



**PROPHECY INTERNATIONAL HOLDINGS LTD**

**ACN 079 971 618**

**Appendix 4E - Preliminary Final Report**

**For the Year Ended 30 June 2025**

**ASX preliminary final report for the year ended 30 June 2025**  
**Lodged with the ASX under listing Rule 4.3A**

Results for announcement to the market  
30 June 2025

Appendix 4E  
Reference

|     |  | 30 June<br>2025<br>\$'000                  | 30 June<br>2024<br>\$'000 | Variance<br>\$'000 | Variance<br>% |
|-----|--|--|---------------------------|--------------------|---------------|
| 2.1 | Revenue from ordinary activities   | 21,752                                     | 22,874                    | (1,122)            | (5%)          |
| 2.2 | Profit/(loss)  | (6,477)                                    | (4,229)                   | (2,248)            | (53%)         |
|     | From ordinary activities after tax attributable to members   |  |                           |                    |               |
| 2.3 | Net profit/(loss) for the period attributable to members   | (6,488)                                    | (4,240)                   | (2,248)            | (53%)         |
| 2.4 | Dividends/distributions  | No dividends have been paid or proposed.   |                           |                    |               |
| 2.5 | Record date  | Not applicable                             |                           |                    |               |
| 2.6 | Explanation of the figures in 2.1 to 2.4   | Refer to the attached financial statements |                           |                    |               |
| 3   | Statement of Comprehensive Income  | Refer to the attached financial statements |                           |                    |               |
| 4   | Statement of Financial Position  | Refer to the attached financial statements |                           |                    |               |
| 5   | Statement of Cash Flows  | Refer to the attached financial statements |                           |                    |               |
| 6   | Statement of Changes in Equity   | Refer to the attached financial statements |                           |                    |               |
| 7   | Details of Individual and total Dividends  | Not applicable                             |                           |                    |               |
| 8   | Details of dividend reinvestment plans in operation  | Not applicable                             |                           |                    |               |
| 9   | Net tangible assets per share (cents)  | -0.058 cents                               | 0.024 cents               | (0.082) cents      | (342%)        |
| 10  | Details of entities over which control has been gained or loss   | Not applicable                             |                           |                    |               |
| 11  | Details of associates or joint venture entities  | Not applicable                             |                           |                    |               |
| 12  | Any other significant information  | Refer to the attached financial statements |                           |                    |               |
| 13  | The Financial Statements are prepared in accordance with Australian Accounting Standards   |  |                           |                    |               |
| 14  | Commentary on the results for the period   | Refer to the attached financial statements |                           |                    |               |
| 15  | The 30 June 2025 financial report and accompanying notes for the Group are in the process of being audited and the Directors do not expect any disputes or qualifications. |  |                           |                    |               |
| 16  | Not Applicable   |  |                           |                    |               |
| 17  | Not Applicable   |  |                           |                    |               |

## Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Results for Announcement to the Market

For the Year Ended 30 June 2025

### FY25 Financial Highlights

In FY25 Prophecy International delivered stable performance across its product portfolio despite transitional challenges and the impact of legacy revenue attrition.

Contracted Annualised Recurring Revenue (ARR) was \$21.5 million at 30 June 2025, down from \$25.0 million at 30 June 2024. The decrease primarily reflects ~\$0.8 million of contracted ARR from legacy products ceasing, alongside a large emite customer reaching the end of its fixed-term contract. Normalising for this legacy revenue, underlying contracted ARR decreased ~11% year on year.

Group revenue decreased modestly (~3% YoY post-normalisation) as a result of sales staff churn in North America impacting the conversion of new opportunities and the other revenue impacts mentioned above.

The Group delivered an EBITDA loss of \$4.9 million, reflecting investment in product re-architecture and partner-led growth initiatives. This is broadly consistent with FY24.

The Group continued to focus on operating cost efficiency and capital allocation. Development expenditure linked to the emite re-architecture project was capitalised in line with accounting treatment for long-term platform enhancements.

The Group entered FY26 with a 12-month pre-merger sales pipeline of ~\$23 million (unweighted), providing a strong base for revenue momentum.

Underlying business momentum was tempered by sales staff churn in North America. However, the Board and management remain confident in the FY26 revenue outlook, supported by recent enterprise wins, growing partner-led channels, continued momentum in iPaaS adoption and the expected impact of the proposed transformational merger with Complexica.

| Performance     | FY24 Result     | FY25 Result     | YoY change       |
|-----------------|-----------------|-----------------|------------------|
| Revenue         | <b>\$22.9M</b>  | <b>\$21.8M</b>  | <b>-5%</b>       |
| Contracted ARR  | <b>\$25.0M</b>  | <b>\$21.5 M</b> | <b>-14%</b>      |
| Invoicing       | <b>\$26.1M</b>  | <b>\$22.0M</b>  | <b>-16%</b>      |
| Cash Flow       | <b>\$0.0M</b>   | <b>(\$6.8M)</b> | <b>-\$6.8M</b>   |
| Cash Balance    | <b>\$11.7M</b>  | <b>\$4.93M</b>  | <b>-58%</b>      |
| NPAT            | <b>(\$4.2M)</b> | <b>(\$6.5M)</b> | <b>-\$2.3M</b>   |
| Deferred Income | <b>\$11.4M</b>  | <b>\$10.8M</b>  | <b>-5%</b>       |
| Debt            | <b>Zero</b>     | <b>Zero</b>     | <b>No change</b> |

### emite Sales and Operational Highlights

FY25 was a year of significant investment in strengthening emite's architecture and market positioning. During the year, Prophecy:

- Advanced the emite re-architecture program, designed to improve scalability, performance, and integration capability, with costs capitalised to reflect its long-term benefit.
- Delivered record platform usage, with emite's iPaaS solution recording 28 million actions per day in May 2025, compared to 100 million for the whole of January.
- Secured notable new iPaaS customers, including Riyadh Air, Airbnb, Yuzzu and Services Australia.
- Built new iPass integrations with customers into solutions including Talkdesk, Zendesk, Sprinklr, Nice, Playvox, Zoom and more increasing emite's total addressable market (TAM)
- Continued to focus on CX partnerships, with deepening alignment to AWS and achieving both ISV Accelerate program membership and AWS CO-sell program membership.
- Entered FY26 with a 12-month sales pipeline of ~\$14 million.

emite's positive outlook is underpinned by strong partner engagement and rapid adoption of its iPaaS capabilities, which are increasingly recognised as a differentiated offering in customer experience environments.

