



**Prophecy**

**Consolidated Financial Statements**

**For the Half-Year Ended 31 December 2021**

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Results For Announcement to the Market For the Period Ended 31 December 2021

This report should be read in conjunction with the 30 June 2021 Annual Financial Report of the consolidated entity.

1	Summary of results	% change	Direction	\$
	Revenue from ordinary activities from continuing operations	20%	up	7,573,421
	Loss from ordinary activities before tax attributable to members	39%	down	(1,134,415)
	Loss from ordinary activities after tax	35%	down	(927,911)
	Loss from ordinary activities attributable to members (after non controlling interests)	35%	down	(933,848)

### 2 Dividends

No dividend has been declared for the half year ended 31 December 2021 (H1 FY21 - Nil).

### 3 Explanatory information

For the six months to 31 December 2021, Prophecy has posted a loss before tax of (\$1,134k). This compares with a loss before tax of (\$1,873k) for the same period last year.

Revenues for the six months to 31 December 2021 were \$7.57 million – up 20% from the same period last year which recorded revenues of \$6.3 million.

The half year closed with a cash balance of \$10.7 million compared to \$3.6 million at the same period last year.

### 4 Net Tangible Assets per Security

	December 2021 \$	December 2020 \$
Net Tangible Assets (pre tax)	6,336,715	(1,160,076)
Net Tangible Assets (post tax)	6,121,532	(1,461,696)
Number of Securities	73,590,934	64,055,934
<b>NTA per Security (pre tax)</b>	<b>0.086</b>	<b>(0.018)</b>
<b>NTA per Security (post tax)</b>	<b>0.083</b>	<b>(0.023)</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 2021, the intangible assets have been excluded from the calculation of the net tangible assets, resulting in negative net tangible asset per security.

**The reviewed financial statements for the period ended 31 December 2021 are attached.**

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Contents

For the Half Year Ended 31 December 2021

	<b>Page</b>
<b>Consolidated Financial Statements</b>	
Review of Operations & Results of Operations	1
Directors' Report	4
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	13
Independent Auditor's Review Report	14

## 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 2021

Prophecy International Holdings Ltd is pleased to announce its half year results for the period ended 31 December 2021, confirming a 20% increase in revenue to \$7.6 million and a 57% increase in annualised recurring revenue (ARR) to \$15.5 million.

### H1 Financial Highlights

- eMite revenue increased by 27% year-on-year (YoY) to \$2.9 million
- Snare revenue increased by 13% YoY to \$4.4 million
- Legacy revenue of \$260k for the period
- Strong growth in recurring revenue, boosting eMite ARR by 90% YoY to \$10.7 million, and growing total Company ARR to \$15.5 million (+57% YoY) as at 31 December 2021
- Strong growth in H1 invoicing (turnover), up 40% YoY to \$9.5 million
- Continued improvement in underlying profitability, with net loss after tax improving from (\$1.44 million) in H1 FY21 to (\$927K million) in H1 FY22 (down 40%)
- Healthy balance sheet with no debt and cash at bank of \$10.7 million, plus advance/deferred income of \$5.9 million
- Positive cash flow of \$868K

Performance	Result \$	Last Year \$	Change
Revenue	<b>7,573,421</b>	<b>6,298,760</b>	<b>Up 20%</b>
NPAT (Loss)	<b>(927,911)</b>	<b>(1,434,032)</b>	<b>Down 35%</b>
Cash Flow	<b>\$868,453</b>	<b>(\$260,730)</b>	<b>Up 433%</b>
Cash Balance	<b>\$10,684,728</b>	<b>\$3,127,403</b>	<b>Up 242%</b>
Debt	<b>zero</b>	<b>zero</b>	<b>No change</b>

In H1 FY22, Prophecy continued to focus on delivering organic growth through its two primary product lines, eMite and Snare.

eMite provides a SaaS-based real time and historical analytics platform, dashboards, wallboards, KPI and process orchestration products for Customer Experience and Contact (Call) Centre environments for customers in the Genesys, Amazon and Avaya ecosystems.

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

### Record eMite Growth

eMite continues to grow through a primarily channel-driven sales model, with most sales coming through partners including Genesys, Amazon Web Services or through system integrators like ConvergeOne, Cognizant, NTT and Voice Foundry.

In H1 FY22 the Company saw an acceleration in sales as it acquired larger customers and average deal sizes increased. This has a strong flow on to increase ARR. At the commencement of H2 FY22, eMite had an ARR of \$10.7 million, having grown by more than 90% YoY.

