



2025

2026

annual report

Prophecy International Holdings Ltd

ACN 079 971 618
ABN 16 079 971 618

Directors

Edwin Reynolds
Leanne R Challans
Matthew T Michalewicz (resigned 12 September 2025)
David K Collins (appointed 15 April 2026)
Grant R Miles

Company Secretary

Grant R Miles

Registered Office

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Auditors

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170 Frome Street
Adelaide, South Australia 5000

Solicitors

Hall Legal & Advisory Pty Ltd
186 Greenhill Road
Parkside, South Australia 5063

Bankers

Commonwealth Bank of Australia
96 King William Street
Adelaide, South Australia 5000

National Australia Bank
Business Banking Centre
Level 9, 22 King William Street
Adelaide, South Australia 5000

Corporate Governance Statement

<http://www.prophecyinternational.com/wp-content/uploads/00-PRO-2026-Corporate-Governance-Statement.pdf>

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Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Company Profile

For the Year Ended 30 June 2026

Prophecy International Holdings Limited (the “Company” and its controlled entities (the “Group” or “Prophecy”) is an Australian based global Business-to-Business (B2B) and Business-to-Government (B2G) software company developing innovation for global markets in the SaaS/Cloud, cyber security and big data/analytics markets. The company is headquartered in Adelaide, Australia and has over 50 staff in offices in Sydney Australia, Denver USA, Manila in the Philippines and remote offices in the UK.

Prophecy is listed on the ASX under the PRO code.

Founded in 1980, Prophecy has naturally evolved over time and by acquisition to become a software company focused on data driven solutions to help our customers secure the enterprise, protect from Cyber threats and deliver business insights in the Customer Experience (CX) and Contact/Call Centre markets using business analytics. We believe that you should be able to make better decisions, faster to protect and improve your digital business operations.

Our two primary product offerings in Snare and emite were acquired in the purchase of the companies that had developed the IP and both are now wholly owned subsidiaries of Prophecy. Snare was acquired through the purchase of Intersect Alliance in 2011 and emite was acquired in 2015.

Prophecy software has been deployed at more than 4,000 customer sites globally and our continuous re-invention and commitment to product innovation has enabled Prophecy to maintain our position as a trusted vendor within industries such as Banking and Finance, Public Sector, Defence & Military, Healthcare, Utilities, Manufacturing and Retail.

Prophecy sells to global markets with a strong focus on Large Enterprise and Government through our direct sales force in Europe, USA and APAC and through a global network of partners across all our product offerings.

Our customer base includes some of the best-known brand names in the world including many of the Fortune 500.

Snare

Cyber security software can be broadly looked at in two groups – perimeter security designed to keep the bad actors out, and monitoring solutions to detect the bad actors in the process of a breach or after a breach. Leading industry analyst Forrester categorizes Snare as a Security Analytics platform or a platform that converges logs from network, identity, endpoint, application, and other security relevant sources to generate high-fidelity behavioral alerts and facilitate rapid incident analysis, investigation, and response.

Snare is a monitoring solution designed to help our customers answer the following questions:

“Did someone get in?”

“How did they get in? “

“What did they see/take/change?”

Snare is a suite of software products that enable customers to collect security data from a range of end point devices and cloud-based systems including desktops, servers, network devices, software applications, cloud infrastructure like Azure and other cloud applications like Office 365.

We help customers manage their security policy, store data for forensics and compliance use cases, have a range of simple to use and comprehensive out of the box reports, real time alerting of possible threats.

The product suite includes software agents for desktop, Windows Servers, Linux, Unix, Flat File logs, Syslog devices, MacOS, and Applications.

Enterprise tools include fleet and policy management, multipoint reflection, log format parsing, File Integrity and Access Management, Registry Integrity and Access Management & Database Activity Management.

Snare Central is a centre piece of the Snare Solution and can be deployed on premise, in the customer virtual private cloud and in highly secure air-gapped environments.

Company Profile

For the Year Ended 30 June 2026

Snare Central delivers industry leading compression of data to enable long term storage for compliance and forensics, alerting, reporting, analytics, visualizations, centralized management, high availability, custom report building and API connectivity to cloud based log sources.

Snare has been designed for very large and complex environments and offers industry leading scalability and data ingestion.

emite

emite is a reporting and analytics solution focused on driving efficiency and improvement in operations and customer engagement from the contact/call centre segment and more broadly the Customer Experience (CX) market segment.

Customer Experience has become one of the few ways companies can differentiate themselves from their competition and the migration to cloud based systems to deliver CX has become an opportunity for our customers to adopt a set of new and more flexible and powerful tools to deliver CX. This has also added challenges as these many tools – including chat, chat bots, CRM, service ticketing, work force management (WFM), transcription, sentiment analysis, survey, IVR and more are siloed and disconnected from a reporting and analytics perspective.

This makes the analysis of the effectiveness of these systems and process and the satisfaction level of your end customer across these applications increasingly difficult.

emite is a SaaS based solution that can be deployed in hours in either Amazon or Oracle cloud to meet this challenge.

emite collects and ingests data from multiple data sources and applications, indexes and correlates the data by mapping it together, runs custom KPI and algorithms across the data creating custom metrics; and then visualizes the data in reports, dashboards and wallboards that can be delivered to everyone from an individual contact centre agent to their team leaders, CX Managers and Business Executives.

emite also delivers both historical trending and sub-second real time data in the same visualizations with a significant amount of industry IP built into the platform enabling industry leading speed to value.

The product suite includes:

- A data ingestion toolset and adaptors to connect to various data sources and API's including software like Genesys Cloud, Amazon Connect, Salesforce, ServiceNow, CSV files and industry standard databases like SQL and Oracle and many others.
- An indexing platform that correlates and normalizes the data.
- A KPI platform that creates custom KPIs, metrics and measures
- Data visualization layer to enable “no code” dashboard and wall board creation.
- Real time alerting
- Orchestration
- Report Scheduling & sharing

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

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Letter from the CEO

For the Year Ended 30 June 2026

Dear Shareholders,

This is my first letter to shareholders, having joined Prophecy as Chief Executive Officer on 6 July 2026.

FY26 was a difficult year for the Company and one in which its performance fell short of expectations. The Review of Operations sets out these results in more detail; my purpose in this letter is to offer my assessment of where the Company now stands and what lies ahead.

FY26 in Review

Adjusting for once-off and non-cash items described in the Review of Operations, underlying NPAT was a loss of \$2.6 million (compared with a \$5.8 million loss in FY25), and net cash outflow improved by \$2.9 million. The Group's cost position improved during the year, although that improvement was offset by a decline in recurring revenues in excess of new business. While understandably disappointing, in my assessment that revenue decline is not reflective of any fundamental lack of opportunity in the markets in which we operate, and restoring growth through a renewed focus on business development is my first priority.

Restoring Stability

Actions taken by the Board during FY26 to further rationalise the Company's cost base were, in my view, both necessary and appropriately scoped. They were, however, not without impact and a substantial number of capable employees left the Company during FY26. I would like to acknowledge their contributions, and to thank Ed Reynolds for his stewardship as interim Chief Executive Officer through the most demanding phase of restructuring, and for his continued service as non-executive Chairman.

In addition to the substantial cost saving brought about by the restructuring, the Company moves forward with a leaner, more focussed team, with shorter reporting lines and motivated, high-calibre management consolidated in Australia. That team is well positioned to drive the Company forward throughout FY27 and beyond.

Looking Ahead

The release of ProdataIQ during FY26 was strategically significant for the Company. Deployed across both emite and Snare, it represents the next generation of "AI first" technology and extends the Group beyond the secure collection, analysis and reporting of enterprise data into the high-value decisions our customers take from that data, giving us a clear basis on which to engage the market and drive new growth in the business moving forward. These capabilities are already driving considerable opportunity across geographies and among customers and channel partners alike; our efforts will be directed to leveraging this accelerating momentum, for revenue and margin growth.

Our focus for FY27 will be on disciplined execution: stabilising and then growing ARR through focussed account management and improved sales activity; capitalising on the traction established by ProdataIQ; developing our partner relationships; and maintaining the cost base substantially at its present level with targeted investments to support a renewed go-to-market focus.

Prophecy International Holdings Limited and Controlled Entities

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Letter from the CEO

For the Year Ended 30 June 2026

Much work lies ahead, however the Company is moving forward with the benefit of improved stability and with technology, customers and market positioning of real, differentiated value. On behalf of the Board, I thank our shareholders for their patience during a difficult year, our customers and partners for their continued trust, and our employees for their commitment through a period of significant change. I am conscious that confidence in Prophecy will be strengthened through demonstrated results, and I look forward to reporting on our progress during FY27.

Yours sincerely,



Jonathan Drake
Chief Executive Officer

Review of Operations

For the Year Ended 30 June 2026

Performance	FY26 Result	FY25 Result	YoY change
Revenue	\$18.4M	\$21.8M	-15%
Cash Flow	(\$3.9M)	(\$6.8M)	+\$2.9M
Cash Balance	\$1.01M	\$4.93M	-80%
NLAT	\$7.9M	\$6.5M	+\$1.4M
Deferred Income	\$8.5M	\$10.8M	-21%
Debt	\$0.3M	Zero	+0.3M

Review of Operations

FY26 was a disappointing year for Prophecy International. Revenue, annualised recurring revenue (ARR) and invoicing each declined against the prior corresponding period and the Group recorded an increased loss (albeit impacted by once-off items as further set out below). The Board acknowledges that this performance was unsatisfactory and has taken multiple actions to restore stability and reposition the business for improved performance in FY27.

FY26 revenue reduced by \$3.4 million, comprised of a reduction in point in time licence and consulting revenue (\$0.3 million) with the balance being a reduction in reported over time SaaS revenue. This includes the expiry of customer contracts during FY25, contributing part-year revenue during FY25 and nil during FY26 (including a \$1.1 million FY25 contribution from a material expiring customer of the emite business, not repeated in FY26) together with subsequent SaaS churn occurring during FY26. Contracted ARR declined by \$2.3 million during FY26, comprising net churn of approximately \$3.3 million, weighted approximately 60% to Snare and 40% to emite, offset by new sales of approximately \$1.0 million split evenly between the two product lines (noting that both churn and growth are influenced in part by continuing end-customers procuring software via new channel partner relationships). The decline also includes the adverse impact of \$0.9 million foreign exchange valuation off the back of a strengthening Australian dollar during the year.

