

Qoria Limited

(Formerly Family Zone Cyber Safety Limited)

ACN 167 509 177

Appendix 4E

Given to the ASX under listing rule 4.3A

Reporting Period

Financial year end	30 June 2023
Previous corresponding reporting period	30 June 2022

Results for Announcement to Market

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

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

Dividends

No dividends have been declared or paid during the year ended 30 June 2023. The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2023.

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

Explanation of results

In the current financial year, the Group reported \$81.9 million in revenue representing a 83% increase from the previous year (\$44.7 million). The growth in revenue represents strong organic growth and is also attributable to the acquisition of Qustodio and Educator Impact during the year.

The operating revenue of the Group is derived from 2 key revenue streams:

- Education: the sale of education technology services to schools through contracted student licences (B2B); and
- Consumer: the sale of parental control solutions to parents directly (B2C).

The Group also has the ability to cross-sell consumer products utilising their school network (B2B2C).

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

- Successfully launched its new brand and name, Qoria, which recognises the global significance of the Group and offers long term value by moving to a singular brand and employment value proposition, globally.
- Scaled significantly and grew organically with both its existing and newly-added product offerings, achieving total ARR (Annual Recurring Revenue) in excess of \$97 million at 30 June 2023 and reaching the targeted \$100 million subsequently, in July 2023.
- Added Qustodio, a world leader in parental control technology, to the Group in August 2022. The Qustodio consumer product was launched into the UK, US, Australian and New Zealand education technology markets throughout the year and a strategy has been developed to drive this growth.
- Expanded its wellbeing offering with the addition of Educator Impact, an innovative student wellbeing provider, in October 2022. The Educator Impact “Pulse” product was almost immediately launched to the Group’s existing edu-tech customers.
- Experienced its first ever operating cash flow positive quarter, as announced on 27 October 2022, following a record \$23.5m in cash receipts and controlled costs.

On 17 March 2023, the Group successfully completed its placement of new fully paid ordinary shares to professional and wholesale investors raising a total of approximately \$25 million, including \$5m which was used to repay a portion of the North City working capital facility. The remaining proceeds will be used to support additional growth and corporate opportunities. Refer to Notes 11 and 13 in the accompanying notes to the consolidated financial statements for further details.

On 30 June 2023, the Group also entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital. Subsequent to year end, the initial drawdown of \$20 million was made on 14 July 2023. Refer to Note 11 in the accompanying notes to the consolidated financial statements for further details.

Net Tangible Assets per Security

Net tangible asset/(liabilities) per share	30 June 2023	30 June 2022
Net tangible asset/(liabilities) (cents per share)	(8.38)	(2.91)

The decrease in NTA is primarily due to the increase in contract liabilities, convertible notes and deferred acquisition consideration associated with the Qustodio and Educator Impact acquisitions.

Controlled entities

The Company gained control over a number of entities during the financial year as part of the acquisition of Qustodio (Qustodio LLC and its controlled entities) and Educator Impact (EI Pty Ltd and its controlled entity) as detailed below. The Company's controlled entities as at 30 June 2023 are outlined below:

Controlled entities	Country of incorporation	Date of incorporation or acquisition
Qoria Holdings Pty Ltd	Australia	22 May 2023
Family Zone Inc.	United States of America	9 September 2016
Family Zone Cyber Safety Pte. Ltd.	Singapore	2 June 2017
Family Zone NZ Cyber Safety Ltd	New Zealand	29 November 2017
Cyber Education Pty Ltd	Australia	1 July 2020
NetRef Education LLC	United States of America	30 June 2021
Family Zone UK Cyber Safety Limited	United Kingdom	21 July 2022
Topco Oasis Limited	United Kingdom	16 August 2021
Bidco Oasis Limited	United Kingdom	16 August 2021
Oval (2304) Limited	United Kingdom	16 August 2021
Smoothwall Limited	United Kingdom	16 August 2021
Linewize Limited	United Kingdom	16 August 2021
Smoothwall Inc	United States of America	16 August 2021
Safeguard Software Limited	United Kingdom	16 August 2021
Ensco 1227 Limited	United Kingdom	16 August 2021
eSafe Global Limited	United Kingdom	16 August 2021
Derbytech Inc.	United States of America	1 March 2022
Qustodio LLC	United States of America	Acquired 1 August 2022
Qustodio Technologies S.L.U.	Spain	Acquired 1 August 2022
Digital Literacy S.L.U.	Spain	Acquired 1 August 2022
EI Pty Ltd	Australia	Acquired 3 October 2022
Educator Impact Inc.	United States of America	Acquired 3 October 2022

