



**Prophecy**

**Consolidated Financial Statements**

**For the Half-Year Ended 31 December 2020**

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Results For Announcement to the Market For the Period Ended 31 December 2020

This report should be read in conjunction with the 30 June 2020 Annual Financial Report of the consolidated entity.

1	Summary of results	% change	Direction	\$
	Revenue from ordinary activities from continuing operations	9%	down	6,676,760
	Loss from ordinary activities before tax attributable to members	1617%	up	(1,872,749)
	Loss from ordinary activities after tax	107%	up	(1,434,032)
	Loss from ordinary activities attributable to members (after non controlling interests)	82%	up	(1,438,387)

### 2 Dividends

No dividend has been declared for the half year (2019: \$0.05).

### 3 Explanatory information

For the six months to 31 December 2020, Prophecy has posted a loss before tax of (\$1,873k). This compares with a loss before tax of (\$109k) for the same period last year.

Revenues for the six months to 31 December 2020 were \$6.68 million – down 9% from the same period last year which recorded revenues of \$7.33 million.

The half year closed with a cash balance of \$3.6 million compared to \$4.1 million at the same period last year.

### 4 Net Tangible Assets per Security

	December 2020 \$	December 2019 \$
Net Tangible Assets (pre tax)	(1,160,076)	(751,487)
Net Tangible Assets (post tax)	(1,461,696)	(946,882)
Number of Securities	64,055,934	64,009,784
<b>NTA per Security (pre tax)</b>	<b>(0.018)</b>	<b>(0.012)</b>
<b>NTA per Security (post tax)</b>	<b>(0.023)</b>	<b>(0.015)</b>

Prophecy defines net tangible assets as net assets less intangible assets. A large proportion of Prophecy's assets are classified as intangible assets including goodwill, right of use assets and intellectual property. The company has elected to disclose net tangible assets both pre and post deferred tax balances. At 31<sup>st</sup> December 2020, the intangible assets have been excluded from the calculation of the net tangible assets, resulting in negative net tangible asset per security.

**The financial statements were subject to an independent review by Grant Thornton Audit Pty Ltd. The independent auditor's review report is attached as of the Interim Financial Report.**

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

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# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Review of Operations & Results of Operations For the Half Year Ended 31 December 2020

### Prophecy Strategy

The last few years has seen substantial change at Prophecy as we continue our growth journey focussing on our key segments of Cyber Security and Contact Centre Analytics.

Our vision is to continue to grow to become a globally significant software company based in Australia with global operations in these two key markets. Both markets have significant multi-year trends that favour this focus.

For eMite the ongoing migration to cloud based contact centres presents a significant market opportunity as some of the largest Enterprise companies move their contact centres to the Cloud.

On the Snare side the increased security threats and attacks on public and private IT Infrastructure and the consequences of those attacks continues to drive the need for comprehensive threat detection and monitoring.

Our organic growth strategy over the last few years has been focussed on the following areas:

- Product Innovation
- Sales & Marketing Optimisation
- Improved Customer Experience
- Operational Efficiency

We have largely been successful in all these areas.

In sales and marketing in particular we are at an important point as we have invested in additional sales resources in the UK covering the EMEA (Europe, Middle East and Africa) market for Snare and eMite.

We have improved and increased our marketing presence with the hiring of a new Marketing Manager with significant global experience, to increase our cut through with our target markets and generate new awareness and demand.

We have invested in people and processes to enable us to address much high value US Defence and Government contracts and have built a new multi-million dollar pipeline of opportunities that will bear fruit in calendar year 2021 and beyond.

From a customer experience perspective we have added Customer Success Management for eMite to grow and retain our existing customer base and have transitioned to a global 24x7 customer support model, facilitated by our team in Manila as well as local resources in the US, UK and Australia.

The company continues to run lean on operational costs and the vast majority of our expenditure is on skilled resources, globally delivering quality software to our target markets. As an organisation we have been working remotely since the start of the pandemic in March last year.

