30/06/2027	1,070,360	8,324,154	(285,948)	(2,566,032)	6,542,534	3,575,122
STI Performance Rights 2022 - TL and CS	09/06/2021	30/06/2025	1,764,286	-	(150,000)	-	1,614,286	1,614,286
STI Performance Rights 2023 - TL and CS	09/06/2021	30/06/2025	1,848,078	-	-	-	1,848,078	1,848,078
			77,125,744	**48,300,172**	**(24,407,893)**	**(8,441,012)**	**92,577,011**	**43,611,578**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

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

Performance Rights	Vesting Condition	Milestone Date
Class T3 Remuneration Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	12 September 2021
Class T6 Remuneration Performance Rights - FY21	Continued employment with the Company in existing role from issue date until the Milestone Date	1 March 2022
Incentive Performance Rights - FY20	Vest upon the Company achieving $200,000, $400,000 and $600,000 of revenue within 2 years from acquisition date of Cyber Education Pty Ltd	30 June 2022
Remuneration Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	4 August 2022
Class A Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class A Employee Performance Rights POT - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class A Employee Performance Rights - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class A Employee Performance Rights POT - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights POT - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class B Employee Performance Rights POT - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C Employee Performance Rights POT - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C1 Employee Performance Rights - FY20	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C2 Employee Performance Rights - FY21	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class C Employee Performance Rights - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

Performance Rights (continued)	Vesting Condition	Milestone Date
Class C Employee Performance Rights POT - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class D Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class D Employee Performance Rights - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class E Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class E Employee Performance Rights - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class F Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class F Employee Performance Rights - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class F3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Class G3 Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	3 years from issue date
Replacement rights - 2022	Continued employment with the Company in existing role from issue date until the Milestone Date	30 June 2024
Sign On Employee Performance Rights - FY22	Continued employment with the Company in existing role from issue date until the Milestone Date	31 March 2023
Sign On Employee Performance Rights - FY23	Continued employment with the Company in existing role from issue date until the Milestone Date	1 year from issue date
Sign On Employee Performance Rights - FY24	Continued employment with the Company in existing role from issue date until the Milestone Date	1 year from issue date
STI 2022 Performance Rights & STI 2022 Performance Rights - TL and CS	a. Continued employment until 30 June 2022;	30 June 2022
	b. Receive a positive Personal Scorecard for the financial year ended 30 June 2022 from the Board for performance over the previous 12 months, 50% of the STI 2022 Performance Rights shall vest;	
	c. QRR Growth - If the Company achieves 50% growth in Quarterly Recurring Revenue (QRR) from 1 April 2022 to 30 June 2022 compared to the corresponding period in the previous year, 60% of the remaining 50% of the STI 2022 Performance Rights shall vest, with straight line pro- rata vesting for additional percentages of QRR Growth up to 100% from 1 April 2022 to 30 June 2022 compared to the corresponding period in the previous year.	
STI 2023 Performance Rights & STI Performance Rights 2023 - TL and CS	a. Continued employment until 30 June 2023;	30 June 2023
	b. Job performance: -Issued in the year ended 30 June 2022: Receive a positive Personal Scorecard for the financial year ended 30 June 2023 from the Board for performance over the previous 12 months, 50% of the STI 2023 Performance Rights shall vest; -Issued in the year ended 30 June 2023: Receive a performance review of "exceeds expectation" rating	

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

<table>
<tr><th>Performance Rights (continued)</th><th>Vesting Condition</th><th>Milestone Date</th></tr>
<tr><td>STI 2023 Performance Rights & STI Performance Rights 2023 - TL and CS (continued)</td><td>c. Revenue growth
-Issued in the year ended 30 June 2022: QRR Growth - If the Company achieves 40% growth in Quarterly Recurring Revenue (QRR) from 1 April 2023 to 30 June 2023 compared to the corresponding period in the previous year, 50% of the remaining 50% of the STI 2023 Performance Rights shall vest, with straight line pro- rata vesting for additional percentages of QRR Growth up to 100% from 1 April 2023 to 30 June 2023 compared to the corresponding period in the previous year.
-Issued in the year ended 30 June 2023: MRR Growth - If the Group achieves an Monthly Recurring Revenue (MRR) target of $8.3m by 30 June 2023. 100% is paid if MRR target is met and 80% paid if 80% of the target is met with a straight line pro-rata between.</td><td>30 June 2023</td></tr>
<tr><td>STI 2024 Performance Rights</td><td>Issued in the year ended 30 June 2022:
a. Continued employment until 30 June 2024;
b. Receive a performance review of "exceeds expectation" rating
c. MRR Growth - If the Group achieves an Monthly Recurring Revenue (MRR) target of $10.8m by 30 June 2024. 100% is paid if MRR target is met and 80% paid if 80% of the target is met with a straight line pro-rata between.
Issued in the year ended 30 June 2024:
<table>
<tr><th>Weighting</th><th>Operational milestone</th><th>Other vesting conditions</th></tr>
<tr><td>20%</td><td>Achieve budgeted operating cash flow</td><td rowspan="5">Continued employment with the Company in existing role from issue date until the vesting date</td></tr>
<tr><td>20%</td><td>Achieve budgeted cash EBITDA</td></tr>
<tr><td>20%</td><td>Achieve ARR budget</td></tr>
<tr><td>20%</td><td>Satisfactory job performance</td></tr>
<tr><td>20%</td><td>Satisfactory employee engagement score</td></tr>
</table></td><td>30 June 2024</td></tr>
<tr><td rowspan="2">LTI 2023 Performance Rights & LTI Performance Rights 2023 - TL and CS</td><td>Issued in the year ended 30 June 2022: LTI Performance Rights shall vest subject to the achievement of each of the Operational Milestone outlined below, which are linked to the following key business Objectives:
a. Expand Markets;
b. Expand Products;
c. Launch Community;
d. Make Sustainable;
e. Improve Revenue per Student.
A maximum of 450,000 LTI Performance rights (per holder) can vest per business objective.</td><td>30 June 2023</td></tr>
<tr><td>Issued in the year ended 30 June 2023: Continued employment with the Company in existing role from issue date until the Milestone Date</td><td>30 June 2025</td></tr>
<tr><td>LTI 2024 Performance Rights</td><td>Issued in the year ended 30 June 2024:
<table>
<tr><th>Weighting</th><th>Operational milestone</th><th>Other vesting conditions</th></tr>
<tr><td>30%</td><td>Achieve the Company's scale ambition</td><td rowspan="4">Continued employment with the Company in existing role from issue date until the vesting date</td></tr>
<tr><td>20%</td><td>Achieve the Company's goal ambition</td></tr>
<tr><td>30%</td><td>Achieve the Company's B2B2C ambition</td></tr>
<tr><td>20%</td><td>Achieve the Company's engagement ambition</td></tr>
</table></td><td>30 June 2026</td></tr>
</table>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

The following operational milestones are linked to the LTI 2023 Performance Rights issued during the year ended 30 June 2022:

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

The following performance rights were issued to Directors and other Key Management Personnel during the current year ended 30 June 2024:

Name	Performance right class	Grant date	Vesting date	Expiry date	Number of performance rights	Total expense for current year ($)
Ben Jenkins	STI 2024 Performance Rights - Class A	3 July 2023	30 June 2024	30 June 2027	169,962	38,241
	STI 2024 Performance Rights - Class B	3 July 2023	30 June 2025	30 June 2027	169,961	19,094
	STI 2024 Performance Rights - Class C	3 July 2023	30 June 2026	30 June 2027	169,961	12,724
	LTI 2024 Performance Rights	3 July 2023	30 June 2026	30 June 2027	777,921	58,237
Crispin Swan	STI 2024 Performance Rights - Class A	3 July 2023	30 June 2024	30 June 2027	388,150	87,334
	STI 2024 Performance Rights - Class B	3 July 2023	30 June 2025	30 June 2027	388,149	43,607
	STI 2024 Performance Rights - Class C	3 July 2023	30 June 2026	30 June 2027	388,149	29,058
	LTI 2024 Performance Rights	3 July 2023	30 June 2026	30 June 2027	2,368,765	177,333

[1] *The STI 2024 Performance Rights - Class A, B and C were valued based on the share price on the grant date ($0.225). The performance rights were assessed at the milestone date of 30 June 2024. 20% of the milestones targets were linked to cash EBITDA, 20% to annual recurring revenue (ARR), 20% to job performance and 20% to employee engagement score. All of these milestones vested at 100%. The remaining 20% were linked to operating cash flow. A 62.6% increase in operating cash flow from prior year was achieved resulting in a payment of 91.6% of the total rights allocated to this milestone. As a result, 2,909, 2,910 and 2,910 of Ben Jenkins 'class A, B and C performance rights were forfeited as well as 6,644, 6,645 and 6,645 of Crispin Swan's. The above table details the closing number of performance rights following the forfeiture. Classes B and C are subject to the ongoing service condition until the vesting dates.*

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 18: Reserves (continued)

The following performance rights were issued to Directors and other Key Management Personnel during comparative years and continue to vest during the current year:

Name	Performance right class	Grant date	Vesting date	Expiry date	Number of performance rights	Total expense for current year ($)
Ben Jenkins	STI 2024 Performance Rights	25 April 2022	30 June 2024	30 June 2026	363,036	92,971
	LTI 2023 Performance Rights	25 April 2022	30 June 2025	30 June 2026	1,000,000	167,155

[1] The STI 2024 Performance Rights were valued based on the share price on the grant date ($0.48). The performance rights were assessed at the milestone date of 30 June 2024. 50% of the milestones targets were linked to job performance and vested 100%. The remaining 50% were set at a target of $130,000,000 in annual recurring revenue (ARR). By 30 June 2024, ARR of $118,393,289 (includes revenue from the previously 100% owned subsidiary Digital Literacy (known as 'Migiri') which was deconsolidated from the Group as part of the partial divestment that occurred on 1 June 2024) was achieved resulting in a payment of 91.1% of the total rights allocated to this milestone. As a result, 16,694 performance rights were forfeited. The above table details the closing number of performance rights following the forfeiture.

(d) Warrants

Reconciliation of movement in warrants reserve:

	Number of Warrants	Value $
Opening Balance - 1 July 2023	**-**	**-**
Warrants granted during the year	16,045,408	2,601,933
Other including foreign exchange movements	-	-
Closing Balance - 30 June 2024	**16,045,408**	**2,601,933**

On 23 January 2024, the Company 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 warrants were valued at $0.16 per warrant using the Black & Scholes Option Pricing Model. The expense has been capitalised as a transaction cost as per Note 15 - Borrowings.

Note 19: Accumulated losses

	2024 $	2023 $
Accumulated losses	**(262,950,809)**	**(235,368,096)**
Opening balance	(235,368,096)	(148,648,074)
Reclassification from reserve	27,187,517	-
Net loss for the financial year	(54,770,230)	(86,720,022)
Total accumulated losses	**(262,950,809)**	**(235,368,096)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 20: Share-based payments

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

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

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

Share-based payments made during the year ended 30 June 2024 are summarised below:

Recognised share-based payments expense

	2024 $	2023 $
Performance rights issued to employees for services	11,253,337	13,626,953
Performance rights issued to Directors for services	6,881	1,799,728
Options issued to Directors as incentive	1,261,852	1,804,324
Options issued to employees as incentive	-	98,400
Options issued for company secretarial services	-	55,178
Shares issued to employees as remuneration, in lieu of cash	2,121,151	3,529,968
Capitalisation of development assets - share based payments	(2,272,032)	-
Reversal of share based payments expenses where vesting conditions were not met	(917,670)	(572,878)
	11,453,519	**20,341,673**

(a) Options Issued to Directors

The following options issued to Directors were vesting during the year ended 30 June 2024:

Options	Exercise Price	Number on issue as at 30 June 2024	Total Expense for the period ($)
Director Options	$0.60	2,100,000	140,185
Director Options	$0.60	2,100,000	125,382
Director Options	$0.60	2,800,000	130,681
Non-Executive Director Options	-	2,042,040	287,020
Executive Director STI Options[1]	-	1,338,447	307,842
Executive Director LTI Options	-	2,722,721	208,742
Executive Director TSR Options	$0.36	3,000,000	62,000
Total			**1,261,852**

[1] 22,913 options were forfeited due to performance milestones not met. Refer to Note 18 - Reserves for more details.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 20: Share-based payments (continued)

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

During the year the Group issued 9,286,138 fully paid ordinary shares to employees in lieu of their cash salary. The shares issued to employees in the current year have been valued at $2,121,151 based on the closing share price at grant date.

Number of shares	Grant date	Share price	Expense recognised
5,507,064	3/8/2023	$0.26	$1,393,689
48,484	10/10/2023	$0.19	$9,366
3,730,590	2/1/2024	$0.19	$718,096

(c) Performance rights issued to employees and Directors

The following performance rights issued to employees and Directors were vesting during the year ended 30 June 2024:

Performance Rights	Grant Date	Fair Value at Grant Date	Balance as at 30 June 2024 (Number)	Total Expense for the period ($)
Class C1 Employee Performance Rights - FY20	19/10/2020	$0.44	21,334	1,426
Class B3 Employee Performance Rights - FY22	29/07/2021 & 24/09/2021	$0.57-$0.72	331,648	14
Class C3 Employee Performance Rights - FY22	29/07/2021 & 24/09/2021	$0.57-$0.72	678,092	137,542
Class F3 Employee Performance Rights - FY22	26/07/2021 & 16/08/2021	$0.6-$0.67	677,184	127,587
Class G3 Employee Performance Rights - FY22	26/07/2021 & 16/08/2021	$0.6-$0.67	1,023,422	168,395
Class C2 Employee Performance Rights - FY21	19/02/2021	$0.50	42,281	10,139
LTI Performance Rights - 2023	29/07/2021, 06/08/2021, 16/08/2021 & 15/08/2022	$0.48-$0.67	1,530,000	167,155
STI Performance Rights - 2023	29/07/2021, 30/07/2021, 06/08/2021, 16/08/2021, 07/09/2021, 01/08/2022, 15/08/2022 & 07/02/2024	$0.25-$0.78	2,901,821	86,455
Class B Employee Performance Rights - FY22	26/04/2022 & 26/08/2022	$0.36-$0.46	146,674	29,775
Class C Employee Performance Rights - FY22	26/04/2022 & 26/08/2022	$0.36-$0.46	130,358	15,657
Class A Employee Performance Rights POT - FY22	26/08/2022	$0.36	2,071,908	12,563
Class B Employee Performance Rights POT - FY22	26/08/2022	$0.36	3,699,999	761,933
Class C Employee Performance Rights POT - FY22	26/08/2022	$0.36	3,600,002	445,155
Replacement rights - 2022	26/08/2022	$0.36	442,155	126,289

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 20: Share-based payments (continued)

Performance Rights	Grant Date	Fair Value at Grant Date	Balance as at 30 June 2024 (Number)	Total Expense for the period ($)
Class A Employee Performance Rights - FY23	01/07/2022 & 01/08/2022	$0.32-$0.36	1,587,125	7,202
Class B Employee Performance Rights - FY23	01/07/2022 & 01/08/2022	$0.32-$0.36	3,265,719	576,306
Class C Employee Performance Rights - FY23	01/07/2022 & 01/08/2022	$0.32-$0.36	3,239,074	358,391
Class D Employee Performance Rights - FY23	01/07/2022, 01/08/2022 & 29/12/2022	$0.29	2,308,503	412,079
Class E Employee Performance Rights - FY23	01/07/2022 & 01/08/2022	$0.29	4,377,663	481,198
Class F Employee Performance Rights - FY23	01/07/2022 & 01/08/2022	$0.29	4,377,797	333,189
Class G Employee Performance Rights - FY23	03/07/2023	$0.23-$	-	106,132
Sign On Employee Performance Rights - FY23	31/03/2023	$0.19	520,542	193,053
Class A Employee Performance Rights - FY24	03/07/2023	$0.22	4,615,523	1,079,475
Class B Employee Performance Rights - FY24	03/07/2023	$0.22	4,608,825	573,563
Class C Employee Performance Rights - FY24	03/07/2023	$0.22	4,608,825	405,726
Class D Employee Performance Rights - FY24	03/07/2023	$0.22	4,700,100	761,985
Class E Employee Performance Rights - FY24	03/07/2023	$0.22	4,561,962	441,279
Class F Employee Performance Rights - FY24	03/07/2023	$0.22	4,561,962	326,471
Class G Employee Performance Rights - FY24	03/07/2023	$0.22	-	301,187
Class A Employee Performance Rights POT - FY24	03/07/2023	$0.23	100,000	22,500
Class B Employee Performance Rights POT - FY24	03/07/2023	$0.23	100,000	11,235
Class C Employee Performance Rights POT - FY24	03/07/2023	$0.23	100,000	7,486
Sign On Employee Performance Rights - FY24	03/07/2023	$0.23	740,177	160,762
Rights based pay - FY24	02/01/2024	$0.26	236,167	61,403
STI Performance Rights - 2024	01/08/2022, 15/08/2022 & 03/07/2023	$0.23-$0.48	6,542,534	1,112,485
LTI Performance Rights - 2024	03/07/2023	$0.23	5,475,021	409,876
Total				**10,233,068**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 20: Share-based payments (continued)

(d) Performance Shares issued to employees

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

The remaining 50% of the deferred consideration entitlement was payable on 1 August 2024 if both of the following conditions are met: MRR reached at least $1,154,000 US Dollars by 1 August 2024 and the ratio of EBITDA to “gross billed revenue” for the business returned at least 9.5% margin for the 12-month period ending 1 August 2024. Both tranches of shares required continued employment until the vesting date. The milestones were met early and the shares were issued on 13 March 2024 (refer to Note 17 - Issued capital).

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 was therefore recognised over the respective service periods of 12 and 24 months to 1 August 2023 and 1 August 2024 respectively. As the milestones were met early, the remaining expense at 13 March 2024 was accelerated and recognised upfront on the issue of shares.

Note 21: Operating cash flow information

Reconciliation of cash inflows / (outflows) from operations with loss after income tax	**2024**	**2023**
	$	**$**
Loss for the year	**(54,770,230)**	**(86,720,022)**
Non cash items included in loss for the year:		
- Share based payments	20,129,932	38,892,791
- Depreciation, amortisation and impairment	31,515,188	24,009,325
- Non-cash interest expense	4,432,660	1,660,585
- Non-cash other income	(2,024,513)	(455,009)
- Non-cash other expenses	285,192	48,118
- Non-cash foreign currency movements	3,023,424	(5,196,753)
Movements in operating assets and liabilities:		
- (Increase) / Decrease in trade and other receivables	(7,855,668)	(3,894,027)
- (Increase) / Decrease in prepayments and other assets	1,924,885	(2,601,738)
- (Increase) / Decrease in contract assets	(145,904)	1,100,386
- Increase / (Decrease) in deferred tax balances	(7,131,921)	(3,402,871)
- Increase / (Decrease) in trade and other payables	1,580,875	7,697,796
- Increase / (Decrease) in contract liabilities	14,601,682	4,911,998
- Increase / (Decrease) in provisions	1,203,517	311,568
Cash inflows/(outflows) from operations	**6,769,119**	**(23,637,853)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 21: Operating cash flow information (continued)

Non-cash financing and investing activities

On 23 January 2024, the Company also issued 16,045,408 unquoted warrants at $0.2411 per warrant to AshGrove Specialty Lending Investments. The warrants may be exercised by the warrant holder at any time during the exercise period. Refer to Note 15 - Borrowings for further details.

On 23 April 2024, 14,736,265 ordinary shares were issued as payment for the deferred consideration of Educator Impact. Refer to Note 16 - Deferred Consideration for further details.

Note 22: Financial instruments

a. Financial Risk Management Objectives and Policies

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

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

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

b. Significant accounting policies

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

c. Capital risk management

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

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

d. Categorisation of Financial Instruments

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 22: Financial instruments (continued)

e. Credit Risk

(i) Exposure to Credit Risk

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

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

	2024 $	2023 $
Financial Assets		
Cash and cash equivalents	9,386,112	6,620,286
Trade and other receivables	26,367,699	18,971,917
Financial assets	229,470	215,007
Total financial assets	**35,983,281**	**25,807,210**

Financial assets as at 30 June 2024 are not impaired. Trade and receivables are presented net of the provision for expected credit loss totalling $417,387 (2023: $268,375). The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Refer to Note 3(c), (d) for the Group’s accounting policy and Note 9 for further details on the Group’s trade and other receivables balance.