The Group did not have any associates or joint ventures during the year.

Audit

This Appendix 4E is based on the financial report for the year ended 30 June 2023, which is in the process of being audited.

Attachments

The Preliminary Final Report of Qoria Limited (formerly known as Family Zone Cyber Safety Limited) ("Qoria" or "The Group") for the year ended 30 June 2023 is attached.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

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

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

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

Consolidated statement of financial position

As at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	6,620,286	32,746,157
Trade and other receivables		18,971,917	12,012,607
Prepayments		4,407,937	2,063,394
Inventory		1,134,169	1,118,019
Contract assets		2,527,592	3,381,735
Total Current Assets		33,661,901	51,321,912
Non-Current Assets			
Intangible assets	9	243,315,825	182,208,713
Financial assets		215,007	189,740
Plant and equipment	10	5,401,353	3,161,989
Right-of-use assets		4,023,306	3,249,322
Contract assets		895,497	1,143,106
Total Non-Current Assets		253,850,988	189,952,870
TOTAL ASSETS		287,512,889	241,274,782
LIABILITIES			
Current Liabilities			
Trade and other payables		23,198,991	10,957,788
Contract liabilities	4	42,670,210	29,312,838
Deferred consideration	12	6,878,438	1,731,101
Provisions		3,661,168	2,943,041
Borrowings	11	7,479,375	662,199
Lease liability		1,453,153	1,315,393
Total Current Liabilities		85,341,335	46,922,360
Non-Current Liabilities			
Contract liabilities	4	13,141,267	12,289,822
Deferred consideration	12	701,734	1,836,071
Provisions		449,550	374,179
Borrowings	11	8,354,124	203,339
Lease Liability		3,123,807	2,336,868
Deferred Tax Liability		17,541,266	12,002,697
Total Non-Current Liabilities		43,311,748	29,042,976
TOTAL LIABILITIES		128,653,083	75,965,336
NET ASSETS		158,859,806	165,309,446
EQUITY			
Issued capital	13	331,923,526	294,524,795
Reserves	14	62,304,376	19,432,725
Accumulated losses		(235,368,096)	(148,648,074)
TOTAL EQUITY		158,859,806	165,309,446

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

Consolidated statement of changes in equity

For the year ended 30 June 2023

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

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

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

Consolidated statement of cash flows

For the year ended 30 June 2023

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

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 1: Basis of preparation

The preliminary financial report has been prepared in accordance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with the Australian Accounting Standards (AASBs) and the interpretations issued by the Australian Accounting Standards and the *Corporations Act 2001*. This year end preliminary financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, the preliminary report is to be read in conjunction with the annual financial report for the year ended 30 June 2023, the interim financial report for the half-year ended 31 December 2022 and any public announcements made by Qoria Limited (formerly Family Zone Cyber Safety Limited) during the reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

Note 2: Segment reporting

The chief operating decision maker has been identified as the Board of Directors.

The Group has four main operating segments being the provision of educational technology services in Australia & New Zealand ("ANZ"), the United Kingdom ("UK"), the United States of America ("USA") and Europe. Previously, during the year ended 30 June 2023, the group operated within three main operating segments being Australia & New Zealand ("ANZ"), the United Kingdom ("UK") and the United States of America ("USA"). This is consistent with the internal reporting provided to the chief operating decision maker.