For our eMite SaaS products we leverage a multi-cloud approach using both AWS and Oracle Cloud to enable the best return on our hosting costs from each platform to ensure the best service for our customers, while keeping our own infrastructure costs as low as possible.

### H1 Performance

The global economic environment continues to be challenging and this has led to an inconsistent start to the sales year for Prophecy, especially from Snare direct sales in the US and most notably in November and December.

Snare had a particularly strong December in 2019 and that was a major contributor to last year's revenue growth and we have been unable to replicate that sales result in half year to December 2020. Our largest eFoundation (Legacy) customer also moved from a one off annual licence fee to a monthly subscription. This had an impact of effectively moving \$449,865 of recognisable revenue from December to revenue that is recognised month by month. It does increase the overall ARR (Annual Recurring Revenue) of Prophecy and the revenue will flow as a monthly subscription into H2.

As a result, Prophecy's revenue at the half is expected to be \$6.7M down from \$7.3M in the same period last year. EBITDA (Earnings before interest, taxes, depreciation and amortisation) is (\$1.16M) down from \$746K last year.

A few other changes also had a significant impact on revenue and profit in H1.

## Prophecy International Holdings Limited and Controlled Entities

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### Review of Operations & Results of Operations

#### For the Half Year Ended 31 December 2020

Approximately 70% of all sales are made in US dollars for the group. A strengthening Australian dollar had a significant negative impact on profitability in H1 FY21. Changes to the FX rates and the US dollar weakening against the Australian dollar had a negative impact of \$557,173 on the bottom line. Although this is “unrealised” in the most part as we have not realised these losses by bringing cash back from offshore.

Our major sales regions are the US and Europe for both Snare and eMite. Increased “Level 4” controls and lockdowns in the UK and more than 1 million COVID cases per week in the US, as well as uncertainty during the transition of the incoming administration of the US president, has delayed some sales orders, especially in the US, over December 2020 and into January 2021.

Fewer direct sales of Snare perpetual licences than forecast in November 2020 and into January in 2021 the US was the other primary reason for the lower than expected revenue in H1. We expect to continue to see uncertainty in US markets until the new administration has completed transition and COVID vaccinations become more widely available and administered.

US Dept of Commerce Small Business [Pulse Survey](#) shows that across all Small Business in the US there has been an average reduction of business of 30.7%. 75% of all small business has reported a moderate or large negative impact due to the COVID Pandemic.

Genesys, our major global partner for eMite have also changed their financial year to the end of January this year and we expect a higher January result as Genesys drives to close their sales year. We had forecast our largest ever enterprise deal for eMite through Genesys for December but that has been delayed during contract signing and I am pleased to announce that this sale has now been completed in January. This deal is for a Genesys Cloud customer for 6,000 seats committing to a 3 year term.

eMite revenue continues to increase as the large enterprise sales that were closed last year ramp up their usage and new accounts are added. Churn remains low and is generally restricted to industries suffering significant impact from COVID (higher education, hospitality etc). The Directors have reviewed the Emite financial forecasts compared to actual results for the half year and are satisfied the future forecasts will be achieved based on current sales activity (and leads) and hence have determined no Impairment of the Emite intangible asset is required.

#### Recurring Revenue

ARR for the group continues to grow to form a significant part of the revenue across all three product groups. ARR is now \$9.9M (eMite \$5.9M, Snare \$3.5M and eFoundation \$500K) and will continue to see growth as Snare begins to see success with subscription and cloud based offers.

eMite revenue increased from \$1.7M to \$2.3M an increase of 35% over the same period last year.

eMite ARR from customers under contract has increased from \$4.3M to \$5.9M

Minutes billed each month from Amazon Connect customers continues to increase to over 7M minutes per month and should continue to increase as other large enterprise accounts complete their implementations.

Significant eMite customers in the first half include Alcon Labs, Jones Lang LaSalle (USA), Johnson & Johnson, Enterprise Holding (world's largest rental car operator) and TAB New Zealand.