## Prophecy International Holdings Limited and Controlled Entities

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# Results for Announcement to the Market

## For the Year Ended 30 June 2025

### Snare Sales and Operational Highlights

Snare continued to deliver customer and partner momentum through FY25, supported by its core positioning in security, compliance and log management. During FY25, Prophecy:

- Won major new enterprise Snare customers, including MLC Life (ANZ), Ministry of Defence (UK), Florida State University (USA), Westchester County (USA) and the Defence Science & Technology Agency (Singapore).
- Entered into a global reseller agreement with Securonix in January 2025, significantly expanding Snare's distribution reach and supporting pipeline build.
- Maintained strong progress with the Devo partnership, extending Snare's integration into leading cybersecurity ecosystems.
- Expanded product functionality with the launch of a new Snare solution and continued enhancements across existing modules.
- Entered FY26 with a 12-month sales pipeline of ~\$9 million.

With the full-year benefit of FY25 customer wins, combined with expanded distribution via Securonix and Devo, Snare is well placed for continued growth in FY26.

### Operational Efficiency and R&D

During FY25, Prophecy continued to make disciplined R&D investment, balancing capitalised platform development (including the emite re-architecture project) with targeted product enhancements. The Group progressed initiatives to minimise cost of goods sold in FY25, supporting margin expansion potential from FY26 onward. Prophecy maintains its focus on aligning operating expenses with recurring revenue growth, positioning the business for greater scalability.

### Strategic Positioning

The announcement in August 2025 of the proposed merger with Complexica Pty Ltd represents a strategic milestone for the Group. Complexica's expertise in decision optimisation, combined with Prophecy's strength in compliance, analytics and integration, will - if approved by shareholders - create a differentiated, end-to-end platform spanning secure data ingestion through to AI-driven decision support.

Complexica's successful integration of Wave Systems following its acquisition in June 2023 demonstrates its ability to execute disciplined, accretive M&A. This capability, combined with the greater scale of the merged Group, will provide a strong foundation for selective inorganic growth in the future.

### Summary and Outlook

While FY25 headline contracted ARR and EBITDA were impacted by the roll-off of legacy revenue and North American sales disruption, the Group delivered important customer wins, product progress and ecosystem partnerships. These achievements underpin a stronger FY26 outlook, reinforced by a robust pipeline and the potentially transformational impact of the proposed merger with Complexica.

The Group will continue its transition towards SaaS and subscription sales as it focuses on driving organic growth through renewal, retention, upsell and cross sell. Management remains confident in the medium-term financial trajectory, with FY26 expected to benefit from the full-year contribution of FY25 customer wins, growing adoption of emite's iPaaS solution, and expanded distribution of Snare through strategic partners such as Securonix and Devo.

# Prophecy International Holdings Limited and Controlled Entities

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

For the Year Ended 30 June 2025

|   |      | 2025               | 2024               |
|---|------|--------------------|--------------------|
|   | Note | \$                 | \$                 |
| Revenue from continuing operations  | 2    | 21,752,444         | 22,872,208         |
| Other income  |      | 171,372            | 320,245            |
| Employee benefits expense   | 3    | (15,953,307)       | (15,676,202)       |
| Depreciation and amortisation expense   | 3    | (1,280,075)        | (1,387,768)        |
| Other expenses  | 3    | (10,839,843)       | (10,669,495)       |
| Finance costs   |      | (42,901)           | (63,175)           |
| <b>Loss before income tax</b>   |      | <b>(6,192,310)</b> | <b>(4,604,187)</b> |
| Income tax benefit/(expense)  | 4    | (284,632)          | 374,824            |
| <b>Loss for the year</b>  |      | <b>(6,476,942)</b> | <b>(4,229,363)</b> |
| <b>Other comprehensive income/(loss), 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                           |      | (330,490)          | 137,945            |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>                         |      | <b>(330,490)</b>   | <b>137,945</b>     |
| <b>Total comprehensive loss for the year</b>  |      | <b>(6,807,432)</b> | <b>(4,091,418)</b> |
| Loss attributable to:   |      |                    |                    |
| Members of the parent entity  |      | (6,487,759)        | (4,240,324)        |
| Non-controlling interest  |      | 10,817             | 10,961             |
|   |      | <b>(6,476,942)</b> | <b>(4,229,363)</b> |
| Total comprehensive income/(loss) attributable to:  |      |                    |                    |
| Members of the parent entity  |      | (6,818,249)        | (4,102,379)        |
| Non-controlling interest  |      | 10,817             | 10,961             |
|   |      | <b>(6,807,432)</b> | <b>(4,091,418)</b> |
| <b>Losses per share</b>   |      |                    |                    |
| From continuing operations:   |      |                    |                    |
| Basic loss per share (cents)  | 8    | (8.80)             | (5.76)             |
| Diluted loss per share (cents)  | 8    | (8.80)             | (5.76)             |

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 30 June 2025

|   | Note | 2025<br>\$        | 2024<br>\$        |
|---|------|-------------------|-------------------|
| <b>ASSETS</b>   |      |                   |                   |
| <b>CURRENT ASSETS</b>   |      |                   |                   |
| Cash and cash equivalents   | 9    | 4,930,602         | 11,710,885        |
| Financial assets  |      | 102,544           | 102,644           |
| Trade and other receivables                                       | 10   | 2,823,558         | 2,938,982         |
| Contract assets   |      | 639,932           | 194,081           |
| Current tax receivable  |      | 16,958            | 25,382            |
| Other assets  | 11   | 2,169,403         | 2,449,077         |
| <b>TOTAL CURRENT ASSETS</b>                                       |      | <b>10,682,997</b> | <b>17,421,051</b> |
| <b>NON-CURRENT ASSETS</b>   |      |                   |                   |
| Trade and other receivables                                       | 10   | 8,592             | 8,496             |
| Other assets  | 11   | 683,855           | 869,613           |
| Property, plant and equipment                                     |      | 140,078           | 189,697           |
| Intangible assets   | 13   | 5,163,524         | 5,240,532         |
| Right to use assets   | 14   | 454,438           | 819,196           |
| Deferred tax assets   | 23   | -                 | 283,467           |
| <b>TOTAL NON-CURRENT ASSETS</b>                                   |      | <b>6,450,487</b>  | <b>7,411,001</b>  |
| <b>TOTAL ASSETS</b>   |      | <b>17,133,484</b> | <b>24,832,052</b> |
| <b>LIABILITIES</b>  |      |                   |                   |
| <b>CURRENT LIABILITIES</b>  |      |                   |                   |
| Trade and other payables  | 15   | 2,574,468         | 2,479,311         |
| Contract liabilities - Deferred revenue                           | 16   | 8,613,765         | 8,868,199         |
| Employee benefits   | 17   | 1,841,189         | 1,857,721         |
| Lease liabilities   | 14   | 173,993           | 390,228           |
| <b>TOTAL CURRENT LIABILITIES</b>                                  |      | <b>13,203,415</b> | <b>13,595,459</b> |
| <b>NON-CURRENT LIABILITIES</b>                                    |      |                   |                   |
| Employee benefits   | 17   | 119,306           | 125,585           |
| Lease liabilities   | 14   | 320,031           | 494,024           |
| Contract liabilities - Deferred revenue                           | 16   | 2,178,655         | 2,514,928         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                              |      | <b>2,617,992</b>  | <b>3,134,537</b>  |
| <b>TOTAL LIABILITIES</b>  |      | <b>15,821,407</b> | <b>16,729,996</b> |
| <b>NET ASSETS</b>   |      | <b>1,312,077</b>  | <b>8,102,056</b>  |
| <b>EQUITY</b>   |      |                   |                   |
| Issued capital  | 18   | 35,963,440        | 35,822,379        |
| Reserves  |      | (703,925)         | (249,827)         |
| Accumulated losses  |      | (33,784,444)      | (27,296,685)      |
| <b>Total equity attributable to equity holders of the Company</b> |      | <b>1,475,071</b>  | <b>8,275,867</b>  |
| Non-controlling interest  |      | (162,994)         | (173,811)         |
| <b>TOTAL EQUITY</b>   |      | <b>1,312,077</b>  | <b>8,102,056</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 Year Ended 30 June 2025