30 June 2023	ANZ	UK	USA	Europe	Total
	\$	\$	\$	\$	\$
Segment Income					
Sales revenue	5,165,374	29,355,122	28,972,844	18,388,445	81,881,785
Other income	297,557	5,167	3,345	240,745	546,814
Total Income	5,462,931	29,360,289	28,976,189	18,629,190	82,428,599
Segment Expenses					
Direct cost	(8,312,357)	(7,524,124)	(4,694,444)	(6,577,371)	(27,108,296)
Operating expenses	(31,746,873)	(21,926,480)	(20,190,255)	(9,622,583)	(83,486,191)
Share-based payments	(11,591,997)	(4,503,197)	(3,504,393)	(742,086)	(20,341,673)
Share based deferred consideration	-	-	-	(18,551,119)	(18,551,119)
Loss before depreciation and amortization	(46,188,296)	(4,593,512)	587,097	(16,863,969)	(67,058,680)
Depreciation and amortisation	(1,976,706)	(7,368,158)	(4,333,595)	(10,330,866)	(24,009,325)
Loss before income tax	(48,165,002)	(11,961,670)	(3,746,498)	(27,194,835)	(91,068,005)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 2: Segment reporting (continued)

30 June 2022	ANZ	UK	USA	Europe	Total
	\$	\$	\$	\$	\$
Segment Income					
Sales revenue	3,798,563	25,080,793	15,846,213	-	44,725,569
Other income	149,580	79,246	226,257	-	455,083
Total Income	3,948,143	25,160,039	16,072,470	-	45,180,652
Segment Expenses					
Direct costs	(6,763,266)	(6,457,162)	(3,375,344)	-	(16,595,772)
Operating expenses	(32,500,659)	(18,269,267)	(13,223,369)	-	(63,993,295)
Share-based payments	(13,303,148)	(3,198,644)	(2,987,185)	-	(19,488,977)
Loss before depreciation and amortisation	(48,618,930)	(2,765,034)	(3,513,428)	-	(54,897,392)
Depreciation and amortisation	(1,366,863)	(5,724,078)	(3,441,221)	-	(10,532,162)
Loss before Income Tax	(49,985,793)	(8,489,112)	(6,954,649)	-	(65,429,554)
30 June 2023	ANZ	UK	USA	Europe	Total
	\$	\$	\$	\$	\$
Segment Assets	19,427,267	187,594,932	27,530,499	52,960,191	287,512,889
Segment Liabilities	(25,187,388)	(42,773,626)	(38,656,702)	(22,035,367)	(128,653,083)
30 June 2022	ANZ	UK	USA	Europe	Total
	\$	\$	\$	\$	\$
Segment Assets	39,266,458	178,388,736	23,619,588	-	241,274,782
Segment Liabilities	(11,577,718)	(40,370,701)	(24,016,917)	-	(75,965,336)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Business combinations

a. Qustodio Acquisition

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

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

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

The company completed the acquisition of the Qustodio business on 1 August 2022. The total purchase consideration was USD\$25 million (AUD\$35.6 million) with USD\$24.2 million payable upfront in the form of cash (USD\$12.6 million), issue of shares (USD\$4.1 million) and issue of notes (USD\$7.5 million). The remaining USD\$0.8 million is deferred consideration payable in Qoria shares in two tranches 8 and 16 months from the acquisition date.

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

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

¹ Includes USD\$2.6 million cash held in escrow for indemnification claims.

² 18,241,407 shares issued on 1 August 2022 at a share issue price of \$0.320 (1 August 2022 closing rate) and 7,490 notes issued on 1 August 2022 at a face value of USD\$1,000 per note. Refer to Note 11 - Borrowings.