Snare Central sales have begun to increase with 53 instances being sold in H1 against only 21 instances in the same period last year. Snare has also been down selected as a preferred provider for a global company planning to implement 60 instances of Snare Central across their 30 sites to provide compliance, reporting and threat detection capabilities.

We continue to see significant upside for Snare Central inside our existing customer base and have focussed programs to continue to sell Snare Central to our existing customers as well as aggressively targeting new accounts.

Significant new Snare licencing sales in H1 include Accenture/Proquire, Occidental Petroleum, Signature Aviation, QBE and UPS.

#### Partnerships

Significant progress has been made in signing new sales partnerships for eMite.

## Prophecy International Holdings Limited and Controlled Entities

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# Review of Operations & Results of Operations

## For the Half Year Ended 31 December 2020

[Vodafone New Zealand](#) has signed as a partner for eMite for Amazon Connect, [Cognizant](#) has extended their existing agreement to include eMite for Genesys, Amazon Connect and Avaya to sell into their global customer base, [CCNA](#) in Australia has signed as a partner to address the Avaya market and has already signed their first customer for eMite in the Emergency Services market.

[Telstra](#) re-signed the existing contract for the provision of eMite to their Genesys Cloud customers and also started using eMite internally for IVR based reporting.

Snare has also had success in attracting new sales partnerships.

[SunData](#) in Australia becomes one of our first local MSSP's to sign on to use Snare to deliver logging and security services to their Australian customers.

[VCloud Tech](#) in North America has chosen Snare as the platform for Centralised Log Management for the Mid Market and Enterprise customers as well as their customers at the State and Local Govt level and in Education.

[Converge Technology Solutions](#) – an umbrella group for 13 separate service providers has chosen Snare to provide the logging platform to facilitate services to their clients across the group.

[Single Point of Contact](#) has also chosen Snare as the logging platform of choice for their clients. "Single Point of Contact is proud to announce a partnership with Snare, the leader in centralized logging," says Fernando Leon, Vice President of Sales/Marketing at Single Point of Contact. "Snare is an ideal partner that pairs any SIEM or Security Analytics platform. This partnership will allow us to continue delivering a security solution that saves our channels and clients' money, time & most important, reduce risk."

### Product

In November 2020 Snare also released Version 8.3 of Snare Central with significant product enhancements, especially around dynamic search and query to enable sophisticated threat hunting.

The next version of Snare Agents and Snare Central are scheduled for early Q4 this financial year and will add even more functionality and address more complex use cases demanded by our customers.

Snare was also made available as a cloud solution and is supported in Amazon Web Services, Azure and Oracle Cloud. We plan support for Google Cloud in Q3 this financial year.

On the eMite side we launched our Avaya capability as a stand alone product and have signed our first partner and customer, opening a new line of business and additional revenue stream for eMite.

Version 7.1 of eMite is imminent and includes many new capabilities including "Runbook" our enhanced alerting and orchestration tool for contact centres. eMite continues to add analytics from multiple data sources and we continue to add these adaptors to ingest new data types. This approach has enabled us to add IVR Analytics and Sentiment Analysis to our long list of capabilities for eMite.

### Outlook

While the global economic environment continues to be challenged by the global Pandemic (especially in our two major markets in the US and UK/Europe) we expect to see continued uncertainty from customers. This contributes to fewer and slower IT projects and delays in procurement and allocating budgets. This makes forecasting revenue difficult until more normal business conditions return.

Our product line up is strong and continues to get stronger, enabling us to solve more customer problems and add more value to our clients. We continue to add new partners increasing our coverage and capacity globally. We also continue to add new Blue Chip customers on a consistent basis. The business continues to be strong financially and maintains a strong cash balance.

Given these factors we expect to see an improved second half as the US stabilises after the new administration settles and COVID vaccines become more widely administered.

## **Prophecy International Holdings Limited and Controlled Entities**

ABN: 16 079 971 618

## **Review of Operations & Results of Operations**

**For the Half Year Ended 31 December 2020**

### **About Prophecy International Holdings Limited**

Prophecy International Holdings Limited is a listed Australian software company. Our two main products are Snare and eMite.