(ii) Interest Rate Risk

	Effective Interest Rate %	Carrying Amount $	Variable Interest Rate $	Non-Interest Bearing $	Fixed Interest Rate $	Total $
2024						
Financial Assets						
Cash and cash equivalents	0 – 3	9,386,112	9,386,112	-	-	**9,386,112**
Financial Liabilities						
Borrowings	0 - 15	39,065,230	32,825,457	-	6,239,773	**39,065,230**
Lease liabilities	6 - 15	4,648,549			4,648,549	**4,648,549**
Deferred consideration	15	471,639	-	-	471,639	**471,639**
2023						
Financial Assets						
Cash and cash equivalents	0 – 3	6,620,286	6,620,286	-	-	**6,620,286**
Financial Liabilities						
Borrowings	0 - 10	14,741,043	-	-	14,741,043	**14,741,043**
Lease liabilities	6	4,576,960			4,576,960	**4,576,960**
Deferred consideration payable	15	7,580,172	-	650,222	6,929,950	**7,580,172**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 22: Financial instruments (continued)

f. Fair value of financial instruments

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

g. Liquidity risk

(i) Exposure to liquidity risk

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

	2024 $	2023 $
Financial Liabilities		
Trade and other payables	23,680,183	19,986,470
Deferred consideration payable	471,639	7,580,172
Borrowings	39,065,230	14,741,043
Lease liabilities	4,648,549	4,576,960
Total financial liabilities	**67,865,601**	**46,884,645**

(ii) Contractual Maturity Risk

The following table discloses the contractual maturity analysis at the reporting date. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the Statement of Financial Position.

2024	0-6 months	6-12 months	Over 1 to 5 years	More than 5 years	Total Contractual Cash Flow	Carrying Amount
Financial instruments	$	$	$	$	$	$
Financial assets						
Cash	9,386,112	-	-	-	**9,386,112**	9,386,112
Trade and other receivables	26,367,699	-	-	-	**26,367,699**	26,367,699
Other financial assets	-	-	229,470	-	**229,470**	229,470
Total financial assets	**35,753,811**	**-**	**229,470**	**-**	**35,983,281**	**35,983,281**
Financial liabilities						
Trade and other payables	23,680,183	-	-	-	**23,680,183**	23,680,183
Deferred consideration	471,639	-	-	-	**471,639**	471,639
Borrowings[1]	8,045,491	1,827,703	61,977,227	-	**71,850,421**	39,065,230
Lease liabilities	909,635	908,605	4,002,650	-	**5,820,890**	4,648,549
Total financial liabilities	**33,106,948**	**2,736,308**	**65,979,877**	**-**	**101,823,133**	**67,865,601**

[1] Convertible notes included in this category of $6,239,772, maturing 31 July 2024, are based on contractual cash flows unless conversion to equity elected earlier by the note holder.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 22: Financial instruments (continued)

g. Liquidity risk

(ii) Contractual Maturity Risk (continued)

2023	0-6 months	6-12 months	Over 1 to 5 years	More than 5 years	Total Contractual Cash Flow	Carrying Amount
Financial instruments	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash	6,620,286	-	-	-	**6,620,286**	6,620,286
Trade and other receivables	16,574,549	2,397,368	-	-	**18,971,917**	18,971,917
Other financial assets	-	-	215,007	-	**215,007**	215,007
Total financial assets	**23,194,835**	**2,397,368**	**215,007**	**-**	**25,807,210**	**25,807,210**
Financial liabilities						
Trade and other payables	19,986,470	-	-	-	**19,986,470**	19,986,470
Deferred consideration payable	836,565	6,268,526	701,734	-	**7,806,825**	7,580,172
Borrowings	1,588,041	5,487,497	9,768,585	-	**16,844,123**	14,741,043
Lease liabilities	844,624	848,473	3,387,517	-	**5,080,614**	4,576,960
Total financial liabilities	**23,255,700**	**12,604,496**	**13,857,836**	**-**	**49,718,032**	**46,884,645**

h. Market risk

(i) Foreign exchange risk

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

	Value of NZD exposure expressed in AUD		Value of USD exposure expressed in AUD		Value of GBP exposure expressed in AUD		Value of EUR exposure expressed in AUD	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net assets (liabilities)	(5,077,696)	(773,135)	(7,590,336)	(11,126,203)	141,710,200	144,821,305	31,896,281	30,924,824
Net profit (Loss)	(301,745)	59,008	159,592	(3,746,498)	(4,491,811)	(11,961,670)	(13,069,535)	(27,194,835)

Foreign currency sensitivity:

Based on the net liability position of the foreign subsidiaries at 30 June 2024, had the Australian dollar weakened/strengthened by 10% against the New Zealand dollar with all other variables held constant, the Group's post-tax loss for the year would have been $30,175 higher/$30,175 lower (2023: $5,901 higher/$5,901 lower), and the effect on equity would have been $507,770 higher/$507,770 lower (2023: $77,314 higher/$77,314 lower).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 22: Financial instruments (continued)

h. Market risk (continued)

(i) Foreign exchange risk (continued)

Had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax loss for the year would have been $836,893 higher/$836,893 lower (2023: $374,650 higher/$374,650 lower), and the effect on equity would have been $748,376 higher/$748,376 lower (2023: $1,112,620 higher/$1,112,620).

If the Australian dollar weakened/strengthened by 10% against the British pound with all other variables held constant, the Group's post-tax loss for the year would have been $462,270 higher/$462,270 lower (2023: $1,196,167 higher/$1,196,167), and the effect on equity would have been $14,157,932 higher/$14,157,932 lower (2023: $14,482,131 higher/$14,482,131 lower).

If the Australian dollar weakened/strengthened by 10% against the Euro with all other variables held constant, the Group's post-tax loss for the year would have been $294,777 higher/$294,777 lower (2023: $2,719,484 higher/$2,719,484 lower), and the effect on equity would have been $3,334,164 higher/$3,334,164 lower (2023: $3,902,482 higher/$3,902,482 lower).

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

(ii) Interest rate risk

Taking into account past performance, future expectations and economic forecasts it is considered that 100 basis points is a 'reasonably possible' estimate of potential variations in interest rates (base rates are sourced from the Reserve Bank of Australia). The Group's exposure to interest rate risk is on balances held as cash, lease liabilities and external borrowings. An increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of $280,879 (2023: $66,203) per annum.

