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H1 FY24 Business Growth Update

ASX: PRO
Market Announcement

Highlights:
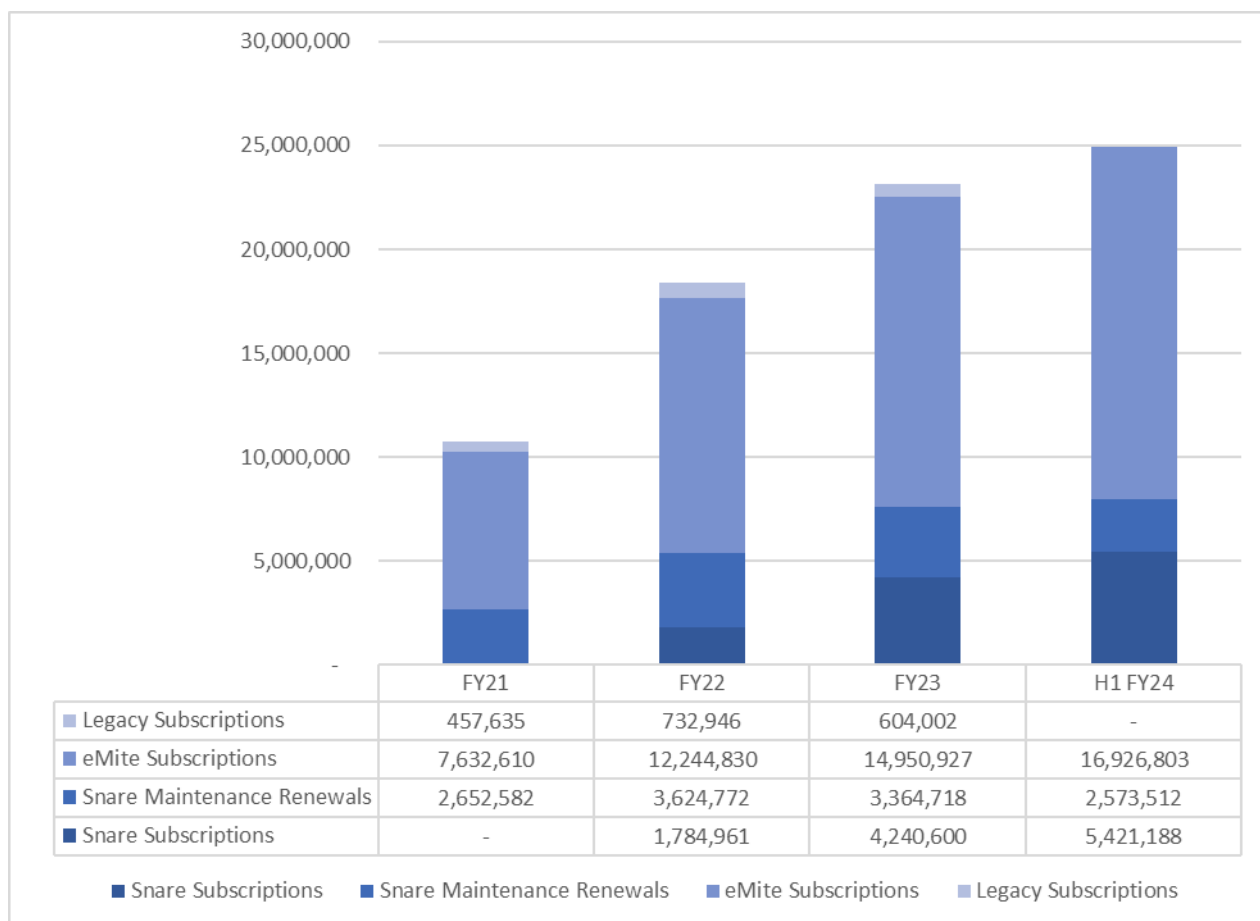
- **Revenue up 29% (on pcp) to $11.64M (unaudited) in H1 FY24 – a record H1 for the company (H1 FY23 - $9.02M)**