CX Intelligence by eMite provides a SaaS based real time and historical analytics platform, dashboards, wallboards, KPI and orchestration products for Customer Experience, Contact Center & IT Operations environments.

The Snare product suite is a highly scalable platform of Centralized Log Management and Security Analytics products designed to enable customers to detect and manage cyber threats in real time & maintain regulatory compliance.

Prophecy operates globally from Adelaide and Sydney in Australia, London in the United Kingdom, Denver in the USA and Manilla in the Philippines.

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Directors' Report

For the Half Year Ended 31 December 2020

The directors submit the financial report of the Group for the half year ended 31 December 2020.

### 1. General information

#### Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Ed Reynolds  
Leanne R Challans  
Matthew Michalewicz  
Grant Miles

### 2. Operating results and review of operations for the half year

#### Review of operations

A review of the operations of the Group during the half year and the results of those operations is shown in the review of operations and results of operations preceding this report.

#### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2020 has been received and can be found on page 6 of the consolidated financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director: .....  
  
Ed Reynolds

Director: .....  
  
Leanne R Challans

Dated this: 23<sup>rd</sup> day of February 2021



## Auditor's Independence Declaration

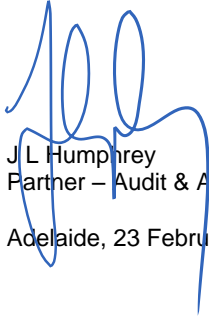
### To the Directors of Prophecy International Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Prophecy International Holdings Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 23 February 2021

**Prophecy International Holdings Limited and Controlled Entities**

ABN: 16 079 971 618

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

**For the Half Year Ended 31 December 2020**

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Revenue from continuing operations	<b>6,298,760</b>	7,333,052
Other income	<b>378,943</b>	19,321
Employee benefits expense	<b>(4,832,996)</b>	(4,284,149)
Depreciation and amortisation expense	<b>(780,220)</b>	<b>(842,775)</b>
Other expenses	<b>(2,909,814)</b>	(2,320,253)
Finance costs	<b>(27,422)</b>	(14,298)
<b>Loss before income tax</b>	<b>(1,872,749)</b>	(109,102)
Income tax benefit/(expense)	<b>438,717</b>	(582,369)
<b>Loss from continuing operations</b>	<b>(1,434,032)</b>	(691,471)
<b>Loss for the half year</b>	<b>(1,434,032)</b>	(691,471)
<b>Other comprehensive income, net of income tax</b>		
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>		
Exchange differences on translating foreign controlled entities	<b>362,498</b>	33,980
<b>Other comprehensive income for the year, net of tax</b>	<b>362,498</b>	33,980
<b>Total comprehensive loss for the year</b>	<b>(1,071,534)</b>	(657,491)
Loss attributable to:		
Members of the parent entity	<b>(1,438,387)</b>	(790,236)
Non-controlling interest	<b>4,355</b>	98,765
	<b>(1,434,032)</b>	(691,471)
Total comprehensive loss attributable to:		
Members of the parent entity	<b>(1,075,889)</b>	(756,256)
Non-controlling interest	<b>4,355</b>	98,765
	<b>(1,071,534)</b>	(657,491)
<b>Earnings per share</b>		
From continuing operations:		
Basic earnings per share (cents)	<b>(2.25)</b>	(1.23)
Diluted earnings per share (cents)	<b>(2.25)</b>	(1.23)

The accompanying notes form part of these financial statements.