# 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 2021

### eMite Sales Highlights

- New eMite customer contracts signed in H1 FY22 covering more than 30,900 seats, with aggregate 1st year contract value (1CV) of \$3.6m (+445% YoY)
- Diverse growth in eMite sales achieved beyond the Company's largest account, US health insurance company Humana Inc. (contract win announced 7 October 2021), with H1 FY22 eMite 1CV sales excluding Humana +75% YoY
- In H1 FY22, eMite achieved growth in invoicing of 82% YoY to \$3.6 million

### eMite resourcing

On the back of the recent capital raise we are expanding the sales organisation in the US as quickly as possible and expect to announce new key hires for eMite in Q3. One of the major focus areas is increasing coverage and capacity in the sales team in North America to capture the significant market opportunity in this segment.

### Snare Performance

Prophecy has delivered robust increases in sales growth for Snare, the Company's cybersecurity software product line, signing new Snare contracts in H1 FY22 worth more than \$3.73 million, +41% YoY.

Following Prophecy's recent development of a subscription-based sales model for Snare, the Company expects the share of subscription-based recurring revenue to rise over time for this business unit, as customers begin to take advantage of the Opex/Capex flexibility provided by this new model.

### Snare Sales Highlights

- Snare revenue grew by 13% YoY to \$4.4 million
- Snare delivered invoicing growth of 31% in H1 FY22, increasing to \$5.5 million
- Since Prophecy began offering Snare under a subscription-based sales model in November 2021, the Company has grown Snare subscription licenses to more than \$0.6m in ARR and grown maintenance revenue to \$3.5m in ARR.

### Snare Product

New product releases have increased the value of the Snare offering including dynamic event search for improved forensics, increased data sources for security log along with additional out of the box reports as well as making Snare Central available in a High Availability (HA) architecture.

### Legacy Products

Legacy products remained consistent as the few remaining customers continued to use both eFoundation and Prophecy Classic in H1 FY22. The Company expects its single largest eFoundation customer to complete its migration away from this product in FY22, which will see the revenue stream reduce by 50% in FY22 down to effectively zero in FY23.

### Operational Highlights

Prophecy continues to enhance its business operations to meet significant global market opportunities. This has allowed the Company to deliver strong sales growth in H1 FY22, with the \$7.33m in new business achieved during the half-year across eMite 1CV sales, Snare perpetual and Snare subscriptions representing growth of 141% compared to H1 FY21.

The half-year saw significant eMite customer wins across several of Prophecy's targeted geographies and sectors through both the Genesys and Amazon Connect ecosystems, including Health, Retail, Finance & Government through customers like DHS/Services Australia, Humana, Petco, Bausch Health, City of San Diego, LA County & Lion Pty Ltd.

## 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 2021

The period also saw the Company sign new Snare contracts with more than 140 enterprise clients including Yum Brands, Worley Parsons, UPS, Thales, Boeing, Metlife, US Dept Treasury, LA County, AT&T, UK Royal Navy and Energizer. This period also saw the average Snare deal size triple YoY.

In addition to its strong H1 FY22 revenue performance, the company expects large annual invoices to major customers, global holiday rental platform Airbnb and US health insurer Humana, posted in early H2 FY22 will further boost revenue and deferred income.

A successful capital raise in October 2021 saw the company raise \$7.3M after costs through a number of institutional investors allowing the company to accelerate hiring of revenue generating resources in sales and marketing as well as increasing R&D to accelerate the strong product roadmap for both Snare and eMite.

The company holds a positive view for continued growth in customer activity on its eMite platform as its sales and marketing function boosts the recognition of eMite's ability to help businesses visualize and understand their customer's journey.

With a strong and growing footprint with Military and Defense Prime Contractors, and having invested in new sales resources to address the significant revenue growth opportunity in this segment, Prophecy is well-placed to deliver continued growth in Snare sales as the Company addresses attractive new opportunities in the US and globally.

#### Outlook

##### The Company's key priorities for H2 FY22 remain:

- Continuing to expand sales and marketing to address growth opportunities in global markets
- Increasing eMite sales to large Enterprise customers through both Genesys and Amazon Connect.
- Increasing penetration of Snare products with new and existing customers, focusing on opportunities for Snare in the Government & Defense segment in the USA.
- Increasing Snare partner revenue from Security services partners including MSSP's, Security Operation Centre (SOC) providers and Extended Detection and Response (XDR) platform providers.
- Transitioning to a DevOps approach across the business to further enhance and accelerate product innovation and customer experience.
- Delivering the strong pipeline of product innovation already in progress for both Snare and eMite.
- Continuing the managed transition of the Snare business to recurring subscription-based licensing.
- Identifying and executing on acquisition opportunities to accelerate growth and increase capability, capacity and coverage.

Prophecy achieved strong revenue growth in the first half of FY22, despite the ongoing challenges of the pandemic, with both our eMite and Snare business units closing out 2021 at record levels.