(iii) Other price risk

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

i. Fair value measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 22: Financial instruments (continued)

i. Fair value measurement (continued)

Consolidated - 2024	Level 1	Level 2	Level 3	Total
Liabilities				
Deferred consideration payable - Cipafilter[1]	-	471,639	-	471,639
Convertible notes - Qustodio[3]	-	6,239,773	-	6,239,773
Total liabilities	**-**	**6,711,412**	**-**	**6,711,412**

Consolidated - 2023	Level 1	Level 2	Level 3	Total
Liabilities				
Deferred consideration payable - Cipafilter[1]	-	2,148,211	-	2,148,211
Deferred consideration payable - Educator Impact[2]	-	-	4,781,739	4,781,739
Convertible notes - Qustodio[3]	-	11,309,094	-	11,309,094
Total liabilities	**-**	**13,457,305**	**4,781,739**	**18,239,044**

[1] *Level 2 input of discount rate for Cipafilter deferred consideration.*

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

[3] *Level 2 input for forward-looking foreign exchange rate for Qustodio convertible notes.*

There were no transfers between levels during the financial year.

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

Description	Unobservable inputs	Sensitivity
Deferred consideration payable at 30 June 2023 - Educator Impact	Annual Recurring Revenue	10% change would decrease fair value by $615,563

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
Balance at 1 July 2022	3,567,172	-	-	3,567,172
Additions	-	4,781,739	11,309,094	16,090,833
Consideration paid	(1,899,892)	-	-	(1,899,892)
Interest	453,413	-	-	453,413
Foreign exchange movements	27,518	-	-	27,518
Balance at 30 June 2023	**2,148,211**	**4,781,739**	**11,309,094**	**18,239,044**
Additions	-	-		-
Consideration paid/shares issued	(1,886,563)	(4,781,739)	(5,069,321)	(11,737,623)
Interest	-	-	-	-
Foreign exchange movements	209,991	-	-	209,991
Balance at 30 June 2024	**471,639**	**-**	**6,239,773**	**6,711,412**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 23: Segment information

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 the United States of America ("USA"), the United Kingdom ("UK"), Australia & New Zealand ("ANZ") and Europe.

30 June 2024	**USA**	**UK**	**ANZ**	**Europe**	**Total**
	$	**$**	**$**	**$**	**$**
Segment Income					
Sales revenue	37,548,622	31,596,771	5,080,617	25,223,364	99,449,374
Other income	97,364	34,645	147,609	2,154,731	2,434,349
Total Income	**37,645,986**	**31,631,416**	**5,228,226**	**27,378,095**	**101,883,723**
Segment Expenses					
Direct costs	(7,793,455)	(5,894,361)	(8,436,889)	(8,491,203)	(30,615,908)
Operating expenses	(22,101,482)	(19,107,070)	(30,602,586)	(8,703,917)	(80,515,055)
Share based payments	(2,155,002)	(2,402,671)	(5,674,850)	(1,220,996)	(11,453,519)
Share based deferred consideration	-	-	-	(8,676,413)	(8,676,413)
Loss before depreciation and amortization	**5,596,047**	**4,227,314**	**(39,486,099)**	**285,566**	**(29,377,172)**
Depreciation and amortisation	(5,436,455)	(8,719,125)	(4,004,507)	(13,355,101)	(31,515,188)
Loss before income tax	**159,592**	**(4,491,811)**	**(43,490,606)**	**(13,069,535)**	**(60,892,360)**

30 June 2023	**USA**	**UK**	**ANZ**	**Europe**	**Total**
	$	**$**	**$**	**$**	**$**
Segment Income					
Sales revenue	28,972,844	29,355,122	5,165,374	18,388,445	81,881,785
Other income	3,345	5,167	297,557	240,745	546,814
Total Income	**28,976,189**	**29,360,289**	**5,462,931**	**18,629,190**	**82,428,599**
Segment Expenses					
Direct costs	(4,694,444)	(7,524,124)	(8,312,357)	(6,577,371)	(27,108,296)
Operating expenses	(20,190,255)	(21,926,480)	(31,746,873)	(9,622,583)	(83,486,191)
Share based payments	(3,504,393)	(4,503,197)	(11,591,997)	(742,086)	(20,341,673)
Share based deferred consideration	-	-	-	(18,551,119)	(18,551,119)
Loss before depreciation and amortisation	**587,097**	**(4,593,512)**	**(46,188,296)**	**(16,863,969)**	**(67,058,680)**
Depreciation and amortisation	(4,333,596)	(7,368,158)	(1,976,705)	(10,330,866)	(24,009,325)
Loss before Income Tax	**(3,746,499)**	**(11,961,670)**	**(48,165,001)**	**(27,194,835)**	**(91,068,005)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 23: Segment information (continued)

30 June 2024	USA	UK	ANZ	Europe	Total
	$	$	$	$	$
Segment Assets	36,089,075	188,132,807	24,703,508	48,480,644	**297,406,034**
Segment Liabilities	(43,679,411)	(46,422,607)	(52,768,282)	(16,584,363)	**(159,454,663)**

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 24: Business combinations

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

a. Qustodio acquisition

On 2 May 2022, the Group announced an agreement to acquire Qustodio LLC and its controlled entities ("Qustodio"), a leading global parental control provider, based in Spain. The acquisition was subject to a number of pre-completion conditions including Spanish Foreign District Investment approval which was subsequently obtained on 21 July 2022. The acquisition was to be funded by a fully underwritten institutional placement of $42,000,000 before transaction costs.

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

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

The Group completed the acquisition of the Qustodio business on 1 August 2022. The total purchase consideration was $25,075,295 USD ($35,649,470 AUD) with $24,214,024 USD ($34,425,004 AUD) payable upfront in the form of cash ($12,618,293 USD, $17,939,389 AUD), issue of shares ($4,105,833 USD, $5,837,250 AUD) and issue of notes ($7,489,898 USD, $10,648,365 AUD). The remaining $861,271 USD ($1,224,466 AUD) is deferred consideration payable in Qoria Limited ordinary shares in two equal tranches on 1 April 2023 and 1 December 2023.

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 24: Business combinations (continued)

[1] Includes $2,643,493 USD ($3,758,247 AUD) cash held in escrow for indemnification claims.

[2] 18,241,404 shares issued on 1 August 2022 at a share issue price of $0.23 USD ($0.32 AUD) per share (1 August 2022 closing rate) and 7,490 notes issued on 1 August 2022 at a face value of $1,000 USD per note. The Company repaid 3,328 of the notes with a cash payment of $5,107,652 on 13 February 2024. Refer to Note 15 – Borrowings.