**Prophecy International Holdings Limited and Controlled Entities**

ABN: 16 079 971 618

**Consolidated Statement of Financial Position**

**As At 31 December 2020**

	31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	3,592,893	4,398,723
Trade and other receivables	2,237,460	2,903,934
Current tax recoverable	23,851	-
Other assets	436,575	512,242
<b>TOTAL CURRENT ASSETS</b>	<b>6,290,779</b>	<b>7,814,899</b>
NON-CURRENT ASSETS		
Trade and other receivables	7,310	8,201
Right to use assets	1,094,764	1,280,960
Property, plant and equipment	295,710	353,924
Deferred tax assets	857,056	1,071,565
Intangible assets	8,779,838	9,415,547
<b>TOTAL NON-CURRENT ASSETS</b>	<b>11,034,678</b>	<b>12,130,197</b>
<b>TOTAL ASSETS</b>	<b>17,325,457</b>	<b>19,945,096</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	919,979	1,288,130
Current tax liabilities	-	375,189
Employee benefits	1,193,232	1,017,665
Contract liabilities	3,388,062	3,603,248
Lease liabilities	464,687	482,478
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,965,960</b>	<b>6,766,710</b>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	478,419	1,109,046
Employee benefits	139,080	163,968
Lease liabilities	835,935	905,271
Contract liabilities	936,274	958,778
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,389,708</b>	<b>3,137,063</b>
<b>TOTAL LIABILITIES</b>	<b>8,355,668</b>	<b>9,903,773</b>
<b>NET ASSETS</b>	<b>8,969,789</b>	<b>10,041,323</b>
<b>EQUITY</b>		
Issued capital	28,501,869	28,501,869
Reserves	53,040	(309,458)
Retained earnings	(19,258,127)	(17,819,740)
<b>Total equity attributable to equity holders of the Company</b>	<b>9,296,782</b>	<b>10,372,671</b>
Non-controlling interest	(326,993)	(331,348)
<b>TOTAL EQUITY</b>	<b>8,969,789</b>	<b>10,041,323</b>

The accompanying notes form part of these financial statements.

## Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

### Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2020

31 December 2020

	Ordinary Shares	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non- controlling Interests	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>28,501,869</b>	<b>(17,819,740)</b>	<b>(434,283)</b>	<b>124,825</b>	<b>(331,348)</b>	<b>10,041,323</b>
Loss attributable to members of the parent entity	-	(1,438,387)	-	-	-	(1,438,387)
Loss attributable to non-controlling interests	-	-	-	-	4,355	4,355
Total other comprehensive income for the year	-	-	362,498	-	-	362,498
<b>Balance at 31 December 2020</b>	<b>28,501,869</b>	<b>(19,258,127)</b>	<b>(71,785)</b>	<b>124,825</b>	<b>(326,993)</b>	<b>8,969,789</b>

31 December 2019

	Ordinary Shares	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non- controlling Interests	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>28,469,564</b>	<b>(11,994,986)</b>	<b>(469,361)</b>	<b>124,825</b>	<b>(342,067)</b>	<b>15,787,975</b>
Loss attributable to members of the parent entity	-	(790,236)	-	-	-	(790,236)
Loss attributable to non-controlling interests	-	-	-	-	98,765	98,765
Total other comprehensive income for the year	-	-	33,980	-	-	33,980
<b>Balance at 31 December 2019</b>	<b>28,469,564</b>	<b>(12,785,222)</b>	<b>(435,381)</b>	<b>124,825</b>	<b>(243,302)</b>	<b>15,130,484</b>

The accompanying notes form part of these financial statements.

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2020

	31 December 2020	31 December 2019
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	7,109,178	6,161,373
Payments to suppliers and employees	(7,142,742)	(5,979,227)
Interest received	943	2,205
Income taxes paid	(228,109)	-
Net cash used in operating activities	<u>(260,730)</u>	184,351
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(16,250)</u>	(248,588)
Net cash used in investing activities	<u>(16,250)</u>	(248,588)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of lease liabilities	<u>(182,829)</u>	(193,402)
Net cash used in financing activities	<u>(182,829)</u>	(193,402)
Effects of foreign exchange rates on overseas cash holdings	<u>(346,021)</u>	(41,457)
Net decrease in cash and cash equivalents held	<u>(805,830)</u>	(299,096)
Cash and cash equivalents at beginning of year	<u>4,398,723</u>	4,375,635
Cash and cash equivalents at end of the half year	<u><u>3,592,893</u></u>	<u>4,076,539</u>

The accompanying notes form part of these financial statements.