³ 50% of shares (\$430,635 USD equivalent at the time of settlement) to be issued 8 months from completion and the remaining 50% (\$430,635 USD equivalent at the time of settlement) to be issued 16 months from completion. Fixed value of consideration will be settled via a variable number of shares, depending on the share price at settlement date. Amounts have been classified as a financial liability accordingly. Refer to Note 12 - Deferred consideration.

In addition to the total purchase consideration accounted for above under the provisions of AASB 3: Business Combinations, there are also amounts of share-based payments owed to some of the vendors of Qustodio which have been treated as share-based payments under the provisions of AASB 2: Share-based payments as they are contingent on the continued employment of these vendors. Refer Note 5, share-based payments, for further details.

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Business combinations (continued)

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

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

	\$
Cash used to acquire business, net of cash	
Acquisition-date fair value of the total consideration transferred	35,649,470
Less: cash and cash equivalents acquired	(1,603,320)
Less: upfront non-cash and deferred consideration	(17,710,082)
Net cash used	16,336,068

b. Educator Impact Acquisition

On 3 October 2022, the Group acquired EI Pty Ltd and its controlled entity ("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 entire existing customer base and through channel partners to new clients.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 3: Business combinations (continued)

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 4: Revenue

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

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

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

Disaggregation of revenue from contracts with customers

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

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

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

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 4: Revenue (continued)

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

Contract liabilities

Contract liabilities recognised relate to amounts invoiced in advance of the transfer of services to customers for its subscription service offerings. Revenue is recognised for these amounts over time, over the life of the service contract, as the Group's service performance obligations are satisfied.

Reconciliation of movements in contract liabilities:

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

¹ Refer to Note 3 – Business Combinations

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

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 5: Expenses

	2023	2022
	\$	\$
Direct Costs		
Service costs	4,623,074	3,670,857
Hardware costs	3,615,567	2,933,764
Cloud data and hosting	9,963,456	6,849,919
Marketing	6,441,449	1,991,807
Other costs	2,464,750	1,149,425
	27,108,296	16,595,772
Employee and director benefits cost		
Employee wages and superannuation	54,299,380	39,322,780
Staff and contractor commissions	3,693,868	3,184,471
Other employee costs	8,567,823	6,391,839
	66,561,071	48,899,090
Administration		
Legal costs	329,177	2,388,060
IT costs	4,652,752	2,445,999
Corporate and compliance costs	2,067,889	1,980,259
General administrative costs	2,960,715	3,084,029
	10,010,533	9,898,347

Note 6: Share based payments

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

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

Note 7: Loss per share

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 7: Loss per share (continued)

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

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

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

Note 8: Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	6,620,286	32,746,157
Total Cash and Cash Equivalents	6,620,286	32,746,157
	2023	2022
	\$	\$
Reconciliation of cash outflows from operations with loss after income tax	(86,720,022)	(64,015,461)
Loss for the year		
Non cash items included in loss for the year:		
- Share based payments	38,892,791	19,488,977
- Depreciation, amortisation and impairment	24,009,325	10,766,813
- Non-cash interest expense	1,660,585	1,703,380
- Non-cash other income	(455,009)	(249,435)
- Non-cash other expenses	48,118	-
- Non-cash foreign currency movements	(5,196,753)	-
Movements in operating assets and liabilities:		
- Increase / (Decrease) in deferred tax balances	(3,402,871)	(1,414,093)
- Increase / (Decrease) in trade and other payables	7,697,796	(6,377,898)
- (Increase) / Decrease in trade and other receivables	(3,894,027)	4,359,076
- (Increase) / Decrease in prepayments and other assets	(2,583,688)	857,857
- Increase / (Decrease) in contract liabilities	4,911,998	(4,427,669)
- (Increase) / Decrease in contract assets	1,100,386	1,241,648
- (Increase) / Decrease in inventory balances	(18,050)	(432,622)
- Increase / (Decrease) in provisions	311,568	1,231,995
Cash inflows/(outflows) from operations	(23,637,853)	(37,267,432)