FY26 NLAT of \$7.9 million includes the impact of several material once-off, non-BAU items, including non-cash charges arising from reassessment of the carrying value of the Group's emite intangible assets (see note 13 of the financial statements), being the accelerated amortisation of emite v7 \$1.9M and the write-off of capitalised development expenditure on emite v8 (\$1.7M). Those charges have no cash effect and reflect a revised product strategy for the emite platform, supported in part by targeted investments made in the adoption of artificial intelligence capability in the Group's operations. The result also includes \$0.9 million of non-recurring costs associated with the reduction in Group headcount described below, along with \$0.8 million of once-off acquisition related costs with respect to the terminated proposed merger with Complexica Pty Ltd.

Adjusting for the above non-BAU items, underlying FY26 NLAT was \$2.6M (FY25 equivalent: \$5.8M).

The \$2.9 million improvement in the Group's net cash outflow for FY26 comprised a \$1.9 million reduction in net operating cash outflow relative to FY25, supplemented by a \$1.0 million share placement completed during the year. The Group's cash balance nevertheless declined by \$3.9 million to \$1.0 million, reflecting the operating cash outflows incurred during a period of reduced revenue in which the headcount reduction and other cost saving initiatives were also being implemented.

Debt of \$0.3 million (FY25: nil) represents advance funding drawn against the Group's FY26 research and development tax incentive refund.

Cost Base and Operational Efficiency

The Board has taken material action to restore stability and reposition the business for sustainable growth.

Following a detailed review of operations, the Board implemented a substantial reduction in Group headcount; delivering a \$7.5 million saving in annualised, go-forward personnel costs¹ moving into FY27, by reference to the equivalent costs at commencement of FY26. This restructure included the consolidation of management across the emite and Snare product lines into a smaller, focused management team based in Australia, with overlapping roles removed, reporting lines shortened and efficiencies made available by artificial intelligence and other technologies appropriately leveraged. Implementation was progressive through the second half (\$3.8m in annualised savings implemented September 2025 to March 2026, with the balance implemented during June 2026), and accordingly FY26 reflects only a partial benefit whilst FY27 will carry the full-year effect. The costs of implementation, principally redundancy and notice payments of approximately \$0.9 million, are recognised in FY26 in full.

¹ Salaries, fixed on-costs, annualised basis.

Review of Operations

For the Year Ended 30 June 2026

The Group has also implemented planned reductions in cloud hosting, third party subscription and other discretionary costs (approximately \$2.0m in savings vs FY25) and expects these reductions to continue into FY27. During FY26, the Group also incurred capitalised expenditure on the emite v8 project (\$1.0m) impacting cash outflows, which will not be repeated in FY27.

Product Focus

During FY26 the Group established an agentic artificial intelligence capability, ProdataIQ, which operates as a software module across both the emite and Snare platforms. ProdataIQ provides a natural language interface to customer data, automated narrative explanation of performance shifts, and continuous monitoring that identifies abnormal trends in advance of operational impact.

Following an early adoption program commenced in January 2026, during which ProdataIQ was tested by selected customers against their own data, the Group secured the rights to deploy the software and released it during May 2026. ProdataIQ is sold as an upgrade across both product lines, and customer response has been positive with adoption continuing to build.

The capability also positions Prophecy as an enabler of enterprise artificial intelligence, with Snare providing the secure and structured collection of security and operational data and emite providing real time integration and analysis, together supplying the high quality data upon which AI-driven decision making depends.

Board and Leadership

During FY26, the Board made two key appointments to strengthen the Board and the executive management team.

Mr David Collins was appointed a Director of Prophecy International during April 2026. Mr Collins is the Company's largest shareholder and an Executive Director of Paragon Care Limited (ASX: PGC), which he brought to the ASX through the reverse listing of CH2 Holdings Pty Ltd, of which he was Chief Executive Officer and Managing Director. Mr Collins brings extensive finance, strategic, capital markets and mergers and acquisitions experience, and a demonstrated record of delivering material shareholder returns.

On 27 May 2026, Mr Jonathan Drake was appointed as Chief Executive Officer (commenced 6 July 2026). Mr Drake brings more than 18 years of executive management experience in enterprise software, SaaS, financial performance, mergers and acquisitions and corporate strategy. Mr Drake has a demonstrated record of disciplined execution, capital allocation and delivering sustainable growth. Mr Ed Reynolds, who served as interim-CEO during FY26, has returned to his role as non-executive Chairman of the Group.

Capital Management

During the year the Company raised \$1.0 million through a placement of 6.8 million shares and accessed \$0.3 million of advance funding from Radium Capital against its research and development tax incentive refund as outlined above. Following year end, the Company established an invoice financing facility with ScotPac Business Finance, into which the R&D tax incentive advance was refinanced, to smooth the seasonality of the Group's receipts and enable targeted reinvestment into the growth of the business during FY27.

Summary and Outlook

The Group enters FY27 with a materially lower cost base, a consolidated management team, a strengthened Board and executive leadership, and a base of contracted revenue with a growth pipeline supported by the release of ProdataIQ across both product lines. Management's key focus areas into FY27 are to:

- stabilise and grow ARR through focussed account management across existing customers, and sales execution;
- capitalise on the traction established via ProdataIQ across both product lines;
- manage and grow partner relationships across both emite and Snare;
- closely monitor all business costs and achieve additional efficiencies where available; and
- continue to streamline and refine company operations via a focussed, and experienced management team, to enhance disciplined execution of the Group's growth strategy

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Directors' Report For the Year Ended 30 June 2026

The directors present their report, together with the financial statements of the Group, being Prophecy International Holdings Limited and Controlled Entities (the Company) and its controlled entities, for the financial year ended 30 June 2026.

1. General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Ed Reynolds

Chair and Acting Chief Executive Officer

Qualifications	Bachelor of Science
Experience	Ed was appointed Non-executive Chairman on 8 December 2006. He has held various positions within the IT industry, which has given him wide-ranging and extensive experience. Ed joined Prophecy as general manager in 1987 and contributed to the company in various roles, including CEO. On 19 September 2025 Ed was appointed Acting CEO and held the role until 6 July 2026.
Interest in shares and options	7,830,000 ordinary shares in Prophecy International Holdings Limited and no options
Special responsibilities	Chairman of the Board of Directors Chair of the Strategy Committee Member of the Remuneration Committee Member of the Audit Committee
Other current directorships in listed entities now and in the previous 3 years	None

Grant R Miles

Non-Executive Director

Qualifications	Bachelor of Arts in Accountancy
Experience	Chartered Accountant – Fellow (FCA) Grant is the Managing Partner of Moore Australia SA/NT Pty Ltd Grant was appointed Company Secretary of Prophecy in May 2013 and a Director in May 2015. Grant has over 30 years' experience in Finance and Accounting matters and provides the Prophecy Board with strong skills in this area.
Interest in shares and options	150,000 ordinary shares in Prophecy International Holdings Limited and no options
Special responsibilities	Finance Director Chair of the Audit Committee Chair of the Remuneration Committee
Other current directorships in listed entities now and in the previous 3 years	None

Directors' Report

For the Year Ended 30 June 2026

1. General information continued

Information on directors continued

Leanne Challans

Independent Non-executive Director

Qualifications

Bachelor of Science

Experience

Leanne joined Prophecy in 1990, with a strong background in software design and development. Her initial role was Product Development Manager for the flagship Prophecy Classic product. The growing partner network for classic opened up new opportunities, so Leanne took on responsibility for Partner Support and Marketing through the mid 1990's. Leanne returned to her strengths in software development in 2000, heading up the successful Emergency Services Levy project, and then managing the development and support of the e-Foundation product suite. moved into the role of General Manager, Software & Services, with responsibility for the ongoing development, support and consulting services relating to all of Prophecy International's product lines. Leanne joined the Board of Directors in December 2006, and was appointed Managing Director in July 2007. The acquisition of Intersect Alliance International in August 2011 saw Leanne take on responsibility for the inclusion of this new company into the Prophecy culture, with a focus on growth in this important new part of the group.

Interest in shares and options

774,880 ordinary shares in Prophecy International Holdings Limited and no options

Special responsibilities

Member of the Audit Committee

Other current directorships in listed entities now and in the previous 3 years

None

David Collins (appointed 15 April 2026)

Independent Non-executive Director

Qualifications

Bachelor of Business

Experience

David was appointed a Director in April 2026. David Collins is an Executive Director of Paragon Care Limited (ASX:PGC) and holds a 28.7% ownership stake in that company. David was a 50% shareholder of CH2 Holdings Pty Limited, a diversified healthcare distributor, which completed a transformational acquisition of Paragon Care via a reverse listing on the ASX in June 2024. David was appointed as CEO and Managing Director in December 2015 of CH2 Holdings when David and Peter Lacaze acquired 100% of CH2 Holdings Pty Ltd and has now stepped back to be the Executive Director M&A. David is also a major shareholder (31.9%) and Chairman of Aero Travel Solutions Pty Limited, an Australian-founded travel technology company specialising in airline retailing, distribution and booking solutions across NDC, GDS and LCC content from one platform. David has a long career in finance, management, and has extensive M&A experience. Whilst his unparalleled experience is in APAC wholesale and OEM distribution, David provides deep knowledge and drive in setting businesses on strategic growth trajectories that deliver returns.

Interest in shares and options

10,627,081 ordinary shares in Prophecy International Holdings Limited and 3,500,000 November 2026 options

Special responsibilities

Member of the Strategy Committee

Other current directorships in listed entities now and in the previous 3 years

Paragon Care Limited (ASX:PGC)

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

Directors' Report

For the Year Ended 30 June 2026

1. General information continued

Principal activities and significant changes in nature of activities

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.

There were no significant changes in the nature of the Group's principal activities during the financial year.

2. Operating results and review of operations for the year

Operating results

The consolidated loss after tax of the Group amounted to \$7,924,273 which represents a 22% increase on the loss reported for the year ended 30 June 2026 (2025 - \$6,476,942).

Review of operations

A review of the operations of the Group during the financial year and the results of those operations is set out in the section headed "Review of Operations" in this report.

3. Other items

Significant changes in state of affairs

No significant changes.

Dividends paid or recommended

No dividend has been paid or declared during the financial year.

Events after the end of the reporting period

Subsequent to year end the Group issued 10,000 performance rights to employees, 3,370,389 performance rights and RSUs to the CEO, implemented an operational restructure and organisational realignment, entered into a debtor finance facility arrangement with a \$3m limit, repaid the R&D tax incentive short-term debt facility, and received the 2026 R&D tax incentive refund. No other 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.

