Prophecy International

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Prophecy International maintains strong financial position during Corona Virus disruption
Sales pipelines continue to grow

Corona Virus Update

- Strong Cash Balance
- No Debt
- AUD/USD exchange rate has positive effect
- Sales pipeline continues to grow across both Snare and eMite

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Prophecy announces response to Corona Virus disruption.

As we have stated in previous releases Prophecy maintains a strong cash balance and no debt. At the end of February cash on hand was $4.6M and receivables were $2.6M.

More than 80% of the company's sales are done offshore in either US Dollars or in Euro or British Pounds. The fall of the Australian dollar against these currencies provides a significant buffer against any potential slow down in sales revenues. We continue to transition to recurring revenue and at the end of the first half 45% of revenues were recurring from either subscription licenses or from maintenance renewals from existing customers.

All R&D is done in Australia in either Sydney or Adelaide and we are a pureplay software company with no reliance on global supply chains or overseas manufacturing. Our product is distributed digitally, and we have no impact from disruptions to shipping or air travel.

In these times of uncertainty and as many companies move their workforce to remote working the mandate to provide IT Security has increased. There is also increased threat activity as cyber criminals try to take advantage of the disruption to the usual mode of business. The mandate for security and compliance that drives sales of Snare software continues. Although we have seen some uncertainty about budgets and do expect sales cycles to be longer and for purchasing decisions to be delayed.

We continue to see companies like Gemalto, Global Payments, Lifespan, Webjet and Premera Blue Cross all buying Snare software in the last 6 weeks either directly from Prophecy in the US or EMEA or through one of our partners.

For eMite and our focus on the contact centre we see a potential increase in the activity of customers either migrating to cloud based contact centers or standing up new contact centers to facilitate "work from home" contact centre agents to manage this new work paradigm and to enable increased flexibility and any increase in call volumes.

Our pipeline for eMite remains strong and we continue to close business with significant global companies like Fitch Ratings Agency, AMP New Zealand and Phillip Morris International in the last month and a half.

CEO Brad Thomas said "As a company we are as prepared for this new world of work as any organization and better prepared than most. Our staff work in a high tech world across multiple geographies and time zones and are used to working remotely. We have moved the entire business to working from home with no interruption to daily operations. Most of our selling is done by phone or video conference already and our teams are used to collaborating online using the tools and systems that we have in place. We have no cases of COVID-19 amongst our staff at present and have taken any recommended precautions to minimize impact to our staff."

At this point we are putting existing expansion plans on hold but no other action is planned at this stage. We expect an impact from the disruption caused by the Corona Virus but the extent of that impact will be dependent on many factors outside our control and is difficult to assess at this time. We will continue to monitor the situation and act accordingly.

In this time of disruption, we encourage Australian businesses and governments to look to Australian sovereign capability and to buy Australian.

About Prophecy International Holdings Limited

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

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

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

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

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