2025

|   | Issued<br>Capital | Accumulated<br>Losses | Foreign<br>Currency<br>Translation<br>Reserve | Option<br>Reserve | Non-<br>controlling<br>Interests | Total            |
|---|-------------------|-----------------------|---|-------------------|----------------------------------|------------------|
|   | \$                | \$                    | \$  | \$                | \$                               | \$               |
| <b>Balance at 1 July 2024</b>                       | <b>35,822,379</b> | <b>(27,296,685)</b>   | <b>(494,319)</b>                              | <b>244,492</b>    | <b>(173,811)</b>                 | <b>8,102,056</b> |
| Loss attributable to members of the parent entity   | -                 | (6,487,759)           | -   | -                 | -                                | (6,487,759)      |
| Profit attributable to non-controlling interests    | -                 | -                     | -   | -                 | 10,817                           | 10,817           |
| Total other comprehensive loss for the year         | -                 | -                     | (330,490)                                     | -                 | -                                | (330,490)        |
| Share based payment transactions at fair value      | -                 | -                     | -   | 17,453            | -                                | 17,453           |
| Shares issued on the exercise of performance rights | 141,061           | -                     | -   | (141,061)         | -                                | -                |
| <b>Balance at 30 June 2025</b>                      | <b>35,963,440</b> | <b>(33,784,444)</b>   | <b>(824,809)</b>                              | <b>120,884</b>    | <b>(162,994)</b>                 | <b>1,312,077</b> |

2024

|   | Issued<br>Capital | Accumulated<br>Losses | Foreign<br>Currency<br>Translation<br>Reserve | Option<br>Reserve | Non-<br>controlling<br>Interests | Total             |
|---|-------------------|-----------------------|---|-------------------|----------------------------------|-------------------|
|   | \$                | \$                    | \$  | \$                | \$                               | \$                |
| <b>Balance at 1 July 2023</b>                                       | <b>35,809,479</b> | <b>(23,056,361)</b>   | <b>(632,264)</b>                              | <b>166,774</b>    | <b>(184,772)</b>                 | <b>12,102,856</b> |
| Loss attributable to members of the parent entity                   | -                 | (4,240,324)           | -   | -                 | -                                | (4,240,324)       |
| Profit attributable to non-controlling interests                    | -                 | -                     | -   | -                 | 10,961                           | 10,961            |
| Total other comprehensive income for the year                       | -                 | -                     | 137,945                                       | -                 | -                                | 137,945           |
| Share based payment transactions at fair value                      | -                 | -                     | -   | 115,300           | -                                | 115,300           |
| Transfer of forfeiture options/performance rights to profit or loss | -                 | -                     | -   | (24,682)          | -                                | (24,682)          |
| Shares issued on the exercise of performance rights                 | 12,900            | -                     | -   | (12,900)          | -                                | -                 |
| <b>Balance at 30 June 2024</b>                                      | <b>35,822,379</b> | <b>(27,296,685)</b>   | <b>(494,319)</b>                              | <b>244,492</b>    | <b>(173,811)</b>                 | <b>8,102,056</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 Year Ended 30 June 2025**

|   |             | <b>2025</b>         | <b>2024</b>  |
|---|-------------|---------------------|--------------|
|   | <b>Note</b> | <b>\$</b>           | <b>\$</b>    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                |             |                     |              |
| Receipts from customers                                     |             | <b>20,837,813</b>   | 24,886,903   |
| Payments to suppliers and employees                         |             | <b>(26,571,257)</b> | (25,550,475) |
| Interest received   |             | <b>171,372</b>      | 318,780      |
| Income taxes (paid)/refunded                                |             | <b>(1,549)</b>      | 574,187      |
| Net cash provided by/(used in) operating activities         | 22          | <b>(5,563,621)</b>  | 229,395      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                |             |                     |              |
| Proceeds from sale of plant and equipment                   |             | <b>293</b>          | 4,487        |
| Purchase of property, plant and equipment                   |             | <b>(59,678)</b>     | (44,055)     |
| Payments for capitalised development costs                  |             | <b>(726,000)</b>    | -            |
| Net cash used in investing activities                       |             | <b>(785,385)</b>    | (39,568)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                |             |                     |              |
| Payment of lease liabilities                                |             | <b>(457,130)</b>    | (260,392)    |
| Net cash used in financing activities                       |             | <b>(457,130)</b>    | (260,392)    |
| Effects of foreign exchange rates on overseas cash holdings |             | <b>25,853</b>       | 45,565       |
| Net decrease in cash and cash equivalents held              |             | <b>(6,780,283)</b>  | (25,000)     |
| Cash and cash equivalents at beginning of year              |             | <b>11,710,885</b>   | 11,735,885   |
| Cash and cash equivalents at end of financial year          | 9           | <b>4,930,602</b>    | 11,710,885   |

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 Year Ended 30 June 2024

This financial report covers the consolidated financial statements and notes of Prophecy International Holdings Limited and Controlled Entities (the 'group'). Prophecy International Holdings Limited and Controlled Entities is a for profit Company domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The principal activities of the Group during the financial year were the design, development and marketing of computer software applications and services aimed at the worldwide corporate marketplace.

### 1 Summary of Material Accounting Policies

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. They have been prepared under the assumption that the Group operates on a going concern basis.

The significant accounting policies used in the preparation and presentation of these financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

The financial statements are based on historical costs.