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Future developments and results

Comments on the Company's future direction are included in the "Letter from the CEO".

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Company secretary

The following person held the position of Company Secretary at the end of the financial year:

Grant R Miles has been the Company Secretary since 21 March 2013. Grant R Miles is the Managing Partner of Moore Australia (SA) Pty Ltd.

Meetings of directors

During the financial year, 26 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee		Strategy Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ed Reynolds	12	12	2	2	12	12	-	-
Leanne R Challans	12	12	2	2	12	12	-	-
David Collins	3	3	-	-	-	-	-	-
Grant R Miles	12	12	2	2	12	12	-	-

Unissued shares under option

There are 3,500,000 unissued ordinary shares of Prophecy International Holdings Limited under option at the date of this report.

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

Shares issued were issued during the year as a result of the exercise of performance rights. Since the end of the year no shares have been issued as a result of the exercise of performance rights.

Indemnification and insurance of officers and auditors

In the financial year, the company has paid premiums of \$116,210 in respect of a contract of insurance for all the Directors and Officers of Prophecy International Holdings Limited and its controlled entities against any liability incurred in their roles as Directors or Officers of the company or its controlled entities, except where:

- the liability arises out of conduct involving a wilful breach of duty; or
- there has been a contravention of Section 199C of the Corporations Act 2001.

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2026:

	2026	2025
	\$	\$
Non assurance services	192,902	77,250

Remuneration report (audited)

Remuneration policy

The remuneration policy of Prophecy International Holdings Limited and Controlled Entities has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Prophecy International Holdings Limited and Controlled Entities believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the directors and other key management personnel, was developed by the Remuneration Committee and approved by the Board.
- All executives receive a base salary (which is based on factors such as responsibilities and experience), superannuation, fringe benefits, options and performance incentives. The Remuneration Committee reviews executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated entity's profits and shareholders' value.
- All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Remuneration report (audited) continued

- Executives are also entitled to participate in the employee share and option arrangements.
- The non-executive directors receive superannuation contributions but do not receive any other retirement benefits. Australian based executives receive both superannuation contributions and long service leave benefits.
- All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares issued to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using a Black-Scholes methodology.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the company option plans.

As approved by the shareholders at the 2015 Annual General Meeting, the maximum amounts payable to directors is \$400,000.

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 12.0%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Key Management Personnel

Key management personnel are as follows:

Directors

Edwin Reynolds	Non-executive Chairman / Acting CEO (Sep 2025 to Jul 2026)
Leanne R Challans	Non-executive Director
Matthew T Michalewicz (Resigned 12 September 2025)	Non-executive Director
David K Collins (Appointed 15 April 2026)	Non-executive Director
Grant R Miles	Non-executive Director

Executives (other key management personnel)

Brad Thomas (Resigned 12 September 2025)	CEO – Prophecy Group
Stuart Geros	CINO ² , CCO ³ – Prophecy Group
Steve Challans	CISO ⁴ , CTO ⁵ – Prophecy Group
Stephen Irecki (Ceased 31 March 2026)	Chief Operations Officer
Suzanne Laycock	Group Chief Human Resource Officer

Other than the appointment of Jonathan Drake as CEO on 6 July 2026, there have been no changes to Key Management Personnel after the reporting date and before the date the financial accounts were authorised for issue.

² Chief Innovation Officer

³ Chief Customer Officer

⁴ Chief Information Security Officer

⁵ Chief Technology Officer

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Remuneration report (audited) continued

As part of each executive's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over, and are mainly related to increases in profit and revenue. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial short-term goals. The level set for each KPI is based on budgeted figures for the Group.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the level of achievement against KPIs. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

The satisfaction of the performance conditions are based on a review of the audited financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility.

Performance conditions linked to remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

The Company believes that the factors affecting shareholder wealth are linked to the company's trading conditions.

The board feels that the company has consolidated the move towards increasing shareholder wealth, and that the executive and director remuneration policies in place will help facilitate achievement of this goal.

Employment details of members of key management personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was performance based and if any, the proportion of remuneration received in the form of options/rights. The company uses bonus schemes to reward senior executives for the achievement of individually set targets and milestones.

		Performance based remuneration		
		Bonus	Shares	Options / rights
		%	%	%
KMP				
Brad Thomas (resigned 12 September 2025)	CEO – Prophecy Group	-	-	-
Stuart Geros	CINO, CCO – Prophecy Group	32%	-	-
Steve Challans	CISO, CTO – Prophecy Group	-	-	-
Stephen Irecki (ceased 31 March 2026)	Chief Operations Officer	12%	-	-
Suzanne Laycock	Group Chief Human Resource Officer	-	-	-

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Remuneration report (audited) continued

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

The remuneration and other terms of employment for the Chief Executive Officer and key management personnel are set out in formal service agreements as summarised below:

- All service agreements are for an unlimited duration. The agreements for executives may be terminated by giving four weeks' notice (except in cases of termination for cause where termination is immediate).
- In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

Remuneration Consultants

There have been no remuneration consultants used in the year.

Remuneration details for the year ended 30 June 2026

The following table of benefits and payment details, in respect to the financial year, these components of remuneration for each member of the key management personnel of the Group.

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Remuneration report (audited) continued

Remuneration details for the year ended 30 June 2026 continued

Table of benefits and payments

Director and other Key Management Personnel		Short-term employee benefits					Post-employment benefits	Long-term benefits	Share-based payments	Total	Performance based on % of remuneration
Directors	Year	Cash salary Fees \$	Cash bonus \$	Consulting fees \$	Non-monetary benefits \$	Health care & Allowances \$	Superannuation \$	Long Service Leave \$	Shares \$		
Ed Reynolds	2026	100,000	-	596	-	-	4,680	-	-	105,276	-
	2025	100,000	-	6,996	-	-	4,485	-	-	111,481	-
Leanne Challans	2026	70,000	-	30,765	-	-	12,092	-	-	112,857	-
	2025	70,000	-	105,560	-	-	20,189	-	-	195,749	-
Matthew Michalewicz (Resigned 15 Sep 2025)	2026	17,500	-	-	-	-	-	-	-	17,500	-
	2025	70,000	-	-	-	-	-	-	-	70,000	-
David K Collins (Appointed 15 Apr 2026)	2026	14,583	-	-	-	-	1,750	-	-	16,333	-
Grant R Miles	2026	70,000	-	-	-	-	-	-	-	70,000	-
	2025	70,000	-	-	-	-	-	-	-	70,000	-
KMP											
Brad Thomas (Resigned 12 Sep 2025)	2026	207,655	-	-	(70,701)	-	11,728	(88,827)	-	59,856	-
	2025	341,005	180,000	-	12,606	-	29,932	13,488	-	577,031	31%
Stuart Geros	2026	295,000	152,472	-	12,304	-	29,999	(16,863)	-	472,914	32%
	2025	354,513	287,055	-	(57,074)	-	29,932	8,154	-	622,580	46%
Steve Challans	2026	215,501	-	-	(15,632)	-	25,860	6,347	-	232,076	-
	2025	215,501	-	-	3,276	-	24,783	6,660	-	250,220	-
Stephen Irecki (Ceased 31 Mar 2026)	2026	266,452	30,945	-	(17,518)	-	10,110	(41,883)	-	248,105	12%
	2025	292,154	49,592	-	(561)	-	14,608	11,741	4,296	371,830	14%
Suzanne Laycock	2026	210,000	-	-	14,282	-	25,200	6,611	-	256,093	-
	2025	196,525	-	-	22,110	-	22,600	5,094	8,437	254,766	3%
2026 Total	2026	1,466,692	183,416	31,361	(77,264)	-	121,419	(134,615)	-	1,591,009	
2025 Total	2025	1,709,698	516,647	112,556	(19,643)	-	146,529	45,137	12,733	2,523,657	

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Remuneration report (audited) continued

Remuneration details for the year ended 30 June 2026 continued

The remuneration detailed above for Ed Reynolds includes director's fees of \$100,000 and consulting fees of \$596 (2025 – director's fees \$100,000 and consulting fees \$6,996) of which \$61,000 of director's fees and \$596 of consulting fees was paid to Reyer Investments Pty Limited, a company in which Ed Reynolds is a director and shareholder. Consulting services provided are for project and other one-off activities performed on behalf of the Group.

Leanne Challans provided consulting services in relation to systems support and a system implementation project.

Grant R Miles director's fees of \$70,000 were paid to Moore Australia (SA) Pty Ltd (\$60,000) and Rickaby Holdings Pty Ltd (\$10,000) both companies directed by Grant R Miles.

Short term cash bonuses for Stuart Geros and Stephen Irecki relate to commission payments on licence fee revenue from sales of products to customers, in accordance with an incentive plan approved on 1st January 2015. The purpose of the incentive is to increase licence fee revenues and so improve shareholder wealth.

Securities received that are not performance related

During the 2023 year, Mr S Irecki received 35,000 performance rights with a total fair value of \$30,800. The performance rights vesting condition is a three year service period. No remuneration (2025: \$4,296) has been recognised as remuneration in the current year.

During the 2023 year, Ms S Laycock received 6,000 performance rights with a total fair value of \$5,520. The performance rights vesting condition is a three year service period. During the 2025 year, Ms S Laycock received 14,000 performance rights which were issued on the grant date. No remuneration (2025: \$8,437) has been recognised as remuneration in the current year.

No other members of key management personnel received any securities during this year or the prior year as remuneration.

Voting and comments made at the Company's last Annual General Meeting

Prophecy International Holdings Limited received more than 89% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2025. The company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Key management personnel options and rights holdings

There are currently no performance options or rights held by any Directors or key management personnel.

Directors' Report

For the Year Ended 30 June 2026

3. Other items continued

Remuneration report (audited) continued

Key management personnel shareholdings

The number of ordinary shares in Prophecy International Holdings Limited and Controlled Entities held by each key management person of the Group during the financial year is as follows:

	Balance at beginning of year	Granted as Remuneration	Acquisitions	Disposals	Other Changes	Balance at end of year
30 June 2026						
Ed Reynolds	7,830,000	-	-	-	-	7,830,000
*Leanne R Challans	774,880	-	-	-	-	774,880
David K Collins	301,600	-	10,325,418	-	-	10,627,018
Grant R Miles	150,000	-	-	-	-	150,000
Other KMP						
Stuart Geros	1,657,548	-	20,000	-	-	1,677,548
*Steve Challans	774,880	-	-	-	-	774,880
Suzanne Laycock	20,000	-	-	-	-	20,000
	11,508,908	-	10,345,418	-	-	21,854,326

*Shares jointly held by Leanne R Challans and Steve Challans.