Record demand from customers and continued momentum in the new year provides the Company with confidence of delivering further business growth through FY22. This sets a base for significant scale gains in FY23, along with margin expansion as we continue to focus on subscription-based licensing revenue.

The growth of our business in 2021 reflects our focus on helping customers to secure the enterprise, repel cyber threats and deliver valuable business insights. We are trusted by an increasingly broad spread of blue-chip clients across the banking, healthcare, government, defence, utilities, transport, manufacturing, retail and energy sectors, and our software products, eMite and Snare, are now deployed at more than 4,000 sites globally.

With multi-year industry tailwinds ahead, strong market positions, and diverse streams of recurring revenue flowing from our essential service segments of cybersecurity and cloud contact centres, we look forward to delivering scalable and increasingly profitable growth in the year ahead.

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Directors' Report

For the Half Year Ended 31 December 2021

The directors submit the financial report of the Group for the half year ended 31 December 2021.

### 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 2021 has been received and can be found on page 5 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: 24<sup>th</sup> day of February 2022

## Auditor's Independence Declaration

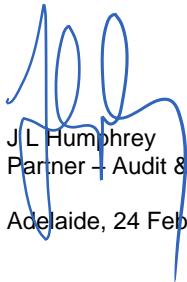
### To the Directors of Prophecy International Holdings Limited

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 2021, 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, 24 February 2022



# 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 2021

	31 December 2021	31 December 2020
	\$	\$
Revenue from continuing operations	7,573,421	6,298,760
Other income	194	378,943
Employee benefits expense	(5,250,389)	(4,832,996)
Depreciation and amortisation expense	(625,382)	(780,220)
Other expenses	(2,812,682)	(2,909,814)
Finance costs	(19,577)	(27,422)
<b>Loss before income tax</b>	<b>(1,134,415)</b>	<b>(1,872,749)</b>
Income tax benefit/(expense)	206,504	438,717
<b>Loss for the half year</b>	<b>(927,911)</b>	<b>(1,434,032)</b>
<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	(88,862)	362,498
<b>Other comprehensive income for the year, net of tax</b>	<b>(88,862)</b>	<b>362,498</b>
<b>Total comprehensive loss for the year</b>	<b>(1,016,773)</b>	<b>(1,071,534)</b>
Loss attributable to:		
Members of the parent entity	(933,848)	(1,438,387)
Non-controlling interest	5,937	4,355
	<b>(927,911)</b>	<b>(1,434,032)</b>
Total comprehensive loss attributable to:		
Members of the parent entity	(1,022,710)	(1,075,889)
Non-controlling interest	5,937	4,355
	<b>(1,016,773)</b>	<b>(1,071,534)</b>
<b>Earnings per share</b>		
From continuing operations:		
Basic earnings per share (cents)	(1.38)	(2.25)
Diluted earnings per share (cents)	(1.38)	(2.25)

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 2021

	31 December 2021 \$	30 June 2021 \$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	10,684,728	3,127,403
Trade and other receivables	2,615,722	2,552,412
Financial assets	100,662	100,662
Current tax receivable	663,551	328,674
Other assets	1,222,655	575,561
<b>TOTAL CURRENT ASSETS</b>	<b>15,287,318</b>	<b>6,684,712</b>
NON-CURRENT ASSETS		
Trade and other receivables	7,758	7,489
Right to use assets	677,270	921,206
Property, plant and equipment	231,102	244,368
Deferred tax assets	555,127	796,723
Intangible assets	7,551,364	8,149,181
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,022,621</b>	<b>10,118,967</b>
<b>TOTAL ASSETS</b>	<b>24,309,939</b>	<b>16,803,679</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	1,222,751	1,393,702
Employee benefits	1,275,890	1,173,551
Contract liabilities	4,254,309	3,199,630
Lease liabilities	372,633	531,757
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,125,583</b>	<b>6,298,640</b>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	339,944	383,818
Employee benefits	169,585	154,806
Lease liabilities	443,396	541,143
Contract liabilities	1,666,082	1,139,360
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,619,007</b>	<b>2,219,127</b>
<b>TOTAL LIABILITIES</b>	<b>9,744,590</b>	<b>8,517,767</b>
<b>NET ASSETS</b>	<b>14,565,349</b>	<b>8,285,912</b>
<b>EQUITY</b>		
Issued capital	35,798,079	28,501,869
Reserves	(120,252)	(31,390)
Accumulated Losses	(20,796,139)	(19,862,291)
<b>Total equity attributable to equity holders of the Company</b>	<b>14,881,688</b>	<b>8,608,188</b>
Non-controlling interest	(316,339)	(322,276)
<b>TOTAL EQUITY</b>	<b>14,565,349</b>	<b>8,285,912</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 2021