#### (b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 13 to the financial statements.

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(c) Income Tax**

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

The Company and its wholly-owned Australian controlled entities have formed a tax-consolidated group under the legislation and as a consequence these entities are taxed as a single entity.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(d) Financial Instruments**

##### **Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **Classification and initial measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the corporation does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.value

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

##### **Financial assets at fair value through profit or loss**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

##### **Impairment of financial assets**

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(d) Financial Instruments continued**

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

#### **Classification and measurement of financial liabilities**

The Group's financial liabilities include trade and other payables and lease liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(e) Impairment of Non-financial Assets**

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

#### **(f) Intangible Assets**

##### **Goodwill**

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

##### **Patents and trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life which is estimated to be 7 years or 15 years, depending on the product.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(f) Intangible Assets continued**

##### **Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the projects which are between 5 years.

##### **Impairment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(g) Foreign Currency Transactions and Balances**

##### **Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### **Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

##### **Group companies**

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

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(h) Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

##### **Defined contribution schemes**

All employees of the Group other than those that receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 10.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

##### **Termination benefits**

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

#### **(i) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period

#### **(j) Cash and Cash Equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.



## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(k) Leases**

The right-of-use asset is measured using the cost model, depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(I) Revenue and Other Income**

##### **Revenue from contracts with customers**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligation is transferred

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Some contracts include multiple deliverables, such as the sale of licences and maintenance. These are accounted for as a separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Licences that grant the user a right to use the product are recorded when access is granted. Licences that grant the user a right to access the product are recorded over the access period.

When such licenses are either customised or sold together with significant integration services, the goods and services represent a single combined performance obligation. Revenue is recognised at a point in time when the software has been developed and tested and the Group has a right to payment.

Maintenance revenue is recognised on a straight-line basis over the maintenance service period. As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the straightline method provides a faithful depiction of the transfer of goods or services.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

##### **Costs to obtain a contract**

The capitalised costs are amortised on a straight-line basis over the expected life of the contract which is has been estimated at 3 years.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(l) Revenue and Other Income continued**

##### **Interest Revenue**

Interest is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

#### **(m) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 2(f) for further discussion on the determination of impairment losses.

#### **(n) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### **(o) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **(p) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### **(q) Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening consolidated statement of financial position at the earliest date of the comparative period has been presented.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **1 Summary of Material Accounting Policies continued**

#### **(r) Critical Accounting Estimates and Judgments**

##### **Key estimates - impairment of goodwill**

Included in non-current intangible assets of the Group is Goodwill. At each balance date the directors review whether Goodwill has suffered any impairment in accordance with the accounting policy stated in Note 1(g).

##### **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 1(f)).

##### **Key judgments – development costs**

Development costs that are directly attributable to the design and testing of identifiable patentable technology controlled by the Group are capitalised as intangible assets only when it is technically feasible to complete the project, it is intended that the project will be completed and it will generate probably future economic benefits and the Group has the ability to use the product.

#### **(s) New Accounting Standards issued but not yet effective and not been adopted early by the Group**

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 2 Revenue and Other Income

#### Revenue from continuing operations

|                    | 2025              | 2024              |
|--------------------|-------------------|-------------------|
|                    | \$                | \$                |
| Sales revenue      |                   |                   |
| - licence sales    | 16,398,349        | 17,308,380        |
| - maintenance fees | 4,340,248         | 3,773,420         |
| - consulting sales | 1,013,847         | 1,790,408         |
|                    | <u>21,752,444</u> | <u>22,872,208</u> |

The Group's revenue is disaggregated as follows:

|  | Legacy |         | Snare          |                  | eMite            |                  | Total            |                  |
|--|--------|---------|----------------|------------------|------------------|------------------|------------------|------------------|
|  | 2025   | 2024    | 2025           | 2024             | 2025             | 2024             | 2025             | 2024             |
|  | \$     | \$      | \$             | \$               | \$               | \$               | \$               | \$               |
| Goods or services transferred at a point in time |        |         |                |                  |                  |                  |                  |                  |
| - licence sales                                  | -      | 571,500 | 528,543        | 1,164,369        | 2,156,888        | 2,032,875        | 2,685,431        | 3,768,744        |
| - consulting sales                               | -      | -       | 68,433         | 182,407          | 945,414          | 1,608,002        | 1,013,847        | 1,790,409        |
| <b>Total</b>                                     | -      | 571,500 | <b>596,976</b> | <b>1,346,776</b> | <b>3,102,302</b> | <b>3,640,877</b> | <b>3,699,278</b> | <b>5,559,153</b> |

|   | Legacy |         | Snare            |                  | eMite             |                   | Total             |                   |
|---|--------|---------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2025   | 2024    | 2025             | 2024             | 2025              | 2024              | 2025              | 2024              |
|   | \$     | \$      | \$               | \$               | \$                | \$                | \$                | \$                |
| Goods or services transferred over time |        |         |                  |                  |                   |                   |                   |                   |
| - licence sales                         | -      | -       | 4,467,125        | 3,635,848        | 9,245,794         | 9,903,787         | 13,712,919        | 13,539,635        |
| - maintenance fees                      | -      | 123,500 | 2,136,597        | 3,269,879        | 2,203,650         | 380,041           | 4,340,247         | 3,773,420         |
| <b>Total</b>                            | -      | 123,500 | <b>6,603,722</b> | <b>6,905,727</b> | <b>11,449,444</b> | <b>10,283,828</b> | <b>18,053,166</b> | <b>17,313,055</b> |

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 3 Result for the Year

The result for the year includes the following specific expenses:

|  | 2025              | 2024              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Salaries and wages                               | 11,396,959        | 10,980,629        |
| Commissions                                      | 1,641,547         | 1,788,225         |
| Superannuation contributions                     | 730,368           | 673,347           |
| Payroll taxes                                    | 796,376           | 795,568           |
| Consultants                                      | 983,928           | 699,811           |
| Medical expenses                                 | 412,867           | 500,813           |
| AL & LSL (benefit)/expenses                      | (34,840)          | 89,262            |
| Share-based payment                              | 17,453            | 90,619            |
| Other employee benefit expenses                  | 8,649             | 57,928            |
|  | <b>15,953,307</b> | <b>15,676,202</b> |
|  | <b>15,953,307</b> | <b>15,676,202</b> |
| Depreciation and amortisation expense comprises: |                   |                   |
| - Depreciation - plant and equipment             | 112,309           | 125,228           |
| - Depreciation - right of use assets             | 364,758           | 441,582           |
| - Amortisation - intellectual property           | 800,000           | 800,000           |
| - Amortisation - development costs               | 3,008             | 20,958            |
|  | <b>1,280,075</b>  | <b>1,387,768</b>  |
| <b>Other Expenses:</b>                           |                   |                   |
| Accounting fees                                  | 266,418           | 270,258           |
| Consulting and professional fees                 | 2,218,277         | 1,954,786         |
| Filing fees                                      | 88,172            | 78,377            |
| Insurance  | 286,000           | 267,329           |
| Legal Fees                                       | 95,255            | 83,799            |
| Marketing  | 533,473           | 878,919           |
| Strata Fees                                      | 85,390            | 31,536            |
| Royalties  | 116,134           | 313,722           |
| Foreign exchange (gains)/losses                  | (461,555)         | 239,655           |
| Communications expense including cloud services  | 5,435,185         | 4,641,895         |
| Software including annual maintenance            | 1,580,925         | 1,342,748         |
| Travel and accommodation                         | 404,196           | 378,739           |
| Other expenses                                   | 191,973           | 187,732           |
|  | <b>10,839,843</b> | <b>10,669,495</b> |