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

The following transactions occurred with related parties:

Moore Australia (SA) Pty Ltd, a company directed by Grant Miles, provided accounting services to the Group of \$107,493 (2025: \$146,277).

End of Remuneration Report

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Prophecy International Holdings Limited and Controlled Entities

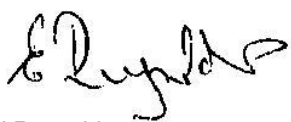
ABN: 16 079 971 618

Directors' Report

For the Year Ended 30 June 2026

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2026 has been received and can be found on page 21 of the financial report.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Ed Reynolds
Chairman



Grant Miles
Director

Dated this 30th day of September, 2026

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Auditor's Independence Declaration

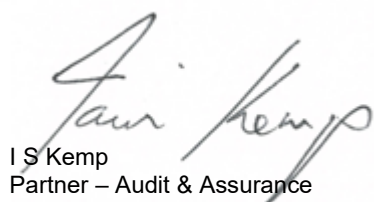
To the Directors of Prophecy International Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Prophecy International Holdings Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 30 September 2026

grantthornton.com.au

ACN-130 913 594

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2026

		2026	2025
	Note	\$	\$
Revenue from continuing operations	2	18,414,778	21,752,444
Research and development tax incentive		950,927	-
Other income		31,159	171,372
Employee benefits expense	3	(12,939,154)	(15,953,307)
Depreciation and amortisation expense	3	(2,684,901)	(1,280,075)
Impairment expense	3	(1,700,278)	-
Other expenses	3	(9,920,479)	(10,839,843)
Finance costs		(55,325)	(42,901)
Loss before income tax		(7,903,273)	(6,192,310)
Income tax benefit/expense	4	(21,000)	(284,632)
Loss for the year		(7,924,273)	(6,476,942)
Other comprehensive income/(loss), net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		102,764	(330,490)
Other comprehensive income/(loss) for the year, net of tax		102,764	(330,490)
Total comprehensive loss for the year		(7,821,509)	(6,807,432)
Loss attributable to:			
Members of the parent entity		(7,940,358)	(6,487,759)
Non-controlling interest		16,085	10,817
		(7,924,273)	(6,476,942)
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(7,837,594)	(6,818,249)
Non-controlling interest		16,085	10,817
		(7,821,509)	(6,807,432)
Losses per share			
From continuing operations:			
Basic earnings/(loss) per share (cents)	8	(10.46)	(8.80)
Diluted earnings/(loss) per share (cents)	8	(10.46)	(8.80)

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Consolidated Statement of Financial Position

As At 30 June 2026

	Note	2026 \$	2025 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,009,828	4,930,602
Financial assets		102,644	102,544
Trade and other receivables	10	2,158,599	2,823,558
Contract assets		157,377	639,933
Current tax receivable		13,211	16,958
Other assets	11	1,169,405	2,169,403
TOTAL CURRENT ASSETS		4,611,064	10,682,997
NON-CURRENT ASSETS			
Trade and other receivables	10	8,194	8,592
Other assets	11	414,395	683,855
Property, plant and equipment		88,565	140,078
Intangible assets	13	2,337,393	5,163,524
Right to use assets	14	650,663	454,438
TOTAL NON-CURRENT ASSETS		3,499,210	6,450,487
TOTAL ASSETS		8,110,274	17,133,484
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	2,544,242	2,574,467
Contract liabilities - Deferred revenue	16	5,212,103	8,613,765
Employee benefits	17	1,312,130	1,841,189
Lease liabilities	14	305,031	173,993
Short-term debt		317,623	-
TOTAL CURRENT LIABILITIES		9,691,129	13,203,415
NON-CURRENT LIABILITIES			
Employee benefits	17	154,045	119,306
Lease liabilities	14	433,368	320,031
Contract liabilities - Deferred revenue	16	3,297,902	2,178,655
TOTAL NON-CURRENT LIABILITIES		3,885,315	2,617,992
TOTAL LIABILITIES		13,576,444	15,821,407
NET ASSETS/(LIABILITIES)		(5,466,170)	1,312,077
EQUITY/(DEFICIT)			
Issued capital	18	36,969,235	35,963,440
Reserves		(563,694)	(703,925)
Accumulated losses		(41,724,802)	(33,784,443)
Total equity deficit attributable to equity holders of the Company		(5,319,261)	1,475,071
Non-controlling interest		(146,909)	(162,994)
TOTAL EQUITY/(DEFICIT)		(5,466,170)	1,312,077

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 2026

2026

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non- controlling Interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2025	35,963,440	(33,784,444)	(824,809)	120,884	(162,994)	1,312,077
Loss attributable to members of the parent entity	-	(7,940,358)	-	-	-	(7,940,358)
Loss attributable to non-controlling interests	-	-	-	-	16,085	16,085
Foreign currency translation movement for the year	-	-	102,764	-	-	102,764
Total comprehensive income	-	(7,940,358)	102,764	-	16,085	7,821,509
Transactions with shareholders in their capacity as shareholders						
Share placements	1,002,900	-	-	39,000	-	1,041,900
Share based payment transactions at fair value	-	-	-	1,362	-	1,362
Shares issued on the exercise of performance rights	2,895	-	-	(2,895)	-	-
Balance at 30 June 2026	36,969,235	(41,724,802)	(722,045)	158,351	(146,909)	(5,466,170)

2025

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non- controlling Interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2024	35,822,379	(27,296,685)	(494,319)	244,492	(173,811)	8,102,056
Loss attributable to members of the parent entity	-	(6,487,759)	-	-	-	(6,487,759)
Loss attributable to non-controlling interests	-	-	-	-	10,817	10,817
Foreign currency translation movement for the year	-	-	(330,490)	-	-	(330,490)
Total comprehensive income	-	(6,487,759)	(330,490)	-	10,817	(6,807,432)
Transactions with shareholders in their capacity as shareholders						
Share based payment transactions at fair value	-	-	-	17,453	-	17,453
Shares issued on the exercise of performance rights	141,061	-	-	(141,061)	-	-
Balance at 30 June 2025	35,963,440	(33,784,444)	(824,809)	120,884	(162,994)	1,312,077

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 2026

		2026	2025
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		17,236,466	20,837,813
Payments to suppliers and employees		(20,885,606)	(26,571,257)
Interest received		7,003	171,372
Income taxes (paid)/refunded		(21,000)	(1,549)
Net cash provided by/(used in) operating activities	14	(3,663,137)	(5,563,621)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	293
Purchase of property, plant and equipment		(19,277)	(59,678)
Payments for capitalised development costs		(974,275)	(726,000)
Net cash used in investing activities		(993,552)	(785,385)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		975,000	-
Payment of lease liabilities		(308,498)	(457,130)
Net cash provided by/(used in) financing activities		666,502	(457,130)
Effects of foreign exchange rates on overseas cash holdings		69,413	25,853
Net increase/(decrease) in cash and cash equivalents held		(3,920,774)	(6,780,283)
Cash and cash equivalents at beginning of year		4,930,602	11,710,885
Cash and cash equivalents at end of financial year		1,009,828	4,930,602

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 2026

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 material 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 12 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 2026

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 2026

1 Summary of Material Accounting Policies continued

(d) Financial Assets and Liabilities

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 other receivables fall into this category of financial instruments.

Notes to the Financial Statements

For the Year Ended 30 June 2026

1 Summary of Material Accounting Policies continued

(d) Financial Assets and Liabilities continued

Impairment of financial assets

The Group considers a 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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

1 Summary of Material Accounting Policies continued

(e) 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.

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.

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 resulting product.

Notes to the Financial Statements

For the Year Ended 30 June 2026

1 Summary of Material Accounting Policies continued

(e) Intangible Assets continued

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 2026

1 Summary of Material Accounting Policies continued

(f) 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 2026

1 Summary of Material Accounting Policies continued

(g) 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 receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 12% 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.

(h) 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

(i) 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 2026

1 Summary of Material Accounting Policies continued

(j) 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.

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 2026

1 Summary of Material Accounting Policies continued

(k) 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

License revenue is derived from the sale of the Group's technology deployed either as a hosted service (SaaS) or through perpetual license. Contracts in customers typically include hosted service (for emite), license, and other related services being maintenance and support services along with services providing implementation and configuration of software.

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 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 straight line 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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

1 Summary of Material Accounting Policies continued

(k) Revenue and Other Income continued

Costs to obtain a contract

The capitalised incremental costs in obtaining the sale are amortised on a straight-line basis over the expected life of the contract which has been estimated at 3 years (based on the average contract length of active customers). During the year amortised incremental costs in obtaining sales were \$1,168,607 (2025: \$1,641,547).

Interest Revenue

Interest is recognised using the effective interest method.

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

(l) 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 1(e) for further discussion on the determination of impairment losses.

(m) 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.

(n) 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.

(o) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

1 Summary of Material Accounting Policies continued

(p) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(q) Research and Development Tax Incentive

The Group accounts for refundable research and development ("R&D") tax incentives as government grants in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. The R&D tax incentive is recognised when there is reasonable assurance that the Group will comply with the conditions attached to the incentive and that the incentive will be received. Consistent with the income approach under AASB 120, the benefit of the incentive is recognised in profit or loss as other income on a systematic basis over the periods in which the related eligible R&D expenditure is recognised. Amounts recognised but not yet received are recorded as an R&D tax incentive receivable and are measured based on management's estimate of the amount recoverable where the related claim has been accrued and the receipt of the incentive is considered probable.

(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(e).

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 relating to assumptions about future operating results and the determination of a suitable discount rate (see Note 1(e)).