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 9: Intangible assets

	2023	2022
	\$	\$
Goodwill at cost	169,941,625	130,698,211
Software at cost ¹	65,244,458	50,738,191
Less: Accumulated amortisation and impairment	(30,615,510)	(19,531,378)
Customer lists at cost ²	43,712,631	15,545,349
Less: Accumulated amortisation and impairment	(10,807,956)	(1,166,278)
Branding at cost ³	6,673,030	6,163,109
Less: Accumulated amortisation and impairment	(832,453)	(238,491)
	243,315,825	182,208,713

¹ Software is amortised on a straight-line basis over the period of its expected benefit, being its finite life of 3 - 7 years. The useful life was determined using the following judgements: life cycles of related products, expected technical or commercial obsolescence and economic life of other related assets.

² Customer lists and relationships are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-10 years. The useful life was determined using the following judgements: life cycles of related products, expected technical or commercial obsolescence and economic life of other related assets.

³ Branding is amortised on a straight-line basis over the period of their expected benefit, being their finite life of 15 years. The useful life was determined using the following judgements: life cycles of related products, expected technical or commercial obsolescence and economic life of other related assets.

Reconciliation of movements in intangible assets

Intangible Assets	\$
Balance at 1 July 2021	5,973,314
Additions arising from business combinations - Goodwill - Smoothwall	129,436,090
Additions arising from business combinations - Customer lists - Smoothwall	13,785,971
Additions arising from business combinations - Software - Smoothwall	34,657,003
Additions arising from business combinations - Branding - Smoothwall	6,619,537
Additions arising from business combinations - Goodwill - Cipafilter	9,719,326
Additions arising from business combinations - Customer lists - Cipafilter	1,370,568
Additions arising from business combinations - Software - Cipafilter	263,575
Amortisation expense	(7,670,969)
Other including foreign exchange movements	(11,945,702)
Balance at 30 June 2022	182,208,713
Additions arising from business combinations - Goodwill - Qustodio ¹	21,599,257
Additions arising from business combinations - Customer lists - Qustodio ¹	21,902,959
Additions arising from business combinations - Software - Qustodio ¹	8,674,904
Additions arising from business combinations - Goodwill - Educator Impact ¹	5,925,498
Additions arising from business combinations - Customer lists - Educator Impact ¹	3,660,618
Additions arising from business combinations - Software - Educator Impact ¹	94,200
Additions - Internally generated assets	1,535,073
Amortisation expense	(20,211,555)
Other including foreign exchange movements	17,926,158
Balance at 30 June 2023	243,315,825

¹ Refer to Note 3 - Business Combinations

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 10: Plant & equipment

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

Reconciliation of movements in fixed assets

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

¹ Refer to Note 3 - Business Combinations

Note 11: Borrowings

	2023	2022
	\$	\$
Current:		
IQumulate	445,329	418,317
Oracle Loan financing	315,856	169,252
Convertible notes ¹	5,025,222	-
Other loan facilities	1,692,968	74,630
Total Current Borrowings	7,479,375	662,199
Non-Current:		
Oracle Loan financing	331,271	203,339
Other loan facilities	1,738,981	-
Convertible notes ¹	6,283,872	-
Total Non-Current Borrowings	8,354,124	203,339

¹ 7,490 notes issued on 1 August 2022 at a face value of USD\$1,000. 3,328 of the notes are convertible at the option of the holder for an 18-month period at a conversion price of USD\$0.429 per share. The other 4,162 are convertible at the option of the holder for a 24-month period at a conversion price of USD\$0.429 per share. Note holders can also elect to have all or a portion of their debt repaid in cash if they do not wish to convert at the end of the conversion period.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 11: Borrowings (continued)