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 4 Income Tax Expense

(a) The major components of tax expense (benefit) comprise:

|   | 2025           | 2024             |
|---|----------------|------------------|
|   | \$             | \$               |
| Current tax expense   | 35,751         | 280,622          |
| Deferred tax expense/(benefit)                                    | 1,244,043      | (688,164)        |
| Adjustments for under/(over) provision for taxes in prior periods | (995,162)      | 32,718           |
| <b>Total income tax expense/(benefit)</b>                         | <b>284,632</b> | <b>(374,824)</b> |

(b) Reconciliation of income tax to accounting profit:

|  | 2025        | 2024        |
|--|-------------|-------------|
|  | \$          | \$          |
| Profit/(loss)                                  | (6,192,130) | (4,604,187) |
| Tax  | 25.00%      | 25.00%      |
|  | (1,548,033) | (1,151,047) |
| Add:   |             |             |
| Tax effect of:                                 |             |             |
| - non-deductible expenses                      | 206,539     | 269,966     |
| - tax losses not recognised                    | 2,326,728   | 476,071     |
| - temporary differences not recognised         | 364,120     | -           |
| - over/(under) provision for tax in prior year | -           | 32,718      |
|  | 1,349,354   | (372,292)   |
| Less:  |             |             |
| Tax effect of:                                 |             |             |
| - Tax losses - foreign jurisdictions           | 69,560      | 2,532       |
| - over/(under) provision for tax in prior year | 995,162     | -           |
| Income tax expense/(benefit)                   | 284,632     | (374,824)   |

### 5 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

|                              | 2025      | 2024      |
|------------------------------|-----------|-----------|
|                              | \$        | \$        |
| Short-term employee benefits | 2,319,258 | 1,746,027 |
| Long-term benefits           | 45,137    | 20,765    |
| Post-employment benefits     | 146,529   | 108,467   |
| Share-based payments         | 12,733    | 110,255   |
|                              | 2,523,657 | 1,985,514 |

The Remuneration Report contained in the Directors Report contains details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended June 2025.

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 6 Remuneration of Auditors

|  | 2025           | 2024           |
|--|----------------|----------------|
|  | \$             | \$             |
| Remuneration of the auditor of the parent entity, Grant Thornton, for: |                |                |
| - auditing or reviewing the financial statements                       | 157,988        | 146,341        |
| - taxation services  | -              | 45,500         |
| Remuneration of Grant Thornton for other services:                     |                |                |
| - non assurance services   | 77,250         | 66,950         |
| Remuneration of other auditors of subsidiaries for:                    |                |                |
| - auditing or reviewing the financial statements of subsidiaries       | 17,989         | 15,761         |
| <b>Total</b>   | <b>253,227</b> | <b>274,552</b> |

### 7 Dividends

a. The following dividends were declared and paid:

Interim unfranked ordinary dividend of nil (2024: nil) cents per share

|   |   |
|---|---|
| - | - |
|---|---|

#### Franking account

The franking credits available for subsequent financial years at a tax rate of 25% **141,574** 141,574

The above available balance is based on the dividend franking account at year-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

### 8 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

|  | 2025               | 2024        |
|--|--------------------|-------------|
|  | \$                 | \$          |
| Loss after income tax attributable to the owners of Prophecy International Holdings Limited- | <b>(6,487,759)</b> | (4,240,324) |

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

|   | No.               | No.        |
|---|-------------------|------------|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS    | <b>73,748,934</b> | 73,618,161 |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | <b>73,748,934</b> | 73,618,161 |



# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 9 Cash and Cash Equivalents

|                      | \$               | \$                |
|----------------------|------------------|-------------------|
| Cash at bank in hand | <u>4,930,602</u> | 11,710,885        |
|                      | <u>4,930,602</u> | <u>11,710,885</u> |

### 10 Trade and Other Receivables

#### CURRENT

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Trade and other receivables (cost) | 2,871,816       | 2,987,240       |
| Provision for impairment           | <u>(48,258)</u> | <u>(48,258)</u> |

#### Total current trade and other receivables

|                  |                  |
|------------------|------------------|
| <u>2,823,558</u> | <u>2,938,982</u> |
|------------------|------------------|

#### NON-CURRENT

|                   |              |              |
|-------------------|--------------|--------------|
| Deposits          | 24           | 24           |
| Other receivables | <u>8,568</u> | <u>8,472</u> |

#### Total non-current trade and other receivables

|              |              |
|--------------|--------------|
| <u>8,592</u> | <u>8,496</u> |
|--------------|--------------|

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 10 Trade and Other Receivables continued

The following table details the Group's trade and other receivables.

|                       | Current   | Less than<br>30 days<br>past due | More than<br>30 days<br>past due | More than<br>60 days<br>past due | More than<br>90 days<br>past due | Total     |
|-----------------------|-----------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------|
| <b>2025</b>           |           |                                  |                                  |                                  |                                  |           |
| Expected loss rate    | -         | -                                | -                                | -                                | -                                |           |
| Gross carrying amount |           |                                  |                                  |                                  |                                  |           |
| - trade receivables   | 1,758,081 | 1,037,325                        | 11,219                           | 58,212                           | 15,571                           | 2,880,408 |
| Loss allowance        | -         | -                                | -                                | -                                | -                                | (48,258)  |
| <b>2024</b>           |           |                                  |                                  |                                  |                                  |           |
| Expected loss rate    | -         | -                                | -                                | -                                | -                                |           |
| Gross carrying amount |           |                                  |                                  |                                  |                                  |           |
| - trade receivables   | 2,735,950 | 202,857                          | 62,844                           | -                                | (5,915)                          | 2,995,736 |
| Loss allowance        | -         | -                                | -                                | -                                | -                                | (48,258)  |

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets. The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 12 months before 30 June 2025 and 30 June 2024 respectively as well as the corresponding historical credit losses during that period. The historical rates are not adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding as it is considered that there are no other factors which are not already reflected in the historical rates.