Key estimates - Research and development incentive

Estimates are made at each reporting date relating eligible expenditure to be claimed by the company pursuant to the research and development tax incentive. The research and development tax incentive is one of the key elements of the Australian Government's support for Australia's innovation system and is supported by legislative law primarily in the form of the Australian Income Tax Assessment Act 1997 as long as eligibility criteria are met. Generally speaking, entities which are an R&D entity involved in eligible R&D activities may claim research and development tax incentive as follows:

- as a refundable tax credit if aggregate turnover (which generally means an entity's total income that it derives in the ordinary course of carrying on a business, subject to certain exclusions) of the entity is less than A\$20 million, or
- as a non-refundable tax credit if aggregate turnover of the entity is more than A\$20 million.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

2 Revenue and Other Income

Revenue from continuing operations

	2026	2025
	\$	\$
Sales revenue		
- licence sales	12,585,425	16,398,349
- maintenance fees	4,318,506	4,340,248
- consulting sales	1,510,847	1,013,847
	<u>18,414,778</u>	<u>21,752,444</u>

The Group's revenue is disaggregated as follows:

	Snare		eMite		Total	
	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$
Goods or services transferred at a point in time						
- licence sales	570,240	528,543	1,337,340	2,156,888	1,907,580	2,685,431
- consulting sales	134,370	68,433	-	-	134,370	68,433
Total	704,610	596,976	1,337,340	2,156,888	2,041,950	2,753,864

	Snare		eMite		Total	
	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$
Goods or services transferred over time						
- licence sales	4,049,590	4,467,125	6,628,256	9,245,794	10,677,846	13,712,919
- maintenance fees	1,795,609	2,136,597	2,522,896	2,203,650	4,318,505	4,340,247
- consulting sales	-	-	1,376,477	945,414	1,376,477	945,414
Total	5,845,199	6,603,722	10,527,629	12,394,858	16,372,828	18,998,580

Notes to the Financial Statements

For the Year Ended 30 June 2026

3 Result for the Year

The result for the year includes the following specific expenses:

	2026	2025
	\$	\$
Salaries and wages	9,854,588	11,396,959
Commissions	1,168,907	1,641,547
Superannuation contributions	642,394	730,368
Payroll taxes	656,646	796,376
Consultants	670,536	983,928
Medical expenses	240,957	412,867
AL & LSL expenses	(299,325)	(34,840)
Share-based payment	1,362	17,453
Other employee benefit expenses	3,088	8,649
	12,939,154	15,953,307
	12,939,154	15,953,307

Depreciation, amortisation, and impairment expense comprises:

- Depreciation - plant and equipment	67,467	112,309
- Depreciation - right of use assets	280,406	364,758
- Amortisation - intellectual property	2,337,031	800,000
- Impairment - development costs	1,700,275	3,008
	4,385,179	1,280,075

Other Expenses:

Accounting fees	277,780	266,418
Consulting and professional fees	1,976,718	2,218,277
Filing fees	98,254	88,172
Insurance	291,089	286,000
Legal Fees	32,115	95,255
Marketing	173,488	533,473
Strata Fees	11,851	85,390
Royalties	104,663	116,134
Foreign exchange (gains)/losses	137,747	(461,555)
Communications expense including cloud services	4,948,623	5,435,185
Software including annual maintenance	1,607,347	1,580,925
Travel and accommodation	113,094	404,196
Other expenses	147,710	191,973
	9,920,479	10,839,843

Notes to the Financial Statements

For the Year Ended 30 June 2026

4 Income Tax Expense

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

	2026	2025
	\$	\$
Current tax expense	-	16,089
Total current tax expense	-	16,089
Deferred tax expense/(benefit)	-	1,263,705
Adjustments for under/(over) provision for taxes in prior periods	-	(995,162)
Total deferred tax expense	-	268,543
Total income tax expense/(benefit)	-	284,632

(b) Reconciliation of income tax to accounting profit/(loss):

	2026	2025
	\$	\$
Profit/(loss)	(7,903,273)	(6,192,130)
Tax	25.00%	25.00%
	(1,975,818)	(1,548,033)
Add:		
Tax effect of:		
- non-deductible expenses	1,552,854	206,539
- tax losses not recognised	647,784	2,326,728
- temporary differences not recognised	(22,823)	364,120
- over/(under) provision for tax in prior year	-	-
	201,997	1,349,354
Less:		
Tax effect of:		
- Tax losses - foreign jurisdictions	(146,548)	69,560
- over/(under) provision for tax in prior year	(55,449)	995,162
Income tax expense/(benefit)	-	284,632

Notes to the Financial Statements

For the Year Ended 30 June 2026

5 Key Management Personnel Disclosures

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

	2026	2025
	\$	\$
Cash salary and fees	1,466,692	1,709,698
Cash bonus	183,416	516,647
Consulting fees	31,361	112,556
Non-monetary benefits	(77,264)	(19,643)
Superannuation	121,419	146,529
Long service leave	(134,615)	45,137
Share-based payments	-	12,733
	1,591,009	2,523,657

Remuneration details for the year ended 30 June 2026 continued

The remuneration detailed above includes for Ed Reynolds director's fees of \$100,000 and consulting fees of \$596 (2025 – director's fees \$100,000 and consulting fees \$6,996) of which \$61,000 of director's fees and \$596 of consulting fees was paid to Reyer Investments Pty Limited, a company in which Ed Reynolds is a director and shareholder. Consulting services provided are for project and other one-off activities performed on behalf of the Group.

Leanne Challans provided consulting services in relation to systems support and a system implementation project.

Grant R Miles director's fees of \$70,000 were paid to Moore Australia (SA) Pty Ltd (\$60,000) and Rickaby Holdings Pty Ltd (\$10,000) both companies directed by Grant R Miles.

Short term cash bonuses for Stuart Geros and Stephen Irecki relate to commission payments on licence fee revenue from sales of products to customers, in accordance with an incentive plan approved on 1st January 2015. The purpose of the incentive is to increase licence fee revenues and so improve shareholder wealth.

Securities received that are not performance related

During the 2023 year, Mr S Irecki received 35,000 performance rights with a total fair value of \$30,800. The performance rights vesting condition is a three year service period. No remuneration (2025: \$4,296) has been recognised as remuneration in the current year.

During the 2023 year, Ms S Laycock received 6,000 performance rights with a total fair value of \$5,520. The performance rights vesting condition is a three year service period. During the 2025 year, Ms S Laycock received 14,000 performance rights which were issued on the grant date. No remuneration (2025: \$8,437) has been recognised as remuneration in the current year.

No other members of key management personnel received any securities during this year or the prior year as remuneration.

Key management personnel options and rights holdings

There are currently no performance options or rights held by any Directors or key management personnel

Notes to the Financial Statements

For the Year Ended 30 June 2026

6 Remuneration of Auditors

	2026	2025
	\$	\$
Remuneration of the auditor of the parent entity, Grant Thornton Audit Pty Ltd, for:		
- auditing or reviewing the financial statements	180,711	157,988
Remuneration of Grant Thornton for other services:		
- non assurance services	192,902	77,250
Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial statements of subsidiaries	19,257	17,989
Total	392,870	253,227

7 Dividends

The following dividends were declared and paid:

Interim unfranked ordinary dividend of nil (2025: nil) cents per share

-	-
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Franking account

The franking credits available for subsequent financial years at a tax rate of 25%

141,574	141,574
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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

	2026	2025
	\$	\$
Loss after income tax attributable to the owners of Prophecy International Holdings Limited-	(7,940,358)	(6,487,759)

(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	75,863,556	73,748,934
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	75,863,556	73,748,934

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Notes to the Financial Statements

For the Year Ended 30 June 2026

9 Cash and Cash Equivalents

	2026	2025
	\$	\$
Cash at bank in hand	<u>1,009,828</u>	<u>4,930,602</u>
	<u>1,009,828</u>	<u>4,930,602</u>

10 Trade and Other Receivables

CURRENT

Trade and other receivables	2,206,856	2,871,816
Provision for impairment	<u>(48,258)</u>	<u>(48,258)</u>

Total current trade and other receivables

<u>2,158,598</u>	<u>2,823,558</u>
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NON-CURRENT

Deposits	24	24
Other receivables	<u>8,170</u>	<u>8,568</u>

Total non-current trade and other receivables

<u>8,194</u>	<u>8,592</u>
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Notes to the Financial Statements

For the Year Ended 30 June 2026

10 Trade and Other Receivables continued

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

	Current	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
2026						
Expected loss rate	-	-	-	-	-	
Gross carrying amount						
- trade receivables	1,899,926	93,065	41,745	188,115	(7,801)	2,215,050
Loss allowance	-	-	-	-	-	(48,258)
2025						
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)

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

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 2026 and 30 June 2025 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

	2026 \$	2025 \$
CURRENT		
Incremental costs to obtain contracts with customers	1,065,447	1,410,985
Other prepayments	1,103,956	1,038,092
	<u>2,169,403</u>	<u>2,449,077</u>
NON-CURRENT		
Incremental costs to obtain contracts with customers	<u>683,855</u>	<u>869,613</u>

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Notes to the Financial Statements

For the Year Ended 30 June 2026

12 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2026	Percentage Owned (%)* 2025
Subsidiaries:			
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 Philippines	Philippines	100	100

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

Notes to the Financial Statements

For the Year Ended 30 June 2026

13 Intangible Assets

	2026	2025
	\$	\$
Goodwill		
Cost	5,108,270	5,108,270
Accumulated impairment losses	(2,981,455)	(2,981,455)
Net carrying value	2,126,815	2,126,815
Intellectual property		
Cost	12,720,000	12,720,000
Accumulated amortisation and impairment	(12,720,00)	(10,409,291)
Net carrying value	-	2,310,709
Development costs		
Cost	4,378,648	3,404,372
Accumulated amortisation and impairment	(4,378,648)	(2,678,372)
Net carrying value	-	726,000
Licenses		
Cost	236,900	-
Accumulated amortisation and impairment	(26,322)	-
Net carrying value	210,578	-
Total Intangibles	2,337,393	5,163,524

Movements in carrying amounts of intangible assets

	Licenses	Intellectual property	Goodwill	Development costs	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2026					
Balance at the beginning of the year	-	2,310,709	2,126,815	726,000	5,163,524
Additions	236,900	-	-	974,275	1,211,175
Amortisation	(26,322)	(2,310,709)	-	-	(2,337,031)
Impairment	-	-	-	(1,700,275)	(1,700,275)
Closing value at 30 June 2026	210,578	-	2,126,815	-	2,337,393

Year ended 30 June 2025				
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
Closing value at 30 June 2025	2,310,709	2,126,815	726,000	5,163,524

Notes to the Financial Statements

For the Year Ended 30 June 2026

13 Intangible Assets continued

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.

During the year the Board made a decision to impair costs related to the emite V8 development. That decision was made following a revised assessment of the V8 software release and the results of customer testing, indicating that the economic performance of the product would be less favourable than previously expected.

At the December 2026 Half Year the Group reassessed the useful life of emite V7 resulting in an acceleration of amortisation as shown in the table above. This assessment was made considering at the time the pending launch of emite V8 and expected rollout to the emite customer base.