- **Result reflects sales growth driven by diverse new customer wins across both emite and Snare, with significant momentum in the Middle East**

- **21% annualised recurring revenue (ARR) growth (on pcp) to $24.9 million as at 31 December**

- **Invoicing up 21% (on pcp) to $10.95M in H1 FY24 to continue efficient conversion of revenue into cash receipts**

- **75% increase (on pcp) in Snare subscriptions to $5.4M, as Snare continues to transition its revenue model towards primarily recurring subscription sales**

- **25% increase (on pcp) of emite ARR to $16.9M**

- **Robust potential sales pipelines for 2024: emite $10.0M and Snare $15.3M (unweighted)**

- **Market tailwinds positive for continued expansion in Cloud Data Management, CX Analytics and Cyber Security**

- **Closing cash balance of $9.9M (unaudited) as at 31 Dec 2023 to be breakeven yoy, with cash to $10.9M at 29th January 24**

W: https://www.prophecyinternational.com/
P: +61 8 8213 1200
E: info@prophecyinternational.com
T: https://twitter.com/ProphecyIntern1

emite
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snare
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Sydney — 1 February 2024 — Business software developer Prophecy International Holdings Ltd (ASX: PRO, "Prophecy" or "the Company"), is pleased to report continued growth across key operational metrics for H1 FY24.

Business Momentum

Consistent sales growth continues to underpin growth in the Company's base of annualised recurring revenue (ARR). As at 31 December 2023, the Company's base of ARR had grown to $24.9M, up 21% year-on-year. Prophecy continues to efficiently convert revenue into cash receipts, invoicing $10.95M in H1 FY24, +21% YoY.

The Snare business continues to transition well to a primarily subscription-based model, with Snare subscription revenue up 75% YoY. Although this change impacts revenue recognition and invoicing cashflow, the subscription model has been received well by customers and enhances the sustainability and scalability of Prophecy's business model.

	FY21	FY22	FY23	H1 FY24
Legacy Subscriptions	457,635	732,946	604,002	-
eMite Subscriptions	7,632,610	12,244,830	14,950,927	16,926,803
Snare Maintenance Renewals	2,652,582	3,624,772	3,364,718	2,573,512
Snare Subscriptions	-	1,784,961	4,240,600	5,421,188

■ Snare Subscriptions ■ Snare Maintenance Renewals ■ eMite Subscriptions ■ Legacy Subscriptions

During Q2 FY24, Oracle commenced promotion of Snare and emite to its customers and partners through its Global Co-Sell Program. The partnership provides Prophecy with privileged access to more than 430,000 Oracle customers and has begun to accelerate Prophecy's global business development.

The Company remains debt free with adequate financial flexibility to pursue its growth objectives.

eMite Performance

Prophecy's current focus on marketing through both the Genesys and Amazon Connect contact centre technology ecosystems continues to deliver growth in contracted sales for emite, the Company's SaaS-based customer experience and contact (call) centre analytics platform. In H1 FY24, the Company signed new eMite customer contracts with aggregate 1st year contract value (1CV) of $3.15M, representing a 66% increase on pcp. This included upsells to Humana and Airbnb, plus sales to a broad range of high-profile new customers, including several organisations across the Middle East:

- Australian Tax Office
- Service NSW
- Colonial First State
- Cochlear
- Macy's
- Just Eat Takeaway.com – emite's first significant direct customer contract (i.e. not through Prophecy's channel partnerships with Genesys and Amazon Connect) and an early paying customer of emite for its new iPaaS solution
- NZ Inland Revenue (NZ Govt)
- Abu Dhabi Commercial Bank (UAE)
- Al Hilal Islamic Bank (UAE)
- Dubai Health Authority (UAE)
- Dallah Health (Saudi Arabia)
- Motorizzazione Civile de Roma (Italian Govt)

With a 2024 eMite potential sales pipeline (unweighted) valued by the Company at $10.0M, Prophecy holds a positive view for continued growth in this segment as a broader set of customers recognise emite's ability to help businesses manage their data in the cloud and visualise and understand their customer's journey.