[3] 50% of shares (1,411,919 shares valued at $430,635 USD at the time of settlement) were issued on 26 May 2023 and the remaining 50% (1,411,919 shares valued at $430,635 USD equivalent at the time of settlement) were issued on 20 December 2023.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 24: Business combinations (continued)

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

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

Acquisition related costs

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

Revenue and profit contribution

From acquisition date to 30 June 2023, Qustodio contributed revenue of $18,388,445 and a loss of $6,882,947 (including acquisition amortisation) which is included within the profit or loss of the Group during that reporting period. Excluding amortisation of acquired intangible assets, Qustodio returned a profit of $2,905,216. Hypothetically, if this business had formed part of the Group from 1 July 2022, on an extrapolated basis it would have contributed revenue of $20,060,121 and a loss of $7,508,669 (profit of $3,169,327 excluding acquisition amortisation).

b. Educator Impact acquisition

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

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

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

Deferred consideration was subject to the satisfaction of a revenue-based target “Annual Recurring Revenue” (ARR) of $2,100,000 relating to the Educator Impact “Pulse” product. If the milestone were achieved prior to that date, the deferred consideration and interest charges may have been converted into shares, at the election of the vendors, at $0.60 per fully paid ordinary share. Had the target not been reached prior to 30 June 2024, the value of this deferred consideration would have been reduced by a factor of revenue, and the deferred consideration would be payable 50% in fully paid ordinary shares of the Company, at $0.60 per fully paid ordinary share, and the remaining 50% in cash, unless taken in shares upon election of the vendors. The ARR targets were met early and the deferred consideration was repaid on 24 April 2024. Refer to Note 16 - Deferred consideration.

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 24: Business combinations (continued)

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

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

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

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

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

Revenue and profit contribution

From acquisition date to 30 June 2023, Educator Impact contributed revenue of $1,409,674 and a profit of $385,927 which is included within the profit or loss of the Group during that reporting period. Excluding amortisation of acquired intangible assets, Educator Impact returned a profit of $1,322,060. Hypothetically, if this business had formed part of the Group from 1 July 2022, on an extrapolated basis it would have contributed revenue of $1,879,566 and a profit of $514,570 (profit of $1,762,747 excluding acquisition amortisation).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 25: Related party transactions

a. Parent and subsidiaries

The parent entity and ultimate parent entity of the Group is Qoria Limited, a Company listed on the ASX. The subsidiaries of the Group are:

		Extent of control	
Controlled entities	**Country of incorporation**	**2024**	**2023**
Parent entity			
Qoria Limited	Australia	-	-
Controlled entities			
Qoria Holdings Pty Ltd	Australia	100%	100%
Family Zone Inc.	United States of America	100%	100%
Family Zone Cyber Safety Pte. Ltd.[1]	Singapore	0%	100%
Family Zone NZ Cyber Safety Ltd	New Zealand	100%	100%
Cyber Education Pty Ltd	Australia	100%	100%
NetRef Education LLC	United States of America	100%	100%
Family Zone UK Cyber Safety Limited	United Kingdom	100%	100%
Topco Oasis Limited	United Kingdom	100%	100%
Bidco Oasis Limited	United Kingdom	100%	100%
Oval (2304) Limited	United Kingdom	100%	100%
Smoothwall Limited	United Kingdom	100%	100%
Linewize Limited	United Kingdom	100%	100%
Smoothwall Inc	United States of America	100%	100%
Safeguard Software Limited	United Kingdom	100%	100%
Ensco 1227 Limited	United Kingdom	100%	100%
eSafe Global Limited	United Kingdom	100%	100%
Derbytech Inc.	United States of America	100%	100%
Qustodio LLC	United States of America	100%	100%
Qustodio Technologies S.L.U.	Spain	100%	100%
Digital Literacy S.L.U.[2]	Spain	0%	100%
EI Pty Ltd	Australia	100%	100%
Educator Impact Inc.[3]	United States of America	0%	100%

[1] *Family Zone Cyber Safety Pte. Ltd was dissolved on 10 October 2023. Prior to this, the entity was 100% controlled during the year ended 30 June 2024.*

[2] *On 1 June 2024, the partial divestment of Digital Literacy S.L.U. occurred resulting in a loss of control of the entity. Following the transaction, the Group holds a 40% interest in this company which is held as an investment and accounted for using the equity method of accounting.*

[3] *Educator Impact Inc. was dissolved on 27 March 2024. Prior to this, the entity was 100% controlled during the year ended 30 June 2024.*

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 25: Related party transactions (continued)

b. Key Management Personnel compensation

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

	2024 $	2023 $
Short-term employee benefits	1,565,106	1,435,346
Post-employment benefits	132,018	77,691
Long service leave	43,989	32,148
Share-based payment	2,186,225	4,074,015
Total	**3,927,338**	**5,619,200**

c. Other Transactions with Key Management Personnel

(i) Grange Consulting

Phil Warren, a Non-Executive Director of the Company, was also Managing Director and a shareholder of Grange Consulting, a related party until 31 October 2023 when the company changed ownership and Phil Warren ceased his role of Managing Director. From the period 1 July 2023 to 31 October 2023, $58,062 was paid to Grange Consulting for financial management and company secretarial services. These transactions were carried out on commercial terms.

	2024 $	2023 $
Company secretarial and financial management services	58,062	88,579
Total	**58,062**	**88,579**

Nil was outstanding and payable to Grange as at 30 June 2024 (2023: $36,300).

Note 26: Commitments and contingent liabilities

The Directors are not aware of any other commitments or any contingent liabilities to those disclosed separately throughout the annual report that may arise from the Group's operations as at 30 June 2024 (2023: none).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 27: Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	2024	2023
	$	$
Audit services - BDO Audit Pty Ltd[1]		
Audit or review of the financial statements	432,519	335,584
Other services		
Taxation services	-	130,294
Due diligence services	-	230,841
Audit services – network firms		
Audit or review of the financial statements	306,870	343,846
Other services - network firms		
Taxation services	91,224	40,939
Total BDO Audit Pty Ltd and related network firms	**830,613**	**1,081,504**

[1] The BDO entity performing the audit of the group transitioned from BDO Audit (WA) to BDO Audit Pty Ltd on 18 April 2024. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

Note 28: Parent entity disclosures

	2024	2023
	$	$
Assets		
Current assets	1,548,695	6,093,399
Non-current assets	138,667,293	174,573,855
Total assets	**140,215,988**	**180,667,254**
Liabilities		
Current liabilities	2,264,617	19,505,614
Non-current liabilities	-	2,301,834
Total liabilities	**2,264,617**	**21,807,448**
Net assets	**137,951,371**	**158,859,806**
Equity		
Issued capital	340,257,548	331,923,527
Reserves	60,518,296	64,913,027
Accumulated losses	(262,824,473)	(237,976,748)
Total equity	**137,951,371**	**158,859,806**
Profit/(loss) for the year	**(24,847,725)**	**(77,992,317)**
Total comprehensive income / (loss)	**(24,847,725)**	**(77,992,317)**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

Note 28: Parent entity disclosures (continued)

The accounting policies of the Parent entity are in line with the Group's policies disclosed in Note 2, excluding investment in subsidiaries which are carried at cost.

The Parent entity did not have any guarantees, contingent liabilities or commitments as at 30 June 2024 (2023: none).

Note 29: Events occurring after the reporting period

On 26 July 2024, the Company increased its debt facility with AshGrove Capital Management from $37,850,000 to $47,850,000. The term of the facility is 5 years and the interest rate is 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 Statement of financial position, tested monthly, an ARR-to-debt ratio and an EBITDA-to-debt ratio commencing 31 December 2025, both tested quarterly and events of default customary for a facility of this kind. Refer Note 15 - Borrowings for details regarding this facility.