Goodwill with a carrying value of \$2,126,815 (2025 \$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 4 year period at a post-tax discount rate of 19.1%. This rate is a current sector appropriate WACC adjusted for the risks specific to the operation. It is estimated an ongoing growth rate of 2.5% pa to perpetuity in the future cash flows in this VIU calculation. If the ongoing growth rate of 2.5% pa had been decreased to 2.0% pa, no impairment expenses would have been recognised. If the discount rate, which is based on the estimate of the Snare CGU's weighted average cost of capital, had been increased from 19.1% to 22.0%, no impairment expenses would have been recognised. If the average annual revenue growth rate had been decreased from 7.0% to 4.0%, no impairment expenses would have been recognised. A 5% increase in forecast operating expenditure and cash outflows, with all other assumptions remaining constant, would result in the recoverable amount falling below the carrying value of the CGU and an impairment of the goodwill balance being recognised.

14 Leases

(a) Right-of-use assets

	2026
Year ended 30 June 2026	
As at 1 July 2025	454,438
Increases – new lease	484,576
Increases – annual lease increase	2,771
FX Revaluation	(10,716)
Depreciation	<u>(280,406)</u>
Balance at end of year	<u>650,663</u>
	2025
Year ended 30 June 2025	
As at 1 July 2024	819,196
Depreciation	<u>(364,758)</u>
Balance at end of year	<u>454,438</u>

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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

14 Leases continued

(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 \$	Future Interest Expense \$	Total \$
2026				
Lease liabilities	330,421	449,768	(41,790)	738,399
2025				
Lease liabilities	194,643	334,209	(34,828)	494,024

15 Trade and Other Payables

	Note	2026 \$	2025 \$
Trade payables		666,582	1,653,228
Sundry payables and accrued expenses		1,875,005	918,585
Other payables		2,655	2,655
		2,544,242	2,574,468

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	5,212,103	8,613,765
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NON-CURRENT

Unearned revenue from customers	3,297,902	2,178,655
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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

17 Employee Benefits

CURRENT

Long service leave	471,621	704,481
Annual leave	840,509	1,136,708
	1,312,130	1,841,189

NON-CURRENT

Long service leave	154,045	119,306
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Prophecy International Holdings Limited and Controlled Entities

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Notes to the Financial Statements

For the Year Ended 30 June 2026

18 Issued Capital

	2026	2025
	\$	\$
80,552,934 (2025: 73,748,934) Ordinary shares	36,969,235	35,963,440

(a) Ordinary shares

	2026	2026	2025	2025
	\$	No.	\$	No.
At the beginning of the reporting period	35,963,440	73,748,934	35,822,379	73,625,934
Issue of shares - employee share scheme	2,895	4,000	141,061	123,000
Issue of shares - share placements	1,002,900	6,800,000	-	-
At the end of the reporting period	36,969,235	80,552,934	35,963,440	73,748,934

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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

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 \$72,644 (2025: \$72,544).

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

Subsequent to year end the Group issued 10,000 performance rights to employees, 3,370,389 performance rights and RSUs to the CEO, implemented an operational restructure and organisational realignment, entered into a debtor finance facility arrangement with a \$3m limit, repaid the R&D tax incentive short-term debt facility, and received the 2026 R&D tax incentive refund. No other 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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

22 Cash Flow Information

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

	2026	2025
	\$	\$
Profit for the year	(7,924,277)	(6,476,942)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	2,684,904	1,280,075
- impairment	1,700,275	-
- net gain on disposal of property, plant and equipment	-	293
- foreign exchange (gain)/loss	137,747	(461,555)
- foreign exchange differences arising on translation of foreign subsidiaries	(2,483)	131,780
- share based payments	1,362	(17,453)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables and contract assets	1,104,103	(323,923)
- (increase)/decrease in other assets	1,427,087	541,650
- (increase)/decrease in deferred tax asset	-	89,997
- (increase)/decrease in income tax receivable	3,747	8,424
- increase/(decrease) in contract liabilities	(2,282,415)	(590,707)
- increase/(decrease) in trade and other payables	(24,103)	86,134
- increase/(decrease) in deferred tax liability	-	193,471
- increase/(decrease) in employee benefits	(489,084)	(24,865)
Cashflows from operations	<u>(3,663,137)</u>	<u>(5,563,621)</u>

(b) Credit standby arrangements with banks

Credit facility	90,954	93,435
Amount utilised	<u>(12,105)</u>	<u>(29,865)</u>
	<u>78,849</u>	<u>63,570</u>

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.

Notes to the Financial Statements

For the Year Ended 30 June 2026

23 Tax

Current Tax Asset

	2026	2025
	\$	\$
Income tax receivable	13,211	16,958

Current Tax Liability

Recognised deferred tax assets and liabilities

Deferred tax assets	505,401	711,080
Deferred tax liabilities	505,401	711,080
Net deferred tax asset / (liability)	-	-

Unrecognised deferred tax assets

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

Tax losses in overseas jurisdiction	6,536,861	7,189,252
Deductible/(Assessable) Temporary differences in overseas jurisdictions	-	770,098
Tax losses in Australian Tax Consolidated Group	12,601,265	10,010,128
Deductible Temporary differences in Australian Tax Group	243,014	399,140
Net deferred tax assets on the above at tax rates in the relevant jurisdiction	1,390,848	3,943,325

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 2026, substantially all tax losses in overseas jurisdictions relate to the Group's United States subsidiary.

Deferred Tax Assets

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Closing Balance
	\$	\$	\$	\$	\$
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
Balance at 30 June 2025	801,077	(89,997)	-	-	711,080
Provisions - employee benefits	337,984	(116,634)	-	-	221,350
Unrealised foreign exchange	28,432	41,680	-	-	70,112
Accruals	56,035	16,697	-	-	72,732
Deferred tax assets attributable to tax losses	165,123	(165,123)	-	-	-
Leases	123,506	4,860	-	-	128,366
Capitalised professional fees	-	12,841	-	-	12,841
Balance at 30 June 2026	711,080	(205,679)	-	-	505,401

Notes to the Financial Statements

For the Year Ended 30 June 2026

23 Tax continued

Deferred Tax Liabilities

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Closing Balance
	\$	\$	\$	\$	\$
Prepayments	97,553	36,596	-	-	134,149
Property, plant and equipment	6,308	(2,833)	-	-	3,475
Unrealised foreign currency gains	208,950	6,236	14,924	-	230,110
Leases	204,799	123,393	-	-	328,192
Capitalised professional fees	-	15,154	-	-	15,154
Balance at 30 June 2025	517,610	178,546	14,924	-	711,080
Prepayments	134,149	(24,941)	-	-	109,208
Property, plant and equipment	3,475	(1,551)	-	-	1,924
Unrealised foreign currency gains	230,110	154,017	(152,524)	-	231,603
Leases	328,192	(165,526)	-	-	162,666
Capitalised professional fees	15,154	(15,154)	-	-	-
Balance at 30 June 2026	711,080	(53,155)	(152,524)	-	505,401
Net DTA after offset against DTL	-	(152,524)	152,524	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2026

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 2026

24 Operating Segments continued

(e) Segment performance

	Unallocated		SNARE		eMite		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
External sales	-	-	6,549,809	7,200,697	11,864,968	14,551,747	18,414,778	21,752,444
Other revenue	954,359	4,233	24,233	98	3,492	167,041	982,084	171,372
Total segment revenue	954,359	4,233	6,574,042	7,200,795	11,868,461	14,718,788	19,396,862	21,923,816
EXPENSES								
Cost of sales	-	-	-	-	3,563,232	4,160,531	3,563,232	4,160,531
Employee costs	2,004,399	2,715,747	5,425,837	6,447,780	5,508,918	7,954,197	12,939,154	17,117,724
Other expenses	1,852,428	971,792	2,546,489	2,890,357	6,398,833	2,975,722	10,797,750	6,837,871
Total segment expenses	3,856,827	3,687,539	7,972,326	9,338,137	15,470,983	15,090,450	27,300,136	28,116,126
Segment operating profit/(loss)	(2,902,468)	(3,683,306)	(1,398,284)	(2,137,342)	(3,602,522)	(371,662)	(7,903,274)	(6,192,310)

(f) Segment assets

Segment assets	2,614,557	1,234,530	3,767,734	6,275,351	1,727,983	9,623,603	8,110,274	17,133,484
- Capital expenditure	5,576	27,836	12,854	15,855	974,275	16,107	18,430	59,798

(g) Segment liabilities

Segment liabilities	2,135,141	1,943,253	5,256,862	6,931,165	6,184,441	6,946,989	13,576,444	15,821,407
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Notes to the Financial Statements

For the Year Ended 30 June 2026

24 Operating Segments continued

(h) Reconciliations

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

	2026	2025
	\$	\$
Total segment revenue	18,414,778	21,752,444

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	(7,903,273)	(6,192,310)
Income tax (expense)/benefit	(21,000)	(284,632)
Total net profit after tax	(7,924,273)	(6,476,942)

Reconciliation of segment assets to the consolidated statement of financial position

Segment operating assets	5,759,670	11,953,003
Deferred and current tax assets (net)	13,211	16,957
Intangible assets	2,337,393	5,163,524
Total assets per the consolidated statement of financial position	8,110,274	17,133,484

Reconciliation of segment liabilities to the consolidated statement of financial position

Total liabilities per the consolidated statement of financial position	13,576,444	15,821,407
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(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.