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

### 11 Other Assets

|  | 2025<br>\$       | 2024<br>\$       |
|--|------------------|------------------|
| <b>CURRENT</b>   |                  |                  |
| Prepayments – incremental costs to obtain contracts with customers | 1,065,447        | 1,410,985        |
| Other prepayments  | 1,103,956        | 1,038,092        |
|  | <b>2,169,403</b> | <b>2,449,077</b> |
| <b>NON-CURRENT</b>   |                  |                  |
| Prepayments – incremental costs to obtain contracts with customers | 683,855          | 869,613          |

Notes to the Financial Statements  
For the Year Ended 30 June 2025

12 Interests in Subsidiaries

Composition of the Group

|  | Principal place of<br>business / Country of<br>Incorporation | Percentage<br>Owned (%)*<br>2025 | Percentage<br>Owned (%)*<br>2024 |
|--|--|----------------------------------|----------------------------------|
| <b>Subsidiaries:</b>   |  |                                  |                                  |
| Intersect Alliance International Pty Ltd                     | Australia  | 100                              | 100                              |
| Prophecy International Pty Ltd as trustee for CSP Unit Trust | Australia  | 100                              | 100                              |
| Prophecy R&D Pty Ltd   | Australia  | 100                              | 100                              |
| Prophecy Americas' Inc                                       | United States  | 93                               | 93                               |
| Prophecy Europe Limited                                      | United Kingdom   | 100                              | 100                              |
| eMite Pty Ltd  | Australia  | 100                              | 100                              |
| Prophecy Philipines  | Philipines   | 100                              | 100                              |

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

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 13 Intangible Assets

|   | 2025             | 2024             |
|---|------------------|------------------|
|   | \$               | \$               |
| Goodwill                                |                  |                  |
| Cost                                    | 5,108,270        | 5,108,270        |
| Accumulated impairment losses           | (2,981,455)      | (2,981,455)      |
| <b>Net carrying value</b>               | <b>2,126,815</b> | <b>2,126,815</b> |
| Intellectual property                   |                  |                  |
| Cost                                    | 12,720,000       | 12,720,000       |
| Accumulated amortisation and impairment | (10,409,291)     | (9,609,291)      |
| <b>Net carrying value</b>               | <b>2,310,709</b> | <b>3,110,709</b> |
| Development costs                       |                  |                  |
| Cost                                    | 3,404,372        | 2,678,372        |
| Accumulated amortisation and impairment | (2,678,372)      | (2,675,364)      |
| <b>Net carrying value</b>               | <b>726,000</b>   | <b>3,008</b>     |
| <b>Total Intangibles</b>                | <b>5,163,524</b> | <b>5,240,532</b> |

#### Movements in carrying amounts of intangible assets

|                                      | Intellectual property | Goodwill         | Development costs | Total            |
|--------------------------------------|-----------------------|------------------|-------------------|------------------|
|                                      | \$                    | \$               | \$                | \$               |
| <b>Year ended 30 June 2025</b>       |                       |                  |                   |                  |
| Balance at the beginning of the year | 3,110,709             | 2,126,815        | 3,008             | 5,240,532        |
| Amortisation                         | (800,000)             | -                | (3,008)           | (803,008)        |
| Additions                            | -                     | -                | 726,000           | 726,000          |
| <b>Closing value at 30 June 2025</b> | <b>2,310,709</b>      | <b>2,126,815</b> | <b>726,000</b>    | <b>5,163,524</b> |
| <b>Year ended 30 June 2024</b>       |                       |                  |                   |                  |
| Balance at the beginning of the year | 3,910,709             | 2,126,815        | 23,966            | 6,061,490        |
| Amortisation                         | (800,000)             | -                | (20,958)          | (820,958)        |
| <b>Closing value at 30 June 2024</b> | <b>3,110,709</b>      | <b>2,126,815</b> | <b>3,008</b>      | <b>5,240,532</b> |

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the consolidated statement of profit or loss. Goodwill has an indefinite life and is not amortised.

Goodwill with a carrying value of \$2,126,815 (2024 \$2,126,815) has been allocated to the Snare CGU. The recoverable amount of the Snare CGU is determined based on the value-in-use ("VIU") calculations. The calculation is based on net present value of cash flow projections over a 3 year period at a post-tax discount rate of 17.7%.

# Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 13 Intangible Assets continued

It is estimated an ongoing growth rate of 2.5% pa to perpetuity in the future cash flows in this VIU calculation. If the discount rate, which is based on the estimate of the Snare CGU's weighted average cost of capital, had been increased from 17.7% to 20.0%, no impairment expenses would have been recognised.

Intellectual Property with a carrying value of \$3,110,709 (2024: \$3,910,709), has been allocated to the eMite CGU. The recoverable amount of the eMite CGU is determined based on the VIU calculations. The calculation is based on net present value of cash flow projections over a 3 year period at a post-tax discount rate of 17.7%. It is estimated an ongoing growth rate of 2.5% pa to perpetuity in the future cash flows in this VIU calculation. If the discount rate, which is based on the estimate of the eMite CGU's weighted average cost of capital, had been increased from 17.7% to 20.0%, no impairment expenses would have been recognised.

### 14 Leases

#### (a) Right-of-use assets

|                                   | 2025           |
|-----------------------------------|----------------|
| <b>Year ended 30 June 2025</b>    |                |
| As at 1 July 2024                 | 819,196        |
| Increases - annual lease increase | -              |
| Depreciation                      | (364,758)      |
| <b>Balance at end of year</b>     | <b>454,438</b> |
|                                   | <b>2024</b>    |
| <b>Year ended 30 June 2024</b>    |                |
| As at 1 July 2023                 | 1,259,353      |
| Increases – annual lease increase | 11,088         |
| FX Revaluation                    | (9,663)        |
| Depreciation                      | (441,582)      |
| <b>Balance at end of year</b>     | <b>819,196</b> |

The Group lease various office spaces in Australia and the United States. Rental contracts typically made for fixed periods of 1 year to 5 years.

#### (b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

|                   | < 1 year | 1 - 5 years | > 5 years | Total   |
|-------------------|----------|-------------|-----------|---------|
|                   | \$       | \$          | \$        | \$      |
| <b>2025</b>       |          |             |           |         |
| Lease liabilities | 173,993  | 320,031     | -         | 494,024 |
| <b>2024</b>       |          |             |           |         |
| Lease liabilities | 390,228  | 494,024     | -         | 884,252 |

## Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

### Notes to the Financial Statements

For the Year Ended 30 June 2025

#### 15 Trade and Other Payables

|                                      | Note | 2025<br>\$       | 2024<br>\$       |
|--------------------------------------|------|------------------|------------------|
| Trade payables                       |      | 1,653,228        | 1,694,393        |
| Sundry payables and accrued expenses |      | 918,585          | 782,263          |
| Other payables                       |      | 2,655            | 2,655            |
|                                      |      | <u>2,574,468</u> | <u>2,479,311</u> |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

#### 16 Contract liabilities

##### CURRENT

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Unearned revenue from customers | <u>8,613,765</u> | <u>8,868,199</u> |
|---------------------------------|------------------|------------------|

##### NON-CURRENT

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Unearned revenue from customers | <u>2,178,655</u> | <u>2,514,928</u> |
|---------------------------------|------------------|------------------|

#### 17 Employee Benefits

##### CURRENT

|                    |                  |                  |
|--------------------|------------------|------------------|
| Long service leave | 704,481          | 646,128          |
| Annual leave       | 1,136,708        | 1,211,593        |
|                    | <u>1,841,189</u> | <u>1,857,721</u> |

##### NON-CURRENT

|                    |                |                |
|--------------------|----------------|----------------|
| Long service leave | <u>119,306</u> | <u>125,585</u> |
|--------------------|----------------|----------------|

Notes to the Financial Statements  
For the Year Ended 30 June 2025

18 Issued Capital

|   | 2025       | 2024       |
|---|------------|------------|
|   | \$         | \$         |
| 73,748,934 (2024: 73,625,934) Ordinary shares | 35,963,440 | 35,822,379 |

(a) Ordinary shares

|  | 2025       | 2025       | 2024       | 2024       |
|--|------------|------------|------------|------------|
|  | \$         | No.        | \$         | No.        |
| At the beginning of the reporting period | 35,822,379 | 73,625,934 | 35,809,479 | 73,610,934 |
| Issue of shares - employee share scheme  | 141,061    | 123,000    | 12,900     | 15,000     |
| At the end of the reporting period       | 35,963,440 | 73,748,934 | 35,822,379 | 73,625,934 |

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

# Prophecy International Holdings Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 19 Contingencies

#### Contingent Liabilities

Prophecy International Pty Ltd, a controlled entity, has provided guarantees to third parties in respect of property lease rentals. The maximum amount payable is \$72,544 (2024: \$72,644).