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

### 1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2020 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Prophecy International Holdings Limited and Controlled Entities and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

### 2 Estimates

When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

#### Key estimates - Coronavirus COVID-19 Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

#### Key estimates - impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2(f)). During the year, the Group recognised an impairment loss on intangible assets goodwill (see Note 15).

In addition to the above critical estimates, the other judgements, estimates and assumptions applied in the Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

### 3 Dividends

No Dividends were paid for the Half Year (2019: 0.0)

Prophecy International Holdings Limited and Controlled Entities

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Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

4 Operating Segments

(a) Segment performance

	Legacy		Snare		eMite		Total	
	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$	31 December 2020 \$	31 December 2019 \$
<b>REVENUE</b>								
External sales	158,879	566,195	3,964,391	5,030,277	2,175,490	1,734,375	6,298,760	7,330,847
Other revenue	178,274	798	100,007	16	100,662	1,391	378,943	2,205
<b>Total segment revenue</b>	<b>337,153</b>	<b>566,993</b>	<b>4,064,398</b>	<b>5,030,293</b>	<b>2,276,152</b>	<b>1,735,766</b>	<b>6,677,703</b>	<b>7,333,052</b>
Segment operating profit/(loss)	(1,116,996)	(721,651)	(10,807)	1,579,546	(744,946)	(966,997)	(1,872,749)	(109,102)

(b) Segment assets

	Legacy		Snare		eMite		Total	
	31 December 2020 \$	30 June 2020 \$	31 December 2020 \$	30 June 2020 \$	31 December 2020 \$	30 June 2020 \$	31 December 2020 \$	30 June 2020 \$
<b>Segment assets</b>	<b>767,906</b>	<b>2,292,549</b>	<b>7,900,892</b>	<b>7,906,517</b>	<b>7,775,752</b>	<b>8,674,465</b>	<b>16,444,550</b>	<b>18,873,531</b>

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

### 4 Operating Segments continued

#### (c) Reconciliations

*Reconciliation of segment operating loss to the consolidated statement of profit or loss and other comprehensive income*

The Board meets on a monthly basis to assess the performance of each segment, net operating loss does not include non-operating revenue and expenses such as dividends, fair value gains and losses.

	31 December 2020	31 December 2019
	\$	\$
Segment net operating loss	(1,872,749)	(109,102)
Income tax expense	438,717	(582,369)
Total net loss after tax	<u>(1,434,032)</u>	<u>(691,471)</u>

### 5 Interests in Subsidiaries

#### Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 31 December 2020	Percentage Owned (%)* 30 June 2020
<b>Subsidiaries:</b>			
Intersect Alliance Pty Ltd	Australia	100.0	100.0
Prophecy International Pty Ltd as trustee for CSP Unit Trust	Australia	100.0	100.0
Prophecy R&D Pty Ltd	Australia	100.0	100.0
Prophecy Americas' Inc	United States	93.1	93.1
Prophecy Europe Limited	United Kingdom	100.0	100.0
eMite Pty Ltd	Australia	100.0	100.0

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

### 6 Contingencies

There has been no change in contingent liabilities since the last annual reporting period.

### 7 Events Occurring After the Interim Period

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



## Prophecy International Holdings Limited and Controlled Entities

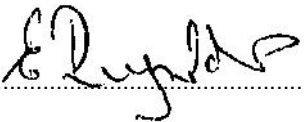
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### Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 7-13 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director ..... 

Director ..... 

Dated this 23<sup>rd</sup> day of February 2021

# Independent Auditor's Review Report

## To the Members of Prophecy International Holdings Limited

### Report on the review of the half year-financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Prophecy International Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the Prophecy International Holdings Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

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

#### Directors' responsibility for the half year financial report

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

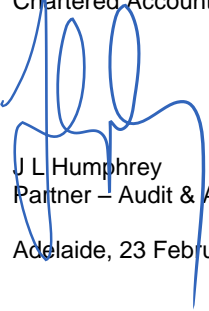
### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 23 February 2021