	2026		2025	
	Revenue	Assets	Revenue	Assets
Australia & NZ	4,636,561	4,526,038	6,581,822	10,550,462
North America	11,652,099	2,831,474	12,917,256	5,563,099
Europe	1,823,964	468,794	2,000,818	700,910
Asia	181,532	283,968	122,735	319,013
Middle East	120,622	-	129,811	-
	18,414,778	8,110,274	21,752,442	17,133,484

Notes to the Financial Statements

For the Year Ended 30 June 2026

25 Related Parties

(a) The Group's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company are set out below and detailed disclosures relating to remuneration are included in the remuneration report:

	2026	2025
	\$	\$
Short-term employee benefits	1,604,205	2,319,258
Long-term benefits	(134,615)	45,137
Post-employment benefits	121,419	146,529
Share-based payments	-	12,733
	1,591,009	2,523,657

Disclosures relating to key management personnel are set out in the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2026	2025
	\$	\$
Directors Fees of \$100,000 for Ed Reynolds were paid to:		
- Ed Reynolds (\$39,000) and		
- Reyer Investments Pty Ltd (\$61,000)		
as stated in the Remuneration Report included in the Directors' Report.		
Reyer Investments Pty Ltd, a company directed by Ed Reynolds, the Chairman, provided additional consulting services to the Group.	596	6,996
Directors Fees of \$70,000 for Grant R Miles were paid to:		
- Moore Australia (SA) Pty Ltd (\$60,000); and		
- Rickaby Holdings Pty Ltd (\$10,000)		
as stated in the Remuneration Report included in the Directors' Report.		
Moore Australia (SA) Pty Ltd, a company directed by Grant R Miles, the Company Secretary and Director, provided Company Secretary and accounting services to the Group.	107,493	146,277
	108,089	153,273

Notes to the Financial Statements

For the Year Ended 30 June 2026

26 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2026 \$	2025 \$
Financial Assets			
Cash and cash equivalents	9	1,009,828	4,930,602
Financial assets		102,644	102,544
Trade and other receivables	10	2,158,599	2,823,558
Total financial assets		3,271,071	7,856,704
Financial Liabilities at amortised costs			
Trade and other payables	15	2,544,242	2,574,468
Lease liabilities	14	738,399	494,024
Total financial liabilities		3,282,641	3,068,492

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Notes to the Financial Statements

For the Year Ended 30 June 2026

26 Financial Risk Management continued

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk, foreign currency risk and equity price risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables.

The group has a material credit risk exposure to the Commonwealth Bank of Australia and National Australia Bank, although the risk of a material loss from this exposure is considered to be very low.

The consolidated group does not hold any collateral in respect of any financial instruments.

There is no provision for impairment of receivables at 30 June 2026.

Trade and other receivables are all unrated.

The group at present has two types of customers:

The first consists of small to medium organisations that renew their software licences annually. These organisations have been clients for many years and the consolidated group has experienced little bad debt history from these clients.

The second are new licence/service clients who in the main are large government organisations, and it is the consolidated group's policy to subject these organisations to credit verification procedures.

It is the consolidated group's policy to review all outstanding accounts monthly, and any overdue accounts are contacted to ascertain their payment intentions.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- holding only creditor debt;
- no bank overdraft facilities;
- maintain a significant cash balance to offset any downturn in a quarter's trade performance;
- cash balances are spread over a mixture of on-call accounts and bank term deposits to maximise operational flexibility and interest receivable;
- foreign currency receipts are remitted to Australia regularly, converted to Australian dollars and banked in the abovementioned accounts to maximise interest receivable;
- cash flow projections are ascertained from the consolidated group's policy of reviewing all its business operations in detail on a quarterly basis, and the board agreeing the revised profit and cash outlooks for the year, and measuring actual performance against these on a monthly basis.

Notes to the Financial Statements

For the Year Ended 30 June 2026

26 Financial Risk Management continued

(b) Liquidity risk continued

The Group's non-derivative financial liabilities have contract maturities as summarised below. The amounts below reflect the contractual undiscounted cash flows. Refer to Note 14 for the maturity analysis of lease liabilities.

	Within 1 Year		1 to 5 Years		Total	
	2026	2025	2026	2025	2026	2025
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	2,544,242	2,574,467	-	-	2,544,242	2,574,467

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in UK pounds and US dollars may impact on the Group's financial results unless those exposures are appropriately hedged.

Currently there are no hedges in place.

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Notes to the Financial Statements

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26 Financial Risk Management continued

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of operations.

	Net financial assets /(liabilities) in AUD \$						
	USD	EUR	GBP	NZD	SGD	PHP	Total AUD
	\$	\$	\$	\$	\$	\$	\$
2026							
Consolidated							
Trade and other receivables	842,789	90,230	3,551	9,135	-	-	945,705
Trade and other payables	(70,679)	-	(223,514)	-	-	(2,034)	(296,227)
2025							
Consolidated							
Trade and other receivables	1,972,073	227,074	367	10,309	-	-	2,209,823
Trade and other payables	(1,042,300)	-	(116,160)	-	-	(2,242)	(1,160,702)

Forward exchange contracts

There were no outstanding forward exchange contracts as at 30 June 2026 or 30 June 2025.

Foreign currency risk sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Company's financial assets and financial liabilities and the US Dollar – Australian Dollar exchange rate, UK pounds – Australian Dollar exchange rate, Euro - Australian Dollar exchange rate and the Philippine Peso – Australian Dollar exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years.

The year end rate is 0.69 US dollars, 0.53 UK pounds, 0.61 Euros and 42.98 Pesos.

If the Australian Dollar had strengthened and weakened against the US dollar, UK pound, Euro and Philippine Peso by 10% (30 June 2025: 10%) respectively then this would have had the following impact:

	2026		2025	
	+10%	-10%	+10%	-10%
USD				
Net results	(32,388)	39,586	(354,422)	433,183
Equity	(2,826)	3,454	(113,338)	138,525
GBP				
Net results	(1,634)	1,997	(3,214)	3,928
Equity	(14,343)	17,530	(47,348)	57,870
Euro				
Net results	(2)	2	(224)	274
Equity	-	-	-	-
PHP				
Net results	-	-	-	-
Equity	(6,274)	7,669	(1,868)	2,283

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to foreign currency risk.

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Notes to the Financial Statements

For the Year Ended 30 June 2026

27 Parent entity

The following information has been extracted from the books and records of the parent, Prophecy International Holdings Limited and Controlled Entities and has been prepared consistent with the accounting policies of the Group.

The financial information for the parent entity, Prophecy International Holdings Limited and Controlled Entities has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Prophecy International Holdings Limited and Controlled Entities and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

	2026	2025
	\$	\$
Statement of Financial Position		
Assets		
Current assets	4,656,831	4,894,257
Non-current assets	-	7,440,820
Total Assets	4,656,031	12,335,077
Liabilities		
Current liabilities	10,009,391	10,909,390
Non-current liabilities	113,610	113,610
Total Liabilities	10,123,001	11,023,000
Equity		
Issued capital	36,969,234	35,963,439
Retained earnings	(42,593,757)	(34,772,248)
Share option reserve	158,353	120,886
Total Equity	(5,466,170)	1,312,077
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	(7,821,509)	(6,807,432)
Total comprehensive income	(7,821,509)	(6,807,432)

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Notes to the Financial Statements

For the Year Ended 30 June 2026

27 Parent entity continued

Guarantees

The parent entity has not entered into any guarantees as at 30 June 2026 or 30 June 2025.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2026 or 30 June 2025.

Contractual commitments

The parent entity has contractual commitments amounting to \$1,273,800 as at 30 June 2026 (2025: \$954,200).

Notes to the Financial Statements

For the Year Ended 30 June 2026

28 Share-based payments

Share-based payments expense during the period is \$1,362 (2025: \$17,453) which relates to performance rights issued to KMP and other employees of the Company.

Performance rights

During the year ended 30 June 2026, 5,000 performance rights vested upon meeting performance conditions but remained unexercised at 30 June 2026.

As at 30 June 2026, 5,000 performance rights remained unvested (2025: 10,000), the performance conditions of which are as below:

Performance Rights	Expiry Date	Valuation	Vesting Conditions
5,000	22 July 2026	\$3,200	Continuous employment within the group

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Notes to the Financial Statements

For the Year Ended 30 June 2026

29 Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue normal business activities, realise its assets and discharge its liabilities in the ordinary course of business for a period of at least 12 months from the date these financial statements are approved.

For the year ended 30 June 2026, the Group incurred a net loss of \$7.9 million (30 June 2025: \$6.5 million), experienced net cash outflows from operating activities of \$3.7 million (30 June 2025: \$5.6 million) and net cash outflows from investing activities of \$1.0 million (30 June 2025: \$0.8 million). At 30 June 2026, the Group held cash and cash equivalents of \$1.0 million (30 June 2025: \$4.9 million). The Group reported a net current liability position of \$5.1 million at 30 June 2026 (30 June 2025: \$2.5 million net current liabilities) and a net liability position of \$5.5 million (30 June 2025: net assets of \$1.3 million). These positions are significantly influenced by the recognition of \$8.5 million in deferred revenue contract liabilities, which are expected to be recognised as revenue as the Group satisfies its remaining performance obligations, being substantially the continued use by customers of the IP (in software) of the Group.

The Directors, in their consideration of the appropriateness of using the going concern basis for the preparation of the financial statements, have had regard to the following matters:

- During the year ended 30 June 2026 and subsequent to year end, the Group undertook a substantial organisational restructure and operational realignment designed to establish a sustainable cost base and improve operating performance. The restructure included a significant reduction in global headcount, consolidation of management across the Snare and emite businesses, removal of overlapping roles, and implementation of additional operational efficiencies. Costs of the restructure were fully accrued at 30 June and have been settled at the date of this report. The Board expects these initiatives to deliver material annualised savings of \$9.5 million (including \$7.5 million in annualised headcount savings) and significantly reduce the Group's future operating cash requirements.
- During the year ended 30 June 2026, the Group accessed funding through an advance against its 2026 Research and Development Tax Incentive, resulting in short-term debt of approximately \$0.3 million at balance date. This facility was repaid in August 2026 as part of the ScotPac Business Finance facility settlement. The Group has continued to invest in the development and commercialisation of its software products.
- The Group once again became eligible for the Research and Development Tax Incentive refund on account of revenue falling under the \$20 million revenue threshold for the year ended 30 June 2026. A Research and Development Tax Incentive refund claim of \$1.0 million was included in the Group's 2026 income tax return lodged in August, with the resulting refund being received in September 2026.
- During the year ended 30 June 2026 a share placement of 6.5 million shares was made raising \$975,000 of equity to an existing sophisticated investor along with 3.5 million November 2026 options priced at \$0.15 per share (\$525,000). This investor is David Collins who via the Collins Millar Group is now the Group's largest shareholder with a 13.19% shareholding. David subsequently was appointed to the Board of Directors in April 2026 as a Non-Executive Director and is providing significant strategic and commercial support to the business.
- Subsequent to year end, the Group established an invoice financing facility with ScotPac Business Finance with a facility limit of \$3.0 million. The facility refinanced the earlier R&D funding arrangement and provides additional working capital flexibility through funding against eligible receivables. Management expects continued access to this facility, together with customer receipts and contracted revenue streams, will assist in funding the Group's ongoing operations and strategic initiatives. At the date of this report, \$2.0 million of the facility remains undrawn and available to the Group.
- The Directors have reviewed cash flow forecasts prepared by management covering a period of at least 12 months from the date of approval of these financial statements. The forecasts incorporate the full-year benefit of the cost reduction initiatives implemented during the 2026 financial year, expected revenue from contracted and new customers, anticipated collections from trade receivables and receipt of the Research and Development Tax Incentive claim.