The guarantees are secured by a fixed charge over Prophecy International Pty Ltd's bank balances.

No material losses are anticipated in respect to this contingency.

### 20 Events Occurring After the Reporting Date

Aside from the Group's announcement of the proposed merger with Complexica Pty Ltd and the issue of 4,000 performance rights to employees, no matters or circumstances have arisen since the end of the financial 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.

### 21 Reserves and retained surplus

#### (a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

#### (b) Share option reserve

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.



## Prophecy International Holdings Limited and Controlled Entities

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### Notes to the Financial Statements

For the Year Ended 30 June 2025

#### 22 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

|   | 2025        | 2024        |
|---|-------------|-------------|
|   | \$          | \$          |
| Loss for the year   | (6,476,942) | (4,229,363) |
| Cash flows excluded from profit attributable to operating activities          |             |             |
| Non-cash flows in profit:   |             |             |
| - depreciation and amortisation   | 1,280,075   | 1,387,768   |
| - net gain on disposal of property, plant and equipment                       | 293         | 4,485       |
| - foreign exchange (gain)/loss  | (461,555)   | 238,740     |
| - foreign exchange differences arising on translation of foreign subsidiaries | 131,780     | 24,518      |
| - share based payments  | (17,453)    | (90,619)    |
| Changes in assets and liabilities:  |             |             |
| - (increase)/decrease in trade and other receivables and contract assets      | (323,923)   | 327,755     |
| - (increase)/decrease in other assets   | 541,650     | (40,669)    |
| - (increase)/decrease in deferred tax asset                                   | 89,997      | 1,000,163   |
| - (increase)/decrease in income tax receivable                                | 8,424       | 593,277     |
| - increase/(decrease) in contract liabilities                                 | (590,707)   | 1,685,476   |
| - increase/(decrease) in trade and other payables                             | 86,134      | 636,944     |
| - increase/(decrease) in deferred tax liability                               | 193,471     | (1,399,927) |
| - increase/(decrease) in employee benefits                                    | (24,865)    | 90,847      |
| Cashflows from operations   | (5,563,621) | 229,395     |

(b) Credit standby arrangements with banks

|                 |          |          |
|-----------------|----------|----------|
| Credit facility | 93,435   | 75,000   |
| Amount utilised | (29,865) | (26,875) |
|                 | 63,570   | 48,125   |

The major facilities are summarised as follows:

Credit cards:

Prophecy International Pty Ltd, Intersect Alliance Pty Ltd, Prophecy Americas Inc. and eMite Pty Ltd, controlled entities, have credit card facilities.

# Prophecy International Holdings Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 23 Tax

#### Current Tax Asset

|                       | 2025   | 2024   |
|-----------------------|--------|--------|
|                       | \$     | \$     |
| Income tax receivable | 16,958 | 25,382 |

#### Current Tax Liability

#### Recognised deferred tax assets and liabilities

|                                      |         |         |
|--------------------------------------|---------|---------|
| Deferred tax assets                  | 711,080 | 801,077 |
| Deferred tax liabilities             | 711,080 | 517,610 |
| Net deferred tax asset / (liability) | -       | 283,467 |

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

|  |            |             |
|--|------------|-------------|
| Tax losses in overseas jurisdiction  | 7,189,252  | 7,892,469   |
| Deductible/(Assessable) Temporary differences in overseas jurisdictions        | 770,098    | (1,507,659) |
| Tax losses in Australian Tax Consolidated Group                                | 10,010,128 | -           |
| Deductible Temporary differences in Australian Tax Group                       | 399,140    | -           |
| Net deferred tax assets on the above at tax rates in the relevant jurisdiction | 3,943,325  | 1,657,418   |

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein. At 30 June 2025, substantially all tax losses in overseas jurisdictions relate to the Group's United States subsidiary.

#### Deferred Tax Assets

|  | Opening Balance  | Charged to Income | Over/(under) provision in prior years | Changes in Tax Rate | Closing Balance |
|--|------------------|-------------------|---------------------------------------|---------------------|-----------------|
|  | \$               | \$                | \$                                    | \$                  | \$              |
| Property, plant and equipment                  |                  |                   |                                       |                     |                 |
| - tax allowance                                | 854              | (854)             | -                                     | -                   | -               |
| Provisions - employee benefits                 | 372,333          | 22,276            | -                                     | -                   | 394,609         |
| Unrealised foreign exchange                    | 1,040            | 9,507             | -                                     | -                   | 10,547          |
| Accruals                                       | 24,153           | 10,599            | -                                     | -                   | 34,752          |
| Deferred tax assets attributable to tax losses | 462,082          | (321,976)         | -                                     | -                   | 140,106         |
| Leases   | 277,994          | (56,931)          | -                                     | -                   | 221,063         |
| <b>Balance at 30 June 2024</b>                 | <b>1,138,456</b> | <b>(337,379)</b>  | <b>-</b>                              | <b>-</b>            | <b>801,077</b>  |
| Provisions - employee benefits                 | 394,609          | (56,625)          | -                                     | -                   | 337,984         |
| Unrealised foreign exchange                    | 10,547           | 17,885            | -                                     | -                   | 28,432          |
| Accruals                                       | 34,752           | 21,283            | -                                     | -                   | 56,035          |
| Deferred tax assets attributable to tax losses | 140,106          | 25,017            | -                                     | -                   | 165,123         |
| Leases   | 221,063          | (97,557)          | -                                     | -                   | 123,506         |
| <b>Balance at 30 June 2025</b>                 | <b>801,077</b>   | <b>(89,997)</b>   | <b>-</b>                              | <b>-</b>            | <b>711,080</b>  |