Other subsequent events

On 4 July 2024, 2,000,000 shares were issued to the Company's treasury share trust to be allocated to employees on the exercise of options and performance rights under the Company's Employee Share Scheme.

On 4 July 2024, 136,077 shares were issued for the interest on W8 notes repaid in shares for the period 1 April to 30 June 2024.

On 26 July 2024 and 1 August 2024, 1,844,845 and 217,235 shares respectively were issued from the Company's treasury share trust under the Company's Employee Securities Incentive Scheme. Included in the issue were 133,581 and 122,833 issued to KMPs Crispin Swan and Ben Jenkins respectively.

On 8 August 2024, 15,000,000 shares were issued to the Company's treasury share trust to be allocated to employees on the exercise of options and performance rights under the Company's Employee Share Scheme.

On 16 August 2024, the Company repaid 4,161 convertible notes owed to W8 Ventures issued as part of the Company's acquisition of Qustodio in 2022. This resulted in a payment of $6,239,773. 46,356 shares were also issued in relation to remaining accrued interest owning at that date.

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

Consolidated Entity Disclosure Statement

As at 30 June 2024

Basis of Preparation

The Consolidated Entity Disclosure Statement has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with *AASB 10 - Consolidated Financial Statements*.

		Body Corporates		Tax Residency	
Entity Name	**Type of Entity**	**Place formed or incorporated**	**% of shares held**	**Australian or foreign tax resident**	**Jurisdiction for foreign resident**
Qoria Holdings Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Family Zone Inc.	Body Corporate	United States of America	100%	Dual	United States of America
Family Zone NZ Cyber Safety Ltd	Body Corporate	New Zealand	100%	Dual	New Zealand
Cyber Education Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
NetRef Education LLC	Body Corporate	United States of America	100%	Dual	United States of America
Family Zone UK Cyber Safety Limited[1]	Body Corporate	United Kingdom	100%	Dual	United Kingdom
Topco Oasis Limited[1]	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Bidco Oasis Limited[1]	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Oval (2304) Limited[1]	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Smoothwall Limited	Body Corporate	United Kingdom	100%	Dual	United Kingdom
Linewize Limited[1]	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Smoothwall Inc	Body Corporate	United States of America	100%	Foreign	United States of America
Safeguard Software Limited[1]	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Ensco 1227 Limited[1]	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
eSafe Global Limited	Body Corporate	United Kingdom	100%	Dual	United Kingdom
Derbytech Inc.	Body Corporate	United States of America	100%	Dual	United States of America
Qustodio LLC	Body Corporate	United States of America	100%	Foreign	United States of America
Qustodio Technologies S.L.U.	Body Corporate	Spain	100%	Foreign	Spain
EI Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Family Zone Employee Incentive Securities Plan Trust	Trust	Australia	100%	Australian	N/A

[1] *This is a holding company with no business activity during the financial period.*

At the end of the financial year, no entity within the consolidated entity was a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

Directors' Declaration

In the Directors' opinion:

a. the accompanying financial statements set out on pages 37 to 100 and the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and

   ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

d. the attached consolidated entity disclosure statement is true and correct as at 30 June 2024.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2024.

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

On behalf of the Directors

Tim Levy
Managing Director
Qoria Limited

24 September 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Qoria Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Qoria Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

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

Basis for opinion

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

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

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

Key audit matters

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

Going concern

Key audit matter	How the matter was addressed in our audit
The financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. The Group relies on continued compliance with lender covenants, sales growth and the management of costs in line with forecast to continue as a going concern. Assessing the appropriateness of the basis of preparation for the Group's financial report was a key audit matter due to its importance to the financial report and the judgement involved in forecasting future cash flows for a period of at least 12 months from the date of the financial report. Note 2 a) of the financial report discloses the basis of preparation of the financial report and the Directors' assessment of the going concern assumption.	Our audit procedures included, but were not limited to the following: • Evaluating the appropriateness of the Group's assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of the financial report and that relevant information of which we are aware of as a result of the audit is included; • Inquiring with management and the Directors whether they are aware of any events or conditions, including beyond the period of assessment, that may cast significant doubt on the Group's ability to continue as a going concern; • Comparing the key underlying data and assumptions in the Group's cash flow forecast to approved budgets, historical cash flows and performance subsequent to reporting date; • Developing an understanding of what forecast expenditure in the cash flow forecast is committed and what could be considered discretionary; • Assessing management's historical accuracy of cash flow forecasting by comparing actual results to prior period forecasts and considering the feasibility of management's plans in place to mitigate going concern issues; • Reviewing events occurring subsequent to reporting date to identify any additional factors that may affect the going concern assessment; • Evaluating management's position on the impact of financial covenants in place in relation to the Group's external debt facility on the going concern assumption; and • Assessing the adequacy of the related disclosure in Note 2 a) of the financial report.

Carrying value of goodwill

Key audit matter	How the matter was addressed in our audit

The Group’s carrying value of goodwill as disclosed in Note 10 represents a significant asset to the Group. The Australian Accounting Standards require the Group to test its cash generating units to which goodwill is allocated for impairment at least annually.
 	
The assessment of impairment is complex and highly judgemental and includes assessing a range of external and internal factors and modelling a range of assumptions that could impact the recoverable amount of each cash generating unit (“CGU”). Accordingly, this was considered to be a key audit matter.
 	
Notes 2(d)(iii) and 10 of the financial report disclose the accounting policy for assessment of impairment and the significant judgements and estimates made.
	Our audit procedures included, but were not limited to the following:
	
	• Assessing the appropriateness of the Group’s identification of CGUs and management’s allocation of assets to the carrying value of CGUs based on our understanding of the Group’s business and internal reporting;
	
	• Evaluating management’s calculation and basis for allocation of goodwill arising from acquisitions to the Group’s CGUs;
	
	• Evaluating management’s impairment assessment, including the following:
	
	    • In conjunction with our internal valuation specialists, evaluating the appropriateness of the valuation methodology used by management to calculate the fair value less cost of disposal of each CGU;
	
	    • Assessing the competence and objectivity of the independent expert to which management has engaged to perform valuation services;
	
	    • Assessing and challenging the reasonableness of key assumptions included within the valuation models; and
	
	• Assessing the adequacy of the related disclosures in Notes 2(d)(iii) and 10 of the financial report.

Accounting for capitalised development costs

Key audit matter	How the matter was addressed in our audit

The Group develops software related to its suite of cyber safety related solutions. Software asset development is core to the Group's operations and requires judgement as to whether software development costs meet the capitalisation criteria of AASB 138 Intangible Assets.
 	