Oracle Project

Key Facility Terms

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

Northcity Asset – Working capital loan facility

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

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

A facility fee of 2% of the Facility amount (\$200,000) was paid on establishment along with 3,000,000 options to acquire ordinary shares of the company with an exercise price of \$0.60 per share, expiring on 31 January 2026. Thereafter, a facility maintenance fee of up to 7,000,000 options (subject to shareholder approval) at an exercise price of \$0.60 per share, expiring 31 January 2026, were payable in three instalments on 31 July 2022 (2,000,000 options), 31 January 2023 (2,000,000 options) and 31 July 2023 (3,000,000 options) unless the facility was terminated by the Company prior to these dates. Cash fees of up to \$500,000 were payable in the event that the facility remains open until 31 July 2023, in the event that shareholder approval was not granted. The facility was repaid on 17 March 2023, with the issue of 27,777,778 shares in Qoria Limited. The quantity of shares were calculated with a share price of \$0.18 and the drawn down portion of the facility at settlement date being \$5,000,000. The shares were valued using the share price on date of issue (17 March 2023) of \$0.16 and a resulting gain of \$555,556 was recognised as other income on application of Interpretation 19. The 3,000,000 options payable on 31 July 2023 were not issued as a result of the termination of the facility.

Ashgrove Capital - Debt facility

On 30 June 2023, The Group entered into a \$30,350,000 debt facility provided by London-based debt provider Ashgrove Capital. The initial drawdown was made on 14 July 2023.

The term of the facility is 5 years and the interest rate will be set at BBSY + 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 of the material assets of the Group in Australia, the United Kingdom, Spain and the United States and a ratio of secured assets is required to be maintained as the business grows.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 12: Deferred consideration

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

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

² The remaining 50% is payable on 31 December 2023. Refer to Note 3 – Business Combinations.

³ Convertible performance consideration due 30 June 2024 unless revenue-based performance target is met sooner. Refer to Note 3 – Business Combinations. Convertible performance consideration and any accrued interest may be convertible at the election of the sellers at \$0.60 per fully paid ordinary share on early performance. Management has exercised its judgement to determine that this performance target will be met based on its forecasts.

Note 13: Issued capital

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

(a) Ordinary Shares

	Number of Shares	Value \$
Opening balance – 1 July 2021	391,266,604	106,052,956
Shares issued on exercise of performance rights	6,158,131	-
Shares issued on exercise of broker and advisor options	1,507,500	303,075
Shares issued on exercise of employee options	1,502,697	270,485
Issue of placement shares ¹	355,587,242	163,858,818
Issue of Cipafilter shares	13,116,316	5,508,853
Issue of Netref consideration	4,225,921	1,358,854
Shares issued in lieu of cash remuneration or as incentive	3,312,679	1,874,674
Shares issued on exercise of Director zero exercise price options	686,753	-
Issue of retail entitlement offer shares	44,561,551	24,508,853
Costs of shares issued	-	(9,211,773)
Closing balance – 30 June 2022	821,925,394	294,524,795

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 13: Issued capital (continued)

Issue of placement shares	143,605,425	19,599,985
Convertible note interest	220,721	163,918
Issues of Qustodio consideration	19,653,323	6,486,012
Issues of Educator Impact consideration	9,744,567	3,118,261
Shares issued on exercise of zero exercise price options	120,000	-
Shares issued on exercise of seller/advisor options	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
Add: Closing balance of shares in QOR Trustee Account	2,643,788	
	1,057,930,869	

¹ Consideration for 32,494,312 shares issued by Placement were received before 30 June 2022 and shares subsequently issued on 1 July 2022.

(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

Note 14: Reserves

Nature and Purpose of Share-Based Payment Reserve

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

	2023	2022
	\$	\$
Options	13,755,919	11,436,735
Performance Shares	18,491,584	1,660,671
Performance Rights	32,758,465	17,764,618
Total Share-Based Payment Reserve	65,005,968	30,862,024

Notes to the consolidated financial statements

For the year ended 30 June 2023

Note 14: 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.

	2023	2022
	\$	\$
Foreign Currency Translation Reserve	(2,701,592)	(11,429,299)
Total Foreign Currency Translation Reserve	(2,701,592)	(11,429,299)