# Prophecy International Holdings Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 23 Tax continued

#### Deferred Tax Liabilities

|   | Opening<br>Balance | Charged to<br>Income | Charged<br>directly to<br>Equity | Changes in<br>Tax Rate | Closing<br>Balance |
|---|--------------------|----------------------|----------------------------------|------------------------|--------------------|
|   | \$                 | \$                   | \$                               | \$                     | \$                 |
| Prepayments                             | 681,548            | (583,995)            | -                                | -                      | 97,553             |
| Property, plant and equipment           | 10,219             | (3,911)              | -                                | -                      | 6,308              |
| Unrealised foreign currency gains       | 298,020            | (57,659)             | (31,411)                         | -                      | 208,950            |
| Leases                                  | 264,966            | (60,167)             | -                                | -                      | 204,799            |
| <b>Balance at 30 June 2024</b>          | <b>1,254,753</b>   | <b>(705,732)</b>     | <b>(31,411)</b>                  | <b>-</b>               | <b>517,610</b>     |
| Prepayments                             | <b>97,553</b>      | <b>36,596</b>        | -                                | -                      | <b>134,149</b>     |
| Property, plant and equipment           | <b>6,308</b>       | <b>(2,833)</b>       | -                                | -                      | <b>3,475</b>       |
| Unrealised foreign currency gains       | <b>208,950</b>     | <b>6,236</b>         | <b>14,924</b>                    | -                      | <b>230,110</b>     |
| Leases                                  | <b>204,799</b>     | <b>123,393</b>       | -                                | -                      | <b>328,192</b>     |
| Capitalised professional fees           | -                  | <b>15,154</b>        | -                                | -                      | <b>15,154</b>      |
| <b>Balance at 30 June 2025</b>          | <b>517,610</b>     | <b>178,546</b>       | <b>14,924</b>                    | <b>-</b>               | <b>711,080</b>     |
| <b>Net DTA after offset against DTL</b> | <b>283,467</b>     | <b>(268,543)</b>     | <b>(14,924)</b>                  | <b>-</b>               | <b>-</b>           |

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **24 Operating Segments**

#### **Segment information**

##### **Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

##### **Basis of accounting for purposes of reporting by operating segments**

###### **(a) Accounting policies adopted**

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

Income tax expense is calculated based on the segment operating net profit using a notional charge of 27.5%. The effect of taxable or deductible temporary differences is not included for internal reporting purposes.

An internally determined transfer price is set for all inter-entity sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

###### **(b) Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

###### **(c) Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

###### **(d) Unallocated items**

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- deferred tax assets and liabilities
- current tax liabilities
- intangible assets

# Prophecy International Holdings Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 24 Operating Segments continued

#### (e) Segment performance

|  | Legacy             |                    | SNARE              |                    | eMite             |                   | Total              |                    |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
|  | 2025               | 2024               | 2025               | 2024               | 2025              | 2024              | 2025               | 2024               |
|  | \$                 | \$                 | \$                 | \$                 | \$                | \$                | \$                 | \$                 |
| <b>REVENUE</b>                         |                    |                    |                    |                    |                   |                   |                    |                    |
| External sales                         | -                  | 695,000            | 7,200,697          | 8,252,504          | 14,551,747        | 13,924,704        | 21,752,444         | 22,872,208         |
| Other revenue                          | 4,233              | 4,125              | 98                 | 1,625              | 167,041           | 314,495           | 171,372            | 320,245            |
| <b>Total segment revenue</b>           | <b>4,233</b>       | <b>699,125</b>     | <b>7,200,795</b>   | <b>8,254,129</b>   | <b>14,718,788</b> | <b>14,239,199</b> | <b>21,923,816</b>  | <b>23,192,453</b>  |
| <b>Segment operating profit/(loss)</b> | <b>(3,683,306)</b> | <b>(3,234,395)</b> | <b>(2,137,342)</b> | <b>(1,694,834)</b> | <b>(371,662)</b>  | <b>325,042</b>    | <b>(6,192,310)</b> | <b>(4,604,187)</b> |

#### (f) Segment assets

|                       |           |           |           |           |           |            |            |            |
|-----------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|
| <b>Segment assets</b> | 1,234,530 | 1,305,438 | 6,275,351 | 6,763,112 | 9,623,603 | 16,454,653 | 17,133,484 | 24,523,203 |
| - Capital expenditure | 27,836    | 8,250     | 15,855    | 23,540    | 16,107    | 11,117     | 59,798     | 42,907     |

#### (g) Segment liabilities

|                            |           |           |           |           |           |           |            |            |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| <b>Segment liabilities</b> | 1,943,253 | 2,496,595 | 6,931,165 | 6,626,488 | 6,946,989 | 7,606,913 | 15,821,407 | 16,729,996 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|

## Notes to the Financial Statements

For the Year Ended 30 June 2025

### 24 Operating Segments continued

#### (h) Reconciliations

##### Reconciliation of segment revenue to consolidated statement of profit or loss and other comprehensive income

|                       | 2025       | 2024       |
|-----------------------|------------|------------|
|                       | \$         | \$         |
| Total segment revenue | 21,752,444 | 22,872,208 |

##### 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.

|                              |             |             |
|------------------------------|-------------|-------------|
| Segment net operating profit | (6,192,310) | (4,604,187) |
| Income tax (expense)/benefit | (284,632)   | 374,824     |
| Total net profit after tax   | (6,476,942) | (4,229,363) |

##### Reconciliation of segment assets to the consolidated statement of financial position

|   |              |              |
|---|--------------|--------------|
| Segment operating assets  | 30,078,443   | 41,180,434   |
| Intersegment eliminations   | (18,125,440) | (21,897,763) |
| Deferred and current tax assets (net)                             | 16,957       | 308,849      |
| Intangible assets   | 5,163,524    | 5,240,532    |
| Total assets per the consolidated statement of financial position | 17,133,484   | 24,832,052   |

##### Reconciliation of segment liabilities to the consolidated statement of financial position.

|  |              |              |
|--|--------------|--------------|
| Segment liabilities  | 39,994,072   | 57,326,979   |
| Intersegment eliminations  | (24,172,665) | (40,596,983) |
| Total liabilities per the consolidated statement of financial position | 15,821,407   | 16,729,996   |

#### (i) Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the location of the assets.

|                | 2025       |            | 2024       |            |
|----------------|------------|------------|------------|------------|
|                | Revenue    | Assets     | Revenue    | Assets     |
| Australia & NZ | 6,581,822  | 10,550,462 | 4,998,819  | 17,820,089 |
| North America  | 12,917,256 | 5,563,099  | 15,758,017 | 5,997,048  |
| Europe         | 2,000,818  | 700,910    | 1,663,911  | 727,234    |
| Asia           | 122,735    | 319,013    | 112,446    | 287,681    |
| Middle East    | 129,811    | -          | 334,513    | -          |
| Africa         | -          | -          | 4,502      | -          |
|                | 21,752,442 | 17,133,484 | 22,872,208 | 24,832,052 |

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

ABN: 16 079 971 618

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2025**

### **25 Company Details**

The registered office and principal place of business of the company is:

Prophecy International Holdings Limited and Controlled Entities

Level 5

60 Waymouth Street

Adelaide SA 5000