Snare Performance

Through Snare, the Company's cybersecurity software product line, Prophecy provides critical government recommended or mandated security controls, including cyber threat detection, security information and event management (SIEM) and centralised log management. In H1 FY24, the Company signed new Snare contracts with enterprise clients headlined by Investcorp (UK financial services) and Gibson Dunn (US legal

services), as well as Verizon, Charles Schwab, Broadview Federal Credit Union, Ineos Europe, Occidental Petroleum and the Office of the Israeli Prime Minister. These new customer engagements generated sales of $1.86M and indicate the breadth of Snare's appeal across a range of global regulated and critical industries.

The year-on-year decrease in Snare new sales contracts reflects a lengthening of the sales cycle with government customers, as well as the continued strategic shift towards subscription-based engagements. During the period, 61% of new Snare sales were made on a subscription basis rather than under a perpetual license model. This translated to 75% YoY growth in Snare subscription sales in H1 FY24.

During the period, Prophecy finalised a strategic partnership with Devo Technology ("Devo"), a US-based security data analytics company with operations in North America, Europe and Asia Pacific. Through this collaboration, Devo will adopt Snare as its new endpoint agent to enhance data coverage and visibility across the Devo Security Data Platform.

For Prophecy, this partnership marks the commencement of its ability to offer ingestion-based pricing for Snare, opening the potential for Prophecy to secure additional partnerships with original equipment manufacturers and managed security service providers through an ingestion-based pricing offer. Furthermore, access to Snare will now be included with all new and existing Devo subscriptions. This presents a significant revenue opportunity for Prophecy without the need to complete conventional buying cycles.

Prophecy has identified a 2024 Snare potential sales pipeline (unweighted) valued at $15.3M. Beyond this pipeline, Snare remains an active member of various consortia in a number of large bids for US Federal and Defence contracts that are yet to be awarded. Prophecy maintains a positive view for continued growth in Snare's business as the market for flexible cybersecurity and compliance solutions continues to expand.

Prophecy's key focus areas for 2024 include the following priorities:

- Continue to expand sales and marketing to address growth opportunities in global markets
- Increase emite sales to large enterprise customers through both Genesys and Amazon Connect and to expand into the broader CX market space outside Genesys and Amazon
- Increase penetration of Snare products with new and existing customers, focusing on opportunities for Snare in the Government & Defense segment in the USA
- Increase Snare partner revenue from Security services partners including System Integrators, MSSP's, Security Operation Centre (SOC) providers and Extended Detection and Response (XDR) platform providers
- Deliver the strong pipeline of product innovation already in progress for both Snare and emite
- Continue the managed transition of the Snare business to recurring subscription-based licensing

The Company intends to release its audited H1 FY24 results on 27th February 2024.

Authorised by: Brad Thomas, CEO

Investor and Media Contact:
Brad Thomas, CEO
M +61 419 697 359
E: bthomas@prophecyinternational.com

Prophecy International Holdings Limited (ASX: PRO) is a leading Australian designer and developer of innovative business software. Through its two products, Snare and emite, Prophecy serves the large and growing global markets of Cloud Data Management, Contact Centre Analytics and Cyber Security.

emite provides a SaaS-based real time and historical analytics platform for customer experience in contact centre environments. It provides fast, accurate visibility into operational metrics that drive contact centre performance outcomes and superior customer service without adding pressure to busy business intelligence (BI) and management information (MI) teams.

The Snare product suite is a highly scalable platform of Centralised Log Management and Security Analytics products designed to enable customers to detect and manage cyber threats in real time and maintain regulatory compliance. It empowers customers to seamlessly detect threats as they emerge and review past events that may have led to system misuse.

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