Notes to the Financial Statements

For the Year Ended 30 June 2026

29 Going concern continued

- In the event that trading conditions are lower than forecast, the Board has identified a number of available mitigating actions, including:
 - further reductions in discretionary expenditure,
 - the deferral of non-essential development projects and capital expenditure,
 - prioritisation of cash-generative initiatives and customer retention activities,
 - optimisation of working capital management,
 - utilisation of available debt and debtor financing facilities, and, if required,
 - the pursuit of additional funding through debt and/or equity capital raisings.

In considering the above matters, together with the Group's restructuring initiatives, reduced operating cost base, access to external funding arrangements and the forecasts prepared by management, the Directors are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

No adjustments have been made to the financial statements relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

30 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

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Consolidated Entity Disclosure Statement (CEDS)

For the Year Ended 30 June 2026

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

Consolidated entity

This CEDS includes only those entities consolidated as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements (AASB 10).

Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5 Income tax: central management and control test of residency.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Consolidated Entity Disclosure Statement (CEDS)

For the Year Ended 30 June 2026

Consolidated Entity Disclosure Statement

For the Year Ended 30 June 2026

Entity Name	Type of Entity	Trustee, partner or participant in JV	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Prophecy International Holdings Limited (Parent Entity)	Body corporate			Australia	Australian	n/a
Intersect Alliance International Pty Ltd	Body corporate		100	Australia	Australian	n/a
Prophecy International Pty Ltd as trustee for CSP Unit Trust	Body corporate	Trustee	100	Australia	Australian	n/a
Prophecy R&D Pty Ltd	Body corporate		100	Australia	Australian	n/a
Prophecy Americas' Inc	Body corporate		93	United States of America	Foreign	United States of America
Prophecy Europe Limited	Body corporate		100	United Kingdom	Foreign	United Kingdom
emite Pty Ltd	Body corporate		100	Australia	Australian	n/a
Prophecy Software Solutions Philippines Inc	Body corporate		100	Philippines	Foreign	Philippines

Directors' Declaration
For the Year Ended 30 June 2026

The directors of the Company declare that:

- 1. the consolidated financial statements and notes for the year ended 30 June 2026 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1(a) to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
- 2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the consolidated financial statements and notes for the financial year comply with the Accounting Standards;
 - c. the consolidated financial statements and notes for the financial year give a true and fair view; and
 - d. the information disclosed in the consolidated entity disclosure statement is true and correct.
- 3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 4. the information disclosed in the consolidated entity disclosure statement is true and correct

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



Director
Ed Reynolds



Director
Grant Miles

Dated this 30th day of September, 2026

Independent Auditor's Report

To the Members of Prophecy International Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Prophecy International Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 29 in the financial statements, which indicates that the Group incurred a net loss after tax of \$7,924,273 during the year ended 30 June 2026, experienced net cash outflows from operating activities of \$3,663,137 and as at 30 June 2026, the Group's total liabilities exceeded its total assets by \$5,466,170. These events or conditions, along with other matters as set forth in Note 29, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition – Notes 1(k), 2 and 16	
Revenue for the year ended 30 June 2026 was \$18,414,778 and the balance of contract liabilities (deferred revenue) at 30 June 2026 was \$8,510,005 at year end. The Group generates revenue from software licence arrangements, subscription-based SaaS contracts, maintenance and support services. In accordance with AASB 15 <i>Revenue from Contracts with Customers</i>, the Group is required to assess the terms and conditions of customer contracts, including identifying distinct performance obligations and determining whether software and licensing arrangements are recognised over time or at a point in time. These assessments directly affect the timing of revenue recognition and the measurement of deferred revenue balances. This is a key audit matter due to the significance of the revenue and deferred revenue balances and the audit effort required to assess the Group's revenue recognition. Significant auditor judgement was required in assessing management's interpretation of the underlying contractual terms, the identification of performance obligations and the timing of revenue recognition against the requirements of AASB 15.	Our procedures included: • Understanding key revenue processes and evaluating the design and implementation of relevant controls over revenue recognition and contract liabilities (deferred revenue); • Evaluating management's accounting policies and revenue recognition methodologies against the requirements of AASB 15; • For a sample of revenue transactions, agreeing revenue recognised to underlying invoices, customer contracts and management's revenue schedules, and evaluating management's assessment of performance obligations and the timing of revenue recognition with reference to the contractual terms and period over which the services were provided. • Assessing a sample of manual adjustments to revenue and deferred revenue selected using risk-based criteria to determine whether they were supported by contractual arrangements and recorded in the appropriate reporting period; and • Assessing the disclosures against the requirements of Australian Accounting Standards.
Impairment Assessment of Goodwill – Notes 1(e) and 13	
At 30 June 2026, the Group held goodwill of \$2,126,815 relating to the Snare cash-generating unit ("CGU").	Our procedures included: • Understanding the processes relating to the impairment assessment of goodwill. • Evaluating management's identification of cash generating units (CGUs) based on the nature of the business and against the requirements of AASB 136;

Impairment Assessment of Goodwill – Notes 1(e), 1(f) and 13 (Cont)

In accordance with AASB 136 *Impairment of Assets*, goodwill is required to be tested annually for impairment.

The Group estimated the recoverable amount of the Snare CGU using a value-in-use model, with significant management judgement required in determining forecast cash flows, discount rates and terminal growth rates.

This is a key audit matter due to the significant auditor judgement required to assess the reasonableness of the assumptions used by the Group in estimating the recoverable amount of the Snare CGU.

- With the assistance of our internal valuation specialists, evaluating management's value-in-use model over the Snare CGU by:
 - Assessing the methodology applied against the requirements of AASB 136 and assessing the mathematical accuracy;
 - Evaluating the reasonableness of forecast cash flows, including forecast revenue growth and operating margins with reference to historical performance, current year results and board-approved budgets;
 - Assessing the reasonableness of the terminal growth rate with reference to available market data;
 - Developing our own independent estimate of the range for an appropriate discount rate with reference to available market and industry data and comparing to the discount rate used in the model;
- Assessing management's historical forecasting accuracy through comparison of prior period forecasts to actual results;
- Performing sensitivity analysis over key assumptions to assess the impact of reasonably possible changes on the recoverable amount of the Snare CGU; and
- Assessing the disclosures against the requirements of Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

- a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and
- b the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

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

- i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2026.

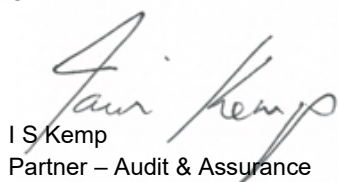
In our opinion, the Remuneration Report of Prophecy International Holdings Limited, for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 30 September 2026

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Additional Information for Listed Public Companies For the Year Ended 30 June 2026

ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 18 September 2026.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Voting rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Distribution of equity security holders

Holding	Ordinary shares	
	Shares	Options
1 - 1,000	335	0
1,001 - 5,000	390	0
5,001 - 10,000	181	0
10,001 - 100,000	331	0
100,000 and over	85	1
Total	1,322	1

There were 825 holders of less than a marketable parcel of ordinary shares.

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Additional Information for Listed Public Companies

For the Year Ended 30 June 2026

Rank	Twenty Largest Shareholders	Numbers Held	% of Ordinary
1.	COLLINS GROUP	10,627,018	13.19%
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,668,650	10.76%
3.	REYER INVESTMENTS PTY LTD (SUPER FUND A/C)	7,830,000	9.72%
4.	DUNMOORE PTY LTD	4,764,052	5.91%
5.	BOND STREET CUSTODIANS LIMITED <SALTER - D79836 A/C>	4,500,000	5.59%
6.	CITICORP NOMINEES PTY LIMITED	3,469,673	4.31%
7.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,076,960	3.82%
8.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,432,887	3.02%
9.	MR STUART CRAIG GEROS+MRS MICHELLE DOROTHY GEROS (THE EMERALD POINT FAM A/C)	1,677,548	2.08%
10.	TEN TALENTS <FIVE TALENTS A/C>	1,592,321	1.98%
11.	HOLDEN HOLDEN + ASSOCIATES PTY LTD	1,017,875	1.26%
12.	CHRISTINE HOLDEN NOMINEES PTY LTD <CHRISTINE HOLDEN SF A/C>	800,000	0.99%
13.	MRS L R CHALLANS + MR S W CHALLANS	774,880	0.96%
14.	MR JINMIN XI	720,225	0.89%
15.	SIMKAR PTY LTD <S & K BOND SUPER FUND A/C>	675,000	0.84%
16.	MRS GLENIS NITA O'DONNELL	660,000	0.82%
17.	MR DARREL RAY SCHNEIDER <SCHNEIDER FAMILY JV A/C>	552,159	0.69%
18.	CREDIBILITY CORPORATION PTY LTD	525,000	0.65%
19.	MR KAUSHIK BIYANI	478,212	0.59%
20.	ANDAMAX INVESTMENTS PTY LTD	460,000	0.57%

Prophecy International Holdings Limited and Controlled Entities

ABN: 16 079 971 618

Additional Information for Listed Public Companies For the Year Ended 30 June 2026

Substantial Shareholders

Substantial shareholders in the company are set out below:

Name	Ordinary Shares	% held
COLLINS GROUP	10,627,018	13.19%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,668,650	10.76%
REYER INVESTMENTS PTY LTD (SUPER FUND A/C)	7,830,000	9.72%
DUNMOORE PTY LTD	4,764,052	5.91%
BOND STREET CUSTODIANS LTD (SALTER - D79836 A/C)	4,500,000	5.59%

Other Information

Enquiries from shareholders should be addressed to Prophecy International Holdings Limited on (08) 8213 1200 or the Company's Share Registry, Computershare Investor Services on 1300 55 61 61 from within Australia or +61 3 9415 4000 from outside Australia

Shareholders who have changed their address should advise the Company's Share Registry in writing. Shareholders who do not wish to receive an Annual Report should advise the Company's Share Registry in writing.

Voting Rights

Voting rights attaching to ordinary shares are on a show of hands. Every member present in person or by proxy has one vote, and upon a poll each share shall have one

Unissued equity securities

Options unissued - nil

Securities exchange

The Company is listed on the Australian Securities Exchange.