#### 31 December 2021

	Ordinary Shares	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non- controlling Interests	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>28,501,869</b>	<b>(19,862,291)</b>	<b>(156,215)</b>	<b>124,825</b>	<b>(322,276)</b>	<b>8,285,912</b>
Loss attributable to members of the parent entity	-	(933,848)	-	-	-	(933,848)
Loss attributable to non-controlling interests	-	-	-	-	5,937	5,937
Total other comprehensive income for the year	-	-	(88,862)	-	-	(88,862)
Shares issued during the year	7,296,210	-	-	-	-	7,296,210
<b>Balance at 31 December 2021</b>	<b>35,798,079</b>	<b>(20,796,139)</b>	<b>(245,077)</b>	<b>124,825</b>	<b>(316,339)</b>	<b>14,565,349</b>

#### 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>

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 2021

	31 December 2021	31 December 2020
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	9,122,413	7,109,178
Payments to suppliers and employees	(8,254,154)	(7,142,742)
Interest received	194	943
Income taxes paid	-	(228,109)
Net cash used in operating activities	<u>868,453</u>	<u>(260,730)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(44,037)</u>	(16,250)
Net cash used in investing activities	<u>(44,037)</u>	<u>(16,250)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	7,276,260	-
Payment of lease liabilities	(320,496)	(182,829)
Net cash used in financing activities	<u>6,955,764</u>	<u>(182,829)</u>
Effects of foreign exchange rates on overseas cash holdings	<u>(222,855)</u>	(346,021)
Net increase/(decrease) in cash and cash equivalents held	<u>7,557,325</u>	(805,830)
Cash and cash equivalents at beginning of year	<u>3,127,403</u>	4,398,723
Cash and cash equivalents at end of the half year	<u><u>10,684,728</u></u>	<u><u>3,592,893</u></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 2021

### 1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2021 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 (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 2021, together with any public announcements made during the half year.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 July 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No amendments and interpretations that are applicable to the Group for the first time in the period beginning 1 July 2021 have been noted to have an impact on the interim condensed consolidated financial statements of the Group.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements unless otherwise stated.

#### Estimates and judgements

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, 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 2021.

	31 December 2021	30 June 2021
	\$	\$
<b>2 Issued Capital</b>		
73,590,934 (2021 : 64,055,934) Ordinary Shares:	<b>35,798,079</b>	28,501,869
	<b>Number of Shares</b>	<b>\$</b>
Balance at beginning of financial year	64,055,934	28,501,869
Issue of shares - placement	9,500,000	7,695,000
Issue of shares – employee share scheme	35,000	19,950
Share issue costs (net of tax)	-	(418,740)
<b>Closing balance at end of period</b>	<b>73,590,934</b>	<b>35,798,079</b>

### 3 Dividends

No Dividends were paid for the Half Year (H1 FY21 - Nil)

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

4 Operating Segments

(a) Segment performance

	Legacy		Snare		eMite		Total	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>								
External sales	259,203	158,879	4,409,231	3,964,391	2,904,987	2,175,490	7,573,421	6,298,760
Other revenue	99	178,274	24	100,007	71	100,662	194	378,943
<b>Total segment revenue</b>	<b>259,302</b>	<b>337,153</b>	<b>4,409,255</b>	<b>4,064,398</b>	<b>2,905,058</b>	<b>2,276,152</b>	<b>7,573,615</b>	<b>6,677,703</b>
Segment operating profit	(1,108,985)	(1,116,996)	992,455	(10,807)	(1,017,885)	(744,946)	(1,134,415)	(1,872,749)

(b) Segment assets

	Legacy		Snare		eMite		Total	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>	<b>7,284,741</b>	<b>1,002,002</b>	<b>7,125,665</b>	<b>7,109,656</b>	<b>9,009,530</b>	<b>7,895,298</b>	<b>23,419,936</b>	<b>16,006,956</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 2021

### 4 Operating Segments

#### (c) Reconciliations

*Reconciliation of segment operating profit 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 profit does not include non-operating revenue and expenses such as dividends, fair value gains and losses.

	31 December 2021	31 December 2020
	\$	\$
Segment net operating loss	(1,134,415)	(1,872,749)
Income tax benefit	206,504	438,717
Total net loss after tax	<u>(927,911)</u>	<u>(1,434,032)</u>

### 5 Interests in Subsidiaries

#### Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 31 December 2021	Percentage Owned (%)* 30 June 2021
<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

ABN: 16 079 971 618

## Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 6-12 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 2021 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 24<sup>th</sup> day of February 2022



# Independent Auditor's 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 2021, 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 2021 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.

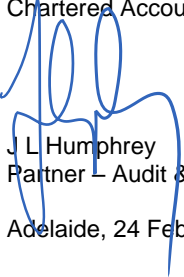
### Auditor's responsibility

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 2021 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, 24 February 2022