The capitalisation of internally generated development assets was assessed as being a key audit matter due to the significance of the costs capitalised and the specific criteria that are required to be met for capitalisation. The criteria involves management judgement with respect to:
 	
• The technical feasibility of the project and likelihood of the project delivering future economic benefit;
 	
• The ability to measure costs reliably, including determining whether the costs are directly attributable to the software project and whether costs incurred are research in nature that should be expensed, or development costs eligible for capitalisation; and
 	
• Timing of amortisation and assessment of useful life.
 	
Notes 2(d)(xi) and 10 of the financial report disclose the accounting policy for capitalised development costs and the significant judgements and estimates made.
	Our audit procedures included, but were not limited to the following:
	
	• Testing software development projects, on a sample basis, to determine the nature and status of the projects and assessing whether the costs incurred on these projects met the capitalisation requirements of AASB 138;
	
	• For a sample of software development projects, obtaining an understanding of the nature of the development activities undertaken and evaluating the assessment of capitalisation criteria, including technical feasibility and generation of future economic benefits, from the software project manager;
	
	• On a sample basis, testing employee costs included within the capitalisation calculation, including:
	
	  • Verifying pay rates applied in management's model to contractual agreements and assessing whether contractual roles were consistent with the calculations, relating directly to software engineering activities;
	
	  • Evaluating the allocation of time relating to software development activities to underlying supporting documentation;
	
	• Assessing the useful life and amortisation rate applied to capitalised software development costs; and
	
	• Assessing the adequacy of the related disclosures in Notes 2(d)(xi) and 10 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 35 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Qoria Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 24 September 2024

ASX Additional Information

For the year ended 30 June 2024

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

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

The issued capital of the Company as at 26 August 2024 includes the following securities:

Equity Class	Number of holders	Total on issue
Fully Paid Ordinary Shares	2,697	1,210,826,668
Unlisted Options	13	30,476,121
Unlisted Performance Rights	513	92,981,032
Unlisted Warrants	1	16,045,408

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

2. Substantial holders in the Company

Substantial Shareholder	Number of Shares held	% of Total Shares
Regal Funds Management Pty Ltd	185,505,000[1]	16.66%
McCusker Holdings Pty Ltd	159,500,000	13.17%
Perennial Value Management Limited	142,285,641[2]	12.71%

[1] *Based on substantial holder notice lodged 21 December 2023*

[2] *Based on substantial holder notice lodged 14 January 2024*

3. Distribution of equity securities as at 26 August 2024

a) Fully paid ordinary shares

Holding Ranges	Holders	Total Shares	% Total Shares
1 - 1,000	181	90,979	0.01%
1,001 - 5,000	713	1,912,779	0.16%
5,001 - 10,000	318	2,477,206	0.20%
10,001 - 100,000	1,051	41,572,111	3.43%
100,001 - 9,999,999,999	434	1,164,773,593	96.20%
Totals	**2,697**	**1,210,826,668**	**100.00%**

There were 289 holders with less than a marketable parcel of Shares based on the share price of $0.35 on 26 August 2024.

b) Options

Holding Ranges	Holders	Total Employee Options	% Total Employee Options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	13	30,476,121	100.00%
Totals	**13**	**30,476,121**	**100.00%**

ASX Additional Information

For the year ended 30 June 2024

c) Performance Rights

Holding Ranges	Holders	Total Employee Options	% Total Employee Options
1 - 1,000	-	-	-
1,001 - 5,000	11	38,054	0.04%
5,001 - 10,000	23	155,145	0.17%
10,001 - 100,000	334	16,773,784	18.04%
100,001 - 9,999,999,999	145	76,014,049	81.75%
Totals	**513**	**92,981,032**	**100.00%**

d) Unlisted Warrants

Holding Ranges	Holders	Total Employee Options	% Total Employee Options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	1	16,045,408	100.00%
Totals	**1**	**16,045,408**	**100.00%**

4. Top 20 Shareholder as at 26 August 2024

Position	Holder Name	Holding	% IC
1	CITICORP NOMINEES PTY LIMITED	232,155,445	19.17%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	171,621,037	14.17%
3	MCCUSKER HOLDINGS PTY LTD	159,500,000	13.17%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	81,938,779	6.77%
5	UBS NOMINEES PTY LTD	78,590,639	6.49%
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	43,143,362	3.56%
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	37,110,759	3.06%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	16,620,326	1.37%
9	SISU INTERNATIONAL PTY LTD	12,492,160	1.03%
10	TIMOTHY NOMINEES PTY LTD <TIMOTHY FAMILY A/C>	11,932,977	0.99%
11	MARTINDALE PTY LTD	11,350,000	0.94%
12	CPU SHARE PLANS PTY LTD <FZO EST UNALLOCATED A/C>	10,796,487	0.89%
13	AURO PTY LTD	9,780,000	0.81%
14	ECAPITAL NOMINEES PTY LIMITED <ACCUMULATION A/C>	9,076,780	0.75%
15	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	8,959,107	0.74%
16	BPM INVESTMENTS LIMITED	8,100,000	0.67%
17	BUTTONWOOD NOMINEES PTY LTD	8,000,000	0.66%
18	MOSCH PTY LTD	7,738,094	0.64%
19	BELLINI FAMILY INVESTMENTS PTY LTD	7,600,000	0.63%
20	1001 PTY LTD <D COLBRAN SUPER FUND A/C>	7,417,500	0.61%
	Total	**933,923,452**	**77.12%**
	Total remaining holders balance	**276,903,217**	**22.88%**
	Total issued capital – ordinary	**1,210,826,668**	**100%**

ASX Additional Information

For the year ended 30 June 2024

5. Restricted Securities

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

6. Unquoted Securities

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

a) Options ($0.00, 30 Nov 2024)

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

b) Options ($0.50, 30 Jun 2025)

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

c) Options ($0.55, 30 Jun 2025)

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

d) Options ($0.60, 31 Dec 2025)

Holder Name	Holding	% Total Options
Georg Ell	2,100,000	28.57%
JC Watts Holdings Pty Ltd <Jane Catherine Watts Investments Trust A/C>	2,100,000	28.57%
Total Options	**4,200,000**	**58.14%**

ASX Additional Information

For the year ended 30 June 2024

e) Options ($0.60, 31 Jan 2026)

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

f) Options ($0.36, 30 June 2027)

Holder Name	Holding	% Total Options
Timothy Nominees Pty Ltd <Timothy Family A/C>	3,000,000	100.00%
Total Options	**3,000,000**	**100.00%**

g) Options ($0.00, 30 June 2027)

Holder Name	Holding	% Total Options
Timothy Nominees Pty Ltd <Timothy Family A/C>	4,084,081	66.67%
Total Options	**4,084,081**	**66.67%**

h) Performance Rights

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

i) Unlisted Warrants

Holder Name	Holding	% Total Performance Rights
AshGrove Specialty Lending Investments I Designated Activity Company	16,045,408	100.00%
Total	**16,045,408**	**100.00%**

7. On-market buy back

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

In accordance with ASX Listing Rule 4.10.3 the Company's corporate governance statement can be found at www.qoria.com/investors

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

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