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Changes to emite contracted ARR reporting

ASX: PRO
Market Announcement

Adelaide — 12th November 2024 — Prophecy International Holdings Ltd (ASX: PRO, "Prophecy" or "the Company) advises that during the course of internal reviews into customer contracts and contract management undertaken as part of the process to deploy a new billing, contract management and reporting system at Prophecy to cover all business units, and to enable improved contracted annual recurring revenue (ARR) reporting, some data discrepancies in the unaudited and non-IFRS contracted ARR values have been discovered.

It's important to note that this does not impact reported revenue, sales contract values, cash flow, cash balances or income in advance. All these values are audited as part of the company's financial reporting obligations and are not impacted by these discrepancies.

These discrepancies are restricted to the emite business and have occurred over time. The reported contracted ARR numbers for Snare subscriptions and maintenance are unchanged. There was also no impact on the now discontinued legacy contracted ARR values.

Some discrepancies are as a result of customer contracts not being flagged as cancelled in our systems at the time that the contract ended, some due to the contracts not attaining the initial contracted values and continuing to be active customers but at a lower value, and some that have had incorrect product codes that included one off fees being categorised as recurring and being included incorrectly in the contracted ARR values.

The Company is in the process of implementing a new billing and contract management software to ensure improved data integrity across all operating companies and for all business units. This project is being prioritised by Prophecy's Board and management and it is intended to be operational by Q3 FY25.

The correct contracted ARR values for emite are as follows:
- current emite contracted ARR Position at end October FY25 $15.7M and current contracted ARR added in FY25 to date of $247K, with no cancellations;
- new emite contracted ARR of $4.2M was added in FY24 and emite contracted ARR decreases from cancelled accounts of $381K (net increase of $3.7M, representing growth of 33%)
- emite contracted ARR Position at end FY24 $15.4M (vs $18.2M reported);

emite
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snare
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- emite contracted ARR at end FY23 $11.6M (vs reported $14.9M at end FY23);

It is important to note that the emite contracted ARR growth in FY24 was strong at 33% albeit from a lower base than previously reported, evidencing the ongoing commercial success of emite.

The company continues to have a positive outlook for emite especially as we take the new iPaaS capability to a broader market and expand our opportunities beyond the Genesys and Amazon customer base, expand our geographic coverage and add new strategic partnerships.

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About Prophecy International Holdings Limited

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 and data integration platform for customer experience and contact centre environments. It provides fast, accurate visibility into operational metrics and disparate operational data systems 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 Security Data Engine for Centralized Log Management and Security Analytics designed to enable customers to detect and manage cyber threats in real time and maintain regulatory compliance and to power AI models. 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.